



COURSE 10 / Beginner / 20-25 min

Financing Your First Investment Property

Branded cheat sheet: the calculations and decisions to keep beside your next scenario.

Core decision checklist

1. Document credit, cash and experience honestly.
2. Match financing to property use and condition.
3. Budget closing and operating liquidity.
4. Turn a property scenario into a complete application.

Worked examples at a glance

01 Prepare Your Borrower Profile

Available cash is \$60,000. Planned down payment is \$40,000, closing charges \$8,000 and required post-closing reserves \$10,000, leaving \$2,000 unassigned. If another \$7,000 is needed for initial repairs, there is a \$5,000 shortage unless costs, financing or committed sources change.

02 Match Financing to the Property Plan

Property A is leased and habitable; Property B needs \$35,000 of work before occupancy. A permanent rental program may fit A but decline B in its current condition. Choosing a rehab structure for B requires a separate renovation cash plan and a credible later sale or refinance exit.

03 Underwrite the Deal and Cash Cushion

Monthly rent is \$2,200 and PITIA \$1,650. Vacancy \$110, management \$176, repairs \$110 and replacement allowance \$100 leave \$54 planned monthly cash. The lender ratio is about 1.33, but annual planned cash is only \$648 before additional surprises or investor tax.

04 From Scenario to Closing and Operations

Your scenario estimated \$48,000 cash to close. Final fees and escrow adjustments raise it to \$50,500. With \$60,000 total funds, \$9,500 remains, below a planned \$10,000 cushion. Reconcile the \$500 gap before closing rather than assuming the original estimate is still accurate.



Apply it to your deal

Use documented inputs. Keep lender qualification, investment economics and cash timing visible as separate calculations.

Practice before submitting

Prepare Your Borrower Profile

Prepare a borrower summary with credit range, debts, available funds and experience. Reconcile cash to down payment, fees, repairs and reserves. Ask about permitted ownership and guarantee requirements before setting up an entity for this transaction. Keep sensitive documents in the lender's approved secure channel.

From Scenario to Closing and Operations

Create a checklist with each deadline, outstanding condition and responsible person. Compare final cash to close with funds available and the reserve plan. Confirm instructions through a trusted contact. After purchase, schedule a first-month review of actual rent, bills, repair needs and remaining cash.

Quick glossary

Liquidity: Cash or accessible funds for obligations.

Guarantor: Party accepting specified repayment or other liability.

Entity: Legal ownership structure such as an LLC.

Business-purpose loan: Financing for an investment or business use.

Permanent loan: Longer-term financing supporting a stabilized property.

Prepayment provision: Contract terms affecting early repayment cost or timing.

Operating reserve: Funds retained for property expenses and interruptions.

Capital expenditure: Spending on longer-lived systems or improvements.

Primary-source reading

CoreVest: financing FAQs

FDIC: commercial real estate lending

These sources provide context, not universal program requirements. Formulas, eligible costs, qualifying income, seasoning and fees depend on the transaction. Examples are illustrative and are not actual loan offers.