



GUIDE TO GETTING A DEAL FUNDED

How to evaluate the deal, understand the financing, and be ready when it's time to ask for money.

Better prepared. Better connected.

TRUST • ACCESS • CONNECTION

A STRONGER REAL ESTATE COMMUNITY

My Hard Money Group is a real estate community built to help investors, lenders, capital, experience and opportunity find one another.

1

TRUST

Ask good questions.

2

ACCESS

Find people and capital.

3

CONNECTION

Build useful relationships.

THE MHMG DEAL PATH

1

FIND

Identify the property and strategy.

2

UNDERSTAND

Know purchase, rehab, value, rent and exit.

3

PLAN

Scope the work and timeline.

4

CAPITAL

Know the loan structure and cash requirement.

5

STRESS-TEST

Make important assumptions worse on purpose.

6

PRESENT

Make the opportunity easy to understand.

7

VERIFY

Know who you are dealing with.

8

EXECUTE

Close and manage the plan.

1

START WITH THE EXIT

Before you think about financing, know what you're trying to accomplish.

FIX & FLIP

BUY ▯ RENOVATE ▯ SELL

BRRRR

BUY ▯ REHAB ▯ RENT ▯ REFINANCE ▯ REPEAT

Does this strategy work, for this property, in this market, with these numbers and this financing?

Start with the exit.

2

KNOW YOUR DEAL

Let the assumptions tell you whether the deal works. Underwriting is not about proving you should buy the property. It is about understanding what you are buying.

PURCHASE

\$200K

REHAB

\$50K

ARV

\$350K

TIME

6 MO

FINANCING

FIT

EXIT

CLEAR

THE EXAMPLE DEAL

\$100,000

apparent spread

SPREAD DOES NOT EQUAL PROFIT

3

UNDERSTAND ARV

ARV means After-Repair Value: the estimated value of the property after planned improvements are complete. It can influence lender leverage, equity creation, flip profitability and a BRRRR refinance.

PURCHASE

\$200K

REHAB

\$50K

ARV

\$350K

The lender, appraiser, buyer and refinance lender do not have to agree with your ARV.

Understand the evidence behind the number.

Look for renovated comparable sales, proximity, recency, square footage, condition, features and location. Real estate is local; the same strategy can work very differently from one market to another.



4

BUILD A REAL REHAB BUDGET

Scope, hidden conditions and sequencing all affect the budget. Timeline is part of the rehab budget.

EXTERIOR	Roof, siding, windows, grading.
INTERIOR	Flooring, drywall, paint, cabinets.
MECHANICAL	HVAC, electrical, plumbing.
MAJOR	Structure, sewer/septic, moisture.
LABOR	Contractors, permits, inspections.
CONTINGENCY	Room for what you did not plan to find.

EXAMPLE DEAL

\$50K □ **\$65K**

A \$15K SURPRISE ALSO COSTS TIME

UNDERSTAND THE FINANCING

The interest rate is important. It is not the loan. The financing should fit the property, project plan and exit - not just the headline rate.

LTV

Loan amount ÷ value.

LTC

Loan amount ÷ total project cost.

POINTS

Percentage of the loan charged as a fee.

DRAWS

How rehab funds are advanced.

TERM

How long before maturity.

EXTENSIONS

Whether extra time exists and what it costs.

INTEREST-ONLY

What balance is charged and when.

RECOURSE

Guarantees beyond collateral.

RATE ≠ TOTAL COST OF CAPITAL

THE EXAMPLE DEAL: ADD THE FINANCING

LOAN

\$225K

RATE

11%

POINTS

2

TERM

12 MO

For teaching purposes, assume these hypothetical terms. They are illustrative only and are not an MHMG loan product or representation of current market terms.

WHAT THE TERMS MEAN IN DOLLARS

Two points on \$225,000 = \$4,500. If the entire \$225,000 were outstanding for six months, simple interest at 11% would be approximately \$12,375. Actual interest depends on advances, draw structure, calculation method and payoff timing.

