

The Ultimate Guide to Buying Commercial Property in the U.S. for Foreign Investors

Introduction

The United States remains a premier destination for commercial real estate investment, offering a stable economy, transparent legal systems, and strong property rights. Foreign nationals seeking to invest in U.S. commercial property can benefit from attractive returns and diversification opportunities. However, the process involves regulatory, financial, and logistical complexities that must be navigated with care. This guide offers a step-by-step approach for international buyers, drawing on the expertise of My Mortgage Ace to help you close your deal efficiently and confidently.

Step 1: Understand the U.S. Commercial Real Estate Market

Commercial properties include a wide range of asset types:

- **Multi-Family Properties:** Residential buildings with five or more units, offering stable rental income.
- **Retail Properties:** Includes strip centers, grocery-anchored plazas, and standalone retail locations.
- **Office Buildings:** Ranges from single-tenant professional spaces to large downtown towers.
- **Industrial/Warehouse:** Used for manufacturing, logistics, and storage. Often lower maintenance with long-term tenants.
- **Mixed-Use Properties:** Combines residential, retail, or office into a single asset.

Each property type has different risk profiles, tenant expectations, and financing structures. It's important to define your investment goals (e.g., income, appreciation, tax shelter) before selecting a property.

Step 2: Entity Formation and Legal Setup

Foreign nationals must purchase commercial property in the U.S. through a legal entity such as an LLC, S-Corp, or partnership. Key legal requirements include:

- **Real Ownership:** All entities must be owned by individuals; shell companies are not permitted.
- **20% Rule:** Any individual with a 20%+ stake in the entity must be a guarantor on the loan.

- **U.S. Closing Requirement:** All principals must be physically present in the U.S. for closing and to sign loan documents.
- **Formation Documents:**
 - Articles of Incorporation
 - Operating Agreement
 - EIN from the IRS
 - Share Register and By-Laws (for CORPS only)

Work with a U.S.-based attorney and accountant to ensure the entity is compliant with federal and state regulations.

Step 3: Financing Options and Requirements

Foreign investors can qualify for commercial loans from U.S.-based lenders. Loan structures vary but generally include:

- **Loan Amounts:** \$1,000,000 to \$50,000,000+
- **Loan-to-Value (LTV):** Up to 70% (depending on experience and net worth of members)
- **Terms:** 5–10-year fixed rate, amortized over 25-30 years, some fixed terms as well
- **Interest Rates:** Based on asset type, market, and borrower risk profile
- **Repayment:** DSCR (Debt Service Coverage Ratio) qualification, not personal income verification

Finance options include:

- Fannie Mae and Freddie Mac multifamily loans
- Private lenders specializing in foreign national lending
- Portfolio lenders with flexible underwriting

Larger loans or riskier assets may require:

- Greater down payments (35-40%)
 - More extensive borrower experience
 - Stronger asset performance (higher DSCR)
-

Step 4: Document Checklist

To begin loan underwriting, you'll need:

Property Documents

- Full property address and MLS listing or brochure

- 2 years of operating expenses
- Last 2 months rent rolls
- T-12 P&L with month-by-month breakdown

Borrower & Entity Documents

- Articles of Incorporation, Operating Agreement, EIN
 - Business financials (2 years P&L and balance sheets unaudited)
 - 3 years' tax returns (if available for other US companies)
 - Resumes of all guarantors
 - Business plan with 3-year projections (year 1 monthly)
 - Proof of funds for down payment (preferably in a U.S. account)
 - Personal financial statements for each guarantor (no more than 90 days)
-

Step 5: Loan Process Timeline

1. **Initial Consultation:** Speak with a commercial loan expert to discuss goals and eligibility
2. **Document Collection:** Submit required documents for pre-approval
3. **Pre-Approval:** Receive initial terms and confirm eligibility
4. **Underwriting:** Detailed loan analysis by the lender
5. **Appraisal & Legal Review:** Third-party valuation, title search, and legal vetting
6. **Closing:** Final document signing in the U.S. with all guarantors present

Typical timeline: 45 to 60 days from submission of full package to closing

Step 6: Why Choose My Mortgage Ace

With over two decades of experience, My Mortgage Ace specializes in helping foreign nationals finance U.S. commercial real estate. We offer:

- Deep lender relationships across the U.S.
- Expertise in foreign national underwriting
- Turnkey guidance through every step of the process
- Access to private investors, banks, and agency lenders

Contact Us

Laura Harris, Mortgage Broker / Principal

 713-252-2903

 laura@mymortgageace.com

 www.mymortgageace.com