

The Ultimate Guide to Private Money and Hard Money Loans

Your Path to Financial Growth,

Presented by Amy DeBusk



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What Are Private Money and Hard Money Loans?



Private money loans, often referred to as hard money loans, are short-term, asset-based financing solutions typically secured by real estate. These loans are ideal for investors or borrowers who need quick access to funds and have difficulty obtaining traditional financing.

Instead of relying on creditworthiness, hard money lenders focus on the value and potential of the property being financed.

Key Features of Hard Money Loans

Hard money loans are a great option for real estate investors and property buyers who need quick funding without the hassle of traditional bank loans. Whether you're flipping a house or seizing an investment opportunity, these loans offer speed and flexibility.

Here's what you need to know:

- **Fast Access to Funds:** Get approved and funded within days perfect for time-sensitive deals.
- **Flexible Terms:** Loan terms typically range from 6 months to 4 years, with interest-only payment options.
- **Asset-Based Lending:** Approval is based on property value, not your credit history.
- **Higher Interest Rates:** Expect higher rates due to the increased risk for lenders.

Who Uses Private and Hard Money Loans?

These loans are a go-to choice for real estate investors, developers, and individuals who need quick, reliable financing for property-related ventures.

They're commonly used for:

- **Quick Property Acquisitions:** Secure funding fast to capitalize on investment opportunities.
- **Fix-and-Flip Projects:** Cover renovation costs and increase property value.
- **Bridge Loans:** Manage short-term financial gaps while waiting for long-term financing.
- **Construction & Development:** Fund new builds or large-scale improvements.

NOTE: These loans are exclusive for investor properties only. Owner occupied or Vacation homes are not allowed.

Benefits of Hard Money Loans

Hard money loans provide an alternative to traditional financing, offering speed and flexibility that can be crucial for real estate deals.

Here's what makes them a valuable option:

- **Speed:** Skip the long approval process—these loans can close in just days.
- **Flexible Terms:** Lenders can structure loan terms to fit your unique needs.
- **Credit-Friendly:** Approval is based on the property's value, not your credit score.
- **Versatile Use:** Works for residential, commercial, and mixed-use properties.





Drawbacks to Consider

While hard money loans offer speed and flexibility, they also come with certain risks and costs that borrowers should consider. Understanding these drawbacks can help you make an informed decision:

- **Higher Costs:** Interest rates and fees are typically higher than conventional loans.
- **Short Repayment Terms:** Loan durations are shorter, requiring a clear exit strategy.
- **Risk of Foreclosure:** If the borrower defaults, the lender may take possession of the property.

Understanding Amy DeBusk Home Loans' Hard Money Loan Guidelines

Amy DeBusk Home Loans offers tailored hard money loans for real estate investors. Their guidelines provide unique opportunities for those seeking quick and flexible financing solutions.

Eligible Properties

- 🏠 Single-family residential homes.
- 🏢 Multi-family units.
- 🏢 Warrantable condos.
- 🏢 Mixed-use properties.
- 🏢 Select commercial properties.

Loan Terms

- 🏠 Fixed interest-only payments.
- 🕒 Terms ranging from 6 months to 4 years.
- 📄 Flexible solutions for hard-to-document income.
- 🏠 Jumbo single-family residential options available.

Financing Solutions

- 🔗 Cross-collateralization options.
- 👛 Interest reserve accounts for no-payment options.

Requirements

- 💰 Minimum 35% down payment or equity.
- 👉 Exceptions to requirements considered on a case-by-case basis.

Why Having an Exit Strategy is Crucial

An exit strategy is a key part of the approval process for hard money loans. Lenders want to know how you plan to repay the loan, as it reduces their risk and ensures your project's success.



Here are some common exit strategies:

- **Refinancing:** Secure a conventional loan with better terms once your property has increased in value.
- **Property Sale:** Sell the property after improvements or when market conditions are favorable.
- **1031 Exchange:** Use a 1031 exchange to defer taxes while reinvesting in a new property.
- **Increased Cash Flow:** Utilize rental income or other revenue streams to pay off the loan.

Pro Tip: Always present a clear and realistic exit strategy during the application process to improve your chances of approval.



How to Use Hard Money Loans Effectively

Hard money loans can be a powerful tool for real estate investors, but using them wisely is key to success. Careful planning and the right strategy can help you make the most of this financing option:

- **Define Your Exit Strategy:** Have a clear repayment plan, whether through resale, refinancing, or another method.
- **Evaluate Costs:** Consider interest rates, origination fees, and other charges to understand the full financial commitment.
- **Understand Property Value:** The loan's success depends on the current and future value of the property.
- **Choose the Right Lender:** Work with reputable lenders like Amy DeBusk Home Loans, who provide transparent terms and tailored solutions.

FAQs About Private and Hard Money Loans

Q: How fast can I get a hard money loan?

A: Most hard money loans can be approved and funded within days, depending on the lender and documentation.



Q: What is the typical interest rate for a hard money loan?

A: Interest rates vary but are generally higher than traditional loans, ranging from 8% to 15%.

Q: Are there any restrictions on how I use the loan?

A: Most lenders focus on real estate-related projects, including acquisitions, rehabs, and construction.

Q: Can I get a hard money loan with bad credit?

A: Yes, as these loans focus on the value of the property rather than the borrower's credit score.

Final Thoughts

Private and hard money loans are powerful tools for real estate investors and individuals who need fast, flexible financing. By understanding the terms, benefits, and risks, borrowers can make informed decisions and maximize their opportunities.

Amy DeBusk Home Loans' tailored solutions, including flexible terms and diverse property eligibility, make them a trusted partner for hard money financing. Whether you're flipping a home, developing property, or need bridge financing, Amy DeBusk Home Loans has you covered.

NEED A PRIVATE OR HARD MONEY LOAN? APPLY TODAY!

Scan the QR code to start your application and take the next step toward homeownership!

