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Private lenders emerge as more than alternative in the lending industry

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Today's current credit crunch is a reality which cannot be ignored. Many conventional lenders, primarily banks, simply are not closing loans. And today's borrower is wondering where in the world to turn. The answer is deceptively simple: direct private lenders such as Kennedy Funding.

And here's why. All of the above conditions have served to cause a curious and unforeseen change in the landscape of the lending industry. With traditional sources becoming hesitant, tentative, or downright unresponsive, the direct private lending sector has undergone a distinct metamorphosis. Against all odds, private money has, practically overnight, become more mainstream than anyone ever predicted, or expected.

Kennedy Funding can provide a loan commitment in just 24 hours, and close loans from $1 million up to $100 million or more in only five days, even during a faltering economy, and even when the banking industry cannot.

During previous, more robust years, borrowers went to the lenders they knew best. This meant banks, thrifts, insurance companies, and the like. In other words, the mainstream lenders who, at one time, were pretty much the only game in town. In such a world, protracted waits for a loan to close were the norm, as were rigid conditions of qualification stipulated by the industry. Traditional lenders spent a considerable amount of money and time on verifying borrowers' details. Traditional lenders didn't like risk of any kind, and they had evolved the means to minimize it as much as possible. As a result, many borrowers waited as long as several months for their loan to close, while others' loans never closed at all.

In most instances, the direct private lender was the only recourse.

The Rise of Private Lending

The banking industry, of course, advised against us. In the first place, banks simply didn't want the competition. After having had nearly the entire industry to themselves since time out of mind, a potential rival such as Kennedy Funding was looked upon less than favorably. In the second place, private lenders required higher interest rates. This, as may be expected, was used as convenient propaganda by conventional lenders, to great effect. And, while true in a certain sense, the other side of the coin was rarely discussed. The direct private lenders used it freely, and enjoyed the great advantage of its being absolutely true.

It was simplicity itself, and it's still true today at Kennedy Funding, we get your money to you quickly. In the private money industry, lenders avoid traditional procedures because the loan amount is based upon the value of the real assets or collateral anchoring the loan; therefore, a direct loan can be closed in the least possible time. The fact is that we can close multimillion-dollar loans in days and, in the eyes of many borrowers and brokers, this more than offsets the higher interest rate.

There is yet another point to consider in the private vs. conventional rivalry. Private lenders will regularly evaluate loans on a commodity that traditional organizations will almost never even consider: namely, raw land. At Kennedy Funding, we've given legitimacy to the raw land loan that was never there before. Accepting the raw land itself as collateral, we've been successfully closing such loans for years, and continue to do so even in the present business climate. During a "normal" economic period, the complexities of land loans are complicated enough that "mainstream" lenders may want little to do with them. Private lenders handle such loans as a matter of course, even during less than optimum economic conditions.

Private Money Equals Smart Money

Small wonder, then, that today's smart money is on private money. After all, the populace will gravitate to where the supply resides which, more and more, is in the private sector. In numerous cases, private lenders have been instrumental in bringing a class of properties to market that prime lenders studiously avoid - literally millions of square feet of renovated problem properties which have been put back into productive, income-producing use.

Kennedy Funding and other private lenders have become almost institutional, in the eyes of many. We have become an undeniably critical part of the mortgage financing scene because of the many viable deals we close that simply do not meet the criteria of prime lenders or the Wall St. conduits. This is because private lenders are exponentially more flexible on acceptable conditions, physical and financial, of a particular piece of real estate. It's the private sector today that is on the forefront of bringing problem property, highly speculative property, and adaptive re-use or rehabilitated real estate back into productive use.

There has always been a place and a need for direct private lenders. In times past, this was down played by their traditional rival, the conventional lending establishment. Today private lenders have emerged as more than simply an alternative, and are seen as what we really are: viable competitors in a world with a diminishing supply of them.

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