

Have Too Many Mortgages to Continue Receiving Conventional Financing? Blanket Commercial Residential Loans are Your Solution!

By: Graham Montigny, CRMS, Product Manager at ReCasa Financial Group

Many active real estate investors run into the problem where they have too many mortgages to continue receiving conventional financing. Part of this was caused prior to the industry meltdown in 2008, when investors were allowed an unlimited number of properties to be mortgaged. It all changed when that policy was cut to 4 total mortgages at Freddie Mac and 10 at Fannie Mae. Real estate investors found themselves stuck, unable to do new deals and the only option was to stay put or to sell what they owned into a depressed market. Both unpleasant options.

Blanket commercial residential loans became the solution. Let's explain HOW they work and WHY they work to keep the conventional lending going. First, a blanket mortgage is a loan that is secured by several properties under one note. Terms are usually based on 20 years with the rate fixed for the first 5 years, and a onetime adjustment to the prevailing rates at the time of rate change for another 5 years. After 120 months the remaining balance must be paid or, in most cases, refinanced. Today we are closing these loans between 4.75% and 5.75% depending on the borrower and the property. This works out to around \$6.60 per \$1,000 borrowed.

The big advantage with a commercial blanket mortgage is that when done in the name of a business entity, and the property is also held in the name of the business entity, then present guidelines state those commercial loans on business held property are NOT part of the 4-10 conventional mortgages allowed.

Several of our clients have taken advantage of the present guidelines by taking their current conventional loans, in their personal name on their personal credit report, and have consolidated all of them into one commercial mortgage. This clears out the mortgage slots available at Federal National Mortgage Association (FNMA), or Fannie Mae, and Federal Home Loan Mortgage Corporation (FHLMC), or Freddie Mac, and allows the whole process to start over with conventional financing. Meaning, our clients can once again take advantage of this once in a lifetime buying opportunity.

ReCasa Financial Group

Graham Montigny is an investment property specialist with ReCasa Financial Group, LLC and an adjunct professor at Hondros College. While specializing in investment properties, his extensive financial experience comprises over 22 years of commercial and residential practice with previously owning and operating a mortgage company for 15 years. You can reach him by phone (614-309-0427) or e-mail (gmontigny@recasafinancial.com).

ReCasa Financial Group, LLC provides an array of products and services for real estate investors to successfully exceed their profit and investment return objectives. Financing, insurance, education, security and services offerings are tailored for each investor's situation. The core loan product provides 100% financing for rehab projects. For a free consultation or to explore how ReCasa Financial Group can assist you, please contact us at 614.221.6770. Alos, make sure to visit our website at www.ReCasaFinancial.com and blog at www.GETREALestatefacts.com.