

**Mortgage Tidbits**

**Keeping you informed and in the know….**

**Investment Properties…dun, dun, DUN!**

**Just kidding! They’re not that scary once you get to know the rules surrounding them. Let’s take a look!**

**Fannie Mae & Freddie Mac Financing:**

* For **purchase & limited cash out refinance**’s transactions, the max LTV/CLTV/HCLTV for a **2-4-unit** property is 75%.
* For a **cash out refinance** transaction, the max LTV/CLTV/HCLTV for a **1-unit property** is 75%, for a **2–4-unit** property it’s 70%.
* Gift funds are not allowed for use as a down payment. Down payment must be the borrower’s own funds.
* All borrowers must not be obligated on more than 10 financed real properties in total, this includes the subject property and the borrower’s primary residence.
* Minimum credit score of 620 required and the AUS must give an Approve/Eligible or Accept

**Freddie Mac Financing:**

* For **purchase & limited cash out** refinance’s transactions, the max LTV/CLTV/HCLTV for a **1-unit** property is 85%.
* Private Mortgage Insurance, or PMI, will stay on the loan until an LTV of 65% on a single-family residence is reached.

**Fannie Mae Financing:**

* For **purchase & limited cash out** refinance transactions, the max LTV/CLTV/HCLTV for a **1-unit** property is 75%.

Now of course, you might be thinking why buy an investment property? Turns out, they can offer benefits such as a greater asset stability, increased diversification, protection from inflation, and arguably the best, tax benefits! Please confirm all tax benefits with your CPA or Tax Preparer!

Keep in mind though, a couple things matter for qualifying! Like seller contributions cannot exceed 2% and the entire down payment must come from the borrower’s own funds. Inquire with us to learn more!

**Call us today for the best answers to the mortgage questions!**

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