

Are there better financing options for a Single Family house than an Apartment Building?

Many Investors are not aware of more favorable financing options for a single-family house than an apartment building. You can also get lower down payments.



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/EINPresswire.com/ -- Most investors are not aware of more favorable [financing](#) options for a single-family house than an apartment building . You can also typically get lower down payments. According to [Todd Tretsky](#), Managing Director at [CRE-Finance](#) "We can lend up to 75% to 80% loans on apartment buildings, but there are also a lot of other criteria that you have to meet. Even though banks state they may loan up to 80% of the value, it's not uncommon for them to come back out of underwriting with an approval for only 60% of the purchase price because the underwriter decided to be very conservative with the incomes or very liberal with the expenses. You can finance a single-family house, 2 unit or 3,4-unit home up to 90% of the purchase price and 100% of the rehab costs. Many Investors will also finance small and large portfolios of 1-4 family investment homes. CRE-Finance lends on single deals and portfolios".

Single family homes are easier to sell. If you have a portfolio of single-family homes, you can sell them as a package or individually. You can market them to commercial investors or retail buyers. You can sell some and keep others if you choose. Retail buyers are not constrained by capitalization rates or debt coverage ratios. They will often pay the appraisal amount, which is not tied to rental incomes in the area. You can typically sell a single-family home in a few months, but an apartment building could take years to sell.

You have many more properties to available. There are more single-family houses than apartment buildings, and with a little work you can find great bargains. The key is to buy a house with equity on day one and not just any old home off the multiple listing service. This value will help you steadily and safely build your portfolio and wealth.

It is safer to build your wealth within your means. Many investors have charged into deals that exceed their financial means and management abilities. They don't have enough cash in the bank for unforeseen expenses and they don't have the experience to properly manage the property. This is a recipe for disaster. "It's better to gradually turn one house into two and two

into four as you build your portfolio while you increase your savings and experience. I personally try to buy a home at a price low enough that I have about 20 percent equity in the home after all of my costs. I probably have to bring 10%-20% of my own money into the deal initially, but I can refinance the home and pull most or all of my money out of the home once it's stabilized. Then I can immediately go buy another house and repeat the process." says Todd Tretsky.

Safe investing requires three key factors: equity, cash flow and cash reserves. You need some wiggle room in the property. You're always in a tenuous spot when there is no daylight between what you've put into a property and what you can sell it for. Cash flow is the most important safety factor. Your property needs to be paying you more than it costs to own and operate. If your property is profitable, then you can keep it and sell it on your terms. Selling when you want is always better than selling because you must. Cash on hand is key to overcoming bumps in the road. If you expand your investment portfolio of single-family houses in a smart way, you can achieve and maintain all of these factors at a safe level.

Some investors probably see many of these benefits of single-family homes as disadvantages. For instance, a furnace in an apartment is more expensive in total, but it's cheaper than one in a single-family house on a per-unit basis; you have more opportunities to lower your per-unit maintenance costs in a building. Buying houses in different locations is great for diversification, but it also increases your management costs drastically. It's not about choosing the best investment; it's about choosing the best investment for you.

"Many investors pursue a path that sounds exciting to them or provides bragging rights. They may think buying single-family houses is less prestigious. To me, that's another advantage. No one looks at one of my single-family houses and makes assumptions about my financial position, which is exactly how I like it. My goal is to be wealthy, not to make people think I'm wealthy. I have done it all, so I have a unique perspective as a lender that I feel helps our clients." according to Todd Tretsky. "CRE-Finance is not only a lender but a partner who advises their clients on how to be successful in real estate".

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