

Debt Service Coverage Ratio (DSCR) – indicates if the property generates enough income from rents to pay the mortgage payment (similar to “debt to income ratio” concept in residential loans). In technical terms, the DSCR is the ratio of the property net operating income to the annual mortgage payment; a property with a DSCR of 1.35 generates 35% more net income than it needs to make its mortgage payments.

Please complete borrower and property information.

Name on property title

Primary Borrower (First, MI, Last Name)

Property address(es)

City	State	Zip	County
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Please complete this “stated” debt service coverage ratio worksheet. Please note in many cases, the appraiser will calculate an estimate of income potential as an independent confirmation of the stated information in this document.

Minimum “stated” DSCR = 1.20 Multi-Family; 1.25 Mixed-Use; 1.30 Commercial

Annual Income	Gross Rental Income – all tenants of subject property		per year
	Gross Rental Income – owner user * (refer to separate calculation below)		per year
	Other Income, if any (i.e. - laundry room, cable, etc.)		per year
	Total Annual Gross Property Income (Subject)	A	per year
Vacancy	Less Vacancy Allowance (actual vacancy % or 5%, whichever is greater)	B	per year
Annual Expenses	Insurance, Taxes, Maintenance, Utilities, etc. (do not include P&I or expenses paid by the tenants)	C	per year
Net Operating Income	Income less vacancy and expenses [A – B – C = D]	D	per year
Annual Debt Service	Principal and interest payment x 12 months (for the proposed loan)	E	per year
Debt Service Coverage Ratio	Net Operating Income divided by Annual Debt Service [D / E = F]	F	

If a portion of the property will be occupied and used by the owner’s business, complete the following:

* Gross Rental Income – Owner User	Total square feet used by Owner	a	
	Fair market <u>rental</u> value per square foot	b	per year
	Gross Rental Income from Owner User = Total square feet times fair market <u>rental</u> value [a x b = c]	c	per year

Borrower Certification

I / we the undersigned borrowers attest to the accuracy of this information, to the best of our ability.

Name	Signature	Date
Name	Signature	Date

Non-person Entity Certification

If name on the property title is a corporation, trust, LLC, partnership, etc., an officer of the entity must also sign. I attest to the accuracy of this information, to the best of my ability.

Name	Signature	Date
Title	Name of Entity	

COMMERCIAL LENDING
"Stated" Debt Service Coverage Ratio (DSCR)
***** SAMPLE *** Worksheet**

Please complete borrower and property information.

Name on property title Sample & Associates, LLC			
Primary Borrower (First, MI, Last Name) John M. Sample			
Property address(es) 12345 Main Street, Units 101, 102, 103, 104, 105 <i>(in this sample – 5 units at 1000 sq ft each for a commercial property)</i>			
City Orlando	State Florida	Zip 32804	County Orange

Please complete this "stated" debt service coverage ratio worksheet. Please note in many cases, the appraiser will calculate a debt service coverage ratio (DSCR) or estimate of income potential as an independent confirmation of the stated DSCR in this document.

Minimum "stated" DSCR = 1.20 Multi-Family; 1.25 Mixed-Use; 1.30 Commercial

Annual Income	Gross Rental Income – all tenants of subject property <i>(in this sample annual rent is \$20 per square foot)</i>		\$ 80,000
	Gross Rental Income – owner user * (refer to separate calculation below)		\$ 20,000
	Other Income, if any <i>(in this sample \$50 per month from a vending machine)</i>		\$ 600
	Total Annual Gross Property Income (Subject)	A	\$100,600
Annual Vacancy	Less Vacancy Allowance (actual vacancy % or 5%, whichever is greater) <i>(in this sample 5% x \$100,000)</i>	B	\$5,000
Annual Expenses	Insurance, Taxes, Maintenance, Utilities, etc. (do not include P&I or expenses paid by the tenants)	C	\$13,550
Net Operating Income	Income less vacancy and expenses [A – B – C = D]	D	\$82,050
Annual Debt Service	Principal and interest payment x 12 months (for the proposed loan)	E	\$60,000
Debt Service Coverage Ratio	Net Operating Income divided by Annual Debt Service [D / E = F]	F	1.37

If a portion of the property will be occupied and used by the property owner, complete the following:

* Gross Rental Income – Owner User	Total square feet used by Owner <i>(in this sample the owner uses 1000 sq ft)</i>	a	1000
	Fair market rental value per square foot per year <i>(in this sample other tenants pay \$20 per sq ft)</i>	b	\$20
	Total square feet times fair market rental value [a x b = c]	c	\$20,000

Borrower Certification

I / we the undersigned borrowers attest to the accuracy of this information, to the best of our ability.

Name John M. Sample	Signature	Date
Name	Signature	Date

Non-person Entity Certification

If name on the property title is a corporation, trust, LLC, partnership, etc., an officer of the entity must also sign. I attest to the accuracy of this information, to the best of my ability.

Name John M. Sample	Signature	Date
Title President	Name of Entity Sample & Associates, LLC	

***** Sample Worksheet *****