



# PRIVATE LENDING CHECKLIST

When considering private lending your money, there's several questions to ask and considerations to consider. Use this checklist when performing your due diligence on any private lending investment. Not every question may apply to each transaction, but this is a good start in the qualification process.

## Develop Your Lending Criteria

- What type of property will you lend on (residential, commercial, vacation, etc.)?
- What is your min & max loan amount?
- What is the highest LTV ratio you will go to?
- What is your min ROI?
- What is your min & max term length?
- What classification of loan will you consider? Private loan, 1st, 2nd or 3rd mortgages?
- What does the borrower's credit have to be?
- What does the borrower's income have to be?

## Qualify the Company

- What is their track record?
- Are they up to date on their tax filings?
- Do you have an aligned interest?
- What is their due diligence process?
- Who is in charge of the company?
- Who are the shareholders?
- How long have they been in this business?
- How many private lending transactions have they done?
- How much money do they have invested in the deal?
- What happens if their partnership dissolves/breaks-up before the end of the deal?

## Qualify the Borrower

- Review their Credit Report.
- What does their income look like? Confirm their employment.
- What is the borrower's GDS & TDS ratio? What do they owe? How will they pay you back?
- Do they have outstanding tax debt?
- Do they have a plan?

## Qualify the Property

- Where is the property located? Is it in a fast-selling market?
- Is the property in a location you're willing to lend on?
- What is the condition of the property?
- Who are the registered owners?

## Qualify the Deal

- What is the expected ROI?
- How long is the investment for?
- How is payback completed?
- What is the exit strategy?
- Are there any fees?
- Are registered funds accepted?

## Other Considerations

- Who do you contact if you have questions during the project?
- What if something happens to the borrower or the managing partner (i.e., get sick, quit, death, etc.)?
- What happens if you need your money before the end of term?

Name:

Date: