

## Why Hard Money Loans?

- 1) Property condition won't pass conventional lending, and
- 2) Hard money loan programs conserve capital!!!!!!

Assumptions: \$60K Purchase Price, \$15K Rehab, \$100K ARV/FMV

### Example 1: Hard Money Purchase with Conventional Refinance Loan:

#### Hard Money Loan

Purchase Price	\$ 60,000	
Closing Costs	\$ 3,000	
Rehab	<u>\$ 15,000</u>	
Required Investment	\$ 78,000	
Loan Amount	<u>\$ 70,000-</u>	Max 70% ARV
Cash Investment	<span style="border: 1px solid black; padding: 2px;">\$ 8,000</span>	

#### Refinance Loan

No Seasoning Required

Payoff Amount	\$ 70,000	
Closing Costs	\$ 4,000	
Escrow Account	<u>\$ 1,000</u>	Optional
	\$ 75,000	
Conventional Loan	<u>\$ 75,000-</u>	Max 75% FMV
Cash Investment	\$ 0	

### Example 2: Conventional Purchase Loan:

#### Conventional Loan

Purchase Price	\$ 60,000	
Closing Costs	\$ 3,000	
Rehab	<u>\$ 15,000</u>	
Required Investment	\$ 78,000	
Loan Amount	<u>\$ 48,000-</u>	Max 80% Purchase Price
Cash Investment	<span style="border: 1px solid black; padding: 2px;">\$ 30,000</span>	6 mo. Seasoning to 75% C/O