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Questions to Ask a Multifamily DSCR Lender

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Forty questions that separate one term sheet from another. Ask all of them of every lender you are comparing, including the publisher of this site, and write the answers down.

How the loan is sized

- [ ] Which DSCR formula applies to my unit count: gross rent over PITIA, or NOI over debt service?
- [ ] What minimum DSCR applies to this building, and what would move it?
- [ ] What vacancy and credit-loss factor do you underwrite if the building is full?
- [ ] What management fee do you impute if I self-manage?
- [ ] Do you deduct replacement reserves from NOI, and how much per unit?
- [ ] Do you underwrite in-place rents, market rents, or the lower of the two?
- [ ] What maximum LTV applies to this unit count and this transaction type?
- [ ] Is there a debt-yield or minimum-loan test on top of LTV and DSCR?

Rate and structure

- [ ] Is the quoted rate fixed for the full term? If it adjusts, when, to what index, and with what caps?
- [ ] Is the loan fully amortizing, or is there a balloon?
- [ ] Is interest-only available, for how long, and what does it cost in rate?
- [ ] When does the rate lock, for how long, and what does an extension cost?
- [ ] Which pricing adjustments apply to my file: LTV, DSCR, credit, loan size, unit count, state?

Prepayment

- [ ] What is the prepayment structure: step-down, yield maintenance, defeasance or none?
- [ ] Exactly what percentage applies in each year?
- [ ] Can I buy a shorter schedule, and what does it cost?
- [ ] Does the charge apply to a sale as well as a refinance?
- [ ] Is partial prepayment allowed without a charge?

Reserves, escrows and cash

- [ ] How many months of reserves must I show, and of what: PITIA or debt service?
- [ ] Which accounts count, and at what percentage?
- [ ] Are taxes and insurance escrowed? Can escrows be waived?
- [ ] Is there an ongoing replacement-reserve deposit after closing?
- [ ] Will you hold back funds for repairs found in the appraisal or inspection?

Recourse and the borrower

- [ ] Is the loan full recourse, limited recourse or non-recourse with carve-outs?

- [ ] Who must guarantee, and at what ownership percentage?
- [ ] Is there a minimum credit score, net worth, liquidity or experience requirement?
- [ ] Can I close in an LLC? Are layered entities or trusts acceptable?
- [ ] Do you require personal tax returns or any income documentation?

Process and timeline

- [ ] What is the complete document list, in writing, before I apply?
- [ ] What kind of appraisal will you order for this unit count, who orders it, and how long does it take?
- [ ] What occupancy do you require, and for how long must it have been in place?
- [ ] After a renovation or a recent purchase, what seasoning do you require before a refinance or cash-out?
- [ ] How long from a complete file to closing?
- [ ] Who makes the credit decision, and can I talk to that person?

Costs

- [ ] What are the origination, underwriting, processing and legal fees, itemized?
- [ ] Which third-party costs do I pay up front, and which are refundable if the loan does not close?
- [ ] Is there an exit fee or a minimum-interest provision?

After closing

- [ ] Will you service the loan or sell it? Who do I call?
- [ ] Is the loan assumable by a buyer?
- [ ] Are there ongoing reporting requirements: annual rent rolls, operating statements, inspections?

For Jaken Finance Group the published answers are on this site: rates 5.75%–10.5% (as of August 2026), 30-year amortization, and a step-down prepayment example of 5/4/3/2/1. Where the answer is not published it is underwritten file by file, ask your loan officer.

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