



Note: LP will likely require a 2 year history of receiving rental income and this requirement will override the guidelines below.

<p>Converting current 1 unit primary residence to a 1 unit investment property and purchasing a new primary residence</p>	<ul style="list-style-type: none"> • Up to 75 percent of the rental income may be used to offset the mortgage payment in qualifying if there is documented equity of at least 30 percent in the existing property minus outstanding liens. • The rental income must be documented with: <ul style="list-style-type: none"> ○ A copy of the fully executed lease agreement, and ○ The receipt of the security deposit from the tenant and deposited into the borrower's account. • If the 30 percent equity in the property cannot be documented, rental income may not be used to offset the mortgage payment: <ul style="list-style-type: none"> ○ Payments for both properties must used to qualify the borrower, and ○ 6 months' PITI reserves are required for both properties. ○ Agency loans submitted through DU or LP should comply with the reserve requirements established by DU or LP and the equity documentation requirements established by Fannie Mae and Freddie Mac.
<p>Converting current 2-4 unit primary residence to an investment property and purchasing a new primary residence</p>	<ul style="list-style-type: none"> • Up to 75 percent of the rental income may be used to offset the mortgage payment in qualifying if there is documented equity of at least 30 percent in the existing property minus outstanding liens. • The rental income must be documented with: <ul style="list-style-type: none"> ○ A copy of the fully executed lease agreement, and ○ The receipt of the security deposit from the tenant and deposited into the borrower's account. • If the 30 percent equity in the property cannot be documented, rental income from the unit previously occupied by the borrowers may not be used in qualifying. However, rental income from the units not previously occupied by the borrower may still be used in the loan qualification following standard rental income requirements for 2-4 unit Investment Properties: <ul style="list-style-type: none"> ○ Payments for both properties must used to qualify the borrower, and 6 months PITI reserves are required for both properties. ○ Agency loans submitted through DU or LP should comply with the reserve requirements established by DU or LP and the equity documentation requirements established by Fannie Mae and Freddie Mac
<p>Appraisal Requirements to prove 30% equity in departing property</p>	<p>Chase requires a Full Appraisal to verify equity. Fannie, RPM Service Retained, GMAC and B of A only require a 2055.</p>



*"A loan is more than just a purchase or refinance...
it's about the relationship."*



Dianne Crosby