



Be The Bank

The Untapped Power of Private Mortgage Lending

By FixedLending

What this report covers:

- What are private mortgages/hard money loans?
- What interest rate returns can I expect?
- Why not just borrow from the bank?
- What are the benefits of hard money loans?
- Can I see sample hard money loans?
- How safe are hard money loans?
- What are the risks of hard money loans?
- How does FixedLending minimize lender risk?
- How can I participate in hard money lending?
- Can I lend from my IRA?
- Why should I work with FixedLending?
- How do I get started investing in private mortgages?



WHAT ARE HARD MONEY LOANS?

Hard money loans, also called private mortgage loans, are short-term loans for real estate investors, secured by the value of the property being purchased. Simply put, it's a loan backed by real estate as collateral, giving the lender security and peace of mind.

Unlike stocks or other investments, your money is secured by tangible assets—actual real estate—along with title and hazard insurance for extra protection. On top of that, all our loans include personal guarantees from the borrowers, adding an extra layer of security.

You might hear different terms like hard money loans, private notes, trust deed investing, or private mortgages—they all refer to the same thing: lending money secured by real estate, often with higher-than-average returns for the lender.

WHAT TYPE OF INTEREST RATE RETURNS CAN I EXPECT?

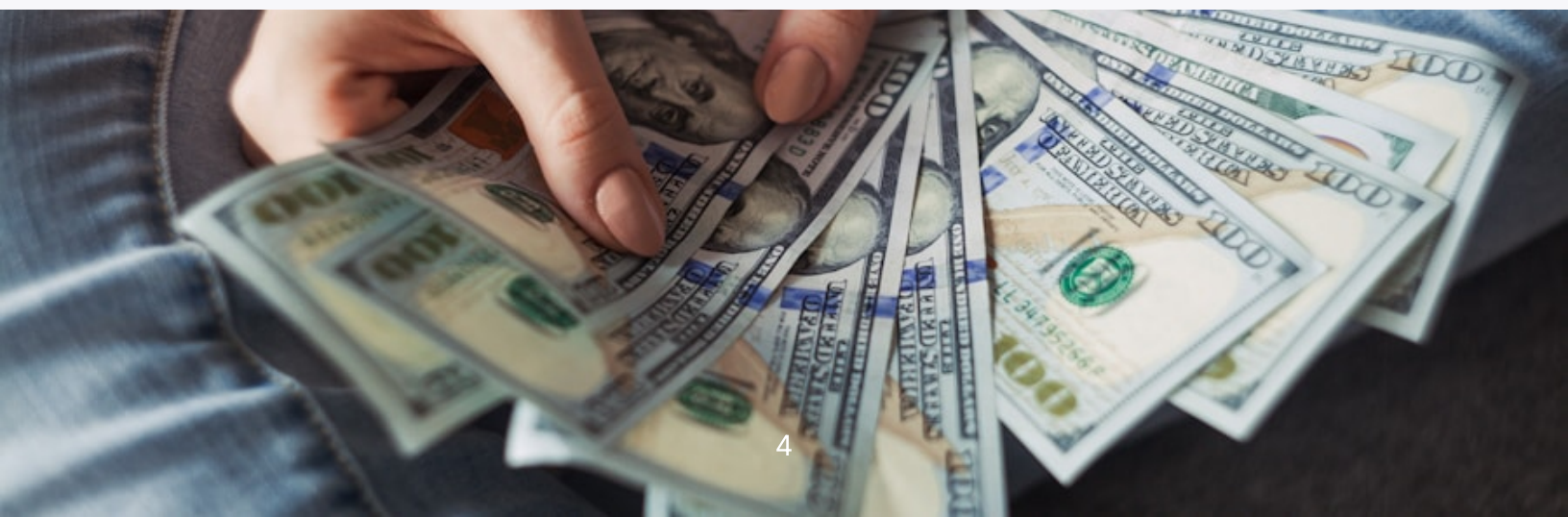
Hard money loans typically return anywhere from 8% - 9%+. The note rate can be dependent on many factors including, but not limited to, note term, purpose of loan, loan-to-value, exit strategy of borrower, and quality of borrower's credit and resume. The interest rates to borrowers are fixed making the return on capital more predictable than alternative investments.



