Property Investments

**Property Investments: The Benefits Of Using Conduit Loans**

Though there is definitely some inherent risk involved, especially when the economy is struggling, the real estate industry can be financially lucrative to the entrepreneurial-minded person. Purchasing different types of properties and either renovating them and selling them for a profit, or purchasing a property and using it as a rental, can be an excellent source of income. Property investments can be an attractive business for the savvy investor. One of the challenges that comes with this industry is securing the necessary funding in order to purchase the properties you want. Conduit loans can help solve this dilemma.

**Get a Lower Rate**

Because the real estate market is so volatile and unpredictable, interest rates can fluctuate considerably. This is true for traditional loans, FHA loans and other types as well. The good news is that even when rates rise to the nervously high side, conduit loans for your property investments will almost always be lower than they are with conventional loans. This means more money in your pocket, as your monthly payments will be lower, and you’ll pay less over time.

**Shorter Commitment**

In addition to lower interest rates, a conduit loan comes with shorter terms. Often, lenders will assign a 10-year payback range with this type of funding. This is advantageous if you don’t want to be locked into a 20- or 30-year obligation and want to pay off your loan more quickly. Be aware, however, that conduit loans carry a $2,000,000 minimum and must be used for commercial properties.

**Many Lenders to Choose From**

Though conduit loans are generally as well known when it comes to securing funding for property investments, they are actually readily available through a number of sources. In addition to finding options through your traditional banks and investment banks, conduit loans are granted at many life insurance companies and pension companies as well. In your search for funding, you will have no shortage of places from which to select.

**Elements of Less Risk Involved**

When purchasing properties in the $2 million range or higher, there can naturally be some apprehension and anxiety over the financial commitment you’re making. However, conduit loans can be considered a low-risk option because the collateral you offer will cover the loan in the event that it defaults. After you secure the loan, it is placed in a trust.

Purchasing investment properties can be a viable business for you. If funding has been a challenge to come by, consider conduit loans and the benefits that come with them.