



→ **How to Finance Your Next Property Purchase**

A webinar by  *turbotenant*



This webinar will be recorded and emailed to you after our session ends.

Let's Grow Your Property Management Empire

- We'll discuss:
 - Whether or not you should purchase property now, given the economy
 - How to find a lender who meets your needs
 - An overview of six financing options



Should You Purchase Property Right Now?

- Yes, if:
 - You're not going to be reliant on cash flow from the property immediately
 - You're looking at your next purchase as a long-term investment
 - You don't have too much hard debt, such as high interest credit card debt



Why Invest Now?

1. Housing is a basic need
2. Residential real estate is typically a stable investment
3. Current economic conditions aren't the same as the dot-com bubble burst



How to Find a Lender Who Meets Your Needs

- Think beyond the interest rate
- Use your network
- Flying solo? Google is your new best friend
 - Look up local lenders, then hone in on five to six top candidates
 - Test their responsiveness over the course of a month
 - Work with the lender who supports you, responds quickly, and offers the type of financing you're seeking

PRO TIP: Your goal is to find a lender with whom you can be completely transparent - so don't underestimate the importance of getting to know them on a professional level!

Big Banks vs. Community Banks

- Perks of working with a community bank:
 - They're better suited to provide that crucial personal touch
 - If you received an interest sheet with better rates from a big bank, bring it in! They'll work with you to secure the best rate they can offer
 - Community banks typically offer quicker closing time frames, which is important for serious investors



Portfolio Expanding Tips for Landlords

- Newer landlords:
 - Don't be afraid to ask for help!
- More experienced landlords:
 - Now is the time to diversify your portfolio, but stick to the must-haves from your buy box
 - Consider pursuing smaller commercial, multifamily, fix-and-flip, etc.

Financing Your Next Property Purchase

- Financing multiple properties presents more of a challenge than financing a single property, but don't be intimidated!
- Make yourself an ideal lende
 - Have debt?
 - Pay off high-interest debt to maximize your financing abilities
 - Check your credit score
 - Most lenders require a credit score in the high 600s or better for a 10% down payment
 - Speak to your lender (and ask plenty of questions)



Down Payment Options

- If you need to rustle up a down payment, why not tap into your primary residence's equity?
 - Home equity loan
 - Home equity line of credit (HELOC)
 - Cash-out refinance

Strategy One

Traditional Mortgage

- Most common strategy for those looking to finance up to four properties
- Requires:
 - Good credit
 - A sizable down payment (typically 10-20%)
 - A proven history of investment property performance



Strategy Two

Freddie Mac's Investment Property Mortgage Program

- Intended for investors who need customized home financing options, you'll have to meet specific criteria to secure this flexible financing:
 - No more than 10 1 – 4-unit properties
 - Minimum credit score of 720 for borrowers with more than six financed properties
 - 15% down payment for 1-unit properties
 - 25% down payment for 2 – 4-unit properties
 - Six months' reserves for each property
 - Maximum debt-to-income ratio of 45%
 - Gift funds and grants can't be included
 - Must be an eligible fixed-rate, level payment mortgage or a 7/1, 10/1, 7/6-month, or 10/6-month adjustable rate mortgage
 - Must use a Loan Product Advisor or manually underwritten mortgage
 - The borrower can't be affiliated with or related to the builder, developer, or property seller for newly constructed homes

Strategy Three

Fannie Mae's 5 – 10 Properties Program

- Could help you finance up to 10 properties at a time, but it's not widely offered
- Also has strict qualifications, including:
 - Minimum credit score of 720
 - 25% down payment for 1-unit properties
 - 30% down payment for 2 – 4-unit properties
 - Six months' reserves for each loan
 - No delinquencies of 30 days or greater within the past 12 months on any mortgage loan
 - No bankruptcies or foreclosure within the past seven years
 - Submission of two years of federal income tax returns

Strategy Four

Portfolio Loan

- Similar to a traditional mortgage, but your bank will hold the loan in their portfolio for the life of the loan
- Expect:
 - An interest rate that's 2-4% higher than current market rates
 - Higher closing costs (3-4% of mortgage)
 - More forgiving credit, down payment, and debt-to-income ratio requirements



PRO TIP: This type of loan is hard to find! It's usually used to reward long-term customers that have proven to be trustworthy borrowers, according to [Rocket Mortgage](#).

