



D'STER[®]
INVESTLAND

ONE-STOP REALTY INVEST

HOW TO FINANCE YOUR SHORT-TERM RENTAL IN MEXICO

- *Invest in Vacation Rental Homes, Increase your ROI and Lifestyle*



PRODUCED BY:

D'Ster Group



STR

SHORT-TERM RENTALS OR VACATION RENTALS

STR are furnished properties rented out for a shorter period of time to guests who won't be in the area for very long. Usually, owners or property managers will rent their properties out on a nightly or weekly basis.

Short-Term Rentals or Vacation Rentals have become more popular in the last few years for many reasons, but mostly because of the privacy and space they offer. They provide people with a way to move as they'd like or see various parts of the world without being tied down to a place.



WHAT FINANCING OPTIONS ARE AVAILABLE TO STR HOSTS?

Do you have dreams of investing in a Short-Term Rental (STR) property but don't know your financing options?

Mortgage opportunities with traditional banks and beyond conventional bank loans do exist to help investors like you start building or expanding your portfolio of vacation rentals.



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1 MEXICAN MORTGAGES

A home loan for foreign citizens looking to buy their dream home in Mexico.

ADVANTAGES

1. You can use your income and USA or Canadian credit report to qualify for these mortgages.
2. These mortgages will be secured over the Mexican dream property, not on your USA or Canadian home, so you have the equity on your home free to be used for a second home in Canada or other needs.
3. A home loan for citizens from the U.S. and Canada looking to buy a house in Los Cabos or Puerto Vallarta, Cancun, Playa del Carmen, Tulum and Merida, Yucatan. ,
4. There are a lot of strategies to purchase and manage your winter home with a "Vacation Rental" property management company that allows you to enjoy your home as you get the ROI to get cash flow and pay the mortgage at the same time.

As a one-stop experience, We'll be by your side from the moment you get in touch with us, until you get the keys to your dream property, Contact us to guide you through this options.





A COUPLE OF THINGS YOU MIGHT WANT TO KNOW

TERMS

- Currency: USD
- Nationality: USA or Canadian citizens
- Immigration status: temporary, permanent or no residency
- Min. property value: \$250,000 USD
- Loan-to-value: up to 65% of the appraisal value (risk adjusted)
- Loan length: 1 to 25 years (risk adjusted)
- Fixed rate: 7% - 9% (risk adjusted)
- Fees: underwriting, closing and origination
- Benefits: no prepayment penalty, interest is calculated on the unpaid balance, a One-stop banking experience.

CONDITIONS

- Age plus term must be less than 85 years
- Property Title with Public Registry Information (RPP) - Totally Finished Property
- Appraisal with valuation unit
- Title report & insurance
- Guarantee & restricted zone trusts
- Life and Home Insurance
- Checking account (USD)
- Payment through: ACH, Transfer

