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Hard Money Loan Closing Process by Smithmac

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You've decided to get a non-traditional loan. A hard money loan seems to be your best option at this time.Hard money loans are tools for investors, business owners, property owners, would-be property owners and others for whom conventional loans are unattractive or unavailable. Originally, the term was used to describe any loan that was secured by property or other collateral, as opposed to unsecured borrowing, such as cash advances from a credit card or bank line of credit.

Understanding the hard money closing process will help you prepare specific items relating to hard money loans that may be requested of you during the approval process from hard money lenders.

Hard money Borrower

You or the lawful enterprise for which you have power to express real estate asset. If you are performing on part of an enterprise such as a llc (LLC) or a organization, be sure to get ready a quality necessary for most hard money loans which funds you particular power to act on part of the enterprise.

Seller

The individual or legal entity from which you are purchasing the property (if applicable).

Hard money Lenders

The individual or company who manages the borrowerâ€™s loan application, processing, underwriting and provides you with a source of private investor funds for the hardmoney loan.

Real Estate Agent(s)

Licensed agent (also may be an attorney) who represents either the borrower/buyer and/or seller for purposes of sales term negotiations and contract execution (if applicable).

What happens before you sign loan documents?

The closing process actually starts back at the beginning of the process. The hard money lender, or sometimes the real estate agents orders title and escrow services and that starts the ball rolling.

The title company:

â€¢ gathers details about the client and owner (if applicable).

â€¢ conducts a search of county records for liens, judgments, easements etc against borrower, seller and/or property.

â€¢ creates a initial name review that is an offer of name insurance on the home or home.

What happens after you sign the documents?

â€¢ The hard money lenders wire the loan profits to the escrow/settlement solutions organization.

â€¢ The escrow/settlement services company records the deed, mortgages, etc with the county.

â€¢ The escrow/settlement services company disburses the funds to all appropriate parties.

â€¢ The title company issues title insurance policy(ies).

So while signing closing documents from hard money lenders may seem like a quick and final process to your transaction it is actually neither. A large amount of effort goes into getting the loan transaction to the closing table. The loan transaction is complete when the security instrument (e.g. mortgage or trust deed) documents are recorded, and funds are disbursed. The closing and loan funding process varies based on time, state laws, and county processes.   As a general rule, most transactions disburse funds within 3 days after loan documents are signed. If you are planning to receive funds at a particular time, coordinate closely with your hard money broker and be alert that funds will not necessarily be disbursed right after you sign your documents.

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