How to Finance Real Estate Investing Deals by Simon Macharia

Article published on June 26th 2012 | Real Estate

In order to be successful in real estate investing, you must be able to finance your deals. It is important to know which financing options are available to you so that you structure your deals accordingly.

in this article, we explore the options available for financing your real estate investing deals.

1) Buying with little or no money

You can do an unlimited number of deals if you do not have to put a lot of money down.

An example of deals you can do with little to no money is wholesale deals. When you wholesale houses, you basically buy low and sell at a discount, while making some profit. There are two ways you can do this.

Contract Assignment:

You locate a house for a low price and put it house contract. You get this contract to your title company or attorney to do title work. You then turn around and assign this contract to another real estate investor who closes the deal.

The assignment fee is what you make when the deal closes. The terms of the deal including your assignment fee are disclosed the assignment contract.

Simultaneous closing:

You put a house under contract to buy, then locate another real estate investor to flip it to and you sign a contract with you as the seller.

At closing, you buy the house and sell it at the same closing table. Your profit is the difference between your buying price and selling price, less any closing costs.

2) Hard money

These rehab loans have a short time frame, such as 6 to 12 months. They carry a high interest rate, and are based on equity on the property, not personal credit.

It can be available fast, sometimes with a few hours or days.

3) Creative financing

Techniques like lease options, owner financing, etc, that do not involve buying the property for cash involve creative financing. You might need to put some money down but finance part of the deal through creative financing.

This means you can do numerous deals without being limited by availability of money.

Creative financing is not an option when the owner wants to sell for cash, or when the property needs repairs.

4) Revolving credit

This can be a line of business credit, credit cards, etc. They require monthly payments which can get high, and the interest rates can also be high.

For this reason, the amount of credit you can access and the number of loans you can get are limited.

5) Private lenders

Private lenders are individuals with cash they can invest. Their money is secured by real estate to earn more than they can get with bank investments.

Private money is the most preferred type of financing for real estate investing deals.

6) Mortgage loans

You can also finance real estate investing deals with traditional bank mortgage loans. These come with low interest rates with terms about 15 to 30 years.

However they can require that you put 10 to 20% down. You must have good credit and you are limited to the number of loans you can take.

Article Source:
http://www.articleside.com/real-estate-articles/how-to-finance-real-estate-investing-deals.htm - Article Side

Simon Macharia - About Author:
Get more free a real estate investing education and tips from our blog. Learn how a good automated and interactive a real estate investor website can help you close more deals while spending less time, money and effort.

Article Keywords:
real estate investing deals, real estate financing, financing real estate investing, real estate investor web sites