

Mortgage Rental Property *Guide*

Everything you need to know about the rental property purchase process

and creating more wealth through home ownership.





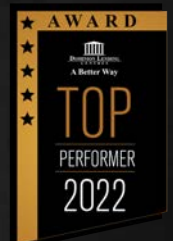
Welcome to our special edition mortgage guide.

There is a very good chance that you have never considered purchasing a second property or if you even could. We have the experience that will help you make an informed decision that aligns with your homeownership goals.

Your home is probably the most important long-term investment you will ever make which is exactly the reason we promise to provide you with advice that is easy to understand.

And don't worry, we have all the modern tools you will ever need to ensure that you stay on track to creating more wealth!

Dave Fullerton
MORTGAGE BROKER





What Is
Most
Important
About
Home
Ownership
To You?

READY TO GET STARTED? WWW.FRONTDOORMORTGAGE.CA

7 Questions

1 What is the minimum down payment required?

The minimum required down payment is 20% of the purchase price and depending on factors like property location, zoning, and property type, lenders may require a higher down payment.

2 What are the acceptable sources for a down payment?

Personal savings and investments, use of a secured line of credit, or an Equity Takeout from your primary residence. Unacceptable sources include cryptocurrency or funds held outside of Canada.

3 What are the costs associated with purchasing an investment property?

The standard used by lenders is 1.5% of the purchase price of the home and includes Property Transfer Tax, legal fees, and the cost of an appraisal.

7 Questions

Do lenders offer a different rate for an investment property purchase?

Yes, most lenders will add a surcharge usually 0.25% higher.

Do lenders include 100% of the rent income from the subject property?

Lenders apply their own formula from 50% of the confirmed rent income up to 80%. If you own more than one investment property most lenders will then use a spreadsheet to calculate a minimum Debt Service Coverage.

Will lenders lend on properties operating as an Airbnb or vacation rental?

No.

Is there a limit on the number of investment properties I can own?

Most lenders will recognize a total of 4 investment properties plus one primary residence.

Real Stories

We Never Thought We could Own a Second Home!

After completing an annual Mortgage Review for one of our clients we recognized that in addition to having access equity available in their primary residence for a down payment, our clients were able to properly stress test for the purchase of their first rental property.

Solution: we refinanced the current mortgage early in order to access equity for the down payment and closing costs required, then secured a mortgage approval with a lender so our clients could purchase a rental property that was cashflow positive.

