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Investor Confidence Is Up—What's Making Everyone Feel Good About the Market?

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Investor Confidence Is Up—What's Making Everyone Feel Good About the Market?

By Jeff Vasishta

The great thing about real estate is that demand never wanes

Published by [Bigger Pockets]

The saying "What doesn't kill you makes you stronger" applies doubly in real estate. Investors have proved themselves to be a hardy lot, not knuckling under against the headwinds of high interest rates, insurance costs, and house prices, forgoing short-term profits for long-term success, according to a new study.

The Q3 2025 Investor Sentiment Index released by RCN Capital and CJ Patrick Co reveals that most real estate investors retain a healthy dose of optimism about the future. Almost 50% believe that the housing sector will improve over the next six months.

"Market conditions for real estate investors continue to prove challenging, with stubbornly high financing rates, rising labor and materials costs, and soaring insurance premiums taking a toll on investor profit margins," Jeffrey Tesch, CEO of RCN Capital, said in an RCN Capital press release.

That said, Rick Sharga, CEO of CJ Patrick Co., distilled the resilience of smaller investors—who comprise 90% of the residential investment market: "Compressed margins can be the difference between a comfortable lifestyle and financial distress."

Pivoting From Flips to Ownership

To survive, the modern-day investor has pivoted from flipping to ownership, according to the study. While flipping homes makes for glamorous TV shows, rising costs have been a reality check for many investors who have chosen to ride the wave of unpredictability by holding on to their assets.

The Investor Sentiment Index found that 44% of respondents now identify primarily as rental investors, a marked increase from previous years, followed by flippers at 38% and wholesalers at 17%. Over half of the surveyed investors reported shifting their main investment approach, preferring stable cash flow from assets that they could deploy later.

Higher Costs and Regulation

Rising costs have been identified as the main concern for investors, according to the study. Home prices continued to rise in 2025, reaching new heights and slowing home sales, making refinancing difficult for investors trapped in higher-interest loans and flippers hoping to find homebuyers who remained out of the market.

Short-Term Rental Restrictions

Compounding the complexity of rising costs has been increased regulations by cities on short-term rentals, which have stripped landlords of an alternative outlet to conventional long-term rentals. It's proven to be a contentious issue because landlords rely on the extra income to survive. At the same time, opponents of STRs claim they are depleting local housing stock.

New Orleans recently overturned a decision that outlawed “whole house” vacation rentals by absentee homeowners. “The neighborhoods are split on this,” New Orleans City Council member Freddie King said at a hearing where a law was passed allowing only one house per block to rent to short-term guests, a decision made by a lottery.

“You might put me in a lotto and, just like that, I could lose my retirement income,” one woman told the city Council, adding that her financial survival depended on renting part of her house to vacation guests, which is more lucrative than having long-term tenants. “If I have to go back to long-term rental, I will have to sell my house.”

Insurance Costs

Rising insurance costs have been one of the biggest issues for landlords, particularly in rural areas and lower-income, vulnerable communities. “If it spreads further, it could threaten to end affordable housing development as we know it,” Frank Woodruff, the executive director of the Community Opportunity Alliance, a trade group representing nonprofit housing developers, told the *New York Times*.

Embracing Technology and Sustainability

With cash flow squeezed, using all available tools to eke out fine margins of profitability has been an essential feature of the modern-day small real estate investor. Increasingly, that means leveraging artificial intelligence (AI)-powered tools to help landlords and property managers streamline operations and identify opportunities more quickly.

A survey by management platform Baselane found that half of property management professionals either currently use AI tools or plan to by the end of 2025, with rent collection being a particular area of interest. Here, AI can help to streamline payments, improve cash flow reliability, and lower the costs of doing business.

Showdigs.com reports that large management software companies like Yardi Resident Screening and TransUnion’s ResidentID use AI to screen tenants.

In addition, larger apartment buildings have increasingly been embracing green technology upgrades and eco certifications to appeal to prospective tenants. An Emerging Trends report by commercial brokerage JLL found that cost pressures, along with concerns about reliance on fossil fuels amid tariffs, were prompting landlords to push for more sustainable energy sources.

According to Showdigs, smart energy management systems can achieve 10% to 30% savings in energy costs, but require a significant upfront outlay in older buildings.