The better question is not only “What is the rate?” It is: Does this financing fit this deal?

6

WHAT IS THE LENDER REALLY EVALUATING?

The property matters. So does the borrower. So does the plan.

DEAL

Do the economics make sense?

PROPERTY

Type, location, value, marketability.

BORROWER

Experience, credit, liquidity, reserves.

REHAB

Scope, budget, contractor, timeline.

EXIT

Sale or refinance - how realistic?

RISK

Overruns, delays, low appraisal, slow sale.

Many of the questions a good lender asks are questions you should already be asking yourself.



7

HOW MUCH CASH DO YOU ACTUALLY NEED?

'90% financing' does not necessarily mean you only need 10% of the purchase price.

TOTAL COST

\$250K

LOAN

\$225K

SIMPLE GAP

\$25K

Borrower equity toward purchase + rehab	\$25,000
Points	\$4,500
Estimated acquisition / closing expenses	\$4,000
Insurance / prepaids / other	\$2,500
Illustrative initial requirement	\$36,000

ACCESS TO CAPITAL ≠ A GOOD DEAL

Cash to close and cash needed to complete the project are not necessarily the same number.

UNDERSTAND THE COST OF TIME

Every additional day you own the property costs something. Time is a project cost.

PLAN

6 MO

MONTHLY CARRY

\$900

6 MONTHS

\$5,400

+2 MONTHS

+\$1,800

Illustrative monthly carry: property taxes \$300, insurance \$200, utilities \$250, maintenance/lawn/miscellaneous \$150. Extra time also means additional interest, possible extension costs, tied-up capital and more market risk.

Do not underwrite only the time you hope the project takes. Understand the cost if it takes longer.

WHAT DOES THE DEAL REALLY LOOK LIKE?

SALE		APPARENT SPREAD	EXPECTED PROFIT
\$350K		\$100K	\$46,725
Sale Price			\$350,000
Purchase			(\$200,000)
Rehab			(\$50,000)
Points			(\$4,500)
Approx. interest			(\$12,375)
Acquisition / prepaids			(\$6,500)
Holding costs			(\$5,400)
Selling / closing costs - illustrative 7%			(\$24,500)
Approx. project profit before taxes			\$46,725

THE SPREAD WAS NEVER THE PROFIT.

Whether \$46,725 is attractive depends on cash invested, risk, time, effort, taxes, opportunity cost and your objectives.

9

STRESS-TEST THE DEAL

A deal should not only work when every assumption goes right. Deliberately make important assumptions worse to understand your room for error.

REHAB

\$55K

SALE

\$332.5K

TIME

8 MO

PROFIT

\$19.5K

SAME PROPERTY. SAME INVESTOR. DIFFERENT OUTCOME.

\$100K

APPARENT

\$46.7K

EXPECTED

\$19.5K

STRESSED

Stress assumptions: rehab +10%, sale price -5%, timeline +2 months. Holding becomes \$7,200 and illustrative interest becomes \$16,500.

WHAT DID THE STRESS TEST TELL US?

SPEND MORE

What if rehab is 10% higher?

TAKE LONGER

What if the project takes two extra months?

SELL FOR LESS

What if the exit price is 5% lower?

None of those assumptions is particularly extreme on its own. Together, they materially change the outcome.

Which assumption, if you are wrong, hurts this deal the most?

IF THIS WERE A BRRRR

Stress the appraisal, rent, permanent financing, rates, underwriting and cash left in the deal.

PRESENT A FUNDABLE DEAL

Make it easy for someone to understand what you are asking them to fund.

WEAK REQUEST

“Need \$300K ASAP. Great deal. Who can fund?”

PROPERTY

Location, type, purchase price, condition, photos.

PROJECT

Scope, timeline, ARV and rent if applicable.

FINANCING

Amount requested, cash available, desired close.

