



ISGATE LAW

— REAL ESTATE AND BUSINESS —

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

Our February 2021 Newsletter

Now that the dust is finally settling after the holidays and the election, its time to refocus on making 2021 as prosperous as possible. Undoubtedly there will be continued challenges facing small businesses and the real estate industry, but we are here to help. Our goal is to make sure you not only navigate the potholes but capitalize on the opportunities that will present itself in 2021. This will keep you ahead of the curve and lead to making great investments no matter what the market conditions.

The Current State of the Marketplace

Not Going To Lie, Its Weird Out There!

As we move into 2021 the marketplace remains robust. Mortgage rates on both residential and commercial continue to hover around all time lows, which continues to drive low inventories - especially in residential properties. We are now seeing a trickle down effect from the lockdowns that is making an impact on home owners and investors alike. Equally as popular as purchasing a new home, vast amounts of home owners are electing to renovate their current property. This demand, coupled with manufacturer delays due to shutdowns, has lead to sharp increases in construction materials - thus driving the prices of renovations higher than what was seen only months ago. On the residential side, inventory remains low, and new construction projects and sales remain strong given the current demand.

The Investor and commercial marketplace remains in flux. Currently the eviction moratorium has been extended to March 31, 2021 (initial reports were that it was to remain in effect until September, but thankfully it was shortened). The moratorium on evictions for non payment of rent have been in place for quite some time now and as you can imagine it is having substantial effects on the marketplace. Tenant screening has become increasingly important given the current state of affairs. Landlords who have not received rent checks for almost a year are being faced with eventual foreclosure. The domino effect continues, and many are predicting a severe run on foreclosure proceedings in the coming months. But as we mentioned in the outset, while this is a pothole, savvy investors can capitalize on this to try to purchase properties at a substantial discount.

Most banks remain on the sidelines and are getting increasingly stricter on their loan programs. One thing we are seeing is due to either vacancies or non payment of tenants, properties are not meeting DSCR to qualify for loans. This continues to drive the already strong private lending space.

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

Introducing Stone Commercial Capital, LLC

We are very excited to introduce you to our sister company, Stone Commercial Capital, LLC. We are a private lender, offering bridge loans, fix and flip and ground up construction financing. Our ownership team has been in the commercial and private lending industry for over 25 years, and we are geared specifically to real estate investors and builders. Check back with us over the next few months as we roll out our new website and infrastructure!

We are also in the process of creating a new Fund just for investors. I have been contacted by many of you regarding interest in investing in private lending entities, so we 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 our loans are collateralized by first position real estate mortgages usually in the 60-75% LTV range giving the investor great security.

A Potential Glut of Foreclosures?

Unfortunately this may be inevitable. As mentioned above, the eviction moratoriums have clearly taken their toll on the industry. That, coupled with the fact that so many people have lost jobs that simply are not coming back only lead to the conclusion that foreclosures (both residential and commercial/investment) are going to spike in the very near future. Sheriff's Sales obviously pose their own set of risks/rewards, but seasoned and new investors alike should begin to prepare for a full on 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.

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 risgate@isgatelaw.com or via phone at 215-620-7110.

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Our mailing address is:

The Conley Building
80 North Main Street, Suite 1B
Doylestown, PA 18901
215-396-1020
risgate@isgatelaw.com

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