



ISGATE LAW

— REAL ESTATE AND BUSINESS —

*Dream Big -
We've Got Your Back!*

Our April 2021 Newsletter

The first quarter of 2021 came to a close with a bang, and the second quarter is off to a fast start. We are seeing tremendous movement in the marketplace. Both Residential and Commercial Real Estate continue at a blistering pace, and many business owners are seeing sales and profits rise. This continues to be a profitable time for investors provided you know where to look. We look forward to continuing to help our clients navigate the "new norm" with solid investment returns.

The Current State of the Marketplace

The One Certainty Is That There Is No Certainty!

We are now entering the Spring and Summer market for residential real estate. The residential marketplace has continued its torrid pace of low inventory, incredibly short days on market and offers over asking price. Mortgage rates may have taken a slight hit over the last few months, but nothing that has in any way effected the robust marketplace.

Big news came from Fannie Mae in March when they announced that they were going to severely curtail loans collateralized by second homes and investment properties. This has resulted in an immediate spike in pricing on these types of loans by lenders. This new guidance just came down on March 10, 2021, so the trickle down on the marketplace is only beginning. This will undoubtedly have an impact on second home/vacation home sales as well as investors looking for Fannie Mae products to collateralize new investment property purchases.

The Investor and commercial marketplace remains in flux. The Eviction Moratorium was extended from March 31, 2021 through to June 30, 2021. This was a crushing blow to many investor landlords who have not seen a rent check from tenants for 12 plus months. There is little doubt at this point that a glut of foreclosures will be on the horizon. This is where investors may be able to scoop up solid non-performing properties at a discount with the hopes of getting them to debt service and refinance long term.

Most banks continue to remain on the sidelines and are getting increasingly stricter on their loan programs. Toss in the new guidance from Fannie Mae and you have an even tighter lending atmosphere available to would be investors. You have heard us talk for months how this all drives business to the private lending space. Fannie Mae's decision to limit lending is yet another reason the private lending space continues to thrive in this economy.

Real Estate Investment Strategies

Real Estate is what we do. Helping our clients find their next investment opportunity is something that separates us from other firms. We love to grow with our clients and see them succeed. If you are looking for your next investment, we can help:

Hard Money/Private Lending Stone Lending Fund I

In our last newsletter we were excited to introduce you to our sister company, Stone Commercial Capital, LLC. Stone is a private lender offering bridge loans, fix and flip and ground up construction financing. We are in the process of finalizing our new lending fund, Stone Lending Fund I which will be available for investment in the very near future.

I had been contacted by many of you regarding interest in investing in private lending entities, so we have decided to create a Fund to meet that demand. Feel free to contact me directly to discuss rate of return and the operation of the Fund. All of our loans are collateralized by first position real estate mortgages usually in the 60-75% LTV range, giving the investor great security. Our PPM will be available shortly for review.

A Potential Glut of Foreclosures?

We have been preaching this for months - the extension of the Eviction Moratorium to June 30, 2021 may have been the final nail in the coffin. Sheriff's Sales obviously pose their own set of risks/rewards, but seasoned and new investors alike should begin to prepare for a substantial increase in properties going to sale. Of course, capital (among other things) is key, as you will need to have 10% of your winning bid in certified funds on the day of the sale, with the balance due in 30 days. In addition to attending sales, smart investors may want to consider contacting lenders directly to purchase the Note prior to foreclosure. We are also seeing local counties moving their Sheriff Sales online rather than the standard in person sales. As of now, we are not sure if this will be a permanent fixture or whether in person sales will return post-pandemic. Online sales will bring a new dynamic allowing additional investors the opportunity to attend sales virtually and bid online.

If you or anyone you or anyone you know would like to receive regular emails with current investment opportunities in our office, please feel free to reach out to me via email at riscgate@isgatelaw.com or via phone at 215-620-7110.

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