
FREE INVESTOR PLAYBOOK

The DSCR Cash-Out Playbook

How real-estate investors pull six figures of equity out of their rentals — without tax returns, without W-2s — and recycle it into the next purchase.

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START HERE

Your rentals are already holding your next down payment

Most investors stall for the same reason: their capital is locked up in property they already own. The deals are out there — the down payment isn't.

A DSCR cash-out refinance is how serious investors solve that. It lets you borrow against a rental's equity based on what the *property* earns — not what your tax returns say you earn — and turn that equity into the down payment on the next door.

This playbook walks the entire process end to end: how the loan works, the math that decides how big your check is, what caps it, and how to run the cash out into a repeatable buy-more-doors loop. It is written for investors, in plain numbers, with no sales pitch.

WHO THIS IS FOR

Solo investors sitting on an appreciated or paid-down rental · BRRRR operators who need their capital back after a rehab · portfolio builders who have hit the ceiling on conventional, income-documented loans.

What's inside

- 1 How a DSCR cash-out actually works
- 2 The six-figure equity math
- 3 LTV ceilings — what caps your cash-out
- 4 The DSCR ratio, in plain numbers
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How a DSCR cash-out actually works

DSCR stands for **Debt Service Coverage Ratio**. It is the one number a DSCR lender underwrites — and it is about the property, not you.

On a conventional loan, the lender qualifies *you*: pay stubs, W-2s, two years of tax returns, and a debt-to-income ratio. For a self-employed investor who writes off heavily — or who already carries a stack of mortgages — that math often fails even when the real estate is healthy.

A DSCR loan flips the question. Instead of "does the borrower earn enough?" it asks "**does the property earn enough to cover its own payment?**" The lender compares the rent the property brings in against the new mortgage payment. If the rent covers the payment at the program's required ratio, the loan works — regardless of what your personal tax returns show.

What "cash-out" means here

A cash-out refinance replaces your current loan with a new, larger one. You pay off the old balance, cover closing costs, and the remaining difference is wired to you as cash. That cash is loan proceeds — it is yours to deploy.

WHY INVESTORS USE IT

No tax returns or W-2s. Qualifies on property rent, not personal income. Closes in entities (LLCs welcome). No limit-driven cap on how many properties you already finance this way. It is built for people whose tax return is designed to show a low number.

The trade-offs to know up front

- Rates run somewhat higher than owner-occupied conventional loans — you are pricing in investor risk.
- Most programs carry a **prepayment penalty** (covered in Chapter 7).
- The property has to actually perform — a rental that badly under-rents its payment will not qualify at full leverage.

The six-figure equity math

Here is the full chain — from appraised value to the number that actually lands in your account.

Your cash-out is not "your equity." It is a function of four things: the appraised value, the lender's maximum loan-to-value (LTV), your current loan payoff, and closing costs. Walk them in order:

- **Appraised value** — what the appraiser says the property is worth today.
- **Maximum new loan** — appraised value × the program's max LTV (commonly 75–80%; see Chapter 3).
- **Loan payoff** — what it takes to clear your existing mortgage.
- **Closing costs** — origination, title, appraisal, recording and prepaids.

Maximum new loan, minus payoff, minus costs, equals your **net cash-out proceeds**.

Worked example — for illustration only

Appraised value	\$500,000
Max new loan at 75% LTV	\$375,000
Less: existing loan payoff	– \$230,000
Less: estimated closing costs	– \$12,000
Estimated net cash to you	\$133,000

That \$133,000 is a down payment — or two — on the next property. The same property that was "just sitting there" becomes the engine for the next acquisition.

THE LEVER THAT MATTERS MOST

Two numbers move your check the most: the **appraised value** and the **max LTV**. You influence value through appraisal preparation (Chapter 5). You influence LTV through credit and the strength of the deal (Chapter 3). Everything else is fixed by your existing balance.

Numbers above are an example to show the structure — your appraised value, LTV, payoff and costs will be specific to your property and loan. Run yours with the free calculator at the back of this playbook.

LTV ceilings — what caps your cash-out

LTV (loan-to-value) is the single biggest cap on how large your cash-out check can be. Understand what sets it and you can move it.

