

ALTERNATIVE EXTENDED RATIOS



John started working for a new tiling company about a year ago but has more than 10 years of experience in the field.

He's a single applicant and has been living in his home for 7 years and would like to refinance to purchase a rental property in downtown Ottawa. John has an 803 beacon and carries virtually no consumer debt. With businesses reopening downtown, John sees the opportunity to buy a property that can be rented to a tenant who works nearby. By refinancing his home, John will have a large down payment for his new purchase and reduce his monthly carrying costs. However, debt servicing ratios reflect stretched affordability. With his refinance application at 65% LTV and new condo at 35% LTV, we were able to accommodate extended ratios of 54% given strong equity positions in both properties and good liquid fallback. Rent is expected to increase in the downtown area which will provide positive cashflow for John in the future.

DID YOU KNOW?

- We'll consider extended ratios on a case-by-case basis
- It's best to support your application with information that will offset stretched affordability (i.e. good liquid fallback, net worth, or overall mortgage exposure)
- Clients purchasing a home with refinance proceeds must provide an Agreement of Purchase & Sale for the new property (debt servicing & directing funds)
- Rental condos are included in our rental worksheet

APPROVAL DETAILS

- **Credit Score:** 803
- **LTV:** 65%
- **Amortization:** 30 years
- **GDS/TDS:** 54%/54%
- **Property:** Condo in downtown Ottawa
- **Income:** Tile Installer

Contact your RVP to learn more!

* The examples herein are for illustrative purposes only and do not necessarily reflect the final terms and conditions of any mortgage obtained.