



Private Money Loan Frequently Asked Questions

Q: I have bad credit. Can I still get a loan?

A: Credit is rarely an issue. Occasionally, lenders will deny the loan if it is TOO bad. If there is an active foreclosure, a ton of collections and judgments, or multiple bankruptcies this can be a deal breaker. Otherwise, your credit SCORE is usually not a factor that will result in us having NO lender who will work with you.

Q: Can I buy the house to live in?

A: Most of our lenders will ONLY loan on investment properties. Some of our lenders FORBID you to move in and will actually foreclose on the home if they find out you are living in the house. If your real plan is to live in the home, be honest with us and we can protect you. The rule of thumb is, if the property doesn't make sense as an income property or a fix and flip with profit after the repairs are made, our lenders will not do the loan.

Q: What is this minimum documentation I can provide and still have a chance at a loan?

A: Income: the key guideline is we have to show that you have "some ability to make the loan payments." 30 days bank statements (showing deposits=income), 2 consecutive pay stubs, W2's, and for the lowest rates/best terms you'll need last 2 years tax returns all pages.

Government Issued ID & Social Security Card to prove you are YOU.

LLC: some lenders will require that you take the loan in the name of a business. If you don't already have a business for this, an LLC is the simplest/most common format, and only \$125 and we can walk you through it to have the entity fully functional within 48 hrs. If you're going to own investment real estate, it is advisable that you do this for your own protection regardless of the lender. If you have an established LLC or corporation, that is fine but SOME of our lenders will not allow the property to go in your personal name.

Q: I don't have 20% down. Can I still get approved?

A: In some cases we can get the loan done with less money down. Do you own a free and clear property that the lender can use as collateral? Is the property going to be fixed and flipped....? If you have an established track record of flipping houses, some of our lenders will lend off of the after repair value, but you will still need to have money for closing costs and / or repairs. Some factors related to the property and other variables may allow for us to use 'creative financing' to bridge the gap.

Q: I have the 20% down but don't have the money for closing costs.

A: If there is enough equity in the property, we can add the closing costs onto the price and give them back to you as seller concessions. For example, if the price is 100,000 and the closing costs are 3000 we can make the purchase price \$103,000 and give \$3000 back to you as sellers concessions. Your actual price stays the same, but you are able to finance the closing costs instead of having to bring the \$3000 to the closing table. This is something we must address up front, BEFORE submitting the loan to the lender! Not all properties we are selling will be eligible for this, so please discuss with your sales rep as the transaction is being structured initially.

Q: What are the terms?

A: Since we utilize roughly 20 different lenders with widely varying terms, the answer we feel best answers this question is: the better YOUR situation, the better the terms will be. Optimal rates are as low as 'mid 5's' with rates for less risky loans being in the range of 10,12, and up to 15%. Closing costs can be as low as \$500 flat underwriting fee, up to 5+ points for challenging loans involved poor credit applicants where the lender is going to require 'a lot of skin in the game' as they say.

Q: How fast can we close?

A: Some of our lenders can legitimately close a loan within 3-5 days. The longest time frame of the private money lenders we use is roughly 21 days start to finish.

Q. What is the next step?

A. Go to our website link www.producersrealtyfl.com/investmentfunding and complete the application. If you can upload your supporting financing documents along with your initial application, this will dramatically expedite the process.

WE LOOK FORWARD TO BEING YOUR PARTNER IN REAL ESTATE SUCCESS!

THE PRODUCERS