Belt-Tightening Strategies for Smaller Investors in Turbulent Times

Run numbers conservatively

- Leave the fantastical repair and cash flow predictions for the wholesalers trying to sell you the deal. Run your numbers conservatively with worst-case scenarios in mind.
- Buffer in higher insurance costs. Old-school insurance numbers are old news. Get quotes before buying a deal to make sure your numbers still work—especially if you’re in a high-risk area. If the numbers don’t work, consider buying elsewhere.

Prioritize tenant retention and operational efficiency

- Strategize to maintain the tenants you have with longer leases, incentives for renewal, and staying in regular communication.
- Streamline maintenance routines and use tech tools like rent automation, mobile maintenance requests, and tenant portals. Continually examine expenses and look for ways to improve them.
- Analyze your local market for rent growth, job creation, and property supply pipelines, and adjust accordingly.

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- Setting investment criteria such as net operating income (NOI), cash-on-cash return, capital expenditure reserves, cap rate targets, and expense buffers will help you continually adjust your numbers to meet your goals. Don't go into this blind.

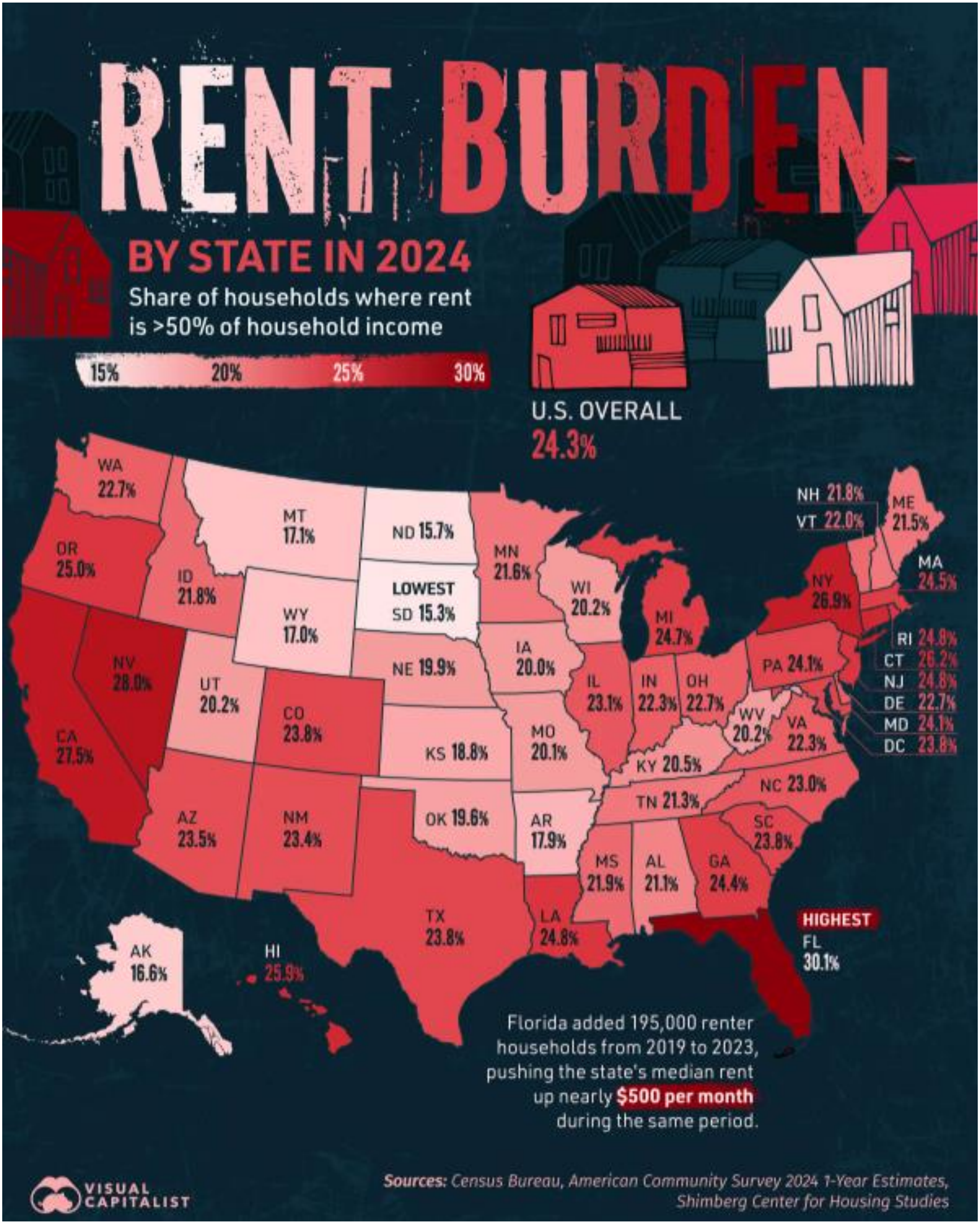
Consider green tech to lower costs

- For some reason, eco-friendly or green tech is often seen as "too trendy" for small investors to consider. However, simple adjustments such as solar-powered irrigation and lighting systems, energy-efficient HVAC systems, smart locks, mobile payment systems, and even artificial turf can help reduce expenses.

Final Thoughts

Being disciplined, data-driven, and adaptable are the keys to surviving in any business right now, and real estate is no exception. The great thing about real estate is that demand never wanes. If there is an attractive product, there will be someone interested in renting it. Making all the numbers work is where these components come into play.

There is no one-size-fits-all solution for investors, as each has their own unique set of circumstances: a family member offering a low-interest loan with flexible terms, an institutional lender with defined criteria, or self-managing rather than outsourcing. If you can strategize how to survive the tough times, the good times will follow.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UT 20.2%
CO 23.8%
AZ 23.5%
NM 23.4%
ND 15.7%
LOWEST
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NE 19.9%
KS 18.8%
OK 19.6%
TX 23.8%
MN 21.6%
IA 20.0%
MO 20.1%
AR 17.9%
LA 24.8%
WI 20.2%
IL 23.1%
MI 24.7%
IN 22.3%
OH 22.7%
KY 20.5%
TN 21.3%
MS 21.9%
AL 21.1%
GA 24.4%
SC 23.8%
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NY 26.9%
NH 21.8%
VT 22.0%
ME 21.5%
MA 24.5%
RI 24.8%
