

Where Do You Get the Money to Do A Deal? (Part 2)

In last week's column, I promised to answer the question: *Where Do You Get the Money to Do A Deal?* (If you missed *Part 1* of this series, you will find it at www.REIoutpost.com. Click on *Articles* and then click on *Where to Get the Money to Buy Investment Real Estate*.)

Where *do* you get the money to do a deal? There is not one answer to this question. Rather, this question has many answers. Why? Because there are an unlimited number of ways you can finance your real estate investing deals. However, to keep things simple, let's discuss just ten of these techniques.

1. **Cash:** If you have a lot of money in the bank, just write a check and buy the property. No muss, no fuss. Valerie, a good friend of ours, loves this technique. She calls it IFR financing.
2. **Mortgage:** You borrow money from a lender and agree to repay the amount borrowed at pre-agreed-to terms and conditions.
3. **Home Equity Line of Credit (HELOC):** A preapproved line of credit for a predetermined amount secured by your personal residence.
4. **Rental Home Equity Line of Credit (RHELOC):** Same as a HELOC, but instead of the line of credit being secured by your personal residence, it is secured by one of your rental properties.
5. **Owner Financing:** This is one of our favorite ways to finance our deals. Instead of going to an institutional lender, we get the seller to provide some or all of the financing by carrying back a note instead of receiving all of his money at closing.
6. **Partnership Deal:** Often we find one investor who has the time to make offers and negotiate deals, but doesn't have the money with which to do the deal. On the other hand, we know other investors who have a lot of money, but no time to make offers and negotiate deals. By partnering on deals, these two types of investors are able to build a prosperous real estate investing business.
7. **Subject To Deal:** This is our favorite way to buy investment real estate. A seller's property is bought, but the seller's mortgage **IS NOT** paid off. Instead, the investor agrees to make the seller's mortgage payments on the seller's mortgage for the seller.
8. **Bank Line of Credit:** A preapproved dollar amount that a banker is willing to lend you for the purpose of buying investment real estate. This working line of credit is secured by the property being bought.
9. **Private Money Loan:** This is our second most favorite way to finance our real estate investing deals. This is a loan made by a private individual instead of a lending institution. The loan is secured by the property being bought.

10. **Hard Money Loan:** A high-interest short-term loan (usually about four to six months) that is strictly based on the target property's loan-to-value (LTV) ratio. A hard money lender will only look at the equity in the deal, not the buyer's credit score. The loan is secured by the property being bought.

And to think, this is only the tippy-top of the “*where do I get the money to do a deal?*” iceberg. Getting the money to do the deal is the easy part. Finding a property that you can buy for 50 cents on the dollar, now that takes a lot of work – hard work!

Don't let a lack of money stop you from becoming a successful real estate investor. If nothing else, if you find a great deal, a hard money lender will not only lend you the money with which to buy the property, he will also loan you the rehab money. But remember, it must be a deal worth doing, not a \$100,000 house that can be bought for \$87,000.

If you want to learn more about real estate investing, or would like to be mailed a **FREE** copy of our 20-page monthly real estate investing newsletter, or would like information about our 1,500-member real estate investors group that meets monthly at the Holiday Inn in Cartersville, please visit our website at **www.REloutpost.com**