



Hard Money Loans: How to Strategically Finance Your Rental Properties

November 30, 2022



Our Speakers



Hunter Latta
Loan Officer
Kiavi

This webinar is provided as a convenience and for informational purposes only; it does not constitute an endorsement or an approval by Kiavi of any of the products, services or opinions of the corporation or organization or individual. The information provided does not, and is not intended to, constitute legal, tax, or investment advice. Kiavi bears no responsibility for the accuracy, legality, or content of any external content sources.

Getting Started with Hard Money Loans




Hunter Latta
Loan Officer
Kiavi

Knowing Your Financing Options

- Self-funded
- Hard money lenders
- Private money lenders
- Traditional banks/lenders
- Self-directed retirement account
- 1031 exchange

63% of REIs consider their lender a partner in their investment strategy

What are the Requirements?

- Business Purpose Only / Non-Owner Occupied Property
 - Entity (sole proprietorship, LLC, corporation, etc.)
 - FICO score - 660+
 - Down payment and cash reserves
 - An exit strategy (buy and hold, fix and flip, etc.)
- 

When Can You Use a Hard Money Loan?

- Rental
 - Long and short-term rentals
- Fix and Flip
 - Acquisition and repositioning (renovation)
- Commercial
 - Multi-family properties



Hard Money Pros

- Fast closings
- Easy applications
- Flexible terms
- Interest-only payments



Hard Money Cons

- 10-35% down payments
- Higher interest rates
- Short repayment terms



Different Financing Strategies



Hunter Latta
Loan Officer
Kiavi

Working Backwards

Different exit strategies should result in different financing strategies.

Long-Term Rental

- Efficient way to produce consistent, positive cash flow
- Multiple loan programs available
- Interest rates are dictated by FICO and leverage
- Debt service coverage ratio



Short-Term Rental

- Popular investment strategy
- LTV generally lower than long-term rental
- Understanding market conditions and demand drivers is crucial



Portfolio vs. Single Asset Rental

- Non-recourse
- One payment versus multiple payments
- One servicer
- Economies of scale creates better pricing



BRRRR

- Go in with a refinance exit in mind
- Debt-service coverage ratio (DSCR)
- Scale a rental portfolio more quickly with BRRRR



Fix-and-Flip / Bridge

- Pay as little upfront as possible in the form of points/fees
- Prioritize lower upfront costs more than leverage
- Pay attention to prepayment penalties
- Be realistic about your time to exit, loan term, and extension costs



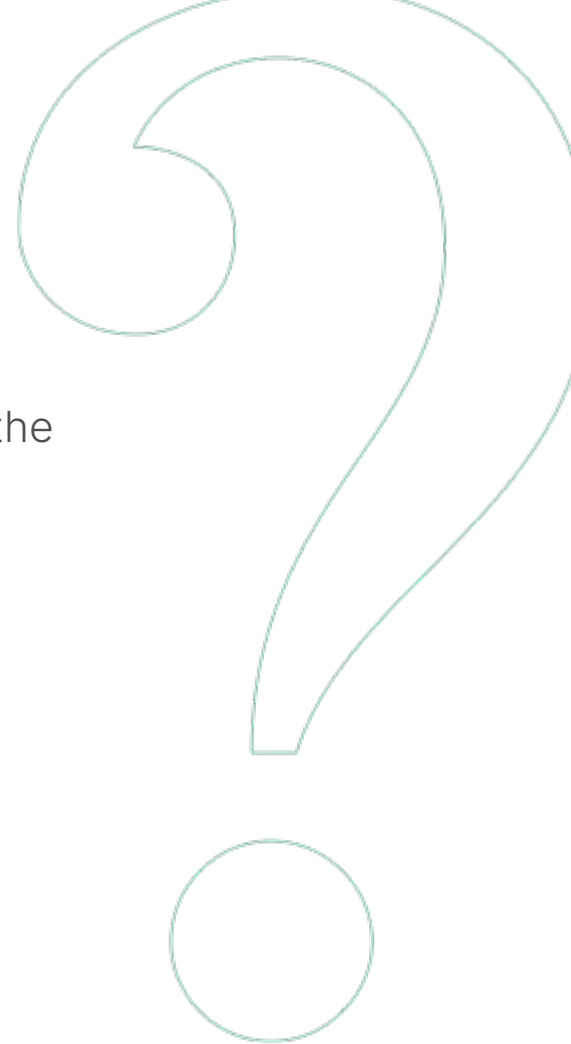
Questions to Ask Your Lending Partner



What To Ask Your Lending Partner

What are your DSCR requirements?