WHY WOULD A BORROWER PAY SUCH HIGH INTEREST RATES FOR A HARD MONEY LOAN? WHY WOULDN'T HE OR SHE JUST GO TO A BANK?

This is a very common question among new investors to the hard money world. They can't imagine why anyone in his or her right mind would accept such extreme loan terms to purchase or refinance real estate when there are hundreds, if not thousands, of banks ready, willing and able to lend money at 6-7%. There are many answers to this question, but here are some of the primary reasons:

- Speed and Flexibility: Timing is everything in real estate. Investors often come across great deals with motivated sellers who need to close quickly. Traditional banks can take weeks to approve loans, which doesn't work in these situations. Hard money loans provide fast access to cash, letting borrowers secure deals without delays—even if the cost is a little higher.
- Banks Avoid Fixer-Uppers: Many banks won't lend on properties that need major repairs, making it tough for investors working on rehab projects. Hard money lenders understand these kinds of deals and are comfortable lending on properties that need work. This makes them the best option for fixing up properties
- Unlock Equity for New Deals: Hard money loans help borrowers unlock equity in their properties to take advantage of new opportunities. This quick access to funds lets investors move fast in competitive markets and make the most of time-sensitive deals.
- Cost vs. Opportunity: While the interest rates are higher, the short-term nature of hard money loans makes them a practical way to secure a great deal. Borrowers know the small cost of the loan is worth it when it helps them earn much larger returns on a profitable deal.



BESIDES GREAT INTEREST RATE RETURNS, WHAT ARE OTHER BENEFITS OF HARD MONEY INVESTING?

- **Safety** - Your investment is secured by a mortgage lien on the property and further protected by title and hazard insurance. If the borrower defaults, the loan terms are structured to protect your position, with equity in the property serving as a cushion. Loans are capped with a large margin of safety built into every deal
- **Co-Investment** – We contribute our own capital to every deal. This reduces the risk for lenders, as owner funds are the first at stake before lender capital.
- **An Investment You Can Touch** – This is an attractive feature for investors. Stocks and bonds tumble all over the place and are controlled by some faceless “expert”. You can never really touch your investment. There is an inherent sense of stability in tangible assets such as land and buildings. This provides stability, as property values tend to fluctuate less dramatically than financial markets.
- **Professional** – The principals of FixedLending are seasoned real estate professionals and we only work with other seasoned pros. This adds another layer of safety and security for the investor.
- **Completely Hands-Off** - This can be a completely passive investment leaving more quality time for you to do what matters most to you. You'll leave the particulars of underwriting, closing and servicing of the loan to the deal guys that are active in the investing community. This provides both freedom and a good nights sleep.
- **Compounding** – Many “standard” investments such as high-yield CD's compound one time per year. Our hard money model allows us to compound investor money sometimes up to 3 times per year, thus dramatically increasing investor ROI.
- **Flexibility** – You can choose when to invest and how much to invest.
- **It's Fun** -- People like the idea of being a bank which, in essence, is what you're doing. Why not make a fortune in real estate lending like banks do if you have the resources available to do it?
- **Easy to Understand** – No complicated charts or fancy finance terms to figure out; this investment is very simple
- **Predictability** – Your returns are not dependent on the whims or daily mood of the stock market. They are determined at the time the loan is written and when it pays off.
- **Proven** – This type of investing has been around longer than the stock market, longer than the United States – even longer than paper currency. Secured lending is one of the oldest and most proven strategies over a very long time.

WHAT TYPES OF DEALS WOULD I BE LENDING ON?

We focus on conservative, quality deals with an average loan-to-value (LTV) of 63%, never exceeding 70% of the property's value. Our most fundamental rule of thumb is simple: we only lend on properties we'd be EXCITED to own at the loan amount. Most our loans involve single-family homes at or below the median price point, though we occasionally consider very conservative small commercial properties. Our niche lies in value-add opportunities, such as construction or rehab projects where the loan proceeds increase the property's worth. And our borrowers are a key part of this. They get carefully vetted for their experience, financial standing, and exit strategy, ensuring a stable and secure investment.

The majority of our borrowers are either keeping the property as a rental, tapping into equity for quick cash, or improving the property for resale. We stay away from high-risk deals, including expensive homes, distressed debt, second-lien positions, and bridge loans. Our focus remains on properties with strong fundamentals, clear exit strategies, and significant equity cushions to protect your investment.

