



HOW TO VET YOUR LENDER

1

This comprehensive checklist offers everyone from the beginner to the advanced investor things to look for and questions to ask a potential lender offering funding for your next real estate investment.



INITIAL RESEARCH

- Does the real estate funding company have a professional-looking website?
- How long has the company been in business?
- Are they a lender or a broker?
- What type of real estate funding lender are they (alternative/hard money)?
- What is the total value of the funds for real estate they have provided?
- What do their clients say about them?
- Do they have a rating at the BBB?
- Primarily what types of projects do they fund? (Commercial, residential, etc.)
- Who are the company principals and what is their experience?
- Where is the company's office?
- Does the company's "vibe" feel like a good fit for you?
- Does someone pick up the phone right away?
- Is there someone on the other end of the phone who is eager to answer your questions?
- Is the salesperson knowledgeable, respectful, and helpful about funding for real estate investors?
- Does the salesperson appear upfront and transparent about their company's processes?



QUESTIONS FOR THE LENDER ABOUT RATES, TERMS AND TIMING

- Does the real estate funding company have a professional-looking website?
- How long has the company been in business?
- Are they a lender or a broker?
- What type of real estate funding lender are they (alternative/hard money)?
- What is the total value of the funds for real estate they have provided?
- What do their clients say about them?
- Do they have a rating at the BBB? *(Note: not all businesses have a BBB rating, but you can check to see if there are any registered complaints against the lender.)*
- Primarily what types of projects do they fund? (Commercial, residential, etc.)
- Who are the company principals and what is their experience?
- Where is the company's office?
- Does the company's "vibe" feel like a good fit for you?
- Does someone pick up the phone right away?

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2

QUESTIONS FOR THE LENDER ABOUT RATES, TERMS AND TIMING (CONTINUED)

- Is there someone on the other end of the phone who is eager to answer your questions?
- Is the salesperson knowledgeable, respectful, and helpful about funding for real estate investors?
- Does the salesperson appear upfront and transparent about their company's processes?

QUESTIONS FOR THE LENDER ABOUT QUALIFYING AND UNDERWRITING

- What is your underwriting process?
- Do you check my personal credit?
- Do you have a minimum FICO score for real estate funding?
- Do you do an appraisal? If so, do you use a house appraiser or a licensed appraiser?
- If you use an outside appraiser, do you use local appraisers or appraisers from national appraisal companies (which can slow the process or impact appraisal quality)?
- Is your loan based primarily on the asset (most likely the case for hard money), or on my personal financial situation?
- Do I need to close the loan in the name of an entity (LLC, corporation), or can I close in my personal name?

QUESTIONS FOR THE LENDER ABOUT HOW THE LOAN WORKS

- Do you have ROI expectations once you give funding for real estate investors?
- Do you require monthly interest payments? Are these paid as the project goes along, or are they wrapped up in the loan and paid at the end?
- Are taxes and insurance held in escrow?
- Do you portfolio lend or trade your loans on the secondary market?
- What if my project runs overtime? Can I extend my loan?

A good relationship with a real estate funding lender is about more than just your loan. A great lender will become a trusted partner in your real estate investing game plan, one who has the capability to help you build your real estate investment portfolio, and business, over the long-term.

How a lender answers questions like these will give you a good idea of whether they are right for you. The bottom line is that the right real estate funding lender offers transparency at every stage of the lending process, from the initial phone call to closing. And remember, the lending relationship is a two-way street. Do your research, ask the right questions, and then trust your gut.