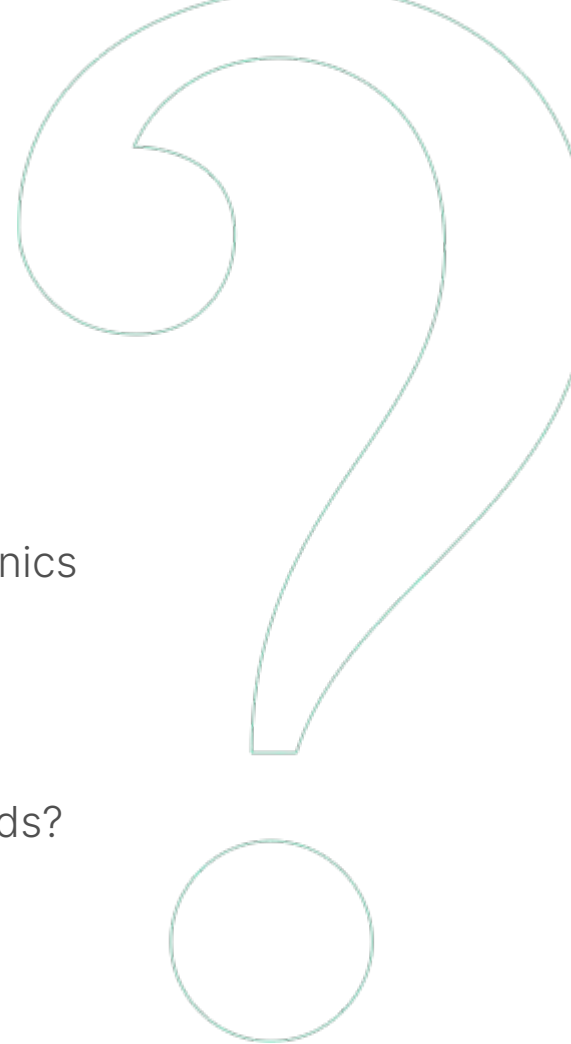
- DSCR measures the assets ability to pay expenses and the mortgage payment
 - The greater the debt service ratio, the better
- Lenders have minimum DSCR requirements



What To Ask Your Lending Partner

How does your adjustable-rate mortgage differ from a traditional 30-year fixed mortgage?

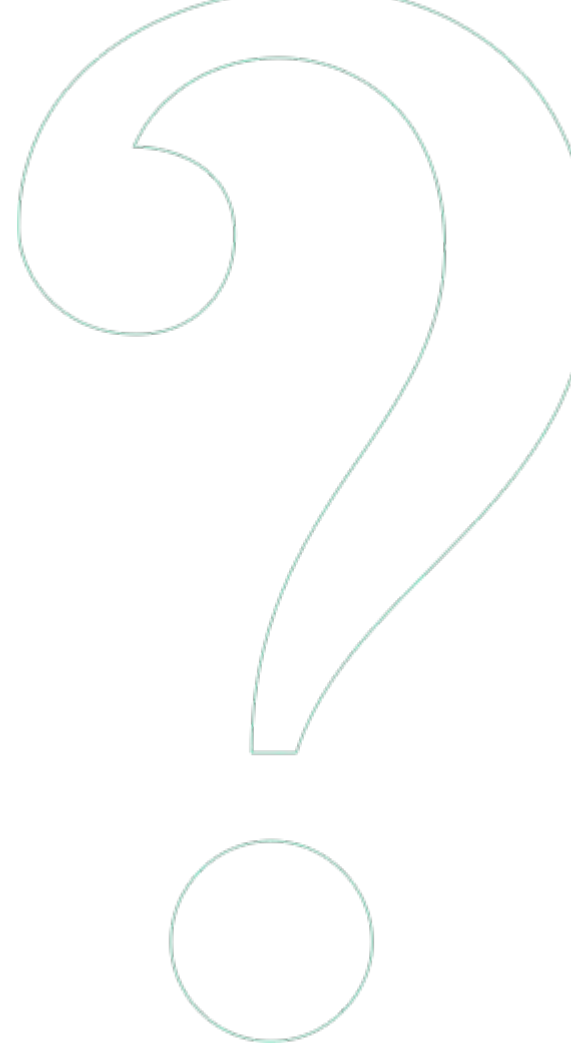
- Rates can be more attractive but understand the mechanics of an adjustable-rate mortgage
- You should know:
 - How long is the rate fixed for?
 - What happens to the rate when the fixed period ends?
 - What is the index the rate is tied to?
 - What are the caps?



