

Hard money lenders are lending companies offering a specialized type of real-estate backed loan. They lend short-term capital (also called [bridge loans](#)) that provide funding based on the value of the real estate acting as collateral. Hard money lenders tend to focus on the value of the collateral property rather than the borrower's ability to repay based on their own personal income or assets, as is common with other lenders. Hard money lenders typically charge much higher interest rates than banks because they fund deals that do not conform to bank standards such as verification of borrower's income, assets, or credit score.

Hard money lenders will offer a range of requirements on how much they will lend (loan to value), what types of real estate they will lend on (commercial, residential, multi-family, land) and minimum and maximum loan sizes. Hard money lenders that lend on residential property must be licensed through their state regulatory agency and through the National Mortgage Licensing System (NMLS). Borrowers should verify the lenders license through the NMLS in order to prevent problems at closing, as many states require the lender's license number to be listed on the loan documents. Not having the license number on the loan documents could prevent the loan from closing.