

Private Lender Deal Checklist

Use this checklist to confidently complete your first private lending deal.

1. BEFORE AGREEING TO A DEAL

- Understand the basics of private mortgage lending
- Confirm your desired loan amount and return expectations
- Define your preferred term length
- Decide how involved you want to be (active vs. truly passive)

2. VET THE BORROWER

- Review borrower's track record and references
- Ask how many deals they have completed
- Confirm their plan for the property (fix/flip, rental, etc.)
- Discuss their backup plans if things don't go as expected
- Find out if they are contributing their own capital to the project

3. EVALUATE THE DEAL

- Review After Repair Value (ARV)
- Review purchase price and rehab budget
- Verify loan-to-value (LTV) is conservative (75% or less)
- Understand the exit strategy (sale, refi, etc.)
- Review comps and rental income potential if long-term hold

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4. SECURE YOUR INVESTMENT

- Deed of Trust (or Mortgage) secured to the property in your name
- Promissory Note drafted with interest rate, term, and payment terms
- Title Insurance policy in place with you listed as lender
- Hazard Insurance with you listed as mortgagee/loss payee
- Closing to be handled by a licensed title company or attorney
- Funds wired only to title/escrow — not directly to borrower

5. POST-CLOSING

- Receive executed copies of Note, Deed of Trust, Title Policy, and Insurance
- Set up a payment tracking system or portal (monthly or deferred)
- Maintain communication with the borrower for project updates
- Monitor loan maturity and ensure on-time payoff or refi

BONUS: Red Flags to Watch For

- Borrower wants funds sent directly — bypassing title/escrow
- No title company or attorney involved in closing
- Poor or missing documentation
- High loan-to-value (LTV) ratio
- Returns sound "too good to be true"