

Vacation Rental Advantage

Evaluate rental income beyond the annual lease.

VACATION AND SHORT-TERM RENTALS

Who it is for

Investors seeking financing supported by qualifying short-term or vacation-rental income instead of traditional personal-income qualification. The actual qualifying income source and calculation require program review.

Ideal properties and transactions

A legally operated short-term rental with documented demand and a realistic year-round operating plan. Compare peak-season revenue with weaker months and include the expense of cleaning, furnishing, utilities, management and guest turnover.

Credit, experience and liquidity

The flyer lists $3.5 million capacity, an indicated credit screen of 620, up to 80% purchase LTV and a 70% cash-out STR screen. Qualification is subject to review; the source does not publish a universal DSCR threshold or a rate-and-term LTV. Discuss your ownership and management history and cash remaining after closing. The flyer does not establish a universal experience or reserve requirement. Prepare a closing-funds reconciliation that separates the down payment, transaction costs, required reserves and your own operating cushion. Explain any partner capital or borrowed funds and the other properties supported by the same liquidity. Ask which funds must be verified before closing and which must remain available afterward.

BRING THE COMPLETE RENTAL SCENARIO

Property + rent + value + requested loan + ownership strategy

Subject to underwriting. Not a commitment to lend. Images are AI-generated and illustrative.

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Leverage and valuation framework

LTV compares the proposed loan with the lender's accepted property value. A purchase, rate-and-term refinance and cash-out transaction can have different limits. Ask which value basis and seasoning rule apply; improvements or an anticipated appraisal do not automatically increase eligible proceeds. Cash to close also includes fees, escrows and any required reserves. For a refinance, subtract existing liens and closing costs to estimate net proceeds. Keep headline capacity, credit screens and maximum leverage separate: the approved combination depends on the entire file.

Rental income and coverage

Provide booking history, platform statements and evidence of recurring expenses where available. Ask whether the lender uses historical revenue, a third-party rent analysis or another approved measure. Gross booking revenue should not be confused with income available for debt service.

Loan structure, repairs and closing

Confirm the property condition required at closing and whether any repair escrow is permitted. Renovation funding and repair escrows require review under the selected loan structure. If substantial work or lease-up is needed, ask whether separate renovation or bridge financing must precede a rental takeout; a later refinance requires its own approval. Request the rate structure, amortization, maturity, any interest-only period, escrow treatment and prepayment provisions together. Compare total ownership cost and the payment after any reset, not only the initial monthly payment.

Property and location considerations

Check local short-term-rental rules, licensing, association restrictions, insurance and any limits on personal use. Financing approval does not grant operating permission. Explain seasonality, access, weather exposure and reliance on a single booking platform.

Holding period, exits and stress tests

Set a holding period and compare the loan term, prepayment schedule and any planned sale or refinance. Model lower rent, higher insurance or taxes, a vacancy and a major repair. For illustration only, $2,500 qualifying monthly rent divided by $2,000 qualifying debt expense gives 1.25 coverage; the lender's actual formula and accepted income may differ. This simplified ratio is not net operating profit. A future refinance depends on then-current value, income and program eligibility and is not guaranteed.

Documentation to prepare

Start with the address, legal unit count, transaction purpose, purchase price or estimated value, requested loan amount, monthly rent and current occupancy. Add the purchase contract or existing debt information, leases and rent roll, operating history, insurance and tax figures, ownership/entity records and evidence of available funds. Explain any unusual property use, lease-up, credit event or closing deadline. Provide account statements and identity information through the secure process Karpata specifies rather than in a public inquiry. A complete first package makes it easier to identify the correct lane. Prepare permits or operating approvals, bookings and collections history, management agreements and a furnishing budget. Identify the alternative long-term rent and the effect on payments if short-term-rental activity is restricted.

Limitations and questions to resolve

All published screens remain subject to borrower, property and program approval and may not apply together. Confirm current state availability, eligible loan purpose, pricing, fees, reserves, guarantees and conditions in a written quote. No minimum DSCR does not mean no underwriting. A business-purpose investment loan is not a consumer home mortgage. Confirm any requirement not specified here before committing funds or relying on a closing date. Final approved documents govern the transaction.

LET'S REVIEW YOUR NEXT RENTAL PROPERTY

Request a quote | KarpataFinance.com | 480-846-1001

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