EXIT

How does the loan get repaid?

BORROWER

Experience, entity, liquidity, requested info.

SUPPORT

Contract, comps, scope, photos, documents.

NEW INVESTOR? SAY SO. PREPARATION BUILDS CREDIBILITY.

TURN A POST INTO A DEAL SUMMARY

PROPERTY

Single-family renovation

PURCHASE

\$200,000

REHAB

\$50,000

ARV

\$350,000 - supported by renovated comps

FINANCING

\$225,000 requested

TIMELINE

6 months

EXIT

Renovate, list and sell

BORROWER

Experience/resources disclosed honestly

SUPPORT

CLARITY SAVES TIME

ON BOTH SIDES OF THE TRANSACTION





11

KNOW WHO YOU ARE DEALING WITH

Connection creates opportunity. It does not replace due diligence. Speed should not eliminate basic verification.

BORROWER

Know who is making or arranging the loan, actual terms, upfront money and final documents.

LENDER

Know the borrower, property, project, ARV support, rehab, exit and risks.

TRANSACTION

Independently verify important information - especially wiring instructions and last-minute changes.

Trust is not the absence of verification. Good relationships can handle good questions.

THE DEAL FUNDING CHECKLIST

BEFORE YOU ASK FOR FINANCING

THE PROPERTY

- ▣ Address
- ▣ Type
- ▣ Purchase price
- ▣ Agreement
- ▣ Photos
- ▣ Condition

THE PROJECT

- ▣ Rehab scope
- ▣ Budget
- ▣ Contractor
- ▣ Timeline
- ▣ Contingency

THE NUMBERS

- ▣ ARV
- ▣ Comps
- ▣ Rent
- ▣ Holding costs
- ▣ Exit costs
- ▣ Stress test

THE FINANCING

- ▣ Amount requested
- ▣ Cash available
- ▣ Closing date
- ▣ Exit strategy
- ▣ Payoff timing

THE BORROWER

- ▣ Entity
- ▣ Experience
- ▣ Prior projects
- ▣ Liquidity / reserves
- ▣ Documents

A PREPARED FINANCING REQUEST STARTS BEFORE YOU CONTACT THE LENDER.

SAVE THIS PAGE. USE IT ON YOUR NEXT DEAL.

THE DEAL FUNDING CHECKLIST

BEFORE YOU ACCEPT FINANCING

Interest rate

Monthly payment requirements

Points

Loan term

Lender / origination fees

Maturity date

Estimated cash required at closing

Extension options and costs

Closing costs

Prepayment provisions

Rehab funding amount

Guarantee / recourse provisions

Rehab draw process

Insurance requirements

Interest calculation

Other lender requirements

If you do not understand a loan term, ask what it means before you sign.

BETTER DEALS START WITH BETTER CONNECTIONS.

Real estate is a numbers business. It is also a relationship business. The right lender can help an investor act when an opportunity appears. The right borrower can give a lender access to opportunities they otherwise may never see.

Sometimes the most valuable connection is not money at all. It is someone who has dealt with the same contractor issue, renovated the same property type, invested in the same market, made the mistake you are about to make - or simply knows the person you need to meet.

TRUST • ACCESS • CONNECTION

Real people. Real opportunities. A stronger real estate community.

