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DSCR Done Right!

What's New in SmartVest and What It Means for Investor Qualification



Presenters



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Why is DSCR a Huge Opportunity?

- **52%** YoY growth in DSCR loan volume (2024)[1]
  - Even as rates rose in Q4, investor demand remained
- Fast approvals and flexible structure
  - DSCR loans rely on **rental income**, not borrower DTI, and support LLC ownership
- Strong rental trends fuel investor activity
  - **Rising rents** in many metros supported cash-flow-positive acquisitions,[2] even when traditional buyers pause

Sources:

https://aaplonline.com/articles/market-trends/bridge-and-dscr-activity-surges/ [1]

https://foundationmortgage.com/top-10-mortgage-trends-2025/ [2]

2026: Year of the Reset?

- DSCR remained resilient in 2023 and 2024
  - Despite higher rates, investor demand held steady – driven by professional investors, self-employed borrowers, and short-term rental growth

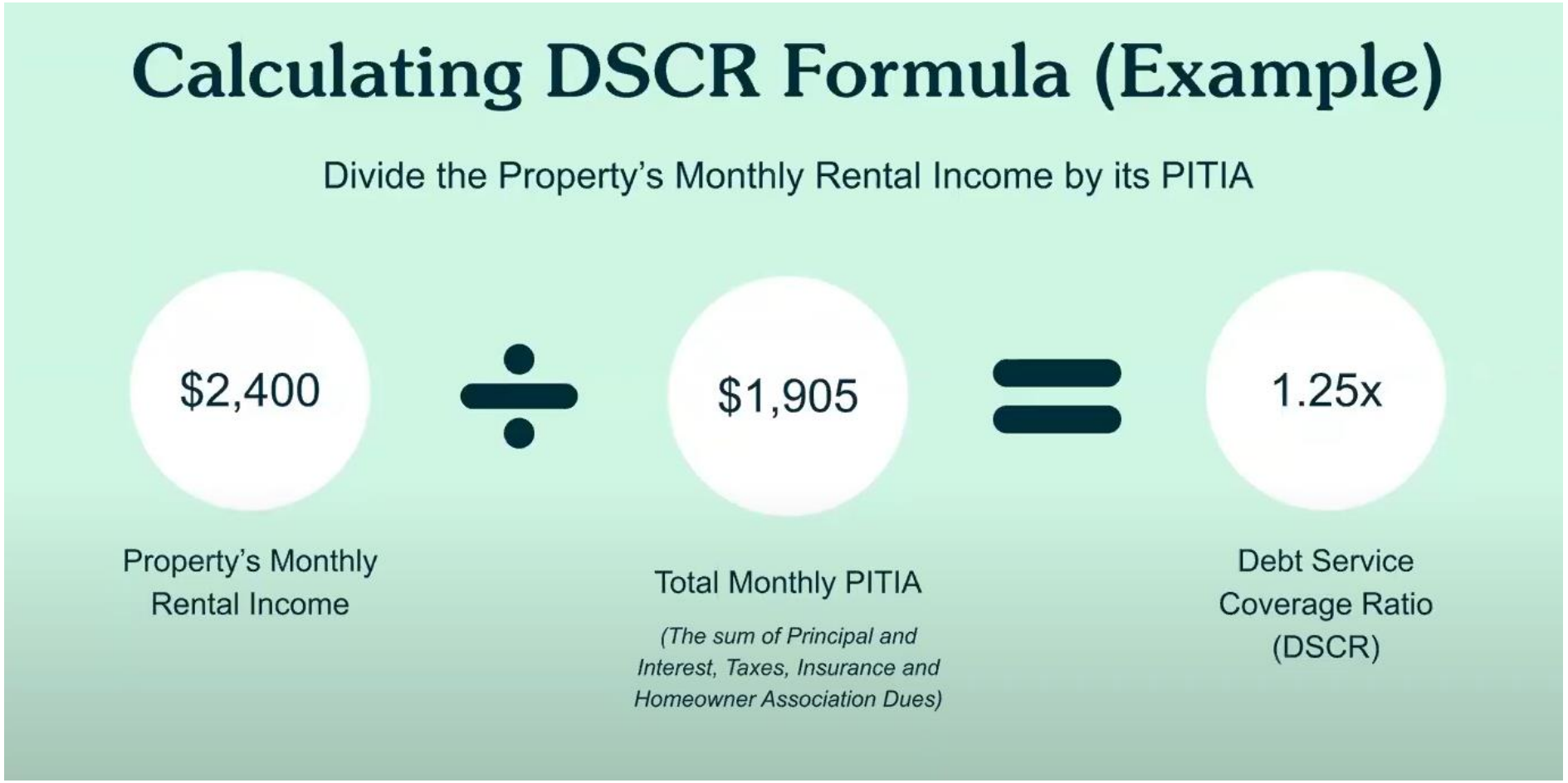
- Possible shifts in 2026
  - Rate movement, increased competition, and underwriting reformation

How will you ensure you are prepared to take advantage?

Source:
https://dscriq.com/2025/11/17/2026-dscr-market-forecast/



What is DSCR?


Calculating DSCR Formula (Example)
Divide the Property's Monthly Rental Income by its PITIA
$2,400
÷
$1,905
=
1.25x
Property's Monthly Rental Income
Total Monthly PITIA
(The sum of Principal and Interest, Taxes, Insurance and Homeowner Association Dues)
Debt Service Coverage Ratio (DSCR)

Why is our DSCR Product so Powerful?

