



EASY STREET CAPITAL

Financing and Refinancing Rentals

How Investors are using DSCR Loans to Continue to Scale Their Portfolios

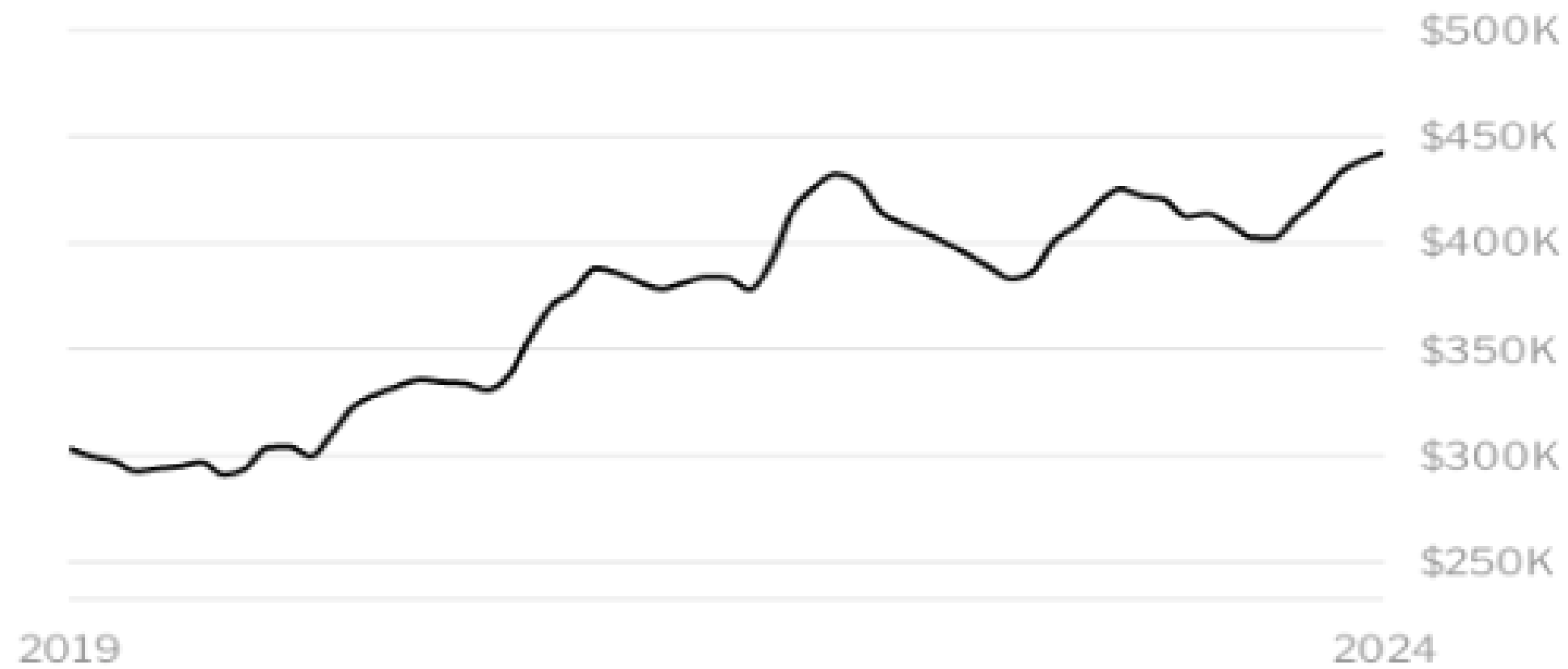
Raphael Junqueira | Senior Account Executive
615-395-5137 | raphael@easystreetcap.com



5 Year Treasury Yield



the US Median Sale Price



Based on Redfin calculations of home data from MLS and/or public records.

