

Understanding Hard Money Loans



What is a hard money loan?

Simply put, hard money loans are a form of real estate investment financing available to purchase and repair a property. Because they are a form of asset-based loan financing, hard money loans tend to have lower loan-to-value ratios than traditional loans. They are usually issued by private individuals or non-bank companies and are typically used as a form of short-term financing. One of the major advantages of hard money loans is that they are quick to close. If you're using a hard money loan you can typically receive funding within an average of 7-14 days, which is significantly less than the 30 to 90 days it often takes to get financing through traditional banks. Hard money loans are usually not a good idea for owner-occupied investments but they work well for short-term flips or rehabs.

Why is it better to use hard money than cash or conventional mortgages when buying investment properties?

Conventional bank loans are not always the most expedient way to close deals, especially when it comes to distressed real estate. The fact is that traditional bank financing isn't always available for all real estate transactions.

For one thing, hard money loans tend to be more flexible and easier to get approved than conventional mortgages. Additionally, using hard money loans means that lenders are looking more at the resale value of the home rather than the condition it was in at purchase. When you purchase a property with cash you are limited by your own financial reach. When using a hard money loan, the lender will work with you to give you a fair amount of money, which gives you more buying power to put more deals on the table. Hard money loans will increase your leverage making it a true cash alternative for the serious investor.

To begin the process of obtaining a hard money loan, be sure to contact us at Sherman Bridge Lending! We offer rates that start as low as 7.75% and close within a matter of days! We also offer a range of flexible terms that range from 3 months to 30 years. Start the process now by taking our quick 30-second pre-qualification.

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