CT 26.2%
NJ 24.8%
DE 22.7%
MD 24.1%
DC 23.8%
AK 16.6%
HI 25.9%
HIGHEST
FL 30.1%
Florida added 195,000 renter households from 2019 to 2023, pushing the state's median rent up nearly $500 per month during the same period.
VISUAL CAPITALIST
Sources: Census Bureau, American Community Survey 2024 1-Year Estimates, Shimberg Center for Housing Studies

Centralized Sourcing Is The Competitive Edge Your CRE Portfolio Needs

From rising costs to supply chain delays, centralized sourcing helps investors reduce risk, improve performance, and protect long-term property value.

By Mark Zettle
Published by [Forbes.com]

Real estate owners, investors, and the teams entrusted to manage all asset types rely on vendors to keep their operations running. But few give much thought to how those vendors are sourced or held accountable until something goes wrong. Compounded with pressing challenges like rising operational costs, volatile supply chains and labor costs, and tariff uncertainties, margins are tighter than ever, demanding procurement strategies that drive performance while mitigating risk.

Whether it's a delay in supplies, a lapse in compliance, or a contract that doesn't hold up under scrutiny, weak procurement practices often show up when it's already too late. Good news: these risks are avoidable. Centralized procurement strategies are now playing a direct role in managing risk, trimming expenses, driving stronger property performance, protecting asset health, and building more resilient real estate portfolios.

The hidden costs of procurement gaps

Property managers rely on certain essential goods or services to keep operations running smoothly. But without a fine-tuned supplier agreement clearly outlining terms and expectations, a small oversight can quickly snowball into a costly liability.

When procurement is treated as an afterthought, property managers can face inflated costs, unpredictable service, and even exposure to legal and reputational damage. Centralized procurement strategies help reduce the risk of:

- **Cost inflation and lost savings opportunities**: Without consolidated buying power and preferred status, owners lose leverage and bulk purchasing savings, often paying above-market rates for goods and services.
- **Service inconsistency**: Vendors may prioritize institutional partners with clear expectations and volume potential, leading to better responsiveness and quality. Independent properties may be treated as one-off clients without long-term value, resulting in slower response times or inconsistent service levels.
- **Lack of agility**: Labor and trade policies, taxes and tariffs and other rapidly shifting macroeconomic conditions can disrupt a portfolio's supply chain and service delivery. It is critical to have a deep understanding of the impacts and where delays might occur.