● US

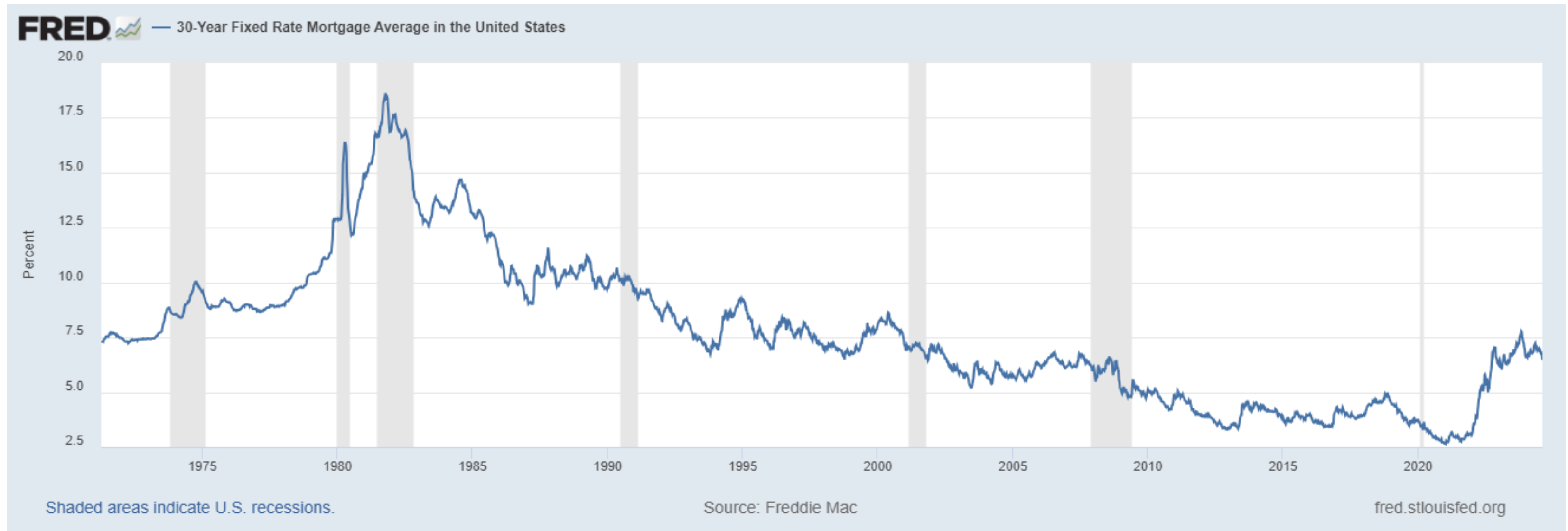
[See more on Redfin](#)

REDFIN

<https://www.redfin.com/us-housing-market>



30 Year Fixed Rate Mortgage Averages



<https://fred.stlouisfed.org/series/MORTGAGE30US#>

What are DSCR Loans?

Where do they fit in your offerings?

*Part of the “Non-QM Family” – but the “in-between” area
between residential and commercial?*



Defining DSCR Loans

- ***DSCR Loans are mortgage loans secured by residential real estate turnkey properties strictly used for a business purpose and underwritten primarily based on the property.***
- Term Breakdown
 - Mortgage Loans = form of loan that is *secured* by collateral, collateral = real estate
 - Residential Real Estate = properties used for people to live in vs. commercial, which is used to operate businesses (offices, retail, industrial, hotel, self-storage, etc.). In real estate finance, residential also typically refers to “1-4 unit” properties, anything more would be considered “multifamily”
 - DSCR= Debt Service Coverage Ratio
 - PITIA= Principal Interest Taxes Insurance Association
 - Business Purpose = DSCR loans strictly do not allow the owner of the property to live in the property, it must be used for “business” or investment purposes. Includes use of “cash-out proceeds”
 - Underwritten *Primarily* Based on Property = *Mostly* based on property, but also look at sponsor
 - Turnkey = property doesn’t require any renovation, “turn the key and go”





