

TOP TIPS

KEY COMPONENTS OF A PRIVATE MONEY LOAN CMA

(Lender's Perspective)

- The basic **Principles of Residential Appraisal** can be helpful tools when working on a lender's CMA for a private money loan.
- **Anticipation, competition, conformity, and contribution** are a few of the applications that can be applied to build the market value case.
- Borrower's **acquisition cost, loan amount request, projected rehab and ARV** are key deal components of the big picture.
- The lender's estimated **ARV**, the **Loan to Value** and determination of **Protective Equity** are the end goals.
- The **Active, Pending, Sold**, snapshot of market activity on "close by" and comparable properties is usually a good starting point.
- The **Sales Price History** chart illustrates the original price, the current list price, and the sold price if applicable.
- The median **CDOM**, or median cumulative days on the market, shows how long it takes a listing to sell.
- The **SP/SQFT** or median sales price per square foot and the **SP/LP%** or list to sold price ratio, expressed as a percentage, might be helpful tools for building the CMA.
- The **Absorption Rate** is determined by dividing the number of homes sold by the number of available listings. This indicates how quickly the buyers are absorbing homes in the subdivision.
- Finally, any buy and hold or buy, fix, and rent properties would have to go through a **Cash Flow Analysis** as part of the CMA.

