

New Website Provides Information About Hard Money Lenders

Hard-Money-Lenders.net announces their new website which explains the services provided by hard money lenders.

August 4, 2011 (FPRC) -- Hard-Money-Lenders.net announces their new website which explains the services provided by hard money lenders. A hard money lender makes a mortgage loan based solely on the quick-sell value of a property. This minimizes the importance of the borrower's credit score. Some hard money lenders do not even check a borrower's credit score. The borrower gives the lender a mortgage or lien on the property as security for the loan. If the buyer is not able to make the payments on schedule or within an allowed grace period, ownership of the property will be transferred to the lender through a legal court procedure. The lender will then sell the property, hopefully recovering the unpaid loan balance and possibly making a profit, if the market conditions are favorable. Under unfavorable market conditions, the investor could suffer a considerable loss.

Borrowers who obtain a hard money loan need a mortgage loan fast. They are willing to accept a loan for 60% to 70% of the quick-sell value of the property and are willing to pay above market interest rates. They quite often have a bad credit score, need a sizable loan and are unable to obtain standard mortgage financing. Some are even in the middle of bankruptcy proceedings or are obtaining a divorce. The website fully explains the field of hard money lending and provides borrowers contact with private money lenders.

The quick-sell value of a property is determined by the price that could be reasonably expected if sold today. Quite often, that price will be below the actual value. This allows the private lenders to factor in the risk of loaning to a borrower with a bad credit rating and also provide a safety margin in case of a precipitous drop in real estate values. The recent collapse of the real estate bubble is a perfect example.

The losses in the 1970s and 1980s from a sharp drop in real estate values, caused private lenders to revise their lending strategy. They now lend a lower percentage of the property value and charge higher interest rates. Private lending has very few government regulations, with the main concern being usury laws that regulate the maximum allowable interest. The usury rate is determined by the laws of the state where the property is located.

These private lenders, who make hard money loans, provide a service that is perfectly legal. Although they are usually a lender-of-last-resort, they provide funds to borrowers who would not be able to obtain them in any other manner.

There are circumstances where a buyer of property will negotiate a hard money loan to complete a purchase. They obtain a conventional loan for most of the purchase price and obtain a hard money loan to pay the balance. The buyer is confident the property is a wise investment but is not able to meet all of the requirements of the bank. Sometimes the owner of a property that is in foreclosure can obtain a hard money loan to prevent foreclosure and allow time to arrange their finances.

By going to <http://hard-money-lenders.net/>, borrowers may have hard money loans fully explained and private money lenders can obtain information to enable them to participate profitably in the hard money lending sector.

Contact Information

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Keywords

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