INVESTMENT PROPERTY
IPF
FINANCING

Don't make these 5 Common Mistakes when using a Hard Money Loan

1. **Taking Too Long to get the Work Done:** Before you buy the property you need to have a plan in place for rehabbing. Plan on starting the day the deal closes. The name of the game is to get it and get out. Rehabbing shouldn't take more than two weeks.
2. **Using Only Solds for Pricing:** Go in with your eyes wide open. Solds give you a good idea on the potential sale value, but Active listings help you see your competition. When the market is on the move Actives are the most current listings for seeing what the market is going to give you.

3. **Under Estimating the Time on the Market:** **If you’re taking the time to do your research or leveraging a local expert (think real estate agent or appraiser) then you can have clear expectations on the average time on the market for an accurately listed property. You may consider getting a 6 month loan to insure you have enough time to get the house sold.**
4. **Setting the Sale Price to High:** **We get it, you want to get as much money out of your investment as possible. Don’t set the price higher than the true value of the property based on solid comparables. With Hard Money Loans, time is money. The quicker you can sale the property the more money you keep in your pocket. Too many people list the home too high and run out of time and can’t afford the payments. Get an appraisal once the work is done and list the home for what the home is really worth. The problem with listing your property too high is that when the home first hits the market it’s exciting and gets attention. About 30-60 days after it’s listed the attention is gone. People do not notice the price reductions. Price low and do very little negotiating. Most people worry about lots of negotiating. If your home is priced right you won’t need to.**
5. **No Money in Reserve:** **You need a credit card or some cash in the bank to take care of the unexpected little things here and there. Also you will need to make monthly payments at the end of the term.**