Strategy Five

Bridge Loan

- Short-term loan that allows the collateral to be the projected value of the rehabbed property
- Two types:
 - **After repair value (ARV):** best for properties that will increase in value by as much as 50-100%
 - **Loan to cost ratio (LTC):** best for properties that are expected to earn a profit upon sale, but aren't projected to sell at 50-100% profit margin

Strategy Six

1031 Tax Exchange

- Defined by [Rocket Mortgage](#) as “a real estate investing tool that allows you to **swap out an investment property for another** and defer gains, losses, or capital gains tax that you’d otherwise have to pay at the time of sale”
- Many requirements, including:
 - The property you’re selling and the property you’re buying must be “like-kind”
 - Must work with a qualified intermediary who will hold your funds in escrow until the exchange is complete
 - Following a strict timeline

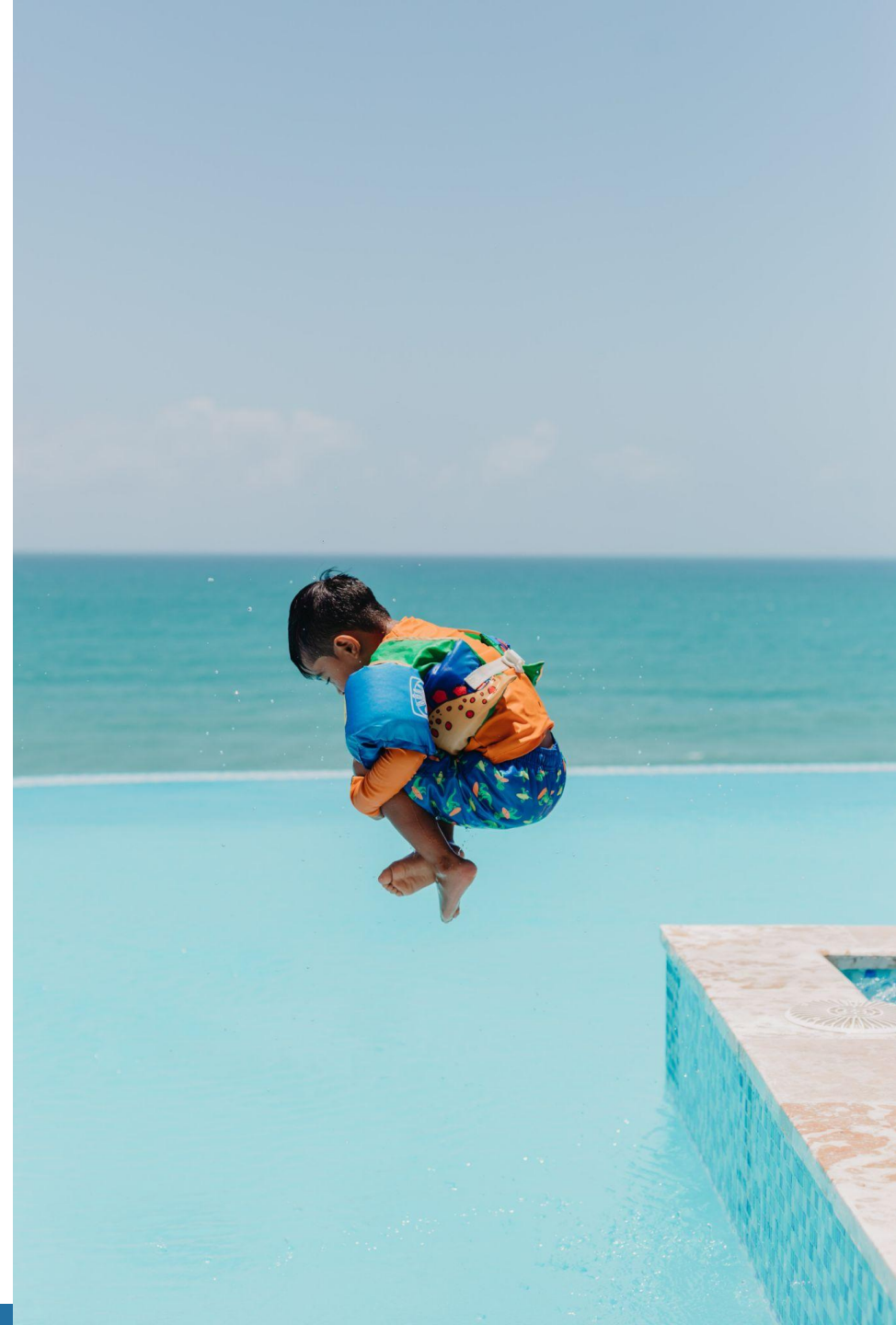
If You're Ready, Take the Plunge!

- Find a lender who's supportive, responsive, and knows the industry
- Ask plenty of questions to find the best strategy for your unique situation
- Expand your portfolio with confidence!

- Sources:

[BiggerPockets](#) [Fortune.com](#) [USNews](#) [Re-leased](#)

[Bank Rate](#) [Find My Way Home](#) [LendingOne](#) [Rocket Mortgage](#)





Questions?

Ask us about:

- Questions to ask prospective lenders
- The benefits of working with community banks
- General underwriting criteria
- Portfolio loans

Looking for an excellent lender in Arizona? Reach out to [Grayden Guilford!](#)

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