Below is an example of what a typical loan might look like:

EXAMPLE:

PROPERTY:

8934 S 67th East Ave Tulsa, OK 74133

LOAN OVERVIEW:

First mortgage on a fix and flip property. Borrower will be purchasing property from a distressed seller and will use construction funds to upgrade property. Exit plan: Fix up property and sell to potential homeowner. Loan amount will include acquisition and construction costs.

PROPOSED TERMS:

Requested Loan Amount:	\$207,900
ARV of Property:	\$340,000
Borrower Cash	\$47,100
Support Lender Cash	\$51,975
Preferred Lender Investment	\$155,925
Preferred Loan-to-Value:	46 % LTV
Term requested:	6 Month Balloon
Preferred Return:	9%
Exit Strategy:	Sell at market value

Fixed Lending feels this is a strong deal because:

- A. The loan to value is 61% total based on conservative appraisal
 - a. Because Fixed Lending is supporting with more cash, the loan to value to the preferred lender is 46%
- B. Borrower has great real estate investment experience and great reputation in the community.
- C. Borrowers credit score is strong (729 fico).
- D. Borrower has sufficient asset reserves in the event of delay or cost overrun.



IF HARD MONEY LENDING IS SO GREAT, WHY DOESN'T EVERYONE DO IT?

This is a common question, especially from first-time investors. Here are some of the main reasons why hard money lending isn't as widespread as you might think:

- **It Seems Too Good to Be True:** Many people struggle to believe that an investment can offer attractive returns with relatively low risk. Even when presented with the facts, skepticism often wins out. It's human nature to assume there's a "catch," even when there isn't one.
- **Lack of Knowledge:** For many, hard money lending is an unfamiliar concept. Without understanding how it works or how to mitigate risks, people shy away from it. Part of our role is to educate investors on the process and show them how to approach it confidently.
- **Limited Access to Deals:** If you're not active in the real estate world, finding good deals can feel like an insurmountable barrier. Without the right connections or a reliable pipeline of opportunities, it's hard to know where to start. For many, this lack of access keeps them from even exploring hard money lending.
- **Financial Constraints:** Hard money lending typically requires significant capital, which not everyone has readily available. While it's a great tool for those with sufficient resources, it's simply out of reach for some.
- **Lack of Support:** Even those with the means and willingness to lend often lack the team or expertise to handle underwriting, closing, and loan servicing. This is where relationships and trust matter most, and why working with experienced professionals is so important.
- **Fear of the Unknown:** Fear is a powerful deterrent, especially when stepping into unfamiliar territory. Whether it's the "too good to be true" mindset or simply a fear of making a mistake, this hesitation often fades after seeing the process work firsthand.

HOW SAFE ARE HARD MONEY LOANS? WHAT ARE THE RISKS?

Every investment carries risk, and hard money loans are no exception. At FixedLending, we minimize that risk by securing every deal with strong collateral and investing our own cash alongside yours. Our capital is fully at risk if anything goes wrong, aligning our interests with yours. We also handle every aspect of default management, so you don't have to. While hard money lending is a proven strategy and we place extra safeguards, it's still important to understand the risks involved. Here's a breakdown

- **Higher Risk Borrowers** - Hard money borrowers may not qualify for traditional financing due to factors like non-W2 income or needing funds for rehab projects. These borrowers are often experienced but they are deemed more risky than other borrowers from traditional banks.
- **Challenges Protecting Lender Rights** - While properly prepared loan documents protect your rights, enforcement can face delays. For example, foreclosure might take time, during which property values could decrease. On average a foreclosure takes 90 days in Oklahoma. Something like a borrower bankruptcy can add complexity. The structure of our loans incentivizes us that if there is such an issue, we would buy out your position take everything upon ourselves
- **Potential Costs During Defaults** - In the rare case of default, additional costs might arise to protect your investment, such as foreclosure expenses, paying past-due taxes, or maintaining the property. Default management moves to property management
- **Balloon Payments** - Most hard money loans are short-term, with balloon payments due in 6-12 months. While borrowers are vetted for repayment capacity, circumstances can change, and there's no guarantee they will have the resources to make the balloon payment when due.
- **Property Value Fluctuations** - The value of the property securing a loan can change. While we rely on independent appraisers and real estate experts to evaluate properties, external factors like market shifts can affect property values, potentially reducing the equity cushion.
- **Title Defects** - Title insurance protects against most title issues, but not all. A defective title could reduce the value of the property and, in turn, the security of the loan.
- **No Government Backing** - Hard money loans are not insured or guaranteed by government agencies. In case of default, the only recourse is foreclosure, which we manage to protect the investment.

