

DSCR *Field Guide*



Every investment property is different, which means the right financing solution depends on more than interest rate or loan type. This guide answers many of the practical questions experienced investors ask as they evaluate DSCR loans for acquisitions, refinances, and long-term financing strategies. Rather than walking through DSCR from start to finish, it's designed as a quick reference you can return to whenever questions arise.

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How to use this field guide

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This guide answers many of the practical questions experienced investors ask as they evaluate DSCR loans for acquisitions, refinances, and long-term financing strategies. Rather than walking through DSCR from start to finish, it's designed as a quick reference you can return to whenever questions arise.

It's broken down into {4} sections:

Choosing the Right Financing Strategy
Qualification & Underwriting
Closing & Refinancing
Using DSCR as a Long-Term Strategy

Think in terms of the property, not the product.

Experienced investors rarely ask, “Which loan is best?” They ask, “Which financing structure best supports this particular investment?” The answer often changes from one property to the next.

{ Section 1 }

Choosing the Right Financing Strategy

Every investment property is different, and so are its financing needs. These questions can help you determine whether DSCR is the right solution for your next acquisition or refinance.

{ Is a DSCR loan right for every investment property?

Not necessarily. DSCR loans are generally designed for stabilized, income-producing rental properties. If a property is still under construction, undergoing significant renovations, or hasn't yet established reliable rental income, another financing structure (such as a bridge loan) may be a better fit.

The best financing solution depends on where the property is today and where you're trying to take it.

{ When does a DSCR loan make the most sense?

Investors commonly use DSCR financing when they want to:

- Purchase a stabilized rental property
- Refinance an existing rental property into long-term financing
- Complete a cash-out refinance to access equity for future investments
- Refinance out of a bridge loan after a property has stabilized

For many experienced investors, DSCR becomes a long-term financing strategy rather than a one-time loan product.

{ Should I choose a DSCR loan or a conventional loan?

That depends on your investment strategy.

Conventional financing is often a good fit for borrowers with straightforward W2 income who don't mind qualifying based on their personal financial profile. DSCR financing may be the better choice for investors who prefer to qualify primarily based on a property's cash flow instead of their personal income.

The goal isn't to fit every deal into the same loan product. It's to choose the financing structure that best supports your objectives, timeline, and long-term portfolio plans.



Understanding how lenders evaluate DSCR loans can help you identify potential issues early and move through underwriting more efficiently.



{ Section 2 }

Qualification & Underwriting

DSCR is only one piece of the underwriting picture.

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How do lenders determine whether I qualify for a DSCR loan?

One of the biggest advantages of a DSCR loan is that qualification is based primarily on the property's ability to generate enough income to cover its debt payments.

That can make DSCR financing an attractive option for self-employed investors, business owners, and borrowers whose tax returns don't fully reflect their financial strength.

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What minimum DSCR is required?

There's no single number that applies to every loan. As a general guideline, Encore Finance's DSCR program is available for properties with a minimum 1.00x DSCR, depending on the property, market, leverage, and overall transaction.

Rather than relying on a single qualification metric, we evaluate the overall opportunity to determine the right financing structure.

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What if my property doesn't quite meet the minimum DSCR?

That doesn't automatically mean the loan isn't possible. Every transaction has multiple factors that influence underwriting, including leverage, property characteristics, market conditions, and the overall strength of the deal. The best way to determine whether a property qualifies is to discuss the specifics with your lending team early in the process.

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Can I purchase or refinance through an LLC?

Yes, in fact we require an LLC in order to provide financing.

{ Section 3 }

Closing & Refinancing

A successful closing depends on more than choosing the right loan. Timing, preparation, and communication all play an important role.



How long does a DSCR loan typically take to close?

Every transaction is different, but because DSCR underwriting focuses on the property's performance rather than extensive personal income documentation, the process is often more streamlined than conventional financing. That can translate into significantly faster closings, sometimes in as little as three weeks.

At Encore Finance, we place a strong emphasis on communication and execution throughout the process so borrowers know where their loan stands from initial quote through closing.



What can I do to help my loan close quickly?

The biggest factor is preparation.

Providing complete documentation early, responding promptly to requests, and engaging your lending team before you're up against a maturity date or purchase deadline can help keep the process moving smoothly.



What's the first step if I'm considering a DSCR loan?

The earlier the conversation starts, the more options you'll typically have.

Discussing your acquisition or refinance strategy before you're up against a closing deadline gives your lending team more time to evaluate the property, identify potential issues, and recommend the financing structure that best fits the transaction.

If you're considering your next acquisition or refinance, contact Encore Finance to discuss your financing strategy. We'll help you identify the loan structure that best supports your project, timeline, and long-term investment goals.



The best time to discuss financing is before you need it.

{ Section 4 }

Using DSCR as a Long-Term Strategy



Many experienced investors view DSCR as more than a loan product. Used strategically, it can become an important part of a long-term approach to financing rental properties.



Can DSCR loans help me grow my portfolio?

Helping investors scale their portfolios is one of the primary reasons DSCR loans exist.

Instead of relying primarily on personal income to qualify for each new loan, DSCR financing allows each property's cash flow to play a central role in the qualification process. That can make it easier to continue acquiring properties as your portfolio grows.

Many investors don't use DSCR just once, they use it repeatedly.



Can I refinance out of a bridge loan into a DSCR loan?

Yes, and it's one of the most common ways investors use DSCR financing.

Many borrowers use bridge financing to acquire, renovate, or lease up a property. Once the property is stabilized and producing reliable rental income, they refinance into a long-term DSCR loan to lock in permanent financing.

Let's Talk About

Your Next Investment

Whether you're purchasing a stabilized rental property, refinancing an existing loan, or planning the next stage of your portfolio, Encore Finance can help you evaluate your options and determine whether a DSCR loan is the right fit.

Contact Encore Finance