

**Is the investment property placed in service in the current year or since the most recent tax return?**

**YES**

**NO**

**Does the borrower have a primary housing expense?\***

**NO**

**YES**

You cannot use any income - include the full PITIA of investment property in the ratios.

- Have you received the following required docs?**
1. Document the purchase date or conversion date
  2. Mortgage Statement to confirm PITIA
  3. Signed Lease AND at least one of the following:
    - Appraiser Confirmation of current market rents (1007/1000 or 1025/72) OR
    - Confirmation of receipt of rental income (Cancelled checks for 2-months or 2-months bank statements) OR
    - Confirmation of receipt of security deposit plus 1-month rental payment

Calculate using 75% of the signed lease amount\*. The positive net rental income is used as income (negative net rental income is a debt).

Calculate using 75% of the signed lease amount\*. Offset actual PITIA only (any shortfall or negative amount is a debt).

**Does the borrower have at least 1-year property management experience?**

**YES**

**NO**

Obtain 1-year Schedule E (tax returns) and a Mortgage Statement to confirm the PITIA.

Conduct Cash Flow Analysis.

Obtain the required documentation or you cannot use any income - include the full PITIA of investment property in the ratios.

FNMA B3-6-06, FNMA B3-3.1-08  
 FHLMC 5306 1c(iii), 5306 4(a)iii  
 \*Lower of the lease amount or the appraiser's confirmation of current market rent  
 \*\* FNMA: A borrower currently renting IS considered to have a primary housing expense.  
 \*\*FHLMC: A Borrower must own their primary residence.