



Converting a Primary Residence into an Investment Property with an FHA Loan

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

<p>Converting current primary residence to an investment property</p>	<p>In most cases, rental income from the property being vacated may not be used to qualify for the new mortgage. The applicant must qualify using the full PITI payment of the vacated property, even if a lease is provided.</p> <p>Exception: There are two circumstances when rental income from the property being vacated (reduced by the appropriate vacancy factor as determined by the jurisdictional FHA HOC) can be considered when qualifying for the new mortgage:</p> <p>Corporate relocations The applicant is being relocated with a new or by a current employer to an area not within reasonable and locally recognized commuting distance. A minimum 12 month lease is mandatory and evidence of receipt of the security deposit and/or first month's rent should be considered as supporting documentation.</p> <p>Sufficient equity exists in the vacated property The applicant has an LTV of 75% or less determined by either:</p> <ul style="list-style-type: none"> • A current residential appraisal • 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. <p>Our Underwriters would like to see strong reserves if possible to support motivation.</p>
<p>Appraisal Requirements to prove 25% equity in departing property</p>	<p>All investors will accept a 2055</p>



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



Dianne Crosby