Module 5A

Private & Creative Funding Strategies

Why Use OPM for Real Estate Investing?

- No money or credit of your own
- Minimize personal risk in investing
  - Time Value of Money
- Exponentially grow your real estate business
  - Leverage

Seller Financing

- ** Lease Option to Buy
- Master Lease Option (commercial)
  - Record a Memorandum of Option and get Title Insurance
- ** Subject To … (existing mortgage staying in place)
  - Transfer of Title but mortgage stays in place
  - Close at Title Co after title work and title insurance
- ** Owner Financing
  - First Position – Free & Clear – 100% Funding Possible
  - Second Position – Second or Partial Mortgage funding

Remember: Sell at Short Term Full Future Market Value

“Hard” & “Soft” Private Money

- Wrap Around Mortgage
  - Land Contract, Contract for Deed
  - Either the seller retains title or transfers to buyer
  - Promissory Note on downpayment
  - Performance Mortgage Form
- “Hard” Private Money (see Resources in Module)
  - 65/90% LTV – Asset Based Lending
- ** “Soft” Private Money (see Resources in Module)
  - Transactional and Extended Transactional Funding
  - 100% Financing

Other Financing

- Business Lines of Credit (see Resources in Module)
  - New business entity ok
  - Short term financing is easier to obtain
- Self-Directed IRA
  - Transfer the IRA to a custodian like Equity Trust
- Peer-to-Peer Lending Sites (see Resources in Module)
  - Private lenders loaning on their own criteria
- Portfolio Lenders
  - Small regional banks and credit unions

Other Financing

- Borrow on Your Life Insurance
  - Whole Life Insurance
  - MassMutual, Met Life, State Farm, and more.

Private Funding

- People with Money
  - Seminars and Luncheons
  - Networking Events
    - IRA companies hosted events – Entrust, Equity, etc.
    - IRA cruises

TIPS: Branding & Credibility Kit

- Answer questions before they even ask
- Experience in real estate is helpful
- Branding and online presence are important

Wholesaling = No Funding

End Buyer's Money

Transactional Funding or "Soft" Hard Money