



## Understanding Hard Money

I'm a Senior Mortgage Loan Originator who has worked for the largest mortgage companies in the United States. I'm ranked in LinkedIn as one of Top 25 Mortgage Loan Originators and I specialize in Financing Hard Money.

Let's first talk about conventional or "regular" mortgages. They include FHA (Federal Housing Authority), VA (Veterans Affairs), USDA (US Department of Agriculture), Conventional, Construction, Rehab, and Jumbo products. These mortgages are great for buying your primary or secondary home, but when it comes to an investment property, they may not be the best option.

With the loan products mentioned above, generally speaking, there is a lot involved: paperwork, documentation, and verification. There may be other restrictions, such as:

- Maximum debt to Income (DTI) on conventional loans is 45%
- Minimum score required in order not to have manual underwriting is 620.
- For most loans, the house you are buying must be in move-in condition ready and can't have a bad roof or structural issues. When these issues are present, there are very few mortgage options to rehab the house. These loans take approximately 60 days, require reserves, still have DTI and LTV limitations, and require expensive and extensive inspections. On many occasions, this type of loan is a buyer's worst nightmare.

There are some other products that can be brokered and have many names, such as "Portfolio Products." These types of products are basically subprime lending and require less documentation and fewer restrictions than the "regular" loans, for example: they may allow up to 50% DTI, may allow for recent bankruptcies, and foreclosures in credit history. These generally require a much larger down payment and charge high interest rates, high points, underwriting and processing fees.

All the mortgage loans mentioned above require a full appraisal which costs on average \$500 and the loan process takes anywhere from 25 days to 60 days, depending on the type of mortgage used.

What about utilizing Real Estate to obtain income, diversify portfolios and obtain some tax benefits?

Well, there are a few ways to make money in Real Estate and I'll break them down in 3 major categories:

### **Primary or secondary home.**

- Build equity over time and if the market is favorable, you may make money at the time you sell.

### **Investment/rental properties, with the intention to keep long term.**

- These can provide rental income and if the market is favorable, they may provide equity profit at the time of sale. The downside is searching for and qualifying tenants, repairs, wear and tear, repairs



after tenants destroyed your property, and adding the stress of having a mortgage payment while having vacant periods with no rental income.

### **Flipping Properties (Flips)**

- These bring the larger margins of profit in the least amount of time! They generate large profits by creating equity, by investing in rehabbing the property and selling it in a short period of time. The downside is finding distressed properties that could increase in value, if fixed. However, there is a secret, a solution that most people that come to me are surprised to know. I will share this secret at a later time.

Now that we have covered in a broad way the different type of mortgages, let's focus on making money, shall we?

Being a Senior Mortgage Loan Originator licensed in several states and having worked in one of the top 10 private mortgage companies in the country as well as the largest mortgage bank, I've learned a few things:

- *Large mortgage institutions and banks can be inhumane and people are just a number for them.*
- *Many hard-working people have lost the opportunity to buy or refinance their homes due to misguidance by some banks and many banks have huge class action law suits.*
- *Underwriters sometimes seem to have as a purpose in life, to make the potential homeowner miserable and fail at securing a loan. I've experienced several times having the same file denied by one underwriter and approved by another. Most people don't know that loan mortgages are approved based on the discretion of the underwriter and not necessarily by what the laws and regulations mandate.*
- *Most issues when getting preapproved are due to low credit scores and collections and being self-employed for less than 2 years.*
- *Most people don't know how to increase their credit score although sometimes they think they do. I could write a book about credit but let's focus on making money.*

Financing Hard Money LLC can help you reach your financial goals whether you are an individual or own a corporation, whether you need a commercial loan a capital line of credit (minimum of \$250,000) or financing hard money for flips.

You've been reading about mortgages so let me show you how you can make money in the Real Estate world.

The easiest and fastest way to build wealth in the Real Estate world is by flipping properties!

Most of my investors flip 1 to 3 properties per month and each one of my investors earn a profit on each transaction that could be the equivalent to someone's entire year's income! This is the reason I decided to focus my knowledge and experience and created Financing Hard Money LLC.



Financing Hard Money LLC can help you acquire funding for all your flips. There are many types of hard money lenders out there, although it may be difficult to find a good reliable one; and most importantly to find one that offers 100% rehab funding. What I hear from my first time clients for flips is that they've always wanted to flip homes but didn't know where to start. For most first time flippers it can be very intimidating but after doing your 1<sup>st</sup> flip with me, you may find it fascinating and perhaps addicting. You may find your self quitting your job and focusing on flipping properties instead. ☆

There are many advantages using Financing Hard Money LLC when flipping homes:

- You are your own boss
- Make your own schedule
- Make as much or as little money as you like or need
- Work a few months out of the year if you like
- Live wherever you like
- Flip homes anywhere you like
- Not restricted by Debt to Income (DTI) restrictions
- The minimum FICO score required is 550
- You are not restricted as in the "regular" loans in which self-employed need at least 2 years as self-employed to qualify.
- There is no employment seasoning requirement
- There is no limit on amount of properties owned
- The minimum loan amount is \$75,000
- There is no need to show reserves on multiple properties owned, just 6 months reserves on the property you are buying
- You may buy multiple properties at the same time, depending on your experience
- There is no need for full appraisals
- Financing up to 90% of Purchase Price
- We can finance 100% of your rehab. This allows you to have cash flow to buy more properties instead of having your money tied in the property until you sell it!
- Low Fees
- Closing in 2 weeks or less
- Maximum Rehab amount is \$500,000
- Loan term is usually 12 months but could be extended to 18 or 24 months
- There is no prepayment penalty so it's ok if you can buy, fix, and sell your home before your 1<sup>st</sup> payment is due.
- Interest rates are based on experience and it's determined after application has been submitted with some basic documents such as Schedule of Real Estate Owned "SREO".



- We don't look at tax returns
- Loan amounts of \$600,000 or more get better pricing

Once you've flipped your 1<sup>st</sup> home with Financing Hard Money LLC you will be in our system and all future purchases will be a breeze.

#### The Secret

I had mentioned earlier; "the downside is finding distressed properties" and I have a solution. It is finding distressed homes in auctions. You may say: "auctions only accept cash offers" and that is correct, auctions only accept cash offers and they state very clearly in their documents they do not accept any financing. The secret is that when you use Financing Hard Money LLC you may make a cash offer at the auction or with any seller (except court auctions). You may ask yourself, where can I find houses for auction? Here are a couple of websites to look at: [www.auction.com](http://www.auction.com) and [www.xome.com](http://www.xome.com) There are many more but my investors have found these two to be reliable.

To get started, apply online at: [www.financinghardmoney.com](http://www.financinghardmoney.com)

We look forward for the opportunity to earn your business.

☆ There is no guarantee of any level of success or income from the opportunity. Each person's income depends on his or her own efforts, diligence and skills.