DSCR cash-out refinances generally top out around **75–80% LTV**. Where your specific deal lands inside that band is decided before you ever apply, by a handful of factors:

- **Credit score** — higher scores unlock higher LTV tiers and better pricing. Most DSCR cash-out programs start around 660–680.
- **DSCR ratio** — a property that comfortably covers its payment supports more leverage than one that barely breaks even (Chapter 4).
- **Property type** — single-family typically prices best; 2–4 units, condos and short-term rentals can carry tighter terms.
- **Loan amount** — very small and very large loan sizes can trim the maximum LTV.
- **Cash-out vs. rate-and-term** — pulling cash out is slightly more conservative than a straight refinance, so the ceiling is a touch lower.

How to move your ceiling up — before you apply

- Clean up credit utilization and disputes 60–90 days ahead of the application; even one tier of score can change the LTV you qualify for.
- Strengthen the DSCR with a documented, defensible market rent (Chapter 5).
- Don't over-reach. Asking for the absolute maximum can push you into a worse rate tier; the LTV that prices best is often a notch below the cap.

REFRAME

LTV is not a fixed wall — it is a tier you qualify *into*. The work you do in the 90 days before applying is what decides which tier you land in.

The DSCR ratio, in plain numbers

DSCR is rent divided by the property's full payment. It tells the lender whether the property pays for itself.

The formula is simple:

DSCR = Monthly rent ÷ PITIA

PITIA = **P**rincipal + **I**nterest + **T**axes + **I**nsurance + **A**ssociation dues (HOA). It is the property's true, all-in monthly cost.

Read the result like this:

- **DSCR of 1.00** — the rent exactly covers the payment. Break-even.
- **Above 1.00** — the property earns more than its payment. Many programs look for roughly 1.00–1.25, and a stronger ratio supports higher LTV and better pricing.
- **Below 1.00** — the payment is larger than the rent. Some programs still lend here, but usually at a reduced LTV.

Example — for illustration only

Market rent	\$2,800 / mo
PITIA (all-in payment)	\$2,330 / mo
DSCR	1.20

Three ways to fix a ratio that comes up short

- **Buy the rate down.** A lower rate shrinks the "I" in PITIA, which lifts DSCR. Weigh the cost against the benefit (Chapter 7).
- **Borrow less.** Taking a smaller loan lowers the payment and raises the ratio — sometimes the difference between a decline and an approval.
- **Document a stronger market rent.** If the appraiser's rent figure is light, a well-supported rent schedule can lift the numerator (Chapter 5).

Appraisal & the Form 1007 rent schedule

On a DSCR loan the appraisal does two jobs at once — and both decide how much money you walk away with.

The appraisal sets your **value**, which drives the maximum loan (Chapter 2). But on an investment property the appraiser also completes the **Form 1007 Single-Family Comparable Rent Schedule** — an opinion of the property's market rent. That rent figure feeds straight into your DSCR (Chapter 4).

So a single visit moves both levers: a value that comes in low shrinks your check, and a market-rent opinion that comes in light weakens your ratio. Both are worth preparing for.

PREPARE BEFORE THE APPRAISER ARRIVES

Hand the appraiser a packet: recent upgrades with dates and costs, permits, a current lease or rent roll, and supporting comparable sales and rentals. You are not pressuring anyone — you are making sure nothing that adds value or supports the rent gets overlooked.

If the value comes in low

You are not out of options. A **Reconsideration of Value (ROV)** lets you submit additional comparable sales or factual corrections for the appraiser to review. It works best when it is evidence-based — better comps, a corrected square footage, an overlooked renovation — not simply a request for a higher number.

GO DEEPER

Best Finance publishes a companion **Appraisal Value Checklist** that covers the appraiser packet, comps, the Form 1007, and a room-by-room walkthrough prep list. Ask for it, or download it at gobestfinance.com.

Seasoning & the BRRRR refinance window

"Seasoning" is how long you must own a property before a lender will refinance it at full appraised value. For the BRRRR investor, timing is money.

Buy a property below market, rehab it, rent it, then refinance to pull your capital back out — that is the BRRRR loop. The refinance step is where seasoning decides whether you get your money back in months or are left waiting.

Conventional cash-out rules often make you wait a long time, or cap the value at your recent purchase price rather than the new, post-rehab appraised value. Many DSCR programs are friendlier here — shorter seasoning windows, and a willingness to use the current appraised value once the seasoning requirement is met. The exact window varies by program, so confirm it before you commit to a rehab timeline.