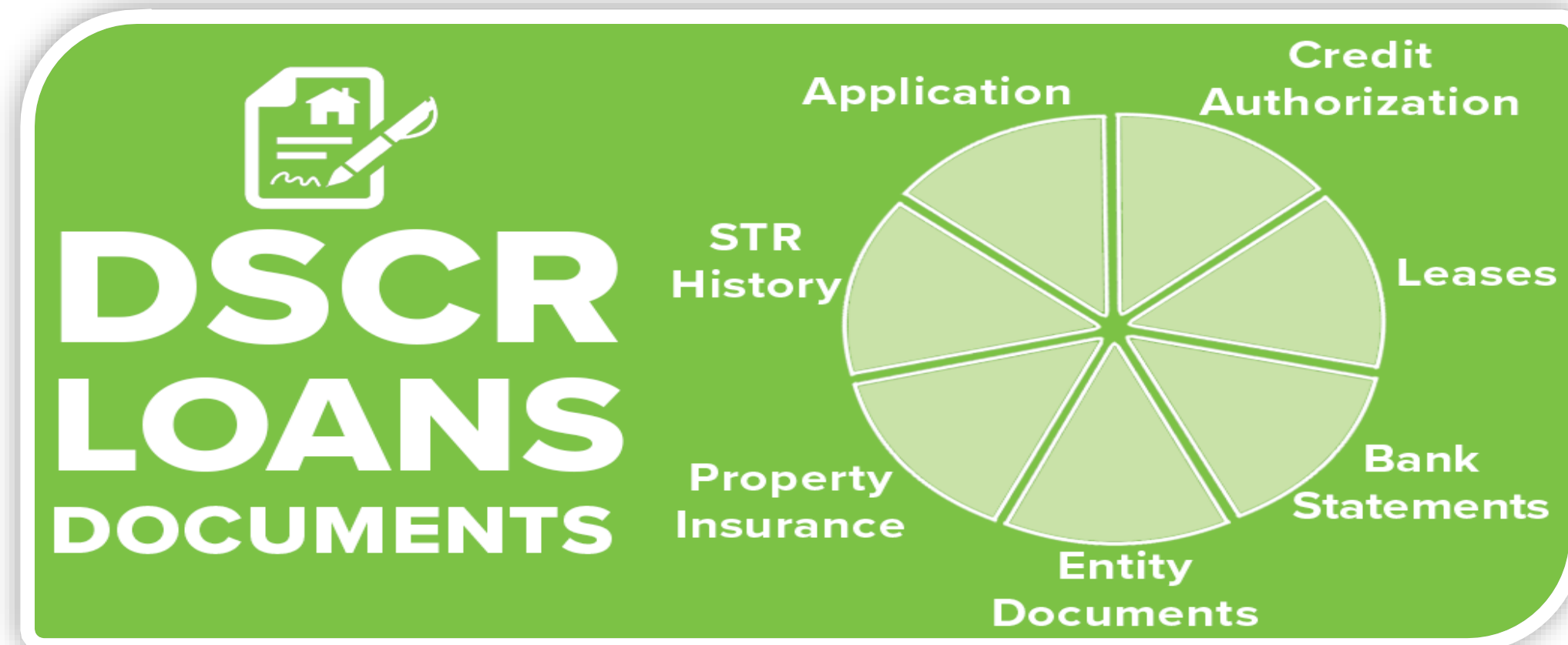
DSCR loan advantages vs conventional options

- 1. No “DTI” Ratio or Tax Returns as part of Underwriting
- 2. LLC and Partnership Options
- 3. Size Limits up to \$3,500,000 (way higher than conventional limits)
- 4. Concentration Limits – One person can get a max of 10 conventional loans, and typically less since DTI would need to qualify on each
- 5. No Flexibility on Underwriting – no exceptions or forward-thinking underwriting for unique situations or newer asset types (short term rentals, etc.)
- 6. Significantly less “paperwork and hassle” – no tax returns, no documenting income and overall fewer headaches and documents. Also means fewer opportunities for something to “go wrong” and deal to be rejected



DSCR Loans – Document Requirements

- DSCR Loans are sometimes incorrectly called “no doc” loans
- “No Doc” loans or “NINJA” (No Income No Job no Assets) are a carryover from the 2008 “Mortgage Meltdown” financial crisis when super light underwriting produced many bad loans for unqualified borrowers
- While DSCR Loans have lighter documentation requirements than alternatives and do not require tax returns of W2 income like conventional loans, **these are still well underwritten and require significant documentation**



Why is it a good time to refinance?

