

Introduction to Hard Money Loans

by Gary Vincent of AR Funding and Seren Funding Corp.

What are Hard Money Loans / Bridge Loans?

"Hard Money Loans / Bridge Loans" are an asset based loan based on the collateral value of commercial real property. Typically, Hard Money Mortgage loans are funded fast, usually within two to three weeks. Credit is considered but is not the most important factor in making Hard Money loans. It's the collateral value that counts and most loans will not be higher than 60%-65% loan-to-value (LTV).

Important: That value is based on what a lender can sell that property for in 60 days or less in current market conditions.

The term of the Hard Money Loans are short, typically 1-3 years.

All Loans are secured by a 1st position mortgage on the property. All Loans never exceed 65% LTV of the quick sale value of the property. Borrowers pay all fees (Title Report, Appraisal, Attorney's contract fees and property insurance, broker fees. Exit plans are always a part of each loan made.

Underwriting Overview

- a. **Review of 1003, Credit Report and Rent Roll (if applicable).**
- b. Loan must have a purpose:
 1. Solve a Problem or
 2. Take advantage of an opportunity.
- c. Exit strategy
- d. Borrower must have Cash or Vested Interest in the property or deal.
- e. What is the "Disposition Value" (quick sale value) for the lender in the event of default?
- f. Appraisal will be required.
- g. No Appraisal Lending Available on Low LTV and Income Producing Properties
- h. Loan Amount: \$100,000 - \$3,000,000
- i. Brokers Protected
- j. Financial Planners and Attorneys Welcome

COMMERCIAL PROPERTY TYPES WE LEND ON:

*Auto Repair Auto Body Office / Retail Office Condo Restaurants /Bars Hotel Motel Marina
Laundromats Industrial Warehouse Multifamily Mixed Use Dry Cleaners Day Care Car Wash
Special Purpose Land Building Rehab Gas Station*

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