

MENTOR FINANCIAL GROUP

Commercial Private Money Mortgage Specialists

6977 Navajo Road, Suite 198
San Diego, CA 92119

Tel: (619) 987-9433
Fax: (619) 308-5022

www.mentorfg.com

What Exactly Is "Hard Money"?

Don't Be Confused by the Term

by: Amy E. Jones

September 12, 2003

SO WHAT IS "HARD MONEY" ANYWAY?

Private--or "hard money"--lenders are real estate funds, pension funds, insurance companies or private individuals with money available for investment. Some have deep pockets while some have limited resources. Based upon their own criteria, they lend this money, primarily on a short-term basis, to borrowers who use it for a variety of profitable purposes including refinancing, development, acquisition and rehabbing properties.

WHY IS IT CALLED "HARD MONEY"?

Don't be confused by the term "hard money." It doesn't mean that this money is difficult to obtain. Actually, it is some of the easiest money to procure. So why is it called "hard" money, you ask? Good question. In the world of finance, money is either "hard" or "soft." Hard money has definite terms and a defined

repayment schedule. Softer money has easier terms and a more flexible repayment schedule (e.g., debt service subject to available cash flow). In the case of private financing, the terms for hard money loans are short-term with 50-70% loan to values (LTV's), higher than market interest rates, and include up front points.

TYPICAL TERMS FOR HARD MONEY LOANS

Terms for these types of loans will vary from lender to lender. Generally, a hard money lender will provide a loan for 50% LTV on raw land and up to 70% LTV on the finished product value of a property at an interest rate of 12-16% for a period of six months to two years. They will also charge between 5-10 points as an up front financing fee. Some lenders will only charge interest, while some will amortize their loans. Some will lend interest, repair money, etc.; others won't. Ultimately, when finding hard money lenders, you will need to determine their terms and how they might fit into your plans.

Quotable Quote: "The way to get started is to quit talking and begin doing."
- Walt Disney

New Tech Gadget: Verizon's Samsung i700 PDA. Compact unit with every feature rolled into one - phone, camera, contacts, email, and the list goes on!

Restaurant: Assaggio - 4th Ave, DT. Quaint, old Italian charm, amazing flavors without the steep prices.

GOT DEALS?

CHECK OUT OUR SUPERIOR SERVICES, FUNDING SOURCES AND REFERRAL FEES:

- Keep clients happy and earn referral fees.
- \$500MM available for funding San Diego deals!
- Over 100 San Diego based funding sources available.
- Your clients are yours!
- Once file is complete, 48-hour funding answer in most cases.
- Deal sizes from \$500K to \$250MM.

GOT HUMOR?

FUNNY STORE SIGNS

Outside a muffler shop: "No appointment necessary, we hear you coming."

Outside a hotel: "Help! We need inn-experienced people."

On a desk in a reception room: "We shoot every 3rd salesman, and the 2nd one just left."

Veterinarians office: "Be back in 5 minutes, Sit! Stay!"

At the electric company: "We would be de-lighted if you send in your bill. However, if you don't you will be."

On the door of a computer store: "Out for a quick byte."

GOOD PICKS

Website: Just visiting or born 'n raised - Learn all there is to know about San Diego!
www.signonsandiego.com

Movie: Finding Nemo. Found to be good for the entire family!

Happy Hour: Donovan's Steak & Chop House between 4-6pm. Expensive drinks, but the steak sandwiches are free--Got beer?

WE'RE FAST MONEY

Don't waste time! Call **Weston A. Jones** today at **(619) 987-9433** and ask about our referral fees, or visit our website at www.MENTORFG.com.