- Popular investment strategies today heavily revolve around ADDING VALUE. Refinancing is a tool to tap the equity you create!
- If you are currently in high interest rate debt or have multiple debt sources.. Refinancing can be a great tool to lower your interest costs and consolidate payments.
- If you do renovation and rehab projects, refinancing allows you to capitalize on long term cash flow at lower rates
- Rates have dropped significantly in the last two months. Investors who financed back in 2022 and 2023 may have an opportunity to save serious \$\$\$



Refinancing best practices

- Make sure your credit is in order, or work with a business partner. Credit scores of 700+ offers higher leverage and better rates... If your credit isn't perfect, work to qualify with a partner!
- Payment histories are important - make sure mortgage payments are paid on time.
- If you or your clients use Hard Money, aim to refinance 30+ days before the mortgage is due.
- Consider Interest Only loans – if you are comfortable with the amount of equity in your asset, an Interest Only loan can be a great tool for additional cash flow each month.
- If you do renovation projects, be sure to keep a Scope of Work to 'back up' the value creation and make loan underwriting easy.



“Riches in the Niches”

With stubbornly high interest rates persisting in 2024 – investor deals need a “niche strategy” to work – *vanilla deals continue to struggle to pencil*

Many Non-QM Lenders (with DSCR Loans as one of multiple options) have dipped their toes into DSCR with volume lagging – but they are staying mostly conservative – wanting “vanilla” deals (long-term rentals / large markets / low leverage / great credit) – *don’t we all*

To succeed with DSCR Loans in 2024 – need to embrace “niche” specialties

The “BRRRR Method” (Short-Seasoned Cash-Out Refinances)
Short Term Rentals
Small Multifamily (2-4 Units, even up to 10 Units)
“No Ratio” DSCR Loans
Mixed Use Properties



The “BRRRR” Method

Short Seasoned Cash-Out



- ▶ “BRRRR Method” – popular among investors – BUY – REHAB – RENT – REFINANCE – REPEAT
- ▶ DSCR Refinance Options – in as little as 3 months seasoning cash-out refinances (vs. conventional – now 12 months as of April last year)
 - ▶ Cash-Out up to 100% of Investment in as little as 3 months
 - ▶ 80% Rate-Term Refinances – no seasoning req.
 - ▶ After six months – no cash-out restrictions!
- ▶ Learn more about our Hard Money (RTL) TPO Option – secure *2 Loans* for one borrower/property!



Short Term Rentals



- ▶ Qualify with AirDNA Projections for the DSCR Calculation (most Non-QM / DSCR Lenders require to qualify based on 1007 Long-Term Rents or require 12 months of Operating History “TTM Actuals”)
- ▶ “AirBnBRRRR Friendly” - execute on a cash-out refinance without a lease *and* without 12 months operating history (just one stay recorded / proof of booking)
- ▶ Vacation / Seasonal / Rural Markets OK - just LTV restrictions (up to 70%)



Small Multifamily



- ▶ DSCR Loans (and easy qual / underwrite) for properties *up to 10 Units*
- ▶ Small Multifamily DSCR Financing -
 - ▶ DSCR Calculated like Residential - Rents / PITIA
 - ▶ *No NOI, utilities, management fees, repairs & maintenance, vacancy loss, reserves etc. like traditional*
 - ▶ 30-Year Fixed Rate Fully Amortizing or w/ 10-Year IO
 - ▶ *No balloon payments or short amort schedules*
 - ▶ Flexible Prepayment Options
 - ▶ *No lockout periods, no defeasance/yield maintenance*



“No Ratio” DSCR Loans



- ▶ Can offer DSCR Loans with “no ratio” or DSCRs under 1.00x (*even under 0.75x!*)
- ▶ Solutions for low cash-flow but high appreciation markets
- ▶ Option for investors with low “on paper” DSCRs - acquiring properties with below-market leases, STR markets where data is spotty, etc.