HOW DOES FIXEDLENDING MINIMIZE THESE INVESTMENT RISKS?

Lending in the private mortgage world is serious business. We recognize we are investing large sums of other people's money in addition to our own, and we protect it as such. We use time-tested methods and precautions to minimize risk and protect investor capital. This process starts with a thorough analysis of each loan prior to ever investing in a private mortgage and includes, but is not limited to:

MORTGAGE

- Putting a significant amount of our own capital in each deal and placing it at risk in front of preferred lenders;
- Taking a full loan application for each borrower;
- Pulling credit and conducting financial due diligence to determine the realistic repayment ability of each borrower;
- Establishing value of the property through 3rd party valuation and having every valuation reviewed by a principal of FixedLending for accuracy;
- Performing a title search on the property and obtaining a lender's title insurance policy to protect the investor in the event of a title claim;
- Having our in-house attorney produce and/or review all loan/title documents to help insure the integrity of the transaction;
- Securing hazard insurance for each piece of collateral in an amount sufficient to repay the investor in the event of a catastrophic fire;
- Securing a mortgage against all collateral;
- Cross-collateralizing multiple properties owned by borrowers and assessing late fees and high default interest rates, all of which act as powerful disincentives for borrowers to default on loan obligations;
- Establishing construction escrows with draw schedules on rehab loans to provide proper collateral coverage for lender's funds;
- Loans that insure no less than a 30% equity cushion for the co-lenders and often a 50% or more equity cushion for the Preference Position;
- Using only seasoned real estate professionals to prepare legal docs and evaluating titles or property values;
- Obtaining personal guarantees by borrowers
- Offering multiple loans to spread out the risk

CAN I LEND OUT OF MY RETIRMENT PLAN SUCH AS IRA, 401K, ETC.?

Scan the QR code to understand how to start self directing your retirement accounts

Absolutely! We assist our investors to move funds into the hands of a competent self-directed IRA custodian that is familiar with private mortgage investing. In fact, if done properly any profits made in hard money lending can be tax-deferred or tax-free, depending on the type of retirement plan you have.

Its important to follow the rules and understand how a self-directed IRA can be used. Private mortgage lending is one of the simplist alternative assets you can invest in with your IRA and our operation is set up to make sure you stay compliant. So if you're interested in this type of investing, let us know and we can direct you to the proper custodians.



WHY IS FIXEDLENDING THE BEST PLACE TO INVEST IN PRIVATE MORTGAGE LOANS?

Top 11.5 Reasons to Invest in private mortgages with FixedLending

1. We care deeply about our values: take massive action, do the right thing, know yourself and be a good steward.
2. We're seasoned real estate professionals that have bought and sold over 300 deals ourselves and work with some of the biggest and best borrowers in the market.
3. We have all necessary legal and finance professionals under one roof making the loan process tight and easy.
4. We understand the potential pitfalls a real estate investor might encounter in any given transaction and know how to avoid that before it becomes a problem.
5. We lend exclusively to qualified real estate investors/borrowers with realistic exit strategies and repayment capabilities.
6. We offer flexible investment options.
7. We use top shelf technology that allows you to monitor your investments
8. Our marketing strategies produce consistent opportunities every day
9. We have very thorough and conservative underwriting criteria;
10. We take our responsibility of stewardship of our investors money more seriously than anything we do;
11. We invest a huge portion of our own money in these notes with you;

We value long term relationships and truly care about our investors. We are here



HOW DO I GET STARTED WITH FIXEDLENDING?

We welcome your questions and look forward
to speaking with you about investing in the
world of hard money:

Justin Foster
918-240-6888
Justin@homesoldfast.com

Joel Kadlec
918-713-1581
Joel@homesoldfast.com

On the Web:
www.fixedlending.com