REQUIRED DOCUMENTS

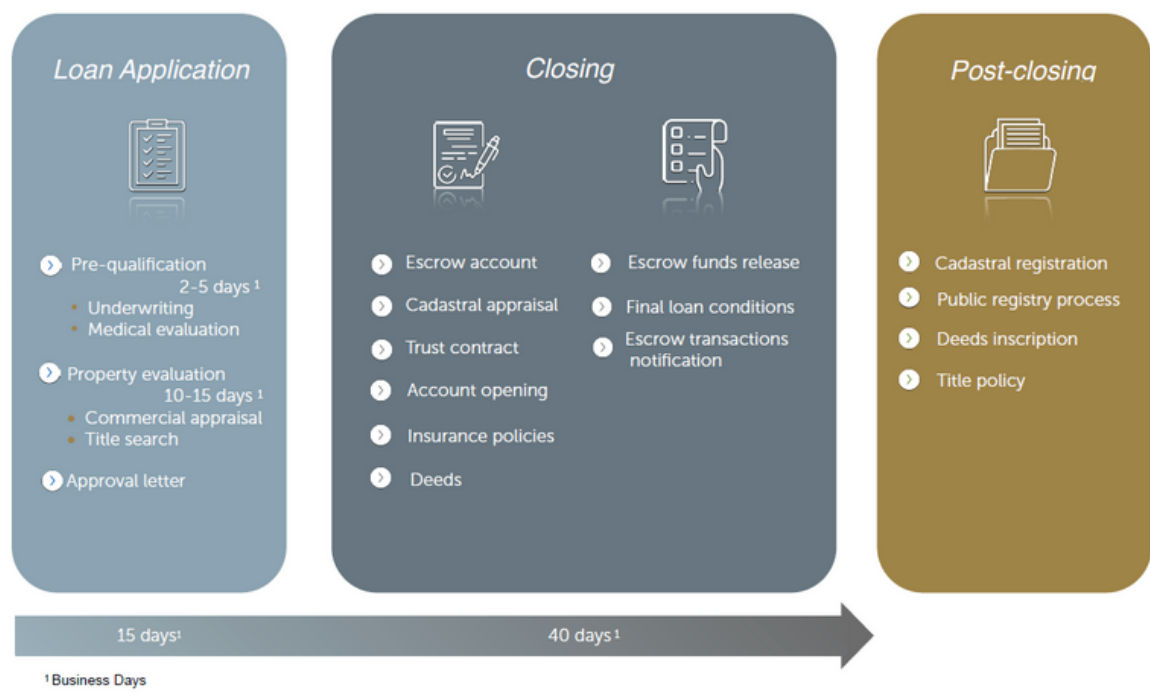
Borrower / Co-borrower	Temporary or Permanent	Without Residence
Passport ^{1, 2}	X	X
Residence card / Immigrant form (INM) ^{1, 2}	X	X
Marriage certificate (if applicable)	X	X
Proof of residency (home country)	X	X
Proof of residency (Mexico)	X	
RFC and CURP ^{1, 2}	X	
SSN/ SIN ¹	X	X
Financial/ Bank statements (6 months) ¹	X	X
Tax Returns (3 years) ¹	X	X
Power of attorney (if applicable) ¹	X	X
Administrative formats ^{1, 3}	X	X
Credit report & score (home Country) ¹	X	X

¹Necessary when the Co-Borrower apportions with income. ²Necessary from the spouse. ³Loan Application, Acceptance format to consult Mexican bureau, Health Background Questionnaire, Monthly Incomes & Expenses.



LOAN PROCESS

Profiler
Through *D'Ster Dream Loan* you will immediately know if you are an eligible candidate.



CLOSING COSTS

- Underwriting fees **1**
- Appraisal
- Title report & insurance **1**
- Closing fees
- Escrow account **1**
- Trust fees **1**
- Trust management **3**
- Trust permit foreign relations (SRE) **1**
- Life insurance **2**
- Property insurance **2**
- Loan origination fee **1**
- Government and Public notary fees **1**

1 One time payment / **2** Monthly payment / **3** Annual payment

2 DEVELOPER FINANCING

Some Mexican real estate developers offer direct financing to purchase their inventory. Each Developer has their financial strategy.

We add an example for illustration purposes.





These lenders look at the property's fixed expenses, such as the property, taxes, insurance premiums, and other applicable fees. They also look at the strength of the short-term rental market where the property is located and compares it against your property's actual or projected annual short-term rental income.

That's why finding a great investment opportunity and investigating its score via platforms is so crucial. That score is a significant metric that they use to analyze your income potential, especially in areas with less history.

The level of documentation that [traditional] underwriters require when trying to qualify based on your personal income, is far greater than with an asset-based loan. There is also a larger degree of subjectivity on whether or not the underwriter will approve the loan, even with the greater documentation. It leaves borrowers in a place where they never really know if they are going to get approved because the underwriter may decide at the last minute that they are not comfortable approving the loan.

Whereas, for asset-based loans, these lenders only focused on whether the income of the property is sufficiently high enough to cover the cost of the financing and the fixed expenses of the property,

It's all about the income of the property, and with tools which can show them what the expected income of the property will be at the beginning of the process, and since so many of the underwriting factors are known in the beginning, there is far less uncertainty around whether the loan will be approved or not.