A thoughtful sourcing strategy reduces this exposure and helps capture savings over time. With clear scopes of work, contract standards, and performance checks in place, procurement becomes a way to manage uncertainty. Over time, that structure pays off in the form of better pricing, fewer surprises, and a stronger foundation across every location.

Procurement that measures what matters

Centralized procurement offers visibility across multiple assets or service categories to uncover trends, evaluate vendor consistency, and align service delivery with broader operational goals to ensure more predictable results and fewer avoidable issues. Not only does this improve service outcomes, but it's designed to protect asset value.

Some organizations are already building this kind of structure at scale. For example, JLL centralizes purchasing across $34.5 billion in global spend, providing access to more than 71,000 suppliers and over 56,000 contracts. That level of organization gives clients more control over pricing, greater consistency in agreements, and clearer expectations for supplier performance.

Building resilience through procurement visibility

The impact of COVID-19 made it clear how fragile global supply chains can be. Since then, costs have only continued to rise, and delivery schedules have become more complicated due to tariffs, labor shortages, and transportation delays—all of which impact a property's ROI and performance.

Delays in essential goods, such as an emergency HVAC system or cleaning supplies, can disrupt service, leading to a poor reputation among tenants. As costs continue to rise, these disruptions become more challenging to excuse and can drive business elsewhere.

Centralizing procurement gives decision-makers excellent insight into market dynamics and supplier planning capabilities to anticipate where delays might occur and how to best work with suppliers to avoid costly bottlenecks. Rather than encouraging stockpiling in response to economic uncertainty, organizations can focus on high-impact areas and build stronger supplier partnerships.

Making procurement a strategic priority

Procurement has an impact on how businesses function, manage risk, and perform, but it frequently enters the conversation after key decisions have already been made, leaving needless gaps.

Incorporating procurement from the outset ensures that operations are prepared for success by influencing choices about contract structure, service design, and vendor selection. For owners, investors, and developers juggling narrow margins and intricate service settings, that alignment is crucial.

Procurement processes shape how work gets done, while strategic procurement ensures that work is done well. Organizations that adopt this strategy are better equipped to handle disruption, safeguard operations, and move forward with confidence.

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Trump Proposes 50-Year Mortgages: Potential Benefits and Drawbacks for Homebuyers

Congress would have to act to make them common and widely available

By Keith Griffith
Published by REALTOR.com

President Donald Trump has proposed creating 50-year mortgages to solve the housing affordability crisis, an idea that has provoked strong debate about the pros and cons of longer-term loans for homebuyers.

Trump floated the idea over the weekend on his Truth Social site, where he posted an image touting himself as the creator of the 50-year mortgage. The image also showed former President Franklin Roosevelt, who oversaw the initial creation of fixed-rate mortgages during the Great Depression.

Federal Housing Finance Agency Director Bill Pulte, the nation's top mortgage regulator, seemed to confirm the plans in a post on X, writing: "Thanks to President Trump, we are indeed working on The 50 year Mortgage—a complete game changer."

"President Trump is always exploring new ways to improve housing affordability for everyday Americans," a White House official told Realtor.com®. "Any official policy changes will be announced by the White House."

For homebuyers, a 50-year mortgage would offer lower monthly payments compared to a standard 30-year loan, but total interest paid would be much higher over the lifetime of the loan, and homeowners would gain equity at a slower pace.

Those trade-offs have sharply divided reactions to the plan, with critics calling it a bad deal for homebuyers that would benefit only lenders and drive home prices higher, and supporters arguing it would give homebuyers more financing options and flexibility.

"The appeal of the 50-year mortgage is to offer lower monthly payments to homebuyers and break up the logjam of the current housing market," says Realtor.com senior economist Joel Berner. "The drawbacks are that a 50-year mortgage results in almost double the interest payments of a 30-year mortgage and a longer path to meaningful home equity."

As well, Berner warns that by "subsidizing home demand without increasing home supply," 50-year mortgages could drive home prices higher, wiping out any potential savings on monthly payments.

Lawrence Yun, chief economist for the National Association of Realtors®, says that the "small savings" on monthly payments for a 50-year mortgage would "come with significant trade-offs."

"The slow equity build would make trading up or down very difficult," he says. "It would also take almost 40 years to pay off half the balance, meaning most borrowers would not begin building meaningful equity until the final decade."

Currently, 50-year fixed-rate mortgages are not allowed under the Qualified Mortgage (QM) rule spelled out in federal law. This means Congress would have to act to make them common and widely available.