What To Ask Your Lending Partner

What is your rate lock process?

- Similar to a conventional mortgage, the lender locks the rate for a specific period of time
- Rate lock period can differ from one lender to another
- At Kiavi, the rate lock period is 45 days



What To Ask Your Lending Partner

What are your escrow requirements?

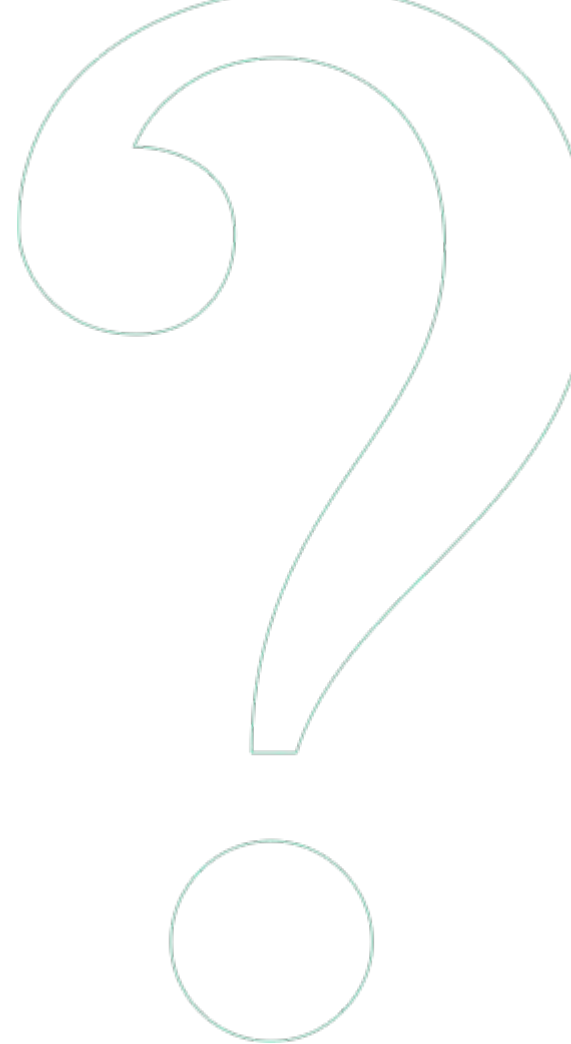
- Some lenders will require 3 months of PITI to be escrowed at closing
- At Kiavi, this is not a requirement



What To Ask Your Lending Partner

How do I qualify for a loan and what impacts terms?

- At Kiavi:
 - Soft pull of FICO
 - Appraisal to determine value and market rent
- Some lenders complete a full underwrite



Common Financing Pitfalls

- ① Debt-coverage ratio (DCR)
- ② Amortization schedule
- ③ Prepayment penalty
- ④ Valuation process



