

# Mortgage Tips for Snowbirds

Snowbird mortgage rules are the same for anyone looking to finance a vacation home, unless the borrower resides outside the U.S. In the latter case, there are more onerous foreign national mortgage regulations, a higher interest rate would apply, and there are several title, estate planning, legal and tax issues which would need to be carefully considered. Given today's exchange rate [CAD\$1.00 = US\$0.76], Canadians would do well to obtain a mortgage from a U.S. lender – preferably one affiliated with their Canadian bank (for relationship, credit history and funds transfer purposes).

But here are a few thoughts for those who are able to qualify for a conventional mortgage for the purchase of a property in the sunny South:

1. Whether a condo or single-family home, call it a second or vacation home – not an investment property (rent it later, if necessary), *you can borrow up to 90% of value (vs 85% for a rental) and avoid a risk adjustment charge of 2.125% to 4.125% of the loan amount, depending on your credit score.*
2. Get your credit score to 740. *Otherwise, depending on your down payment, another 1.125% to 3.250% risk charge could apply.*
3. Get a reliable pre-qualification letter. *You don't want to find out just before closing that your debt-to-income ratio (including mortgage obligations of all properties owned) exceeds the maximum lender threshold.*
4. Understand the costs, and then budget accordingly. *There will likely be unexpected repairs, improvements, HOA/property management fees, travel costs, etc.*

**Here's the Point:** *Snowbirds could save a bundle of money by doing a little homework before financing a Florida home purchase.*