A spokesman for the Mortgage Bankers Association tells Realtor.com that investor interest in 50-year mortgages may be limited due to their higher expected prepayment rate, which would result in higher interest rates on the loans.

“Our concern is that any affordability benefit derived from expanding the mortgage term to 50 years would be offset by increased borrower risk and slower borrower equity growth resulting from the extended amortization period, especially given the expected slowing of home price growth,” the MBA spokesman says.

How a 50-year mortgage would change your payments

Significantly, average mortgage rates on 50-year loans would undoubtedly be higher than on 30-year loans, the same way 30-year rates are higher than those for 15-year mortgages.

“The longer the life of the loan, the more compensation the lender will demand,” says Berner.

Last week, rates on 15-year mortgages averaged 5.5%, compared with 6.22% for 30-year home loans, according to Freddie Mac.

It’s unclear how much higher 50-year rates would be, as there are currently no conventional mortgages of that length for comparison. However, higher rates on the longer-term loan would quickly erode any savings on monthly payments, with an increase of one percentage point wiping them out entirely.

Assuming for the sake of argument that mortgage rates were equal across both products, a 50-year mortgage would lower mortgage payments by about $250 per month on a $400,000 home, assuming 10% down and a 6.25% mortgage rate.

Total interest payments over the life of the 50-year loan would amount to $816,396, compared to $438,156 on the 30-year loan, a difference of $378,240. That amounts to 86% more interest over the life of the loan.

“Buyers do benefit from spreading out the high cost of a home purchase over a longer period, but lenders certainly benefit, too, by having a longer period to charge higher interest rates,” says Berner.

As well, after 10 years of homeownership, you’d have only a 14% equity stake in your home with the 50-year loan, compared with a 24% stake on the 30-year.

“This product may also offer a way to enter the market with lower monthly payments and, in many cases, provide a better long-term outcome than renting. But they would require a clear strategy to refinance or sell once the home appreciates in value,” says Yun.

“Longer loan terms do not address the true cause of today’s affordability challenges, which is the limited supply of homes in the low- and middle-price ranges,” the economist adds.

Would a 50-year mortgage drive home prices up?

Housing economists fear that one unintentional effect of a 50-year mortgage would be to raise home prices overall, wiping out the purported benefits.

“The ‘savings’ from 50-year mortgages may be totally negated by rising home prices,” says Berner.

That’s because, all else being equal, the impact of a 50-year loan would be to raise the price point at which the typical buyer could afford to make monthly mortgage payments.

“The design of this proposal is to boost homebuyer demand, which has been subdued for the last several years as mortgage rates have been stuck above 6%,” says Berner. “More flexible financing is essentially a subsidy for housing demand, which will add to the pool and buying power of homebuyers without increasing the supply of homes, which will drive home prices up.”

National median home prices continue to hover at record highs, with the typical existing single-family home selling for $426,800 in the third quarter, up 1.6% from a year ago, according to NAR data.

“This is not the best way to solve housing affordability,” says Berner of the 50-year mortgage proposal. “The administration would do better to reverse tariff-induced inflation, which is keeping the rates on existing mortgages high, and to encourage the expansion of housing supply by promoting homebuilding.”

Supporters pointed out that a 50-year mortgage could be refinanced under different terms at a later date, or paid off early, and noted that it would merely be one option for homebuyers to consider.

Pulte, Trump’s top mortgage regulator, appeared to respond to conservative backlash to the plan in a social media post on Sunday.

“We hear you,” he wrote. “We are laser-focused on ensuring the American Dream for YOUNG PEOPLE and that can only happen on the economic level of home buying. A 50 Year Mortgage is simply a potential weapon in a WIDE arsenal of solutions that we are developing right now. STAY TUNED!”

Brokering Structured Settlements

By James E. Lokey

Most structures are written simply to resolve a legal dispute and not to satisfy the long-term financial needs of the plaintiff.

The most important element of a successful structured settlement transaction is being aware of the seller's motivations and fears.

The situation is often the same: The seller is in a financial crisis and is unable to access traditional credit sources. He has a structured settlement with guaranteed future payments, but he has no credit, or poor credit, and has already been turned down by the bank. He may have called his insurance company, who told him it is not only "illegal" but also the ultimate tax sin to sell his payments. So, when he answers your ad, he is preconditioned to doubt your credibility and ability to do the deal.

