Here’s why Hard Money Loans are popular among Borrowers

1. **Bad Credit Records:**

Traditional lenders love borrowers with excellent credit scores, but if a borrower has damaged credit record it is very difficult to get loans through institutional or conventional lenders. Banks barely look at the borrowers and qualify them before looking at the collateral. Whereas, hard money lenders are opposite. They always care about the property and make sure they are in a very strong position and less about the borrowers.

2. **Documentation of Income:**

This is a second big reason for borrowing hard money loans. It is also very difficult to get financing from Banks if you unable to prove your income. Hard lenders care very little about income and understand that self-employed debtors often have more income than they can show. Hard money lenders want to see solid deals and money in the bank.

After having the confirmation that the loan payments will be made based on the money the borrower currently has, lenders will do the deal.

3. **Time Frame:**

The time it takes you to get money can be crucial when you are buying from someone who wants to close quickly. The time frame is one of the biggest reason that borrowers always prefer to use hard money loans. A conventional mortgage takes so long time to close the deals, sometimes more than 30 days. With a hard money loan, you can usually close within a week, sometimes less.

4. **Property Type:**

Conventional banks usually offer loans for Single family homes including 2-4 unit and some types of commercial property, but properties that are distressed cannot be approved for a conventional mortgage loan. Hard money lenders lend for all types of properties that fall outside of the conventional parameters likes rehab loans, construction loans, bridge loans, land loans, mixed-use property, non-owner-occupied rentals used to secure startup capital for new ventures. Hard money loans are designed for distressed properties and are used by investors looking to buy and renovate, either to flip or refinance and keep as a rental.

5. **Loan Term:**

Most conventional mortgages have interest rates that are fixed for 30-years and are fully amortized. Hard money loans are interest-only and typically having a term of 1 year or less.

6. **Customer Services:**

Traditional financing is much difficult to get even if you do qualify.

Sometimes, borrowers find hard to work with traditional banks even if they qualify for the loans. In conventional loans, the underwriters are always looking for reasons to refuse loans, so they take a long time and collect a lot of papers. Hard money lenders look at the same documents, but it is easier to work with them and they don’t try to kill the deal. Customer service is also better because you are dealing with individuals that understand the business.

7. **Down Payment:**

Traditional lenders required a big amount of down payments and rarely finance for repair works. Hard money lenders usually loan a much larger part of the purchase and repairs. With lower down payment, borrowers get into deal easily and able to do more deals. This increase his ROI much higher.

The Bottom Line:

Hard money loans are the first choice for those who have made financial blunders in their past including past due payments, limited credit, collection accounts, unemployment or laid off, judgments, liens, and charge-offs. If you are the same who made such mistakes, hard money loans would be the last and best option for you.

Contact us today either by visiting our website, emailing us or simply call us at 901-844-3300!

We lend more money than anyone in the Memphis area for those that wish to Fix and Flip! Call us at (901) 844-3333, email us at info@hardmoneylendingmemphis.com or fill out our contact form here.