FREE GUIDE · FOR ALBERTA REAL ESTATE INVESTORS

Your First (or Next) Rental Property

The financing rules change completely when you stop living in the property. The down payment reality, how lenders read rental income, the costs the spreadsheet forgets - and why Alberta is the landlord-friendly market.

- The 20% rule - and the live-in exception that changes everything
- How lenders count rental income: two methods, very different results
- The carrying costs that separate real cash flow from wishful math
- Portfolio thinking: why lender choice on property one matters at property four

Shawn Selanders

MORTGAGE BROKER · MORTGAGE ARCHITECTS

403-703-6847 · Shawn@ShawnSelanders.ca · shawnselanders.ca · Serving Southern Alberta since 1999

The Rules Change at the Door

> The moment you will not live in the property, mortgage insurance disappears and the down payment floor jumps: **20% minimum, no exceptions.** Pricing also runs slightly above owner-occupied - lenders price the extra risk.

The live-in exception worth knowing

Buy a property with up to four units, **live in one**, and it is owner-occupied again - insured down payments can apply, dramatically less cash down, while the other units pay your mortgage. The house-hack is the single most capital-efficient entry into Alberta real estate investing, and hardly anyone structures it deliberately.

How lenders read the rent - this decides your approval

Two methods, and the difference is enormous. **Offset:** a portion of the gross rent - commonly around half - is subtracted from the property's costs before your ratios are run. **Add-back:** most of the gross rent is added to your income instead. Same building, same tenant, same you - one lender declines and another approves comfortably, purely on method. This is precisely why investors use brokers: **the lender is chosen to fit the deal, not the deal shrunk to fit the lender.** Market rents get supported by a lease or an appraiser's rent schedule; a hopeful number in your head does not count.

The spreadsheet's missing rows

Vacancy (budget it even in a hot market), repairs and maintenance (roofs do not care about your cash flow), property management if you do not want the midnight calls, insurance at landlord pricing, and the between-tenants month nobody plans for. A property that only works at zero vacancy and zero repairs does not work.

Alberta's Landlord Math, and Portfolio Thinking

> Investors from Ontario and B.C. keep discovering the same thing: the numbers here still work.

- **No land transfer tax** - on an investment purchase that is thousands staying in your renovation budget
- **No rent control** - Alberta has no cap on rent increases (notice rules apply), which changes long-hold math
- **Entry prices south of Calgary** - High River, Okotoks and the smaller towns offer purchase prices where rent actually covers costs, a sentence that has not been true in Toronto or Vancouver for a very long time

Thinking past property one

Most lenders cap how many rentals they will finance, and every property changes how the next application reads. Investors who plan - which lender for property one, when to refinance equity out for the next purchase - scale. One-mortgage-at-a-time investors hit a wall. **Bring the five-year picture to the first meeting, not the fourth.**

Before you write an offer

- Pre-approval that says "investment property" on it - the numbers differ from your home pre-approval
- Real rent research: actual listings, actual days-on-market, not the optimistic ad
- Cash flow run with vacancy and repairs included
- Inspection always; separate property bank account; an accountant who knows rentals

Here's the thing about rental property

It is a business purchase in a house costume. Winners buy on arithmetic and treat tenants well; losers buy on feelings and discover arithmetic later. **Run it like a business and the house takes care of the feelings.**

Ready to run real numbers on a real property?

Financing structured for the deal in front of you - and the three deals after it.

Call or Text 403-703-6847

Go deeper: shawnselanders.ca/mortgage-calculators for the payment math · every investor question at shawnselanders.ca/mortgage-faq-alberta.