

HARD MONEY LOANS

TRADITIONAL LOANS



A private money or "hard money" loan is a loan made to an investor or other individual using real estate as collateral.

A traditional or conventional home loan is a loan made for individuals and is obtained through a bank or mortgage company.



No large down payment, proof of loan payments in reserve, or collateral is required.



DOWN PAYMENT

Buyer must turn over some assets as collateral and have 3-6 months worth of loan payments in reserve.



Application, approval, and closing is accomplished in less than a week, typically.

PROCESSING TIME



Application, approval, and closing can take up to six weeks, sometimes longer.



Hard money loans generally have higher interest rates.



INTEREST RATE



Traditional loans have lower interest rates depending on the borrower's credit score.



Good credit is usually not required. Credit history or score is unaffected by loan.

CREDIT HISTORY

Credit history is important and can disqualify applicant or affect interest rate. Loan affects credit score.



Hard money loans typically fund up to 75% of a property's loan-to-value. 1-3 year loan terms.



LOAN TERMS & FUNDING

Traditional loans can fund up to 90% of a property's loan-to-value. 15-30 year loan terms.



INVESTMENTS & FIX & FLIPS

COMMERCIAL PROPERTIES

LAND OR CONSTRUCTION

SHORT-TERM OR BRIDGE

BUYERS WITH CREDIT ISSUES

REFINANCE/CASH-OUT



IDEAL FOR



PERSONAL RESIDENCES



LONG-TERM INVESTMENTS



RESIDENTIAL RENTAL PROPERTIES

REFERENCES:

<https://www.hardmoneyhome.com/blog/hard-money-loans-101-basics/>
<https://www.pennymacusa.com/blog/what-is-a-conventional-loan>

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