



Flip – Short-Term Funding

RESULT



Week 50

When purchasing a property to Flip, you'll need to account for the funding required to close on the property and complete the renovations.

As you learned in Module 2, there are several ways to fund your property.

This week, we're focusing on securing short-term funding if you don't have any of your own funds to use to cover costs (including down payment, renovation costs, closing costs, carrying costs, and sale costs).



Short-Term Funding Options

Here are some notes from this week's video. Use the space below to take additional notes:

Hard Money Loan	Private Money Loan	Line of Credit
<ul style="list-style-type: none"> Professional lenders Earn money passively Can charge anywhere from 8 to 18 percent interest Charge origination or lender fees 	<ul style="list-style-type: none"> Other real estate investors or professionals May be able to negotiate lower interest rate Note: know your local regulations and laws 	<ul style="list-style-type: none"> Short-term traditional mortgage Finance rehab costs with second mortgage from hard money lender Refinance property at ARV with conventional bank loan or refinance with current mortgage
Empty space for additional notes	Empty space for additional notes	Empty space for additional notes

If you were completing a Flip in your current situation, what funds would you use to cover your costs? Would you use one or a combination of the mentioned short-term funding methods? Explain why.

How does borrowing affect your ROI?



By borrowing funds to cover your costs, you're going to decrease your overall ROI. To increase ROI, you'll need to decrease your expenses and increase your revenue. Borrowing is an expense, so be sure to always include this in your calculations. However, that's not a bad thing! Sure, a higher ROI is more ideal, but by using the power of leverage, you're acquiring a property without using any of your own money!

Ask the community!



Ask your community:

- What is your preferred way of securing short-term funds for a Flip? Why?