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Prospects on both sides of the bridge: Direct private lenders create chances for developers and investors

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The recent Olympic Games brought the nations of the world together for a couple of weeks, but unfortunately, did nothing for the real estate and credit market overall. Yet despite the current market conditions, there are opportunities to be hadâ€"both short and long-term opportunities where large loans are being closed and investors are seeing significant results.

The answer lies in bridge loans and other products from direct private lenders.

Take the bridge back into the black

With the impact of the current conditions of the real estate industry, the market has created numerous possibilities for developers and investors. Aside from properties in foreclosure, countless projects have simply stalled. With traditional loans more difficult to close than ever, developers unable to get additional financing for working capital are often extremely motivated to sell, particularly to buyers able to close quickly.

Enter the direct private lender

Unlike slow-moving traditional lending sources known for their lengthy application and approval processes, direct private lenders have the ability to move fast. Fast enough, in fact, for borrowers to take advantage of time-sensitive opportunities from motivated sellers. Loan commitments can be issued in as little as 24 hours. Closings can be in as quickly as five days when necessary, though two weeks is more typical. That's lightning speed compared to banks. The deal can often be done before the bank has even reviewed your application.

Unsteady times call for flexible lenders

In addition to a long, drawn-out process, banks are notorious for not bending on their strict loan criteria. Prospective borrowers are viewed merely as credit scores, down payments and collateral. If the minimum numbers aren't met, the dialogue is over. And the terms seem to be getting more demanding every day. Direct private lenders, on the other hand, often look at each deal prospect on an individual basis, taking into consideration the borrower, the circumstances surrounding the project in question and the long and short-term plans for the project to fairly evaluate its potential.

As a result, direct private lenders are often the ray of hope for projects that seemed destined for failure and for borrowers who've been rejected by multiple institutions or who have simply run out of time.

More public companies are looking into direct private lenders

The nature of the current market is changing the perception of direct private lenders. Once known as only the "last resort," direct private lenders are now often contacted firstâ€"even before traditional lenders like banks. The concept of the bridge loan is just as it indicatesâ€"to get a borrower through a difficult period or over an obstacle that is threatening a particular project. When the plan is a quick sale of the partially completed development or a refinancing of the property, the speed at which a direct private lender can close the deal may be well worth the slightly higher interest rate over the short period of the loan.

A bridge through the storm

Developers and investors who tap into available funding through direct private lenders to take advantage of today's opportunities are likely to be better situated as the financial market slowly improves. Rather than scrambling to recover and rebound from a severe downturn, these developers will have the momentum (and like the short-term profits) to hit the ground running as conditions begin their cyclical upswing. Recently, borrowers have come back to Kennedy Funding for second and even third loans on the very same project. These borrowers have confidence in Kennedy's capabilities, in their speed and in the fact that the deal will get done.

Kennedy Funding can issue loan commitments in as little as 24 hours, which often leads to closings in as little as five days. In some cases, when time is unusually critical, deals can be closed even quicker. Available financing ranges from $1 million to $100 million and more.

While specializing in commercial real estate bridge loans, Kennedy's flexibility and diversity have also resulted in loans for a wide range of enterprises, including amusement parks, high-profile golf courses, TV and radio stations, airlines, even sports complexes. Throughout the world, Kennedy has produced funds for conventional and unconventional projects, often succeeding where other financial institutions cannot. Kennedy can fund up to 65% loan-to-value for commercial land development, acquisitions, workouts, refinancing, bankruptcies and foreclosures.

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