



Agyrtis Lending

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Can you find our Santa special?

How much can I borrow?

Quite a number of our new investors are not understanding the difference between LTV, ARV and MAO regarding the various type of loan programs we offer.

LTV – Loan to Value

For fix & flips it's the purchase price. For permanent it's the appraised value.

ARV – After Repair Value

MAO – Maximum Allowable Offer

ARV – less 30%, less purchase price and rehab = max allowable offer This allows you a 30% profit margin

Private money lenders typically loan 90% of the loan to value (LTV) ratio for fix & flips 80% of the after rehab value (ARV) for permanent loans. Of course,

these ratios are based on borrowers credit, experience, and liquidity.

The LTV is based on a percentage of the initial purchase price and the ARV is based on the fair market value of the property following renovation. Private money lenders commonly issue loans based on LTV for properties in good condition or loans based on ARV for properties and conditions needing repair.

Requiring the borrower to assume some of the risk, private money lenders expect fix & flip borrowers to invest 10% or more of the properties LTV or 30% or more of the ARV.

For fix & flips, interest rates can be as much as 15%, with appraisals usually costing between \$500 and \$800 for residential. For multi-family/commercial long term financing rates are ranging between 4% to 10% with appraisals costs between \$700 to \$3,000+ depending upon the size of the project.

Private money lenders expect borrowers to cover all costs associated with the purchase, including lenders fees, closing costs and appraisals.

Because monthly payments are not amortized like conventional loans, the interest rate may be higher but the monthly payment may be lower. Lending fees, known as points, are structured to be higher

for smaller amounts and decrease as the loan amount gets larger. One benefit to working with private lenders is that many will not charge any points, and if they do, this is sometimes negotiable.

A typical structure may show 2.5 points for loans \$100,000-\$250,000, 2 points for loans \$250,000-\$475,000, and 1.5 points for loans \$475,000 or more.

Consider the following scenarios:

Scenario 1

\$500,000 ARV x 70% = \$350,000 Max loan amount
\$315,000 purchase price
\$75,000 in rehab
\$390,000 in total cost acquisition and rehab
(350,000) max loan amount
\$40,000 variance between max loan amount
\$31,500 10% cash down
\$71,500 out of pocket plus lenders fees, closing costs and appraisals, etc.

Scenario 2

\$500,000 ARV x 70% = \$350,000 Max loan amount
\$260,000 purchase price
\$75,000 in rehab
\$335,000 in total cost acquisition and rehab
(350,000) max loan amount
\$ 0 variance between max loan amount
\$26,000 10% cash down

\$26,000 out of pocket plus lenders fees, closing costs and appraisals, etc.

Please call your lender prior to making offers as it is imperative to consider your cash position when making offers and understanding all the costs involved.

We want you to make money and have a positive experience. We want you successful as our success is based on your success!



What are closing costs?

Our borrowers have been asking us to clarify some of the anticipated closing costs to expect. Any home loan whether it's to purchase a new home or to refinance a current loan will come with closing costs. Closing costs cover a variety of fees related to the processing of a mortgage and required prepaid items like hazard insurance and property taxes.

In general, closing costs average 3-9% of the loan amount. Though, closing costs vary depending on the loan amount, mortgage type, and the area of the country where you're buying or refinancing.

Some of the possible items to budget for may be: Loan origination fee, Discount fee, Processing fee, Underwriting fee, Wire transfer, Credit report, Tax service, Flood certification, Title insurance, Escrow/signing, Courier fee, Appraisal, Recording, Homeowners insurance premium, Property tax reserves, Loan application fee, pest inspection, home inspection, flood cert fee, survey, attorney fees, local and state processing charges, HOA transfer fees, transfer tax/fees and Lock fee. If you're signing out of town you may need a Notary. Everyone's situation is different. The best way to get an accurate estimate of your loan's costs is after your mortgage application is processed, and you receive an itemized closing cost sheet from your lender.



Are you positioned to take advantage of the vacation rental market? Schedule a consultation appointment to discuss financing your beach, lake or mountain ski resort rental property.

Agyrtis Loan Applications



Market Update

According to [Zillow](#), the housing market forecast for 2022 has improved but lingering economic uncertainty may temper some of the predictions. The forecasts for seasonally adjusted home prices and

pending sales are more optimistic than previous forecasts because sales and prices have stayed strong through the summer months amid increasingly short inventory and high demand.

The pandemic also pushed the buying season further back in the year, adding to recent sales. Future sources of economic uncertainty, including lapsed fiscal relief, the long-term fate of policies supporting the rental and mortgage market, and virus-specific factors, were incorporated into this outlook.

- Their bullish long-term outlook is based on their expectation that tight market conditions will persist, with housing demand exceeding supply.
- Zillow expects home values to grow 13.6% between October 2021 and October 2022, and to end 2021 up 19.5% from December 2020.
- Home values are expected to grow 3.8% in the three-month period from October to January 2022.
- The near-term, three-month forecast is slightly lower than the 4.4% growth expected previously from September to December.
- Existing home sales are expected to total 6.12 million in 2021, up 8.5% from 2020.
- Also, up from their previous forecast of 6.04 million sales this year.
- Zillow also increased its longer-term sales forecast, in part due to changes in home affordability.
- While rapidly rising home prices pose affordability challenges for many, low mortgage rates have kept monthly payments manageable for those with a down payment.

Agyrtis Lending assist you to stay on track offering pre-qualifications. By providing a letter to accompany your real estate offers, this gives you buying power over other offers which don't include a lenders letter.

Our professional team has been helping with a variety of financing needs ranging from new home purchases, fix & flips, rental property acquisition, business equipment acquisition, business building

refinance, developer new construction to subdivision financing to name a few.

Log in to www.agyrtis.com or call to schedule a free consultation or complete the loan application and forward the items on the needs list then we can quickly analyze your borrowing power. Ask about our 10% off origination fees at closing for a fully submitted loan package received in December. We are honored to enhance our borrowers success and are excited to help you grow!



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