FOR ILLUSTRATION PURPOSES

Amount to be financed: Second 50% of the total value of the sale

Option 1 – Financing in USD

Second 50% of the total value of the sale can be financed for 5 years at a rate of 7% of interest

Option 2 – Financing in pesos

Second 50% of the total value of the sale can be financed for 5 years at a rate of 8.5% interest. The exchange rate will be capped in pesos at a maximum of 30% above the exchange rate set by the DOF at the signing of the purchase agreement.

Example. The exchange rate of the day at the signing of the contract of sale is \$20 pesos, it will be to a maximum amount of \$26 pesos for 5 years at a rate of 8.5% interest. *If the increase is greater than 30%, the risk will be absorbed by the developer.



3 CANADIAN AND USA EQUITY LOANS

We have Alliances with Mortgage Brokers and Lenders from Canada and USA to offer different loan options to our clients to fit their needs and purposes.

COMPARING THE MORTGAGE OPTIONS



There are many reasons you might want to refinance your home in your place.

- The money can be used however you choose,
- Better Rate,
- Conditions and terms you already know
- Fiscal strategies and others.

You must know that in these cases, the loan will be registered in your Canadian or USA Credit Buro..

HELOC vs Refinancing

It is important to not get a HELOC confused with refinancing your mortgage. A HELOC frees up equity as credit, providing you with extra spending money. On the other hand, refinancing is renegotiating and changing the terms of your existing mortgage. When you refinance a mortgage, you essentially end your current mortgage contract and take on another.

This means you can get a more favourable interest rate and borrowing conditions. However, a refinance not always will not give you access to ready cash to spend on what you like. A HELOC provides a stream of credit whenever you want it.



COMPARING THE MORTGAGE OPTIONS

HELOC vs Home Equity Loans

HELOCs, home equity loans and second mortgages are easy terms to mix up. All provide credit in exchange for a lien on your home. Fundamentally the difference is that a HELOC is a line of credit, the terms second mortgage and home equity loan both refer to a lump-sum loan secured against your home.

Why pick a HELOC?

- You want financial flexibility.
- You may only spend some of what you can borrow
- Only pay back what you use

Why pick a second mortgage?

- You want a lump-sum payment.
- You know how much you want to borrow
- You are comfortable with long-term monthly payments



COMPARING THE MORTGAGE OPTIONS



HELOC vs Reverse Mortgage

In some ways, a reverse mortgage allows you to take more control of your financial borrowing. In fact, it is you who becomes the lender as you sell your property to the lender. If you are the title owner of a home, you can sell it to a lender who will make regular payments to you while you continue to live there!

However, your equity in the home decreases over time as the lender buys more of it. Importantly, you continue to be the titleholder. When the reverse mortgage matures, you can sell your home to pay it off, or the lender will own the property and sell it if you pass away or default. You do not pay back the loan until you sell or die.

If you do pass away, the lender will sell your property and pay out any additional equity beyond the appraised value to your estate. While a reverse mortgage gives you a stream of funds like a HELOC, the structure is drastically different. Moreover, reverse mortgages are only available to homeowners who are 55 or older.

THE COMPLETE GUIDE FOR MORTGAGES OPTIONS IN CANADA



[DOWNLOAD](#)



2023

GUIDE TO BORROW AGAINST YOUR HOME EQUITY

Adan Aranda - Mortgage Specialist



PLAN YOUR
MORTGAGE.ca

MEET US

Adan Aranda Partner at D'Ster Investland; Real Estate Lawyer in Mexico and, Mortgage Planner in Canada with Mortgage Architects, one of the largest brokerages in Canada.. He also is a specialist in the International Equator Principles. tracking urban, environmental and social conditions to meet the bank criteria for construction loans over 10MM.

- www.PlanYourMortgage.ca
- www.ABROassociates.com
- www.DsterInvestland.com

The Mortgage Business goes further beyond the lucrative results; it helps to materialize individual and investor goals, both financial and quality of life. I'm proud and honoured to provide personalized legal advice and mortgage solutions to support my clients' goals and make them a reality.



ADAN ARANDA

Real Estate Lawyer in Mexico
Mortgage Specialist in Canada



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**REAL ESTATE
BROKERAGE**



**WE WIL HELP YOU TO
FIND A MORTGAGE THAT
IS RIGHT FOR YOU!**

MANY THANKS!

DO YOU HAVE ANY QUESTION?

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