Mixed Use



- ▶ DSCR Loans (and easy qual / underwrite) for properties *with commercial units*
- ▶ Combine all the benefits of DSCR Loans for properties with commercial units
 - ▶ 51% of the net rentable square feet residential space (vs. commercial)
 - ▶ 51% of the underwritten rent (fully leased mandatory) from the residential units
 - ▶ Half or More of the Units residential
- ▶ DSCR Calculated like Residential - Rents / PITIA
 - ▶ *No NOI, utilities, management fees, repairs & maintenance, vacancy loss, reserves etc. like traditional*
- ▶ 30-Year Fixed Rate Fully Amortizing or w/ 10-Year IO
 - ▶ *No balloon payments or short amort schedules*



EASYRENT

JUST FUNDED - MEBANE, NC

\$314,600

Acquisition

LTV: 55.0%

Rate: 7.000%

Single Family
Residence



CONTACT:

Raphael Junqueira

Senior Wholesale AE

P: 615-393-5137

E: Raphael@EasyStreetCap.com



**EASY STREET
CAPITAL**

Easy Street Capital is a DBA licensed with California Department of Real Estate, BRE#: 02090209 and Easy Street Capital CA, LLC is licensed with the California Department of Financial Protection and Innovation, CFL#: 60DBO-97686. NMLS # 2167568. Arizona Mortgage License Number MB - 1035987. TX- 2167568. ID- MBL-2082167568. OR- 2167568

EASYRENT

JUST FUNDED - LITHONIA, GA

\$192,500

Cash-Out Refinance

LTV: 64.2%

Rate: 8.125%

**Single Family
Residence**



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**EASY STREET
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EASYRENT

