

TOP TIPS

DUE DILIGENCE ON LENDERS

Set Criteria – Set guidelines and criteria for choosing private lenders up front. Seek out local lenders that are familiar with your market area.

Do Your Own Research - Rather than relying on websites and social media, a borrower should do their own due diligence. Check references from current and past borrowers.

Understand Your Lender – Know your lenders profile and discuss risk-reward ratios. Share goals and expectations with each other in a personal interview.

Avoid Fee-Based Brokers - Aim to work with direct lenders who use their own funds.

Demand Transparency – The lender's loan program should be quite simple and easy to understand. Request full disclosure of all points, fees, and junk upfront.

Prioritize Accessibility - Insist on someone who answers calls and mails directly and promptly.

Evaluate Their Knowledge – Have your lender analyze your deal to evaluate their market knowledge and expertise.

Loan Process – Ask as many questions as possible, to understand the lender's loan process. Inquire about everything from the application to the post closing requirements.

Legal Compliance - Insist that the lender uses a Certified Real Estate Attorney to draw documents on every deal. Insist on reviewing those documents prior to closing.

These tips help ensure safe practice when seeking private money lenders to partner with, from the borrower's perspective.

