

Title:

Everything About Private Money Loans

Word Count:

1319

Summary:

Private money is often misunderstood. Many industry professionals know very little about it, a wisdom.

Keywords:

Private money Loans, Private money, Real Estate, Loans, Hard Money, Private Lending

Article Body:

What is private money used for?

Private money is generally used as a bridge: a way to get from point A to point B. It is generally nearly always an exit strategy going in. It is used for all types of real estate secured financing: elder care facilities, industrial, agricultural, raw land, land development, construction, rehoming floating homes. For a list of our loan programs. Some providers of these loans are www.rockland.com and www.interestratepolice.com

What are the interest rates?

Private money rates generally range from 10 to 15%. The rate is determined by looking at a combination of (c) condition/desirability of property, (d) actual cash-in or real equity contributed by borrower. Our loan guidelines may be found here.

What fees are involved?

Private lenders charge a loan fee generally equal to 5% of the gross amount of the loan. We also charge (of the loan), a property inspection fee (\$500 or more, depending on the location of the property) and a size of the loan. There are no hidden junk fees.

Can the fees be paid from the proceeds of the loan?

Yes, if there is enough equity in the project. This is frequently the case.

Is there a pre-payment penalty?

Generally there is a 3-6 month minimum interest clause for our loans. With a 3 month minimum interest rate, if you repays a loan in 3 months or more, there is no penalty. If the borrower repays the loan, for example, 1 month's interest out of escrow at closing.

Why would anyone pay those kinds of rates and fees for a loan?

There are many reasons why a borrower would choose to use private money over a cheaper institution. They like to use private money when buying because they are able to make offers which are not constrained by bank times speed is a very significant factor in completing a profitable transaction and in those circumstances, the option rather than loose the deal. Frequently the condition of a property won't allow for the

private money may be used. Often the type of property is a factor: banks don't like lending on to do so. Cash leverage is another factor. Fairfield Financial, for example, loans based on the sometimes we lend 100% of the total acquisition cost for a property. The structure of the deal establish their equity through the mechanism of a seller carry back; banks won't do this. The

What is the most common use for private money?

Most common loans are probably construction, rehab, and land development loans. We have an ent

Loan FAQ.

How fast can private money loans close?

In a matter of one or two days, but more typically, you should figure on 1-2 weeks. (Keep in m the borrower, broker and other third parties are moving quickly as well.)

Is an appraisal required?

Some private money lenders require them. Evidence of value is a critical part of the private m of comps is just as effective in establishing value as a good appraisal. Many of our borrowers to perform the value analysis. This allows us to streamline the process. However, it is import work.

As a mainstream mortgage broker, I don't see much of this type of thing. Why should I be inter To be perfectly frank, it is my belief that mainstream mortgage brokers are being squeezed out better provide online loan sourcing directly to borrowers. We saw a similar thing in the travel survived, and even thrived, are the ones who effectively established niches within the industr brokers. Plain vanilla loans can be easily processed in an assembly line fashion which easily lending, on the other hand, tends to be a hand-crafting of sorts, and cannot be easily automat factors must be considered in making a decision and frequently those factors are intangible. U involved. Private money will always be a people process. So if you tell me, "I am not interest you, "You might want to reconsider."

As a mortgage broker bringing A transaction, how do they get paid?

It is simple. The broker brings the lender a borrower. The lender prices the loan to them. (T your client, adding your fees as appropriate. You stay involved in the loan (or not) as you ch and receive a check directly from the title company.

How do I go about doing a private money loan? Go to one of these providers and call a represe www.californiaprivatemoneyloan.com, and www.interestratepolice.com

There are basically four steps.

First, run the concept by them. You may call and discuss the loan with them, or you may e-mail

which will walk you through the process. If they like the project concept and feel that the nu
They review a complete loan packet. They ask that this be sent via overnight mail or delivered
If all this checks out, They ask the borrower for a deposit (generally \$500). This should be i
conditional loan commitment letter at this time.

If the property checks out, They draw up the documents and close the loan through escrow.

Is the deposit check refundable?

If they close the loan through escrow, the deposit is applied as a credit to the loan fees. If
cannot perform or (b) the project upon inspection is "significantly" different than as represe
Otherwise, if they fails to perform for any reason, they return the deposit to the borrower.

What needs to be included in a private money loan package?

A private money loan packet is generally fairly straightforward. For a list of our packaging g
www.californiaprivatemoneyloan.com, and www.interestrategie.com

Written by Jeff Chaney an experienced private money originator from Manhattan Beach, CA that l

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