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rei CAPITAL GROUP

PRIVATE & ALTERNATIVE CAPITAL SOLUTIONS

REI CAPITAL GROUP'S

Real Estate Investors

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DSCR LOANS

Debt Service Coverage Ratio

A DSCR (Debt Service Coverage Ratio) loan is a type of financing specifically designed for income-producing real estate properties. The DSCR measures the property's ability to generate enough income to cover its debt payments, calculated by dividing the property's net operating income (NOI) by its total debt service (principal and interest payments).

How it helps owners of income properties:

- **Enhanced Loan Approval Chances:** If a property has a high DSCR (typically above 1.25), lenders see it as a lower risk, increasing the likelihood of loan approval.
- **Favorable Loan Terms:** Higher DSCRs often qualify for better interest rates and loan conditions.
- **Financial Flexibility:** It provides owners with confidence that the property can sustain mortgage payments even if income fluctuates.
- **Investment Growth:** By leveraging a DSCR loan, owners can acquire more properties or refinance existing ones, fueling portfolio expansion.
- **Risk Management:** Ensuring a healthy DSCR helps owners maintain financial stability, especially during market downturns or periods of lower rental income.

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Enhanced Loan Approval Chances

Favorable Loan Terms

Financial Flexibility

Investment Growth

Risk Management

SUMMARY
DSCR LOANS

DSCR loan helps income property owners secure financing aligned with their property's cash flow, promoting sustainable investment and growth.

Regarding tax benefits, borrowers of loans may enjoy:

- **Annual Tax Deductions:** Mortgage interest payments on the loan are typically tax-deductible, reducing taxable income.
- **Depreciation Benefits:** The property can be depreciated over time, leading to annual deductions that improve cash flow and reduce tax liability.
- **Operational Expense Deductions:** Maintenance, insurance, and management costs associated with any type of income producing property are deductible, further lowering taxable income.

FIX AND FLIP LOAN

A Fix and Flip Loan is a short-term financing option designed for real estate investors who purchase properties, renovate or improve them, and then sell (flip) them for a profit. These loans typically have a quick approval process, flexible terms, and are tailored for properties needing upgrades.

How it helps real estate investors

- **Fast Funding:** Provides quick access to capital needed to buy and renovate properties, allowing investors to act quickly in competitive markets.
- **Short-Term Investment:** Usually structured for 6 to 18 months, aligning with the typical timeframe to renovate and sell the property.
- **Flexible Use of Funds:** The loan can cover purchase costs, renovation expenses, and sometimes holding costs like property taxes and insurance.
- **Leverage Capital:** Allows investors to control more properties with less of their own capital, maximizing investment potential.
- **Potential for High Returns:** By efficiently renovating and flipping properties, investors can achieve significant profits within a short period.
- **Bridge to Long-Term Financing:** Successful flips can lead to refinancing options for more permanent financing or cash-out option

SUMMARY

FIX & FLIP LOANS

Fix and Flip loan enables real estate investors to quickly acquire, improve, and sell properties, maximizing profitability and facilitating rapid portfolio growth.

Regarding tax benefits, borrowers of loans may enjoy:

- **Annual Tax Deductions:** Mortgage interest payments on the loan are typically tax-deductible, reducing taxable income.
- **Depreciation Benefits:** The property can be depreciated over time, leading to annual deductions that improve cash flow and reduce tax liability.
- **Operational Expense Deductions:** Maintenance, insurance, and management costs associated with the fixing or repairing homes are deductible, further lowering taxable income.

BRIDGE LOANS

A bridge loan is a short-term loan designed to provide immediate funding until a permanent financing solution is in place. It is often used in real estate transactions to "bridge" the gap between the purchase of a new property and the sale or refinancing of an existing property.

For real estate investors, a bridge loan helps by:

- Providing quick access to capital for purchasing new properties before securing long-term financing.
- Covering the gap between the purchase price and the proceeds from the sale of an existing property.
- Offering flexibility in timing and repayment terms, often with a shorter duration of 6 months to 3 years.
- Enabling investors to capitalize on new opportunities without waiting for traditional financing approval.

Summary, bridge loans are valuable tools for investors seeking to leverage opportunities quickly while managing cash flow and timing risks.

Regarding tax benefits, borrowers of loans may enjoy:

- **Annual Tax Deductions:** Mortgage interest payments on the loan are typically tax-deductible, reducing taxable income.
- **Depreciation Benefits:** The property can be depreciated over time, leading to annual deductions that improve cash flow and reduce tax liability.
- **Operational Expense Deductions:** Maintenance, insurance, and management costs associated with Bridge Loan are deductible, further lowering taxable income.

GROUND UP CONSTRUCTION 1 TO 4 UNITS LOAN

Ground-up construction loans for up to 4 Units, are financing options provided to cover the costs of building a new property from scratch, including land acquisition, materials, labor, permits, and other related expenses. These loans are typically short-term, funding the construction phase, with the expectation that the borrower will repay or refinance once the project is completed.

For real estate investors, ground-up construction loans offer several benefits:

- **Funding for New Developments:** They enable investors to finance the entire construction project, making it possible to develop new properties that may not be feasible with existing cash reserves.
- **Leverage Growth Opportunities**: Investors can leverage borrowing to maximize returns on new developments, potentially increasing profit margins.
- **Project Control:** These loans give investors control over the construction process and timeline, allowing for customization and strategic planning.
- **Potential for Higher Returns:** Successful ground-up projects can command higher property values and rental income, leading to substantial profit upon completion and leasing or sale.
- **Bridge to Long-term Financing:** Once the project is complete, investors often refinance the construction loan into a permanent mortgage, providing long-term financing.

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Funding for New Developments

Leverage Growth Opportunities

Project Control

Potential for Higher Returns

SUMMARY

GROUND-UP CONSTRUCTION LOANS

Ground-up construction loans are crucial for investors aiming to develop new properties, expand their portfolios, and capitalize on emerging market opportunities.

Regarding tax benefits, borrowers of loans may enjoy

- **Annual Tax Deductions:** Mortgage interest payments on the loan are typically tax-deductible, reducing taxable income.
- **Depreciation Benefits:** The property can be depreciated over time, leading to annual deductions that improve cash flow and reduce tax liability.
- **Operational Expense Deductions:** Maintenance, insurance, and management costs associated with the fixing and repairing are deductible, further lowering taxable income.

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