The sooner you determine the seller's circumstances, the better off everyone will be. It is important to know that none of the funding companies will buy payments under the wrong circumstances. Such circumstances include payments to minors or their guardians, payments intended for medical necessities, payments to the unemployable where the structure is their sole source of income, among others. If you feel uncomfortable negotiating with the seller, you may want to just agree on a fee with your investor and let them handle the entire transaction.

Following are some of the important questions that I have answered for brokers over the years:

What are structured settlements?

Structured settlements are agreements to make payments over time in exchange for a release of liability. They are usually associated with the settlement of personal injury tort claims.

The seller always asks how we can purchase his payment streams when he's been told it can't be done. What do we say?

Under the settlement agreement, the plaintiffs (recipients of a structured settlement) are granted only the right to receive certain future payments in return for their release of the defendant's liability. To accommodate the payment of their obligations, the defendants (or their insurer) buy an annuity policy and either retain ownership or assign ownership to another company. The annuitant, therefore, does not own and cannot sell the policy. He does, however, own the right to receive the payments, which is considered personal property and can be assigned.

All the non-assignment language in the settlement agreement and the annuity policy is generally unenforceable according to the Uniform Commercial Code. While some states have statutes that restrict the assignment of structured settlements, an assignment of the right to receive payments is perfectly legal and binding.

What is the purpose of structured settlements?

Structured settlements are important for their role in successfully resolving thousands of our nation's personal injury tort claims. At the time of settlement, the tax benefits to the defendant, the insurance companies and the claimant make structured settlements mutually beneficial for everyone. Usually, they continue to serve the interests of everyone throughout the term of the structure. Circumstances change, however, and the original intent of the structured settlement may no longer serve the interests of the plaintiff.

If structured settlements are so good for everyone, why do so many people want to sell them?

How does it go? "In life, the only constant is change." Since structured settlements are rigid, inflexible plans. They often fail in their intended purpose. The fundamental flaw in the codes that underpin the structured settlement industry is the irrational assumption that the original structure will serve the best interests of the annuitant (and his beneficiaries) throughout the life of the structure. Beneficiaries'

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frequent use of the secondary market attests to the fact that their needs are often very different from the original claimant's needs.

Why are the insurance companies and their industry association so opposed to the secondary market?

Fear of the unknown, mostly. Some insurers believe that these third-party transactions will result in adverse tax consequences for them. Of course, there is no precedent in all of tax history to support such a fear, but this is the party line (see editor's note). The brokers who sell structures say they are being confronted with objections from plaintiffs' attorneys who are concerned that their clients can or will immediately sell their benefits into the secondary market for less than the value of the premium required to buy the annuity. So, the attorneys argue, why don't they just settle for the equivalent premium now and avoid a possible loss later? It is the specter of lost business that causes the brokers' opposition.

Since the payments are virtually guaranteed, why are the discount rates so high?

While no one argues the safety of the payments, the discount rates reflect uncertainty in other areas. The lack of cooperation from the insurance companies, and sometimes an openly adverse position, means transactions take longer and cost more and resolving problems is expensive. Although the non-assignment language incorporated in most settlements is unnecessary and generally unenforceable, its presence creates a perceived and uncertain legal risk for the investors. Notwithstanding, rates have dropped dramatically.

Who are the sellers?

They are people who usually have a financial emergency but do not have access to traditional credit sources. Sometimes their financial problems stem from the very event that resulted in the settlement. Since we look only to the annuity and not to the seller's credit, we are able to provide funds to the seller that no one else will.

How do you find them?

Anywhere you currently advertise.

Structured settlement annuitants are as diverse as the population. Their most common attributes are poor credit combined with a financial emergency.

Should I become specialized in this area?

We would not recommend that you specialize in this area to the exclusion of all others.

Instead, we recommend you gain enough knowledge about structures to be of assistance and value to anyone needing our service. Never attempt to "wing it" through a deal. If you are new to the business, you would be much better off and close more deals by letting your investor carry the ball for you.

How can I price with confidence?

Learn the underwriting criteria of the investors and their rates for various deals. One investor, for example, will not buy final lump payments while others will, but at higher rates.

Some investors will not buy payments from companies rated less than "A" while others will, but for smaller

amounts and at higher discount rates. No investors will buy all the payments of a disabled person unable to work or payments needed for medical necessities. In general, every opportunity will require knowledge of the sellers' needs, their personal situations and the investors' underwriting criteria. Never rely on published rates to price your deals.

