

RENTAL INCOME CHEAT SHEET

GUIDELINES

AS OF: 1/19/2024



Eligible Properties:

- Two- to four-unit principal residence properties with the borrower in one unit.
- One- to four-unit investment properties.

Ineligible Properties:

- Rental income from the borrower's primary one-unit or second home is typically ineligible for qualification.
- Currently own properties not reporting 365 days on 1040's

General Requirements For Documenting Rental Income:

- Document on IRS Form 1040, Schedule E, or fully executed lease agreement/Freddie Mac required appraisals
- Exceptions for specific scenarios like property purchase or proof of construction 6+ months.

No Rental History on Tax Returns:

- The borrower can only use 75% of income on the lease/ appraisal to wash out any Principal, Interest, Taxes, and Insurance (PITI) payment.

Calculating Monthly Qualifying Rental Income:

- Schedule E (Tax Form) should reflect rental income received for any property and Fair Rental Days of 365.

Reporting of Gross Monthly Rent:

- Mandatory reporting of eligible rents on subject property.
- Ensures transparency and accuracy in the mortgage process.

The guidelines provided are subject to change, and they do not automatically qualify a borrower for a mortgage loan. Credit, income, assets, and other qualifications must undergo independent verification. The lending institution reserves the right to modify these guidelines at any time without notice. Borrowers should consult with their loan officer for the most accurate and current information.

GET IN TOUCH



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