SmartVest is the ideal product for not just a real estate investor, but for someone who wants to take that investment for a long ride as a landlord. *Cash flow* is the name of the game!



We tell you what the income potential is!

- No tax returns
- No W2's/paystubs
- No business financials or P&L
- No SSI/pension award letters
- No asset depletion income
- No debt ratio

Fast-track your short-term rental approvals and stay competitive in today's market!

- We help you evaluate short-term rental income potential ***before*** the loan is submitted.
- With as little as 20% down and a 720-credit score, borrowers may qualify using short-term rental income supported by an AirDNA® report obtained at the start of the deal – driving a faster, smoother CTC!



Eligibility & Qualification

Who's Eligible:

- **U.S. citizens & permanent residents**
  - **Seasoned landlords:** 1+ year landlord history; minimum 660 credit score
  - **First-time investors:** minimum 680 credit score

How Borrowers Qualify:

- **Purchases:** projected rental income
- **Refinances:** current lease or lease-type documentation

Rental Type Guidelines:

- **Long-term rentals (1007)**
  - Based on tenant occupancy
  - Up to **85% LTV** with **DSCR of ≥ 1.0**
  - Up to **75% LTV** with **DSCR as low as 0.5**

- **Short-term rentals (AirDNA®)**
  - Based on guest count
  - Up to **80% LTV** with **DSCR≥ 1.0**
  - Up to **70% LTV** with **DSCR as low as 0.5**



Eligibility & Qualification

Key features to note:

- No personal income, debt ratio, or paper trail on credit debt or other REO's are required
- Non-warrantable condos, condotels, SFRs, and 2-4 units are allowed
  - ADUs allowed (see guidelines)
- LLC vesting is permitted (51% of ownership is required)
  - Performing loans with LLC do not report to bureau
- Leverage DSCR ratios from I-O payment (interest-only financing) on qualifying programs
- Gifts are allowed for down payment, closing costs and reserves (5% borrower funds required if LTV > 80%)
- Loan officer must be licensed in the state of origination
- Up to 6% Interested Party Contributions (IPC)



Eligibility & Qualification

Income:

- Full 1007 rental analysis with 1004 appraisal (Both LTR or STR)

- **Short Term Rents - AirDNA®**
  - Report provided by NewRez Account Executive
  - Must have a market score >60 on purchase with less than 1.0 DSCR and all refinance
  - Yearly projected revenue will be divided by 12 to determine rent on DSCR calculation
  - Refinance
    - Requires 12 months history of STRs, with documentation from Airbnb®, or VRBO®to support (transaction history with URL)
    - Use lessor of 12 months history average or AirDNA®

- **Long Term Rents**
  - Refinance without active lease – may use 75% of 1007 rents

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Projecting Rental Income

SmartVest uses AirDNA® to project rental income for short-term rental properties – allowing income potential to be evaluated before loan submission.

AirDNA® provides STR market intelligence by analyzing real booking and performance data from platforms such as Airbnb® and Vrbo®.

Why This Matters:

- Qualify using STR comps from AirDNA® report
- Evaluate rental income potential before selecting a loan product
- Reduce reliance on ROVs for long-term rental scenarios
- Potential to qualify for higher loan amounts or improved DSCR
- Simplified, consistent approach to capturing STR income

AE Support: Upon request, your AE will obtain the AirDNA® report prior to lock or submission - at no cost to the borrower. This helps you set clear expectations early in the process.





Foreign Nationals

SmartVest enables international investors to participate in U.S. real estate transactions, helping loan originators expand their reach and serve global clients.

Loan Parameters

- Minimum DSCR of 1.0
- Max loan amount: $1,000,000
- 30% down payment required (max 70% LTV)
    - Borrower must pass OFAC screening and provide a valid passport
    - 12 months reserves
    - No U.S. credit score required, but must have 3 credit references or use international credit report
    - Foreign assets permitted, but all documentation must be translated to English
    - Funds must be converted and closed in U.S. currency
    - Borrower must own a primary residence in their country of residence
    - No cash-out permitted
    - Title may not be held in an LLC



Building Investor Business!

- **Landlords with Multiple Properties**
  - There 3rd party services to help you find these types of owners
  - MLS tax suit if available in your market
- **Airbnb / Short-Term Rental Hosts**
  - There 3rd party services to help you find these types of owners
  - Local STR Permit Lists (could be a goldmine!)
- **LLC Owners (Real Estate)**
  - Secretary of State Business Registrations (look for RE themed LLC names
  - Property focused LLC lists (use real estate data platforms)

How our Non-QM Process Stands Out



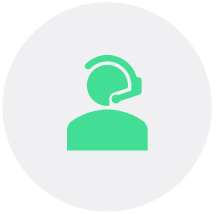
OPEN COMMUNICATION WITH UNDERWRITING STAFF



EXPERT NQM FOCUSED UNDERWRITING



PREFLIGHT INCOME – LEVERAGE OUR TEAM FOR AIRDNA® AND KNOW INCOME UPFRONT



SCENARIO DESK FOR PRE-SUBMISSION QUESTIONS/SCENARIOS



PREFLIGHT CONDO DOCUMENTATION FOR PRIOR APPROVAL

- Loan underwriting exceptions in-house
  - Compensating factors
- Retain servicing
  - Newrez services the majority of their originated loans

- Use of technology
  - Automatic bank statement review
  - Non-QM eligible tool
  - AirDNA® to access short-term market rent

Newrez does not retain servicing on all loans originated and may not service loans originated for the entire term of the loan.

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Thank You!

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