

Title:

Banks vs. Owner Financing

Word Count:

411

Summary:

It can often be difficult to obtain a loan from banks, which is why owner financing is becoming very popular among home and real estate buyers. Among the many perks of owner financing, the seller often accepts a low down payment whereas banks often charge 20% or more.

Keywords:

bank,banks,insurance,finance,financing,credit

Article Body:

It can often be difficult to obtain a loan from banks, which is why owner financing is becoming very popular among home and real estate buyers. Among the many perks of owner financing, the seller often accepts a low down payment whereas banks often charge 20% or more. In addition, many owner financed properties can be obtained without a credit check. This is especially beneficial for anyone who has a few blemishes on his/her credit report, which may cause banks to charge a higher than normal interest rates. An individual, or real estate developer, who is in the business of providing owner financing will likely extend financing to anyone who agrees to keep the payments current.

In recent years, the internet has become a hub for owner financing properties while also providing plenty of lending opportunities for anyone who wishes to apply for a loan from banks. Currently, a lot of the major internet auction sites have a category that is specifically designed for buying and selling real estate. These categories are more often used for owner financing options related to land purchases, but buyers will find a few homes sprinkled in now and then. From a mountainous retreat to a tropical island paradise, there is owner financing for land in these and other areas.

Customers who wish to apply for loans from banks will find a variety of resources online, including eloan.com and lendingtree.com. These sites offer a customer the ability to have banks competing for their business. According to these sites, offers may begin arriving within hours. Not everyone will be approved, however, as there are a number of deciding factors that banks look at when deciding to extend credit. Among them, the customers credit history, debt

to income ratio, ability to repay the loan and the presence of regular income.

Loans that are obtained through banks will require documentation, which may include previous 2-3 years of tax returns, current pay stubs and/or proof of employment. If they own land, individuals who are interested in buying or building a home will find that they have more success with banks. The reason is because the land will become partial collateral for the loan and, if the buyer defaults, banks will foreclose on both the house and the land. In addition, many land owners do not have to come up with the money for a down payment as the equity in their land will serve as the down payment.