

## Rental and Investment Properties

### Investment Property Mortgages

#### Highlights

- 1) Amortization periods up to 35 years, with Variable and Fixed Rate Mortgages Permitted
- 2) Great Rates, quite close to the best rates possible
- 3) Loan to Value ratio of 80% on 1-4 unit Rental Properties

#### The Investment Property Program for Borrowers:

- 1) The convenience of one mortgage and one monthly payment. You can purchase an investment property in a very cost-effective manner
- 2) Benefit from competitive interest rates and no application fees
- 3) Have payment flexibility when you extend your mortgage by Refinancing or purchasing an investment property. This product allows for a LTV up to 80%

#### 20% Traditional Down Payments on Investment Mortgages

If clients are able to put a minimum of 20% down, purchasers will have a large variety of mortgage options available to them. Conventional mortgages with 20% down, no Mortgage Insurance will be required.

#### Mortgage Rates and Rental Products

Most Lenders will offer their best rates. Also, if you have good credit, a solid income, with 20% or more to put down, you will qualify for a 35 year amortization mortgage.

#### Net Worth

The minimum requirement for net worth will vary depending on the lending institution. Some institutions will offer a 1.10% debt coverage ratio, and others lenders will rely on a rental off set for qualifying purposes. The debt coverage ratio of 1.10% is calculated by the Net Operating Income divided by the Debt Service.

When a Rental off set is used by lender it refers to using upwards of 70% of the rental income and off-setting it against the P.I.T. (Principal, Interest, and Taxes). Only the shortfall gets included into the debt ratio, while a rental surplus gets added back to the client's income. For instance, let's assume the rental property has a rental income of \$1800 and the P.I.T. is \$1324. We calculate 70% of the \$1800 income, totaling \$1280. The \$1280 is deducted from the P.I.T. of \$1324. The remaining \$44 is considered a shortfall and will be added to the Debt Ratio.