How much will I have to spend on advertising?

If you are advertising only for structured settlements, it can cost you up to $250 in direct advertising just to get the phone to ring. You can further expect to talk to seven or more people before you find a qualified seller.

So, you may be looking in the neighborhood of $1,500 in direct costs to get a structured settlement closed. Of course, spreading your ad dollars among other products will leverage their return.

What do sellers usually want?

They will often say it is to get as much cash as possible. Sometimes it is to get just enough money to buy a car so they can get to work or put a down payment on a home. Whatever the reason, it is incumbent on you to understand their financial objectives so that you can best serve their needs.

What if they say they want to sell their entire settlement?

Tell them that while it may be possible to buy out all of their payments, it is unlikely to be in their best interest. Make several offers to them that reflect a more conservative approach to the deal that meets their specific needs.

Why are the payments tax-free to the annuitant?

Through Internal Revenue Codes and certain Revenue Rulings, Congress and the IRS have codified the concept that a settlement for personal injuries simply returns, or attempts to return, through monetary relief, the injured party back to the position they were in before the injury.

Since there is no gain but simply a return to "normal," the transaction has no taxable basis.

What are the seller's tax consequences of an assignment?

As a broker, you cannot and should not issue tax advice. You must tell the sellers to seek their own tax advisors.

How can I compete with the investors who are advertising directly and competing for the same deals?

Wholesale rates to brokers allow them to produce about 50 percent of all settlements purchased. Most investors need to produce some deals at retail rates to balance their portfolios.

You will find, however, that your wholesale rates will allow you to compete directly with an investor and still get the transaction.

Are all structured settlements designed to meet the future financial needs of the plaintiff?

The basis of the insurers' reaction to our business is their presumption that all structures are written perfectly from the outset. Of course, this is perfectly ludicrous since no one is clairvoyant, and regardless of their best intentions, the mark is often missed. Never do they predict divorce, untimely death, medical emergencies, or even changes in financial conditions.

They certainly never predict (although often the case) that the personal injury award is insufficient to cover the effects of the injury, resulting in more or sooner than expected medical expenses. The fact is, most structures are written simply to resolve a legal dispute and not to satisfy the long-term financial needs of the plaintiff.

Creative Financing Solution: Securing a Sale with Extra Collateral

Many sellers struggle to find buyers in a tight market, especially when conventional financing is difficult to secure. This scenario demonstrates a creative financing strategy that addresses both the **seller's need for security** and cash and the **buyer's inability to obtain a traditional loan**.

The Challenge

A seller was having difficulty finding a buyer for an apartment building listed at $600,000. The seller was willing to finance part of the sale but insisted on a substantial down payment to reduce risk. The potential buyer, however, could not secure a conventional mortgage to cover the purchase price

The Breakthrough Solution

The buyer possessed a key asset: a **$1.5 million, free-and-clear strip shopping center** with excellent cash flow—an asset they did not want to sell, but could leverage.

To bridge the financing gap, the buyer structured a down payment using a combination of cash and equity from their unencumbered property:

1. **New First Lien**: The buyer created a **$140,000 first lien note** on their strip shopping center
2. **Cash Payment**: The buyer added **$60,000 in cash**.

This totaled a $200,000 down payment for the seller ($140,000 + $60,000).

The Seller's Security

The remaining balance of $400,000 was financed by the seller, who accepted a first lien note secured by the apartment building.

Crucially, the seller now holds:

- **Cash**: $60,000
- **A Note Secured by the Apartment Building**: $400,000 (with $200,000 equity buffer)
- **A Note Secured by the Buyer's Other Property**: $140,000 (though held separately, it provided the initial funding for the down payment, giving the seller the confidence of a well-resourced buyer).

This approach is similar to a **blanket mortgage** on two properties, as it provides the seller with **extra security and confidence** due to the buyer's significant leveraged equity. However, it's distinct because the two properties are not formally tied together in a single loan, giving the buyer more flexibility and control over their investments. The seller receives cash and notes backed by substantial equity, facilitating a sale that otherwise would not have closed.


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Guide: Real Estate Negotiations & Beginner's Guide to Real Estate Investing

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moneychimp.com/calculator/mortgage_calculator.htm

Mortgage Note Investing Advice

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Tools and Resources (Continued)

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