FINANCE YOUR MICRO LIVING

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A loan in which the borrower pledges some asset (e.g. a tiny house, car or property) as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan.

- Mortgages and home equity lines are examples.

**Secured**

A loan that is issued and supported only by the borrower's creditworthiness, rather than by any type of collateral. It’s obtained without the use of property as collateral for the loan.

- It is also called a *signature loan* or a *personal loan*.

**Unsecured**

**TYPES OF LOANS**

- Secured
- Unsecured

SECURED LOANS

UNSECURED LOANS

CREDIT CARDS
Financing Options

Personal Loan
- Higher interest rate, generally lower credit limits (usually based on credit score)

Crowd Lending
- LendingClub, Prosper.com, etc.

Crown Funding
- GoFundMe, Kickstarter, indigogo (more examples at crowdfunding.com)
ON WHEELS OR FOUNDATION?
DIY THOW
Financing Options

Credit Card
- 0% APR for set time (must payoff by end of promo time to avoid compounded interest)
- Good for materials or Kits (ie 84 Lumber Kit)

Home Improvement Loans for Kits or Materials
- i.e. Suntrust+ 84 Lumber Kits (Starting at 4.99%)
- Home Depot ($1,000-55,000; fixed rate starting at 7.99% 84 month term)
How Project Loans Work:
**FIXED 7.99% APR***

1. Apply online or in-store for a project loan
2. 6-month buying window to purchase products or installation services
3. 84 months to pay off (or in full with no prepayment penalty).**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>84 Monthly payments*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500</td>
<td>$39</td>
</tr>
<tr>
<td>$5,000</td>
<td>$78</td>
</tr>
<tr>
<td>$7,500</td>
<td>$117</td>
</tr>
<tr>
<td>$10,000</td>
<td>$156</td>
</tr>
<tr>
<td>$15,000</td>
<td>$234</td>
</tr>
<tr>
<td>$20,000</td>
<td>$312</td>
</tr>
<tr>
<td>$25,000</td>
<td>$390</td>
</tr>
<tr>
<td>$30,000</td>
<td>$468</td>
</tr>
<tr>
<td>$35,000</td>
<td>$546</td>
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<tr>
<td>$40,000</td>
<td>$624</td>
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<tr>
<td>$45,000</td>
<td>$702</td>
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<tr>
<td>$50,000</td>
<td>$780</td>
</tr>
<tr>
<td>$55,000</td>
<td>$857</td>
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</tbody>
</table>

*Interest only payments are required during the first 6 months and are based upon a 7.99% Annual Percentage Rate. After the first 6 months, the balance is amortized over 84 months at a 7.99% Annual Percentage Rate.

**Period begins at approval.
RV Loans:
- SunTrust LightStream
- 2-7 year terms
- 3-10% interest rate
- $5,000-$100,000
- Rock Solid Funding-3-10 year terms @ 4-19%
- Credit Unions-2-30 year terms-interest rates possibly as low as traditional mortgage rates

Builder Financing:
- Cornerstone Tiny Homes-direct RV Loans (apply online)
- Big Heart start at $27k 20’ house, finance up to $7k with Lowes Card (Talk to Marc)
- Incredible Tiny Homes also start at $25k (offer ½ down and second ½ due in 2 years with small finance charge) (Talk to Randy)

Other Considerations:
- Generally need a VIN #
- May need to be RVIA certified
- Cornerstone & Escape RVIA Certified
Rates for each loan amount and term combination below are shown in a minimum to maximum range because LightStream rates vary based on your credit profile. The lowest rate in each range requires that you have an excellent credit profile. N/A means that LightStream loans are not available for that loan amount and term combination.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>24 - 36</th>
<th>37 - 48</th>
<th>49 - 60</th>
<th>61 - 72</th>
<th>73 - 84</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000 to $9,999</td>
<td>5.34% - 9.34%</td>
<td>6.59% - 10.59%</td>
<td>6.69% - 10.69%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>$10,000 to $24,999</td>
<td>3.24% - 7.24%</td>
<td>5.09% - 9.09%</td>
<td>5.19% - 9.19%</td>
<td>5.59% - 9.59%</td>
<td>6.09% - 10.09%</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>3.84% - 7.84%</td>
<td>4.84% - 8.84%</td>
<td>4.84% - 8.84%</td>
<td>5.04% - 9.04%</td>
<td>5.14% - 9.14%</td>
</tr>
<tr>
<td>$50,000 to $100,000</td>
<td>3.84% - 7.84%</td>
<td>4.44% - 8.44%</td>
<td>4.44% - 8.44%</td>
<td>4.64% - 8.64%</td>
<td>4.74% - 8.74%</td>
</tr>
</tbody>
</table>

