

Investment Property Loans

Investment property loans are highly specialized, and the best option depends on your strategy, income structure, and long-term goals. Securing the best fit loan has an impact on cash flow, timeliness, and ease of process. The Capital Vine can provide options so you can execute effectively when you find the property you want to buy.

DSCR Loans

A DSCR (debt service coverage ratio) loan qualifies you based primarily on the **property's rental income** rather than your personal income or employment, making it ideal for investors, self-employed borrowers, or scaling a portfolio. Lenders typically require a minimum 0.75 to 1.25 DSCR ratio. $DSCR = \text{Net Operating Income (which is Revenue - Expenses)} / \text{Debt Payment}$.

Hard Money Loans

Hard money loans are short-term, asset-based loans that focus primarily on the **property's value** rather than your income. They can close quickly - often in days - which makes them popular for fix and flips or competitive situations where speed is paramount to land a deal. They have higher interest rates and shorter terms, so investors refinance into a term loan if they hold the property once the rehab is done.

Loan Type Comparison for Investment Properties			
<i>Estimates, subject to change</i>	DSCR Loans	Hard Money Loans	Traditional Mortgage
Downpayment	15 - 25%	10 - 30% purchase 0-10% rehab costs	15 - 30%
Interest Rates	6.5 - 9.5%	10 - 15% interest only	6 - 8 %
Loan Term	30 years (Interest only options)	6 - 24 months	15 - 30 years
How to Qualify	Property cash flow	Property value/collateral	Personal income and credit
Income Verification	Not usually required	Not usually required	Full doc (W-2, tax returns, etc.)
Time to Close	2 - 4 weeks	Days - 3 weeks	30 - 45 days
Best For	Buy-and-hold rentals	Fix and flips, distressed properties	Long-term buy-and- holds for borrowers with strong income
Ownership	Individual or LLC	Individual or LLC	Personal Name (with some exceptions)
Cost of Money	Moderate	High	Low to Moderate