



## Debt Coverage Ratio (DCR) Program

The Debt Coverage Ratio (DCR) Program offered by some Canadian lenders to real estate investors, focusing on why it's a game-changer for those struggling to qualify for traditional financing:

The DCR Program evaluates loans based on a property's cash flow (Net Operating Income ÷ Annual Debt Service), typically requiring a ratio of 1.1-1.25, rather than the investor's personal income. This makes it ideal for investors facing qualification hurdles because it:

- **Ignores Low Personal Income:** Focuses on rental income, helping self-employed investors or those with tax write-offs who don't show high taxable income.
- **Breaks Property Count Limits:** Allows financing beyond the 4-5 property cap of conventional lenders, supporting portfolio growth (e.g., up to 24+ properties).
- **Eases Stress Test Barriers:** Sidesteps Canada's strict mortgage stress test by prioritizing property cash flow over personal debt ratios.
- **Suits Diverse Properties:** Works for single-family homes, multi-units, and more, offering flexibility.
- **Favors Experienced Investors:** Approves based on property performance, not personal debt load, aiding those with complex finances.

It's a cost-effective alternative to private lending, with rates around 4-6%, though it often requires 20-30% down. By aligning financing with cash flow rather than personal income, the DCR Program empowers investors to scale their portfolios when traditional options fall short.

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