JUST FUNDED - NEW HAVEN, CT

\$330,000

Cash-Out Refinance

LTV: 55.0%

Rate: 6.750%

Triplex



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EASYRENT

JUST FUNDED - DALLAS, TX

\$498,837

Cash-Out Refinance

LTV: 64.7%

Rate: 8.625%

Single Family
Residence



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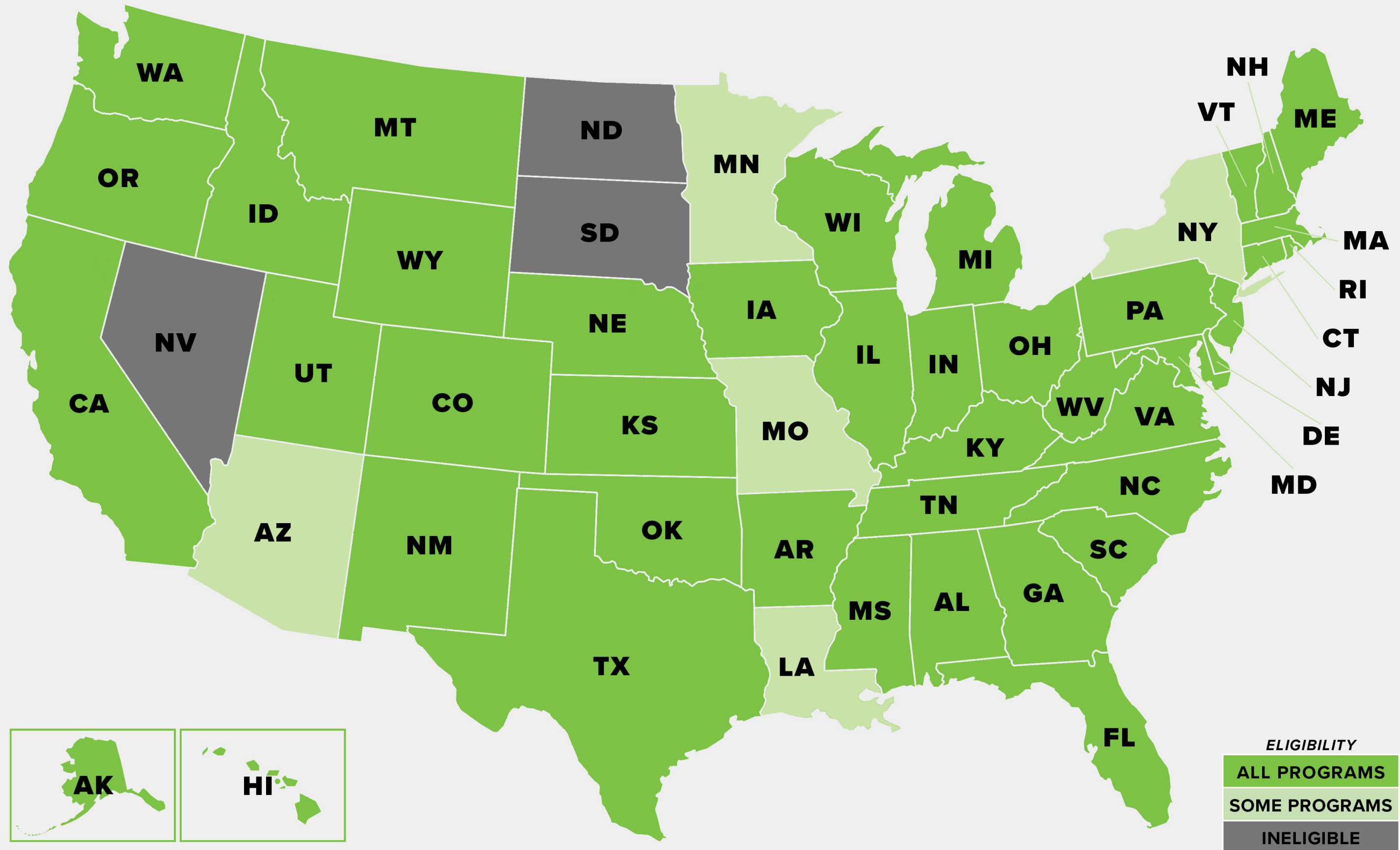
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WHERE WE LEND



EASYRENT

Loan Amounts: \$100K - \$3.5M (Blanket Portfolio Loans up to \$5M)

Rates: 5.990% - 9.990%

Nationwide Coverage: We lend everywhere except ND, NV and SD

Property Types: Residential, Short-Term / Vacation Rental, Multifamily, Mixed Use

Units: Up to 10 Units per property

DSCR: No minimum

LTVs: Up to 80% (Acquisitions & Rate-Term Refinances), 75% (Cash-Out Refinances)

Loan Structure: 30-Year Fixed Rate Mortgage Loans, Multiple Prepayment Penalty Options, Partial IO (10-Years) Available, Entities (i.e. LLCs) and partners welcomed

Occupancy: Long-Term or Short-Term Rentals, Vacancy OK (on Acquisitions), no operating history required on STRs

Credit Score: 640 minimum

DTI: Not Applicable (We don't require tax returns or evaluate your personal income or finances when evaluating your application)

Fees & Deposits: 0-3% Closing Fee, \$1,000 Processing Fee, \$1,500 Pass-Through Deposit (covering third-party loan costs)

Why Easy Street Capital?

- Easy Street Capital is a lending platform built *by investors for investors*. Our history began as home-flippers, buying and selling more than 2600 homes in less than five years time. Our products, programs, and processes are built around certainty and ease of delivery for the full-time (or part-time) investors.
- Experienced account executive who is responsive and provides great customer service.
- Resourceful to overcome challenges and provide great results.



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