TIME THE REFINANCE RIGHT

Refinance too early and you may be capped at your purchase price — leaving your rehab equity stuck in the wall. Wait needlessly long and you are paying a higher-rate acquisition loan months longer than you had to. Map the seasoning window before the rehab starts, not after.

Practical sequence

- Confirm the seasoning window for the program you intend to use *before* you buy.
- Stabilize the property — completed rehab, signed lease — so the appraisal and the Form 1007 both come in strong.
- Order the refinance as soon as the window opens, so post-rehab value is fully usable.

Costs, rate buydowns & prepayment penalties

Three line items quietly decide how much of your cash-out you actually keep. Know them before you sign.

Closing costs

Expect origination, title and settlement, the appraisal, recording fees and prepaid taxes and insurance. Some are negotiable and some are fixed by third parties. They come out of your proceeds, so build them into the math from the start (Chapter 2) rather than being surprised at the table.

Rate buydowns

You can pay points up front to lower your rate. On a DSCR loan a buydown does double duty: it reduces your long-term interest cost *and* it lowers PITIA, which lifts your DSCR (Chapter 4). The question is always the same — does the monthly savings, and the ratio improvement, justify the up-front cost given how long you plan to hold the loan?

Prepayment penalties

Most DSCR loans carry a prepayment penalty — a fee if you pay the loan off early. A common structure is a **step-down**: the penalty shrinks each year (for example 5% in year one, then 4, 3, 2, 1, then gone). Some programs let you buy the penalty down or shorten it for a higher rate.

MATCH THE PENALTY TO YOUR PLAN

If you intend to hold the property long term, a standard prepay penalty may never cost you a cent. If you expect to sell or refinance again soon, a shorter or bought-down penalty can be worth the trade. Decide based on *your* hold plan — not a default.

The buy-more-doors loop

A single cash-out is useful. A repeatable system is how portfolios are built.

Put the pieces together and you have a loop:

- **Cash out.** Pull equity from a property that has appreciated or been paid down (Chapters 2–3).
- **Deploy.** Use the proceeds as the down payment on the next rental.
- **Stabilize.** Rehab if needed, place a tenant, let the new property's value and rent settle.
- **Refinance again.** Once seasoning allows, cash out the new property and repeat (Chapter 6).

Because DSCR loans qualify on property income, the loop does not stall just because you already own several financed properties — the constraint that caps so many investors on conventional loans. Each door you add can become the source of the next down payment.

MISTAKES THAT QUIETLY STALL THE LOOP

Over-leveraging so a property no longer cash-flows after the refinance · ignoring the prepayment penalty window and refinancing into a fee · skipping appraisal prep and leaving value (and borrowing power) on the table · refinancing before seasoning and getting capped at purchase price.

Run the loop deliberately — with the math in Chapters 2–4 and the timing in Chapter 6 — and the portfolio compounds. Run it carelessly and one bad refinance can lock you up for years.

DSCR cash-out — frequently asked

Do I need tax returns or W-2s to qualify?

No. A DSCR loan qualifies on the property's rental income measured against its payment — not your personal income — so write-offs and self-employment do not work against you.

How much cash can I actually pull out?

Up to your lender's LTV ceiling — often 75–80% of the appraised value — minus your existing loan payoff and closing costs. Chapter 2 walks the full calculation.

Is the cash-out money taxable?

Cash-out proceeds are loan proceeds, not income, so they generally are not taxed — but this playbook is not tax advice. Confirm your situation with your CPA.

What credit score do I need?

Most DSCR cash-out programs start in the 660–680 range. A higher score generally unlocks higher LTV and better pricing.

Can I cash out a property held in an LLC?

Yes. DSCR lenders routinely lend to LLCs and other entities — it is one of the reasons investors choose them.

How fast can a DSCR cash-out close?

Because there is no personal-income underwriting, DSCR cash-outs often close in roughly 21–30 days once the appraisal is back.

YOUR NEXT STEP

Run your real numbers

This playbook gives you the framework. The next move is to put your actual property through it.

- **Use the free calculator.** Enter your address and a few details and see an estimated cash-out range in about 60 seconds — gobestfinance.com/calculator
- **Take the eligibility scorecard.** A 90-second quiz that scores your DSCR cash-out readiness — gobestfinance.com/scorecard
- **Talk it through.** Bring your numbers and we will walk them together — no cost, no obligation.

Best Finance — DSCR lending for investors

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