



Ron Blume, Loan Officer
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**Your ONE-STOP Hard Money and
Conventional Lender!**

**Eleven Years Lending Experience in
Hard Money, Conventional and
Government (FHA/VA) Lending**

Own Nine Rental Properties

**Prior Occupation:
Mechanical Engineer and Finance
Manager at Texas Instruments**

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Single Family Investor Purchase Loans

Hard Money to Permanent Financing – Lowest Cost Solution!

- **Hard Money Loan closes at 70% of As Repaired Value (ARV)**
- **After renovation completed, Conventional Refinance Loan closes at 75% of ARV**
- **Example: \$60K Purchase Price, \$100K ARV, \$15K Rehab**
 - o **Cash Investment = Purchase Price + Rehab + Hard Money Closing Costs – Hard Money Loan = \$60K + \$15K + \$3K - \$70K = \$8K Cash Investment**
 - o **Conventional Refinance Loan should be “NO” out of pocket expense unless you want an escrow account**

80% LTV Conventional Loan (1-4 Financed Properties)

- **80% of Purchase Price**
- **No Renovation Costs Included in Loan!!!!**
- **Example: 80% x \$60K Purchase Price = \$48K Loan**

75% LTV Conventional Loan (5-10 Financed Properties)

- **75% of Purchase Price**
- **No Renovation Costs Included in Loan!!!!**
- **Minimum 720 FICO**
- **6 months PITI for each investor property owned**
- **Example: 75% x \$60K Purchase Price = \$45K Loan**

Why Hard Money Loans?

- 1) Property condition won't pass conventional lending, and
- 2) Hard money loan programs conserve capital!!!!!!

Assumptions: \$60K Purchase Price, \$15K Rehab, \$100K ARV/FMV

Example 1: Hard Money Purchase with Conventional Refinance Loan:

Hard Money Loan

Purchase Price	\$ 60,000	
Closing Costs	\$ 3,000	
Rehab	<u>\$ 15,000</u>	
Required Investment	\$ 78,000	
Loan Amount	<u>\$ 70,000-</u>	Max 70% ARV
Cash Investment	\$ 8,000	

Refinance Loan

No Seasoning Required

Payoff Amount	\$ 70,000	
Closing Costs	\$ 4,000	
Escrow Account	<u>\$ 1,000</u>	Optional
	\$ 75,000	
Conventional Loan	<u>\$ 75,000-</u>	Max 75% FMV
Cash Investment	\$ 0	

Example 2: Conventional Purchase Loan:

Conventional Loan

Purchase Price	\$ 60,000	
Closing Costs	\$ 3,000	
Rehab	<u>\$ 15,000</u>	
Required Investment	\$ 78,000	
Loan Amount	<u>\$ 48,000-</u>	Max 80% Purchase Price
Cash Investment	\$ 30,000	6 mo. Seasoning to 75% C/O



Hard Money Loan Terms

Interest Rate: 12% INTEREST ONLY!!!!!!!

Points: 1 pt. at close & 2 pts. at payoff!!!

Loan to Value: 70% of As Repaired Value (ARV)

Project: Buy/Hold and Flip Properties

Geography: Dallas - Fort Worth Metro Area

Property: Single Family Residences only

Loan Term: 6 Months – NO MINIMUM HOLDING PERIOD!

Lender Fees: \$300 Doc Prep fee & \$200 Processing fee due at closing, \$200 Inspection fee due at payoff

Draw Fee: \$125 inspection fee per draw

Refinance: FULL SERVICE LENDER! – We will also pre-approve you for conventional refinance!

**Contact: Ron Blume
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Distinct Funding Solutions

Commercial & Residential Lending

Up to 10 Financed Properties Guidelines

If you own or will own...

1-4 Financed Properties (includes subject property):

- **Maximum 80% LTV Purchase Loan**
- **Maximum 75% LTV Rate and Term Loan**
- **Maximum 75% LTV Cash-Out Loan, six months seasoning**
- **Delayed Financing Exception Cash-Out, less than 6 mos. seasoning, max loan lesser of purchase price or 75% LTV**
- **Minimum Six months PITI reserves on subject property**
- **Minimum 620 FICO**

5-10 Financed Properties (includes subject property):

- **Maximum 75% LTV Purchase Loan**
- **Maximum 75% LTV Rate and Term Loan**
- **“No” True Cash-Out Loans on any investment homes!**
- **Delayed Financing Exception Cash-Out, less than 6 mos. seasoning, max loan lesser of purchase price or 70% LTV**
- **Six months PITI reserves on subject property**
- **Six months PITI reserves on each other financed property**
- **Minimum 720 FICO**

Financed Property – Any property (owner-occupied, non-owner occupied, second home) that has one or more mortgages on it.

Reserves – 100% of liquid financial assets, 70% of stocks/bonds, and 60% of retirement assets.



Delayed Financing Exception

This is a Fannie Mae product designed to provide cash out financing for 100% cash purchase investors under terms not normally covered by existing FNMA loan products.

Owners of 1-4 Financed Properties:

- 1) Allows for cashout within first six months after purchase,**
- 2) Loan amount is “lesser” of:
 - a. 75% Loan to Value, or**
 - b. Actual documented amount of the borrower's initial investment in purchasing the property (NO REHAB COST CAN BE INCLUDED!) plus the financing of closing costs, prepaid fees, and points from the refinance.****

Owners of 5-10 Financed Properties:

- 3) Allows for cashout within first six months after purchase. Loan must be submitted within this 6 month timeframe! NO CASHOUT ALLOWED AFTER 6 MONTHS!**
- 4) Loan amount is “lesser” of:
 - a. 70% Loan to Value, or**
 - b. Actual documented amount of the borrower's initial investment in purchasing the property (NO REHAB COST CAN BE INCLUDED!) plus the financing of closing costs, prepaid fees, and points from the refinance.****



Things You Need To Know about Conventional Lending

Conventional lenders do not make loans in the name of business entities like LLCs, S-Corps., C-Corps, Partnerships, etc.

- **Avoiding taking title to property in any of these types of entities if you want to use conventional financing.**

Conventional lenders do not like the use of business funds for conventional lending purposes. They can and will deny the use of these funds for closing/reserve purposes.

- **Avoid putting your money into bank accounts with any business names including “dba” accounts.**
- **Keep money in accounts with only your name on them.**

Conventional lenders require 60 days of seasoning for all funds used for closing costs or reserves. If not seasoned, the funds will be considered gift funds and therefore cannot be used.

- **Avoid moving money from account to account – this avoids a headache chasing funds and providing documentation.**
- **Keep records of every transfer you make between accounts.**
- **Gift funds seasoned longer than 60 days are OK.**

Conventional lenders are really uneasy about folks who purchase properties too quickly, even if fully disclosed to them.

- **All conventional lenders submit loans being underwritten into a nationwide database – they know if you have more than one loan being processed at the same time so it is really important to make sure that you have properly disclosed all loans.**
- **Lenders will re-pull credit often the same day of closing and request explanations for any new credit inquiries.**