

## Utilize Private Funds in your Real Estate Today!

*We as the general public have been spoiled by the low bank rates being offered to date. Many investors become so enticed by low interest rates that they do not even consider the option of using private funding when they are declined by the bank, and as result, they turn away from a purchase or refinance that could have generated great profit for them.*

First of all, why are more and more people getting declined by the bank? Today the banks have become very difficult to work with. This is because they have imposed extremely strict requirements for approvals and if you do not meet their exact credentials, you are declined and your buying power has been diminished. I am sure many have experienced such frustrations on the new and improved banking protocol, specifically business owners and contract workers who may have difficulty verifying income. Being in the mortgage industry for almost 2 decades now, I have witnessed vast changes in the approval process for both residential and commercial lending.

Just a short time ago it was possible to purchase a residential property, single family up to 4 units, with only 5-10% down. Today you would need a minimum down payment of 20% of your purchase price. You must be able to show that you have the funds to support this purchase and if you cannot verify your income as declared on your tax returns, then there is a very high probability that you will be declined. How many individuals have fallen into this category because of being self-employed? Majority of these individuals are the ones that are seeking alternative investments such as real estate for long term stability because of a lack of post retirement pensions and government support.

I want to inform all of you investors that we cannot let the banks criteria stop our real estate endeavours! We have access to private money where these strict rules do not apply. The approval process for private funding is based on common sense approach. A common sense approach entails analyzing a deal objectively and all-encompassing. A feasibility analysis would be conducted along with an appraisal of the property, and any other relevant documentation would be requested on a deal specific basis. Although the interest rates are higher, with private funding there is significantly more flexibility with closing times (mortgages can close within a matter of days!), income confirmation, loan to values, and conditions on a mortgage offer. A higher interest rate is far worth the ability to purchase real estate that could produce great future value and profit that otherwise may not even be a possibility.

Since private money can fund quickly, why not use this funding source to negotiate a better deal for a quick closing, and offset the additional interest rates? I personally am self-employed and I am an avid real estate investor whom uses this technique all the time. I pay the going rates and still have a great success from real estate!

**Example of how using private money worked for one of our clients:**

Purchased a power of sale vacant property: **\$550,000**

Used private funding to close

Used private funding for a renovation loan

Renovated and leased the vacant space

Appraised the property after the work was completed: **New value \$1,100,000**

Refinanced with the bank

Removed private money: now they have a beautiful property that is cash flowing and their initial investment has been returned.

Please note, first mortgage rates for a private loan average from 7-10% annually, second mortgage rates average from 10-15% annually. We can obtain up to 90% of the value of the property on approved credit. On average this is on higher side, however has been funded. Lender fee and broker fee will also apply.

Private money will fund land, gas stations, vacant properties, distressed properties, construction, and development amongst many others. If you are looking to buy a property and are hitting a wall with your funding, contact **info@profunds.ca** or reach us toll free at **1-888-330-3866** and we can perform an assessment on your deal today!

*Carmen Campagnaro*

President

Pro Funds Mortgages