



Hard Money Loan

A secured loan used to buy hard assets, such as real estate. Hard money lenders weigh the merits of the investment property a borrower is looking to fund and use that asset as collateral.



Traditional Loan

A mortgage loan that's designed for individual homebuyers and is provided by a traditional lender, like a bank, credit union or mortgage company.

vs

QUALIFICATION



The Investment Opportunity

Focus is on the loan-to-value (LTV), after-repair value (ARV) and potential profit that the property will make.



The Borrower

Focus is on the borrower's ability to repay the loan, by looking at their debt-to-income (DTI), creditworthiness and other financial indicators.

VERIFICATION



Easy

Hard money lenders may do a quick check of credit, but typically won't request documentation to verify your income, assets or employment—making the process much less rigorous than with a traditional loan. For example, Kiavi checks your FICO® Score using a soft credit pull—unlike hard inquiries, a soft inquiry won't affect your score.



Complicated

Traditional lenders will thoroughly examine your entire financial situation. This includes your income, the amount of debt you owe other lenders, your credit history, your employment history, your other assets (including cash reserves) and the size of your down payment. This will require a hard credit inquiry.

TIME TO CLOSE



2 Weeks or Less



30 to 60 Days or More

INTEREST RATES



Higher

Typically have higher interest rates because they pose a higher risk for lenders, and they have shorter loan terms.



Lower

Rates are lower because they're taken over a longer time period and come with less risks to the lender.

FLEXIBILITY



Customized

Not bound by traditional models, hard money lenders can structure loan terms in a way that provide real estate investors flexibility and adapt to their unique needs.



One-Size-Fits-All

Most traditional lenders take this approach to loans. Their terms are straightforward, and there is very little wiggle room when it comes to your specific loan requests.

BEST USED FOR

- Non-owner occupied fix and flip properties
- Single-asset rental investment properties
- Rental portfolio loans
- Short-term or bridge loans
- Refinance / cash-out loans

- Primary residences
- Long-term investment properties



Hard Money is Made Easy with Kiavi

While traditional lenders rely on human decision-makers and paper-based processes, Kiavi's modern tech platform automates time-consuming manual steps and provides quick and easy approvals. Take advantage of reliable capital, simple processes, and fast closings by working with Kiavi on your next deal!

Get Started Today

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