

# A QUICK GUIDE TO INVESTMENT PROPERTY FINANCING

There are many reasons to invest in real estate. [Investment property financing](#) can take several forms, and there are specific criteria that borrowers need to be able to meet. Choosing the wrong kind of loan can affect the success of your investment, so it's important to understand the requirements of each kind of loan and how the different alternatives work before approaching a lender.

## **Make A Sizable Down Payment**

Since mortgage insurance won't cover investment property financing, you'll generally need to put at least 20 percent down to secure traditional financing from a lender. If you can put down 25 percent, you may qualify for an even better interest rate.

## **Be A "Strong Borrower"**

Although many factors, among them the loan-to-value ratio and the policies of the lender you're dealing with, can influence the terms of your [investment property financing loan](#), you'll want to check your credit score before attempting a deal.

A credit score of below 740, can start to cost you additional money for the same interest rate. Below 740, you will have to pay a fee to have the interest rate stay the same. That can range from one-quarter of a point to 2 points to keep the same rate. The alternative to paying points if your score is below 740 is to accept a higher interest rate.

## **Think Creatively**

If you're looking at a good property with a high chance of profit, consider securing a down payment or renovation money through a home equity line of credit, from credit cards or even via some life insurance policies. Financing for the actual purchase of the property might be possible through private, personal loans from peer-to-peer lending sites, which connect investors with individual lenders.

Real estate funding is usually a long-term game where the gains tend to come over time. But however you find your [investment property financing](#), you can make money if you follow smart principles of investing. When financing property, make sure you can afford the payments when you take out the loan.

Then as you pay down the loan over time, consider how you might be able to reduce the interest expenses still further based on your solid borrowing history and lower outstanding loan balance.

**Real Estate Funding Solutions** is always here to help you with your investment property financing. With over 20 years of experience in the field we have the tools and knowledge you need to find the best rates. [Give us a call today](#) at 1-855-913-8637 to get started.