Secondary Financing

Secondary financing is allowing you to better qualify for commercial real estate

Secondary financing plays an important role in some commercial real estate transactions. A second trust deed is often utilized to reduce the LTV (loan to value) of the first loan. This allows the buyer to qualify for the loan much easier. Loan to value is one of the key factors that lenders consider when looking at a mortgage application.

With secondary financing the borrower benefits because the monthly payments are lowered. They also benefit because the second loan is just interest payments so it allows for full deductibility. You will need to meet with your tax advisor to make sure you take the deduction correctly, and to also make sure you gain the most benefits possible.

A second trust deed works together with a new first loan. This second loan will have a much shorter term than the first loan. It will most often be less than five (5) years with interest payments only. It is also extremely important that you understand that you will have two loans to pay on, so make sure you can handle this before setting up any form of secondary financing. When used correctly this is an effective way to help you qualify for high dollar loans.

We have a large group of lenders in our free capital search engine which is part of the largest funding directory in America. We have over 4,000 sources for business capital, and we have lenders that would love to speak with you about secondary financing.

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