

TOP TIPS

PROPERTY DUE DILIGENCE

(Lender's Perspective)

- Create your property guidelines and criteria up front. Consider the location, size, price points and LTV's that you are comfortable with.
- Do a detailed CMA, based on the exit strategy. Include available, pending and sold homes in the neighborhood. Always check activity levels and DOM's.
- Know what you are lending on. Verify the sales price, the assignment fee, and the rehab cost. Make sure, all the above does not exceed 70% of the LTV.
- Complete a property walk through with the borrower prior to lending. Include a drive by of the surrounding area.
- View photos and or a video if a walk through is not possible. Determine if the property is occupied or vacant.
- Ask for a line-item rehab bid and some info on the contractor. Review the project timeline and budget strategy.
- Check for past flooding and flood plain issues early on.
- Formulate a construction draw schedule, for a smooth rehab.