About Kiavi

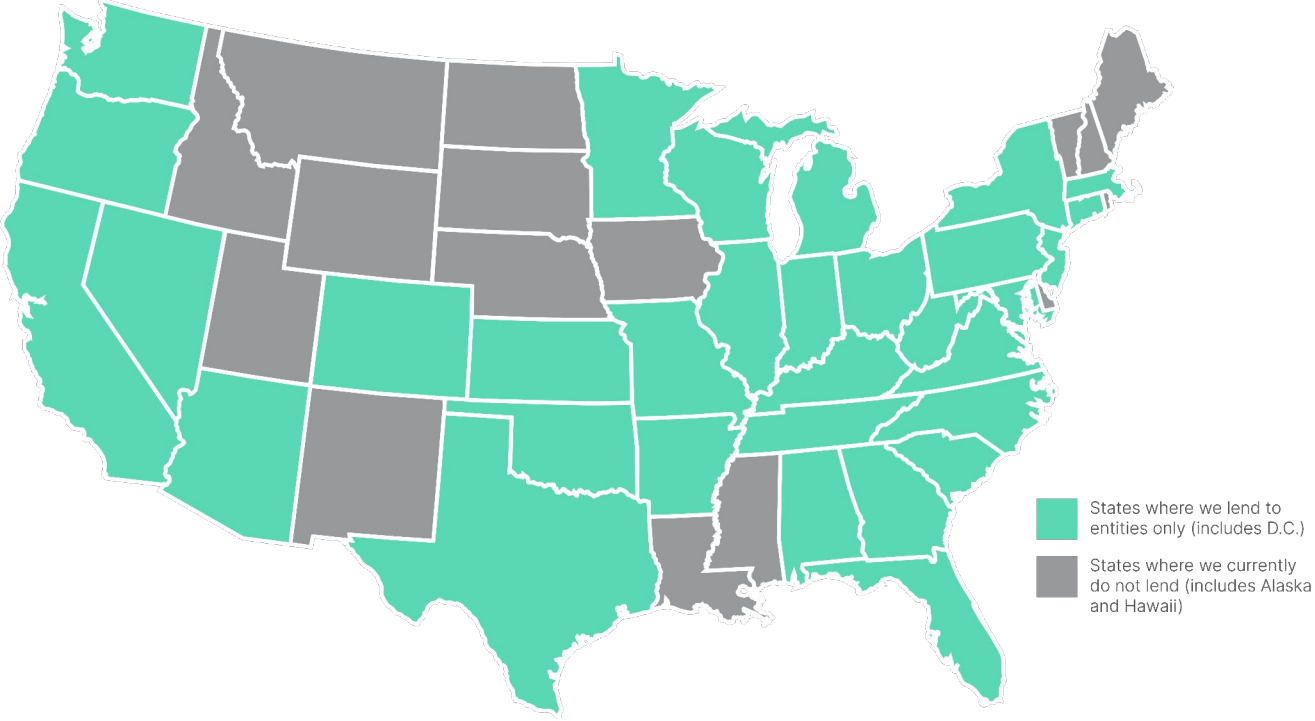


Hunter Latta
Loan Officer
Kiavi

Who is Kiavi?

- 1 \$4.1+ billion
of post-renovated property value
created by Kiavi customers
- 2 50,000+ projects funded
bridge and rental loans originated for Kiavi
customers across the country
- 3 Lend in 32 states + DC
providing real estate investors exclusive
flexible financing and an easy process
- 4 Quick loan approvals
with our end-to-end mortgage platform
offering a transparent online experience
from submit to close

Kiavi Market Coverage



32 States + DC: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, Wisconsin, Washington D.C., West Virginia



Fast and Simple Lending Processes

- Price out and submit deals online
- Download pre-qual letters 24/7
- Fast decisioning and approvals
- Track and manage loans in flight
- Review and submit documents
- Dedicated Account Managers



How to Get Started

Visit kiavi.com/turbotenant to learn more about our programs and download your pre-qualification letter

TurboTenant and Kiavi

Fast and flexible financing for your investment properties

As one of the largest lenders for real estate investors, Kiavi provides fast and reliable capital without the typical hassles. Take advantage of today's competitive terms and experience the easier way to access funding for your next property.

[See Your Personalized Rate](#)



Additional resources for you to learn more about real estate investing financing, market insights, and Kiavi processes

Discover more about real estate investing

Attend a live Q&A

Learn more about our loan processes and terms with a Kiavi representative

Get smarter about BRRRR

Create passive income without a significant initial outflow of capital

Read our FAQs

Browse our frequently asked questions to learn more about your fast, reliable financing options

Read about the latest trends

Get empowered with industry insights, how-tos, investor tips, and more

Live Q&A

Ask your questions in the chat now.

Thank You

A recording of this webinar will be sent to you via email within two business days.



Copyright © 2022 Kiavi Funding, Inc. All rights reserved. • 575 Market Street, Suite 1600, San Francisco, CA 94105 • NMLS ID 1125207 - nmlsconsumeraccess.org & Equal Housing Lender

