

# ABOVEBOARD

SEATTLE FLOATING HOMES COMMUNITY NEWS

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## The Unique Considerations of Financing Floating Properties

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While Seattle's hot housing market shows no signs of cooling off, our region's record growth could signal good news for existing property owners. When your investment is docked within one of Seattle's iconic floating home communities, there are a number of ways to benefit from owning property throughout these unprecedented times. Here are a few tips for getting the most out of your floating home investment today:

### ***Shop your mortgage.***

Whether you're a first-time floating home buyer or looking to refinance your existing investment, one of the most common oversights borrowers make is failing to shop for the best terms and rates.

Though there are just a few floating home lenders to choose from in our market, each loan program offers varying terms and loan processing procedures that can affect your bottom line. When you're considering a loan or refinance, look for a lender that:

- Offers competitive rates. Sometimes just an eighth or quarter percent can make a difference in your monthly payments.

- Provides deep expertise and personalized customer service. It's important to select a seasoned lender with proven expertise around floating home financing, who will partner with you closely throughout the process. Forming a relationship with a lender with an intimate knowledge of the area and industry, and who is responsive to your needs, will provide the best guidance and overall experience.
- Offers underwriting-endorsed pre-approvals. Some lenders will process an applicant's file all the way through underwriting before greenlighting a borrower with a pre-approval letter. This thorough review ensures floating home buyers can shop with confidence knowing their loan-closing will go smoothly.

### ***Consider a cash-out refinance.***

Because a floating home is considered personal property, and not real estate, equity loans on your investment can be difficult to obtain. Some more aggressive lenders may offer home equity lines of credit (HELOC) on a floating home, but they are scarce and can come with a high price and a certain

amount of risk. For floating home owners who have seen the value of their property ride the Seattle market's rising tide, a cash-out refinance may be a good way to leverage your investment as an alternative to a home equity loan.

Here's generally how this works: For floating home owners who have seen an increase in their property value, and who have paid down their original loan, you may be able to refinance for more than the balance of what's left on your existing mortgage. In that case, you can take the difference between your new loan and what's left to pay on your mortgage, and use that cash to pay off any higher-interest debt or invest it in other ways. Just be sure to allocate it wisely, as you'll need to pay off the entire new loan amount as part of your monthly mortgage payments.

There are plenty of other factors to consider when thinking about leveraging your investment in such a unique area of Seattle waterfront culture. Discuss your options with a floating home financing expert to make sure your investment keeps riding the rising tide.