Loan Terms:

- Rates quoted with AutoPay option. Invoicing option is 0.50 points higher. Invoices are delivered by email.
- Fixed rate, simple interest fully amortizing installment loans, no fees or prepayment penalties.
- Loan proceeds may **not** be used to refinance any existing loan with LightStream
- Florida loans subject to **Documentary Stamp Tax**. The tax amount is not included in the quoted APR.
Micro Condos/ Stand Alone Tiny Homes on Foundations—Financing Options

Conventional Loans
• 10-20% down; 15-30 year terms

FHA
• 3.5% down; 15-30 year terms
• Fannie: 600 SF minimum for CONDOS

Local Institutions Lending:
• Wells Fargo
• BankSouth
• PNC Bank (500 SF and over)

Other Considerations:
• Minimum $50,000 loan
• Appraisal/ Comps
• Land difficult to finance
ADUs on Foundation Financing Options

First Mortgage Cash Out Refinance
• taking out extra money when refinancing your ‘first mortgage’ if you have sufficient equity
• Great option if refinancing will lower your rate and not extend your term considerably

2nd Mortgage – Fixed Home Equity Loan
• 5-30 year term (15 average) Fixed rate generally higher than 1st mortgages and Home Equity Line of credit, but consistent

Home Equity Line of Credit
• when you have at least 20% equity built up in the property.
• Draw out money as you need it up to a certain amount, and pay back at your own speed (as long as you make the minimum payment)
• Usually adjustable rates (not fixed)
• Generally 10 years

Construction Loan Renovation Financing
• Generally higher interest rate
• Harder find and usually come with conditions
• Short term until you refinance with your first mortgage

Again, check with local CREDIT UNIONS!
## Tiny House Math

<table>
<thead>
<tr>
<th>House Type</th>
<th>THOW</th>
<th>THOW</th>
<th>THOW</th>
<th>ADU</th>
<th>THOF</th>
<th>ADU/THOF</th>
<th>Typical House (Median Price in US-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Type</td>
<td>RV Loan</td>
<td>RV Loan</td>
<td>RV Loan</td>
<td>Refinance</td>
<td>Mortgage</td>
<td>Refi/Mort</td>
<td>Mortgage</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$ 25,000</td>
<td>$ 50,000</td>
<td>$ 75,000</td>
<td>$ 75,000</td>
<td>$ 100,000</td>
<td>$ 150,000</td>
<td>$ 213,400</td>
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<tr>
<td>Total Loan Value</td>
<td>$ 25,000</td>
<td>$ 50,000</td>
<td>$ 75,000</td>
<td>$ 75,000</td>
<td>$ 96,500</td>
<td>$ 5,250</td>
<td>$ 205,931</td>
</tr>
<tr>
<td>Down Payment</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,500</td>
<td>$ 144,750</td>
<td>$ 7,469</td>
</tr>
<tr>
<td>Term (Years)</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>9.14%</td>
<td>8.74%</td>
<td>6.74%</td>
<td>3.75%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$ 404.01</td>
<td>$ 797.87</td>
<td>$ 748.29</td>
<td>$ 347.34</td>
<td>$ 460.71</td>
<td>$ 716.12</td>
<td>$ 983.15</td>
</tr>
<tr>
<td>Total Interest</td>
<td>$ 8,936.46</td>
<td>$ 17,021.25</td>
<td>$ 19,285.16</td>
<td>$ 50,041.21</td>
<td>$ 69,354.07</td>
<td>$ 107,804.26</td>
<td>$ 148,001.59</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>Land lease/purchase; PP Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Real Estate Taxes, possible HOA Fees</td>
</tr>
</tbody>
</table>

*Does not include closing costs, fees, prepaids, escrows, etc.*
RESOURCES

- https://www.lightstream.com/tiny-houses
- https://accessorydwellings.org/
- http://www.calculator.net/loan-calculator.html
- http://www.bankrate.com/
- https://realestate.usnews.com/real-estate/articles/11-ways-homeowners-can-fund-major-home-improvements
- https://www.thetinyhouse.net/how-to-finance-a-tiny-house/
- https://www.tumbleweedhouses.com/tiny-house-rv-loans/