

# DO I NEED TO SELL MY HOME

## Before I Can Qualify For A New Mortgage On Another Property?



Although every situation is unique, it is not uncommon for homebuyers to qualify for a mortgage on a new home while still living in their primary residence.

Perhaps you are outgrowing your current house, or have been forced to relocate due to a job transfer? Regardless of the motivation for keeping one property while purchasing another, let's address this question with the mortgage approval in mind:

### So, Do I Have To Sell?

Yes. No. Maybe. It depends.

Welcome to the wonderful world of mortgage lending. Only in this industry can one simple question elicit four answers...and all of them may be right.

If you are in a financial position where you qualify to afford both your current residence and the proposed payment on your new house, then the simple answer is No!

Qualifying based on your Debt-to-Income Ratio is one thing, but remember to budget for the additional expenses of maintaining multiple properties. Everything from mortgage payments, increased property taxes and hazard insurance to unexpected repairs should be factored into your final decision.

### What If I Rent My Current Property?

This scenario presents the "maybe" and the "it depends" answers to the question.

If you're not quite qualified to carry both mortgages, you may have to rent the other property in order to offset the mortgage payment.

In that scenario, the lender will typically only count 75% of the monthly rent you are proposing to receive. So if you are going to receive \$1000 a month in rent and your current payment is \$1500, the lender is going to factor in an additional \$750 of monthly liabilities in your overall Debt-to-Income Ratios.



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