

**Mortgage Tidbits**

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

**Second Home or Investment Property?**

Are your clients trying to determine if they can purchase a Second Home vs an Investment Property? This chart will give you the details to help guide your clients in the right direction.

|  |  |  |
| --- | --- | --- |
|  | Investment Property | Second Home  |
| Occupancy | Borrower not required to live in property at any time | Borrower must occupy the property part of the year |
| Down Payment | 15 – 25% required of purchase price | 10% required of purchase price |
| Interest Rate | Higher than Primary or Second Home loan | Similar or slightly higher than a Primary residence loan |
| Rental Income | Yes, the property can be rented out and potentially used for qualifying income | No, the property cannot be rented out. No rental income can be used for qualification |
| Proximity to Current Home | No Restrictions | Typically, the new home must be located far enough away from the primary home or in a “vacation” area that makes sense to call it a 2nd home |
| Use of Home | Income  | Personal use and enjoyment |
| Property Access | Year-round access to the property is required | Year-round access to the property is required |
| Max Units | 1 – 4 Units | 1 Unit |
| Property Type Allowed | SFR, Condo, Townhome, PUD | SFR, Condo, Townhome, PUD |
| Tax Implications | Please consult a tax professional as tax laws change yearly | Please consult a tax professional as tax laws change yearly |

**If your clients are interested in a 2nd Home or Investment Property, it is important to figure out the right path early in the process. Give us a call and we will help figure out the best way to get it done!**

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