



Top 5 Reasons Memphis Investors look to Investment Property Finance for a Hard Money Loan

1. Fast loan approvals and funding

Applying for a hard money loan is a simple and straightforward process. In most cases, all a borrower needs to do is to fill out a standard loan application. In many cases, a borrower can receive a conditional approval after a five-minute conversation with a hard money lender.

Compare this to the countless pages a bank requires a borrower to fill out. Once the application is submitted to the bank, it could be weeks or longer until the borrower receives approval or even a response. The subject property could be snatched up by another real estate investor by that point.

Once the real estate investor has been approved for the hard money loan, the loan can be funded within a week or two. If needed to save a deal, reputable hard money lenders can fund a loan within three to five days. Bank loans can take 30 to 45 days even without any major problems popping up.

2. Negotiating a lower purchase price with a quick close

As with offers that are all cash, real estate investors may be able to negotiate a lower purchase price with the promise of a shorter escrow period and a quick close. A motivated seller is more likely to negotiate when closing the sale as soon as possible is a top priority.

3. Using leverage to get more deals

Real estate investors who can purchase properties with cash enjoy many benefits. They can get more of their offers accepted at better prices, and they can buy properties at all-cash auctions. The main disadvantage of doing deals with all cash is that it limits the amount of deals that can be done at one time. An investor may miss a great deal because all their funds are tied up in another project.

Using a hard money loan (which generally allows for financing of up to 75% LTV) allows the investor to secure properties while still having enough funds on hand to purchase and complete other projects.

4. Obtaining financing when a bank will not provide additional loans

Many banks will cap the amount of loans to a single borrower at four. Hard money lenders do not have these types of limitations. They are primarily concerned with the borrower's equity in a property. Hard money lenders often view working with an investor with multiple properties as a positive because the borrower has more options and can cross-collateralize properties if needed.

5. Using a lender who can be flexible

Conventional banks lenders are notorious for being very rigid and having arbitrary rules and regulations that prevent borrowers from obtaining loan approval. While hard money lenders do have criteria a borrower must meet to be approved, it is significantly less than what is required for a bank loan.

A hard money lender is much more likely to work through an issue with a borrower and to offer a creative solution that satisfies all the involved parties.