



COURSE 01 / Beginner / Intermediate / 45-60 min

Rental Property Financing 101

Branded cheat sheet: the calculations and decisions to keep beside your next scenario.

Core decision checklist

1. Connect property income with lender qualification and actual cash flow.
2. Understand leverage, reserves, refinancing and payment structures.
3. Match financing to rental strategy and the intended exit.
4. Prepare a clear, documented financing scenario.

Worked examples at a glance

04 Understanding DSCR

If qualifying rent is \$2,850 and PITIA is \$2,500, DSCR is 1.14. Reducing the loan enough to lower PITIA to \$2,350 raises DSCR to approximately 1.21.

05 DSCR vs. True Cash Flow

A property with \$3,000 rent and \$2,400 PITIA has 1.25 DSCR. Add \$240 management, \$150 maintenance, \$150 vacancy, and \$75 landscaping, and actual pre-tax cash flow becomes negative \$15.

06 Understanding Loan-to-Value

A \$500,000 property supports \$400,000 at 80% LTV and \$425,000 at 85% LTV. The extra \$25,000 may weaken DSCR enough to change pricing or lender availability.

14 Interest-Only vs. Amortizing Payments

A \$300,000 loan at 7% has roughly \$1,750 monthly interest-only debt service. A 30-year amortizing payment is about \$1,996 before taxes and insurance.

15 Reserves and Liquidity

An investor has \$90,000 and needs \$75,000 for down payment and closing. If lender reserves are \$12,000, only \$3,000 remains as discretionary liquidity.

21 Worked Example: Putting the Numbers Together

If the loan falls from \$240,000 to \$225,000 and PITIA drops by roughly \$100, DSCR improves and the property may move from negative to positive monthly cash flow after reserves.



Apply it to your deal

Use documented inputs. Keep lender qualification, investment economics and cash timing visible as separate calculations.

Practice before submitting

Course Introduction: How Rental Property Financing Works

Choose one rental property and record its value, rent, mortgage payment, taxes, insurance, HOA, and current balance.

Course Summary and Deal-Preparation Checklist

Complete your final scenario sheet, run a downside stress test, and proceed to the knowledge review.

Quick glossary

Rental Property Financing: Business-purpose financing for income-producing investment real estate.

Credit Box: A lender's eligibility rules for borrower, property, geography, and structure.

PITIA: Principal, interest, taxes, insurance, and association dues.

Business-Purpose Loan: A loan used primarily for an investment or business objective.

DSCR: Property income relative to the lender's measured debt expense.

Portfolio Loan: A structure that can finance multiple investment properties.

DTI: Personal monthly debt divided by qualifying personal income.

Liquidity: Cash or assets readily available for closing and reserves.

Primary-source reading

Visio: rental-loan cost inputs

CoreVest: financing FAQs

These sources provide context, not universal program requirements. Formulas, eligible costs, qualifying income, seasoning and fees depend on the transaction. Examples are illustrative and are not actual loan offers.