INCOME-PRODUCING ASSETS COURSE · LEVEL 3 CHEAT SHEET

The Underwriting Card

Figures as of July 2026 — see per-row as-of dates.
Source lessons: 3.1, 3.3, 3.4, 3.8

THE GALLINELLI FORMULAS

NOI (net operating income)

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Gross rental income − vacancy allowance − operating expenses (excl. debt service & capex)
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Cap rate

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NOI ÷ purchase price (or current value)
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Cash-on-cash return

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Annual pre-tax cash flow ÷ total cash invested
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GRM (gross rent multiplier)

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Price ÷ gross annual rental income
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DSCR (debt service coverage ratio)

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NOI ÷ annual debt service  –  must be ≥ 1.25
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The 50% rule (conservative screen)

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Assume operating expenses ≈ 50% of gross rent (excl. debt service) before you trust a single line item
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Repricing stress test

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Recompute DSCR & cash flow at rate +3% after the fixing period ends – must still clear 1.25
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Two-speed habit: rank listings wide by GRM in minutes; fully underwrite only the best one deep. A hundred listings, not a hundred spreadsheets.

PH LOAN CHANNELS, HEAD-TO-HEAD

Channel	Rate	LTV	Ceiling	Fixing
Pag-IBIG promo	3% (socialized, 5-yr fixed) / 4.5% (≤₱2.5M) / 5.75% (₱2.5–10M), 3-yr fixed	up to 90–95%	₱10M	3–5 yrs, then repricing
Pag-IBIG standard menu	~5.75%–9.75%, rising with fixing period (1–30 yrs)	up to 90–95%	₱10M	chosen at originatio
Bank mortgage	6.5–8% fixed	70–80% typical; 60–70% investor/foreclosure	none stated — follows appraisal	1–5 yrs, then repricing
In-house (developer)	~12–18% p.a.	varies, often 80–90% with minimal docs	none — short terms (5–10 yrs)	bridge only — take-out required

In-house financing's one legitimate use: a documented bridge to a bank/Pag-IBIG take-out, with the take-out date written down before signing. Otherwise 12–18% money erases any deal's carry.

TRANSACTION FRICTION, ALL-IN ~8–9%

Capital gains tax (or CWT)	6%
Documentary stamp tax (DST)	1.5%
Transfer tax	~0.5–0.75%
Registration fees	LGU schedule

Base: the highest of zonal value, assessed FMV, or actual selling price — never the price alone. Statutory rates stable; LGU fee schedules drift.

THE FIVE ESCAPES FROM NEGATIVE CARRY

1 **Below-market entry** — buy at a discount (foreclosure, distressed seller) so yield-on-cost clears the hurdle even at market rent.

2 **Yield transformation** — bedspace, corporate/serviced, or short-term rental format lifts gross yield well above vanilla long-term lease.

3 **House-hacking** — live in one unit, rent the rest; the carry you'd pay for housing anyway offsets the negative spread.

4 **Subsidized-carry windows** — promo-rate periods (Pag-IBIG) narrow or flip the spread while they last — know the window's expiry and the repriced number.

5 **Leverage into a business instead** — the same equity earns 18–36%+ private-lending or business yields; property leverage isn't the only lever available.

The stacking rule: one escape alone is rarely enough — even a 35%-off deal can fail the +3% stress test at high leverage. Escapes compound; underwrite the combination, not just one line.

Income-Producing Assets course · companion to lessons 3.1, 3.3, 3.4, 3.8 · every figure carries an as-of date and decays — refresh from pagibigfund.gov.ph, bank rate sheets, and bir.gov.ph before relying on a stale number. Not financial advice — this card teaches evaluation, not tips.