

Take A Good, 'Hard' Look

With just a bit of digging, hard-money candidates can be easy to find

By **Dale Morrison**, head of investor funding, Commercial Mortgage Corp.

IF YOU ARE AMONG THE BROKERS looking for other sources of business, look no further than hard money. If this is a product you were previously too busy to pursue, now might be the time to give it a good, "hard" look.

We are starting to see more notices of default (NODs). These are a great source of hard-money leads. These borrowers don't have many options for a new loan if they can't bring their existing loan current or work out something with their lender. You could help them with hard money.

Your title company can provide NOD filings, or many companies provide this service for a fee.

of two residential rentals and offices. You usually can't fund this property with a residential lender, and a commercial lender won't do it. A hard-money lender often will, however.

There are countless other places to find potential hard-money borrowers. Don't overlook probate situations, borrowers who simply need money quickly and the many borrowers who just don't fit into the institutional-lending world.

As you know, the hard-money borrower will be paying a higher interest rate, and the loan will be more expensive. Make sure the borrowers are aware of this as soon as possible. Explain to

lending source, trust your gut and try somewhere else. If the lender's rate and terms sound too good to be true, they likely are.

Finally, don't have unrealistic expectations for time frames on the loan. Hard-money lenders are quick and can get things done faster than institutional lenders, but they still need to do their job correctly. Simply get on top of the loan instantly so as not to put a time-crunched borrower at risk. Remember, though, that sometimes it's just too late to do anything.

Don't pass up the opportunity to make money doing hard-money loans. It is a great way to supplement your income. **!**

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You will have some competition for getting these clients, but often it comes down to who is the most persistent and willing to do the follow-up.

Other excellent sources for potential hard-money borrowers are people who have existing hard-money loans. Their loans might be coming due, and maybe they need cash or a second.

Talk with your title representative about how you can receive lists of existing private-money loan-holders. Depending upon the state you work in, they can be easy to obtain.

Credit-challenged borrowers who can't get an institutional loan may also be good candidates. The great thing about these clients is that you can solve their existing problem with a hard-money loan now, and then later you may be able to refinance them when their credit improves.

One commonly overlooked source for loan originations is mixed-use properties that don't conform to Fannie Mae guidelines or traditional commercial lender guidelines. A nonconforming mixed-use property, for example, may consist

of them why you're taking the loan to a hard-money lender.

Don't wait until the loan documents are in front of the borrower. Be a professional and don't worry that your borrower will say "no." If you have done your homework on the borrowers' loan, and hard money is the solution, help them see that. If the borrowers live in dream world about their loan situation, move on to the next candidate.

Remember, especially when dealing with NODs, that these defaults could be the result of unfortunate events in people's lives. Sometimes A-level borrowers experience a tragedy, and suddenly, they're struggling financially. Someone got sick. A family member died. Someone lost a job. Have some compassion for the borrower. Never be judgmental. Just do the best job for your borrower.

Talk to a few hard-money lenders to learn what types of loans they can do. Ask questions of the lender. If you aren't comfortable with the



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