I NEED CAPITAL

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I DEPLOY CAPITAL

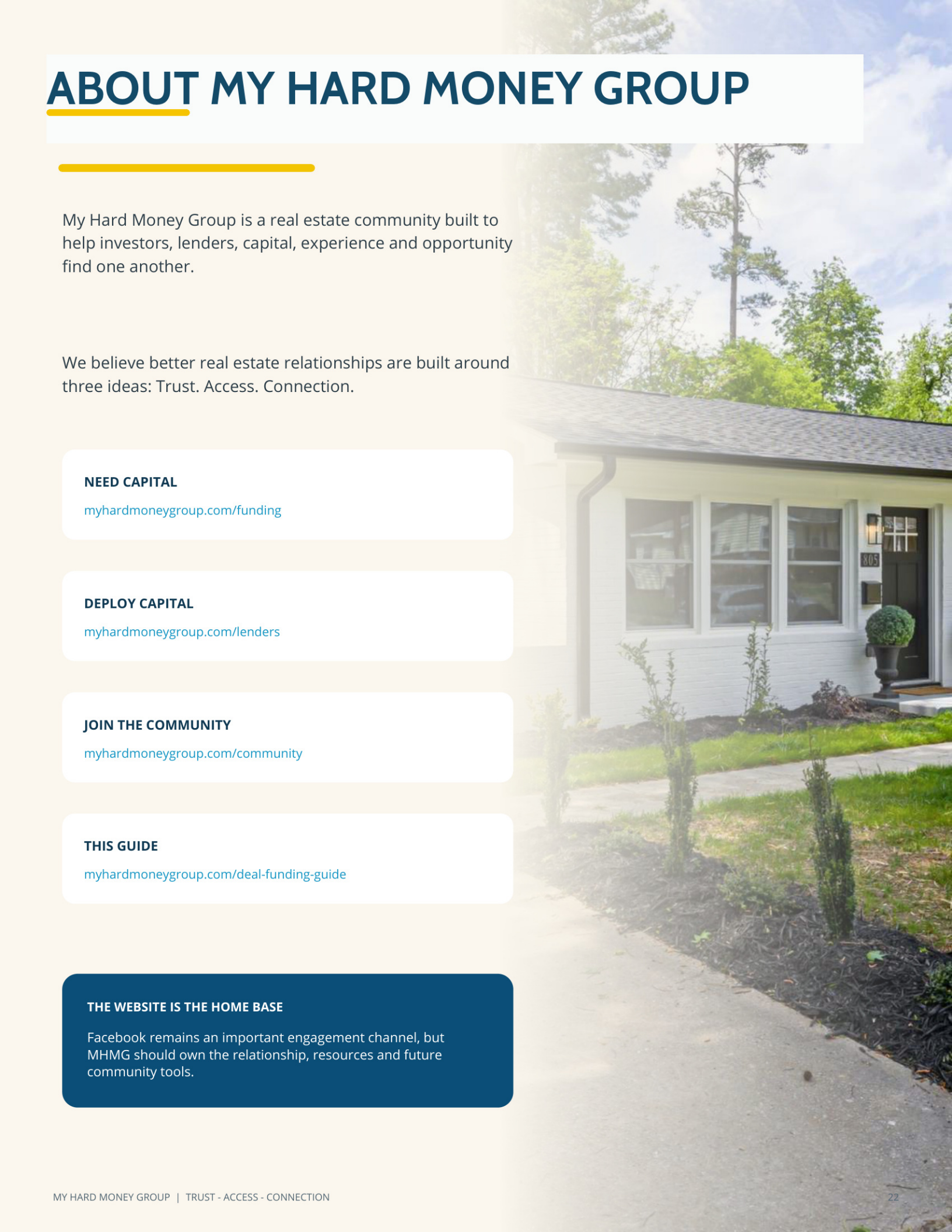
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JOIN THE COMMUNITY

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Join 26,000+ real estate investors, lenders and professionals connected through MHMG.

ABOUT MY HARD MONEY GROUP



My Hard Money Group is a real estate community built to help investors, lenders, capital, experience and opportunity find one another.

We believe better real estate relationships are built around three ideas: Trust. Access. Connection.

NEED CAPITAL

myhardmoneygroup.com/funding

DEPLOY CAPITAL

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THIS GUIDE

myhardmoneygroup.com/deal-funding-guide

THE WEBSITE IS THE HOME BASE

Facebook remains an important engagement channel, but MHMG should own the relationship, resources and future community tools.



TRUST. ACCESS. CONNECTION.

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