

21 Questions

you must ask hard money lenders

without sounding like a total newbie...



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Notes:

- Because hard money lenders tend to use some terms interchangeably, it's important to ask each one the same questions.
- Everyone starts as a beginner, and it's always better to ask "too many" questions.
- This is a relationship business and you CANNOT rely on email alone to communicate with or properly vet any potential team members. Pick up the phone and/or meet them in person.

- Question 1.** Do you lend to first-time flippers?
- Question 2.** Do you pull a credit report? If so, what is the required minimum score?
- Question 3.** Is there a certain amount of money you need to see in my bank accounts?
- Question 4.** Do you require a down payment?
- Question 5.** What is your interest rate?
- Question 6.** How many points do you charge?
- Question 7.** What is the length of the loan? Is there a prepayment penalty?
- Question 8.** What happens if I have to extend the loan beyond the initial term?
- Question 9.** Are these non-recourse loans?
- Question 10.** How quickly can you close?
- Question 11.** Do you lend based on the After Repair Value? If so, up to what percentage of ARV do you lend?
- Question 12.** Do you fund repair costs, closing costs, points and interest?
- Question 13.** Are the renovation funds released when I close on the purchase, or do you work on a draw schedule throughout the renovation?
- Question 14.** (If applicable) How much is the fee per draw request? What is your procedure for requesting a draw release?
- Question 15.** Are monthly payments required while I'm renovating the house and prior to the sale?
- Question 16.** Can you provide me with a detailed list of all costs associated with the loan and the closing?
- Question 17.** Do you charge a fee to start the loan process? If so, is it refundable if I do not close on the purchase?
- Question 18.** Do you review estimates from contractors?
- Question 19.** Do you require the work be done by licensed and insured contractors or subcontractors?
- Question 20.** What else should I know about your loan terms and process?
- Question 21.** Can you give me a few past customers I can talk to about their experience? Or do you have some testimonials to share?