Keyspire

Qualifying Investments: Questions to Ask

Properties		Private Lending		Private Equity	
Turnkey	**Added Value**	**Individual**	**Group**	**Group**	**Individual (JV)**
Are there any existing tenants?		How are funds going to be utilized?			
If so, what is the current/potential tenant profile? View the leases for rates, length, terms, etc.		What is the exit strategy to pay the lenders back?			
Are rental rates at, or below market rates?		What are the alternate exit strategies if project runs into challenges?			
What is the state/provincial tenant legislation? (For awareness on rental increases, leasing, pets, evictions, etc.)		What happens if there is a cash call?			
What is the current lending environment? Are interest rates stable, rising, or decreasing? (For awareness on financing strategy.)		How do they communicate progress with investors? Who can you contact if you have questions during the project?			
What is your financing strategy? (Refinance within one year? Hold a desirable rate? Ladder mortgage renewals?)		What is the projected ROI?			
Did you have a thorough home inspection? Does it include timelines for replacing major components? (Roof, furnace, windows, deck, repointing, etc.)		What is the timeline of the project? When will your initial investment be returned?			
Do you think that the listing price reflects the current market value?		Are there any fees?			
What is your exit strategy? Back-up exit strategy?		How are returns being distributed: Monthly cash flow? Staggered distributions? End of term?			**You are the Financial JV qualifying a Working Partner: (Also ask all "Properties" questions)**
Did you run the 4 Ways to Win? What is the ROI?		What is the desired min & max loan amount?			What funds are required?
Did you complete The Market Scorecard™?		Who are the registered owners?			When are the funds required by?
How will your return be taxed?		Where is the property located? (As an investor: Are you willing to lend in this market? Did you complete The Market Scorecard™?)			What is the investing strategy?
	What is the ARV?	What if something happens to the borrower or managing partner?			How are the funds going to be utilized?
	How has the ARV been determined?	What is their experience/track record?			What is the ownership/JV structure?
	How long will the renovation take?	Are they up to date on their tax filings? Do they have outstanding tax debt?			What if something happens to the Working Partner?
	Who is doing the renovation?	How much money do they have invested in the deal?			What is their experience/track record?
	How did you determine accuracy of quote and/or reno budget?	Do you have an aligned interest?			Do you have an aligned interest?
	Refer to resource documents in "Adding Value Through Renovations" course: *Qualifying a Contractor* and *Reviewing a Contractor Quote & Contract Checklist*	What is the borrower's due diligence process?			How much money does the Working Partner have invested in the deal?
		Has the current property/land been appraised? When? What was the value?			What if something happens to the working partner?
		How much is their total raise on this project? What is the projected value at project completion?			
		What is the LTV of the property/project?			**You are a Working Partner qualifying a Financial JV partner (note: Have all "Properties" qualifying questions answered for Financial JV):**
		What is the investing strategy and scope of project?			What mortgage amount can they qualify for?
		As an investor, how will your return be taxed?			What is the percentage of down payment required? Do they have the funds?

		What is the borrower's credit score?	Are registered funds accepted? (PLG, PEG)	What is their risk tolerance?
		What is the borrower's income? Confirm employment	Who is in charge of the company?	What is their expectations?
		What is the borrower's GDS/TDS ratio? How much money do they owe in total?	Who are the registered shareholders?	Do you have an aligned interest?
			What happens if the partnership dissolves/breaks up before the end of the deal?	What if something happens to the financial partner?