

## Greensboro Landlords Association

### Meeting Minutes

April 9th, 2019

#### **Opening:**

The monthly meeting of the Greensboro Landlords Association was called to order at 6:30 on April 9th, 2019 at the Greensboro Regional Realtors Association by President, Dennis Frohlich.

#### **Attendance:**

29 Members were recorded by Kerri Person, GLA Board Member.

#### **General Announcements by Dennis Frohlich:**

- **Recognized our guests** and thank everyone for coming out tonight!
- **Thanked our Board Members** for running meeting while Jenn is at Market!
- **Memberships:** Please continue to invite guests (only cost \$10) to our meetings so they can check us out and join!
- **If you are having trouble logging into Member's Only section, GoDaddy has a programming error.** Email Jennifer and she will recreate your account so you can create a password. Email will come from GoDaddy to set password.
- **Coffee Chats:** Tuesday the 16<sup>th</sup> at Amoroso's Bakery off Guilford College Rd from 4:15 – 5:00. Great discussions and yummy treats!
- **Upcoming Meetings:** We have our meetings set up through the end of the year. Please visit website Meeting Calendar for all the upcoming meetings.
- **Associate/Sponsors Time:** If we have any Associate or Sponsor members who would like to stand up, please introduce yourself now. OK, none here tonight.
- **Now before we get started,** does anyone have any questions or announcements.

#### **Our panelist:**

- **Bob Winborn with Bank of Oak Ridge**
- **John and Kelly Starkey with Atlantic Bay Mortgage Group**
- **Seth Moore and Neal Crawford with Carolina State Bank**

#### **Initial Questions Asked of the Panel – Rotated who Answers First:**

##### **How do I transfer my investment properties into an LLC?**

**Banker 1:** Transferring currently funded properties into an LLC is not recommended. As soon as you do this your loan will become due. This is because of the liability of not being secured by an individual.

**Banker 2:** To make it possible, you will need to sign a Personal Guarantee.

**Banker 3:** We are not saying that it is not possible, but the risk level becomes very high for the loaning bank. You can buy additional liability insurance to help solidify your soundness but most do not want to buy the additional insurance.

**What is the difference between a residential and commercial loan? And what are the pros and cons for a property investor?**

**Banker 2:** The biggest difference is length of the loan. With residential you can spread out your loan as most of you know for up to 30 years. With commercial you can lump several properties under one loan and have a much shorter loan length. As a property investor myself, I prefer to go with a commercial loan to pay off my properties faster.

**Banker 3:** You are also limited to the number of properties you can have under residential loans – that would be 10. Where as with a commercial loan you can have 10 loans with 10 properties under each loan.

**Banker 1:** You need to be smart about which properties to combine under a commercial loan. If you think you want to flip a property instead of keeping it as an investment, you might want to put that with a group that has a much shorter loan. You also need to keep in mind that your rates can change as the properties change.

**Are balloon payments becoming less common?**

**Banker 3:** No, we still use them.

**Banker 1:** They may seem a little less common because of the big flux of homes that changed hands after 2008. Some people were a little more leery about them coming due.

**Banker 2:** But that is a misconception since a bank wants to refinance before a balloon payment is due. We want to keep your business.

**How often does your lending policy change?**

**Banker 1:** Is that a trick question?! (Lots of laughter!) With all the consolidating and buying and selling of banks these days, it is hard for anyone to keep their policies the same. A lot does depend on the amount and kind of loans a bank has. If the data shows a lot of defaults on loans, the banks have to adjust policies. We need to have variety to remain healthy.

**Banker 2:** Yes, a lot of the policies depend on the current market and rates. As you all know, regulations got pretty strict starting in 2010 but they are loosening up on some now and we have a little more flexibility. And on a side note, I wanted to state that when we are working with investment properties and you come in for a loan now or later into the year, and you have a 12 month lease on the property, we count that as profit even though it is not recorded on your taxes yet.

**Banker 3:** And, it also can be dependent on the current management team. For us, your panelist, we are smaller loan institutions and policies are not going to change as often due to that factor. As it was said earlier, the current market and trends tend to guide policy changes.

## **Do you recommend shopping around for mortgages?**

**Banker 2:** My first response is “No”. Your relationship with your banker is very important. But my best response is “Yes” but make sure you are comparing apples to apples. That is where people get themselves into trouble. They think they have found a great deal but after it is finalized they find a lot of surprise fees and limitations.

**Banker 3:** Agreed that shopping around is going to happen but the relationship you have with your banker is how you secure the best deals. Your banker knows you globally – every aspect of your investments – and does not pigeon hole you.

**Banker 1:** So in essence, we are saying be careful when you shop around. Loyalty has its rewards and the old saying still holds true “time is money”.

## **Open Floor Questions:**

**Member:** If I buy a quadplex does that count as 4 mortgages or 1?

**Banker 1:** No, that counts as 1. Federal regulations allow quads as 1. So you could have 10 quads and still be at the 10 mortgages.

**Member:** Back before 2010, there were loans available – speaking on the commercial side – that included lines of credit. Are these available again?

**Banker 3:** These are available but are not loans that we are actively seeking out. Being a smaller community lender, we are able to be much more flexible than the big banks that you must fit into a certain box. So, yes, they are available we just have to look at the numbers and risks.

**Dennis:** OK, unless anybody else has anymore questions or comments, we are going to wrap up this meeting.

## **Closing:**

Thanked Board Members again for running the meeting while Jenn is at Market  
Coffee Chat Tuesday the 16th

If you need a Member’s Only help, please email Jennifer.

And in May we have a Real Estate Attorney joining us to answer your legal questions. Bring them and a guest!

Thanks and have a great evening!

Meeting was adjourned at 7:20 by President, Dennis Frohlich.

**Minutes submitted by: Jennifer Dille with TESS, LLC**