

## Commercial Monthly Newsletter

# Talking About Private Money Loans



### Some Recent Closings:

Multifamily  
Cash-Out Refi.

Loan Amount:  
\$810,000

Location:  
Beverly, MA

Gas Station  
Purchase

Loan Amount:  
\$500,000

Location:  
Wilmington, DE

Retail / Office  
Purchase

Loan Amount:  
\$492,000

Location:  
Spring Hill, FL

2-Unit  
Commercial Prop.  
Purchase

Loan Amount:  
\$318,750

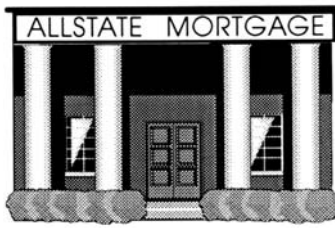
Location:  
Boston, MA

Private money loans are loans for situations where traditional banks will not lend. With the credit squeeze going on and banks increasingly less focused on lending, these loans have really grown over the past year. These loans are not for bad borrowers, they are for people who need money quick. Maybe it is a purchase contract that needs to close in 3 weeks, or a tight situation that just needs a short term bridge...these loans are great loans for a quick close. Common sense underwriting is the norm for these loans. There are two basic types of commercial private money loans, often called "hard money" loans:

- Cash flowing properties: Apartment complexes, retail strip centers, etc. These are properties that kick off enough cash to support the debt at almost 1 to 1 coverage or better. When that is the case, we have PLENTY of sources available. You may think; why if it is cash flowing does someone need hard money? The reasons are endless. I have one deal where it is a developer who has a bunch of properties working but because of long delays, they are cash poor. He has one property that he owns free and clear that is cash-flowing; we are getting him short term hard money to get him \$12 Million to keep things rolling while the other loans close. We have a small \$400,000 hard money loan where the guy just needs to close quick because he shopped too long and now his closing date is in 3 weeks and no one can close him. On these types of properties, money is available all the way up to \$25 Million. LTV's up to 75% are possible if the property cash flows strong. These are GREAT loans and can close quickly.

- Non-cash flowing properties: Whether it is raw land, or a vacant building that needs to be gutted and rented out or an apartment complex that is mostly empty and losing money, if it doesn't cash flow, the rates are higher and the availability of funding is greatly diminished. Excellent credit on the part of the borrower and borrower financial strength is critical on these deals. The lenders will also want a lower LTV, generally 50%. But a good borrower at a low LTV can get the money quick, whether it will be for cash-out, purchase, whatever. Even though these are tougher, we DO have loans available on these products from \$200,000 up to \$25 Million. Again, closings are generally very quick, 2-3 weeks is the norm.

Remember with private/hard money loans the terms are short. 1 to 2 years is preferred. They often have NO pre-payment penalty because the lenders want to get the money back so they can re-deploy it again. The EXIT STRATEGY IS CRITICAL. How are you going to pay it off in 1-2 years? If the exit strategy is compelling, these deals can close. But if you need money fast, and the banks are saying NO, this is a great option! To run scenarios by us, just call **800-430-9222**. **Remember, WE HAVE COMMERCIAL HARD MONEY LOANS AVAILABLE FOR CASH FLOWING AND NON-CASH FLOWING COMMERCIAL PROPERTIES FROM \$200,000 UP TO \$25 MILLION. JUST CALL 800-430-9222 TO RUN THE SCENARIOS BY US – WE CAN GET THOSE DEALS CLOSED TODAY!**



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With rates at historically low levels and the economy poised for improvement; there has never been a better time to buy commercial property! The following are just *some* of the recent closings in our Commercial division. As you can see, whatever your commercial need – we typically have the best solution! Call us today for help with your next commercial mortgage.

Yours for prosperity,

Tom Azimi  
General Manager

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## **Spotlight on Quick Money**

Times are tough all over, and running a business is no different. At Allstate Mortgage Services, we focus on the needs of small business. One of the ways we are meeting that need is with an “Asset Backed Loan”. **As opposed to a loan on real estate, this is a loan against stocks, bonds or treasuries.** These loans have INCREDIBLE interest rates under 5% and can close in TWO WEEKS!

And it is easy! Get one simple statement showing the asset, like a quarterly report, and send it in. Within 2 days, we will have a contract. Once you sign that contract, you fund in 7-10 days! **And the rates are typically in the 2-4% range!** That is some of the cheapest money available! And with no credit check or income verification! You **keep ownership** of the securities, and if the stock goes up...you get all the benefit. A lien is placed against the stocks/bonds or treasuries, so you cannot trade them for the duration of the loan. But unlike a margin loan, the loan CANNOT BE CALLED if the stocks go down in value. It is a safe way of tapping the asset for short term needs while protecting the asset for long term gains, retirement, etc. When you pay the loan off, the lien is released!

This money could be used by a developer to finish construction. Or a small business to keep afloat until the economy turns. It could be used to pay off high interest debt, remember, we are often talking rates below 5% interest only. It can be used by real estate investors to grab some cheap homes or commercial properties...the opportunities are endless. One deal we have working is a developer who was building a hotel and was half done when the bank got taken over by the FDIC. Because it is half way through construction, there is not a lot of interest among other lenders to get the hotel completed. But he has \$7 Million in his stock portfolio. We can get him a quick \$5 Million and he can finish out the hotel and get it open. The opportunities this loan can bring you for some quick cash and real financial leverage is awesome! If you have any scenarios you would like to run by us, just give us a call at [800-430-9222](tel:800-430-9222). Get the quick cash you need today with NO credit check or income verification – at rates under 5%! Just call **800-430-9222**.