Vacation Home Financing

Do you find yourself going away for skiing, hiking, or rafting trips? Instead of going through the hassle and expense of renting an AirBnb, why not get a vacation home of your own? It's more within your reach than you may think.

Getting a Loan For a Vacation Home

You will need to do quite a bit of planning and budgeting before being able to go house hunting. The process of financing a vacation home is similar to that of financing your primary residence, but the requirements are more stringent.

One big difference when buying a vacation home is that there aren't as many loan options available. To get into a vacation home, you'll likely need to be able to qualify for a conventional loan.

Let's look at some of the requirements for vacation home financing:

- Credit Score – You can expect to need at least a 720 credit score in order to qualify for financing.
- Down Payment -You'll need at least 10% of the home's purchase price for a down payment. However, putting down more than 10% may help you obtain a lower interest rate.
- Debt-to-income-ratio – Just like when you bought your primary residence, we will need to look at your debt-to-income- ratio (DTI). We prefer to see under 43% for a vacation home.

Reserves Are Needed

Since lending on a vacation home is more risky, we'd like to see at least two to six months of monthly mortgage payments. We may ask for more depending on your credit score or DTI.

Interest Rates On a Vacation Home