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If you need a bank loan and the bank has not granted you one, [hard money lenders](#) just might help you. Money lenders operate in a really unique lending business by providing services to those that have greater risk of failing to pay them back. Because a borrower's credit standing is usually not reviewed, these kinds of loan providers base their decisions around the assets involved and the customer's ability to pay back the loan.

Unlike banks, hard money lenders can be very flexible and will create a loan specialized for each borrower's unique situation. The final terms of the loan contract that are agreed upon will be strictly enforced, however, without much leniency. Getting a referral to previous customers of the lender can help give you a better idea of how they really operate in this regard.

Private lenders are not as common as, say, your neighborhood bank and you may have a more difficult time finding one because of this fact. Some people have good luck finding a money lender using a directory. Another way to find one is to ask the local realtors in your neighborhood. The internet is another place you can look. You'll find many advertising their services there.

Completing some sort of loan application is generally requested by legitimate money lenders. This application will give the lender a sort of picture of what your loan needs are and what your financial situation is like. Various lenders will want a Statement of Information form from you. This form will allow the lender to do a title search on the collateral property so the true owner can be verified.

Hard money lenders will require that the collateral property is of sufficient value to them in the case that the borrower defaults on the loan. While the lender prefers of course that the borrower make payments as agreed, he will make more money that way, he must also ensure that he will make money in the case of foreclosure on the loan.

A significantly higher interest rate is usually charged on these loans because of the much higher risk associated with them. Interest rates tend to be in the ten to twenty percent range. And many times more points are charged for originating the loan as well.

You can get a hard money loan for many different purposes. Specializing in one particular category of loans is pretty commonplace. A lender may choose to only work with borrower's who are investing in commercial real estate or only residential investment. Still other [lenders](#) will grant personal hard money loans for whatever the borrower wishes to spend the money on. But generally hard loans are used by investors that will get a return on the asset they are financing.

Some folks use hard money lenders to get what is called a bridge loan. Sometimes homeowners will use them to "bridge" their finances if they face foreclosure on their original mortgage.

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