

LOGIC LENDING



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5 Things to Look For in a Good Deal

Disclaimer

I make no earnings claims. Nor do I guarantee income or success, and examples shown in this presentation do not represent an indication of future success or earnings. Where specific figures are used and attributed to an individual or transaction those figures are specific to those persons or transactions and should not be taken as a representation or guarantee that you will replicate those results.

I am not a lawyer and will not give legal advice, though there will be times throughout this presentation that it sounds like I am giving legal advice.

As a result, rather than calling it advice, we will chalk it up to me having very strong opinions! 😊

LOGIC BASED LENDING REQUIRES THAT YOU SHOW:

You are going to successfully make money on the transaction. Either through your ability to:

- Fix and sell the property for a profit, or
- Acquire the property and attach debt financing to it and still show a positive monthly cash flow

If these items can be proven with one of the 5 following criteria, and title is clear, I can get you the money you need!



LOGIC LENDING REVOLVES AROUND THESE TWO QUESTIONS:

- How are you going to make money?
- How are you going to service the debt (are you going to be able to pay for the deal)?



LOGIC BASED LENDING PYRAMID



VALUE

The Collateral DNA report will help us establish value. Assuming the CDNA report comes in where we need it to, we will then look at items 2 – 5. If we like the answers to these questions and they lead to the loan being logical then we put loan package together and submit it to the lender.

1. Value



We Will Start
With a Collateral
DNA Report

RESERVES

3 months worth of loan payments need to be shown.

2. Reserves



HOW WILL YOU PAY?

For a loan to be “LOGICAL,” we need to determine if you are able to afford this loan. The last thing we want to do is force you into sticky financial situations. You must present the ability to afford the monthly debt service of the loan. If you are going to fix it up and sell it, we need to know where those rehab funds are coming from. If you are going to borrow the money, we need to see bids from licensed and bonded contractors. If you are going to do the work yourself, we need to see proof that you have successfully done this in the past.

**How much do you have in the bank?
How much do you have in reserves?**

EXPERIENCE

A borrower who can produce before and after photos of a property or multiple properties, as well as copies of checks showing the amount of money they made, will get faster funding and could even reduce their rates.

3. Experience



How many properties do you own?

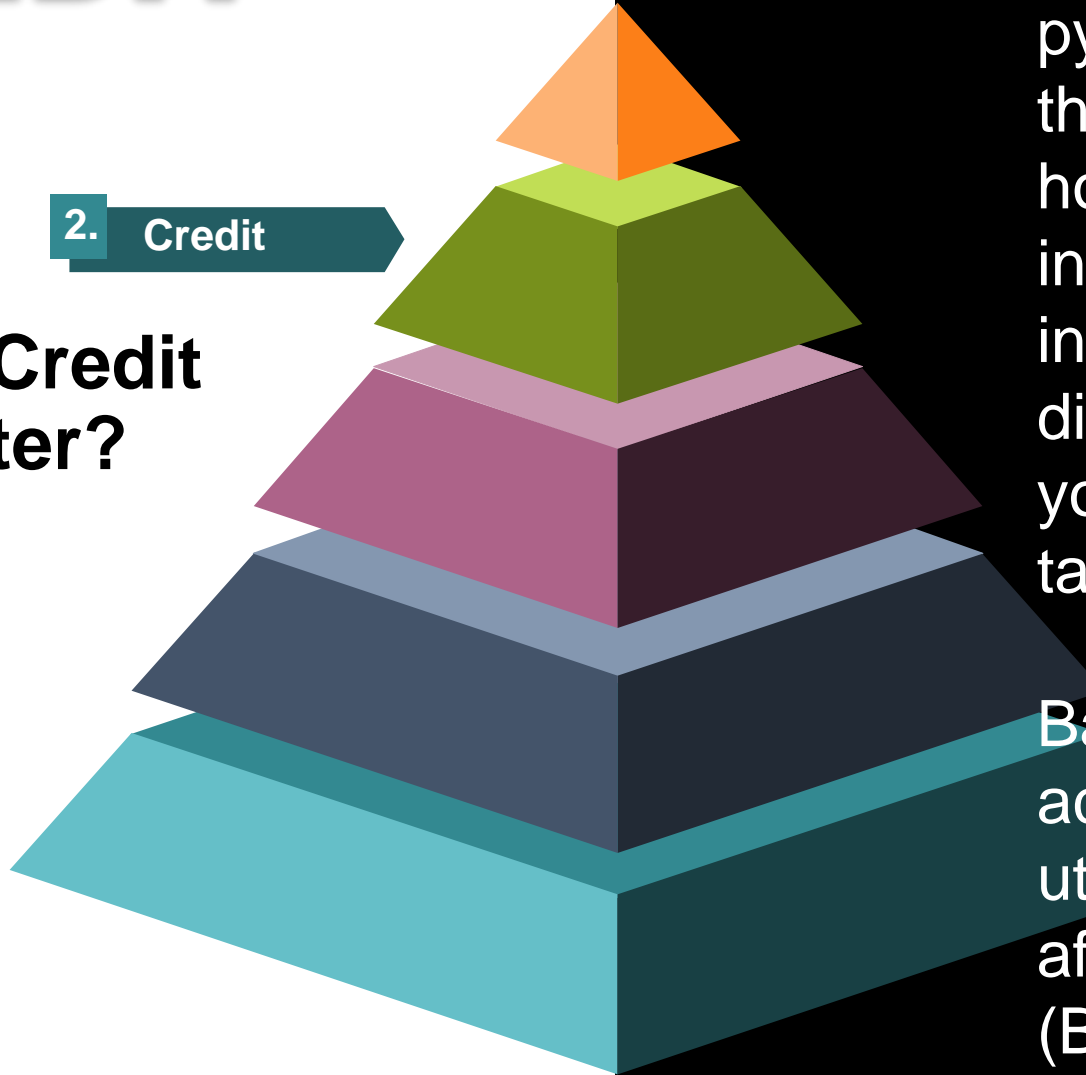
How many flips have you done?

How well do you manage your business?

CREDIT

2. Credit

**Does Credit
Matter?**



Most would assume that credit score would be more important on the pyramid. We are less concerned with the score and more concerned with how you have handled tough situations in the past. Did you shrivel up and die in the wake of previous challenges or did you work through them to ensure your lenders / investors / creditors were taken care of.

Bankruptcy and foreclosure are acceptable on a credit report if it was utilized as a last ditch effort to stay afloat and they are not recent. (Bankruptcy and foreclosure are valid tools in business. It's the story that we need to know!)

EMPLOYMENT

How Long Have You Been At Your Current Job?

Lenders love stability! If you can show longevity at your job it can help reduce your rate and we can get you a better deal!



Do you have verifiable income?

QUICK REVIEW

5

EMPLOYMENT

How are you going to make money?

4

CREDIT SCORE

How are you going to service the debt (are you going to be able to pay for the deal)?

3

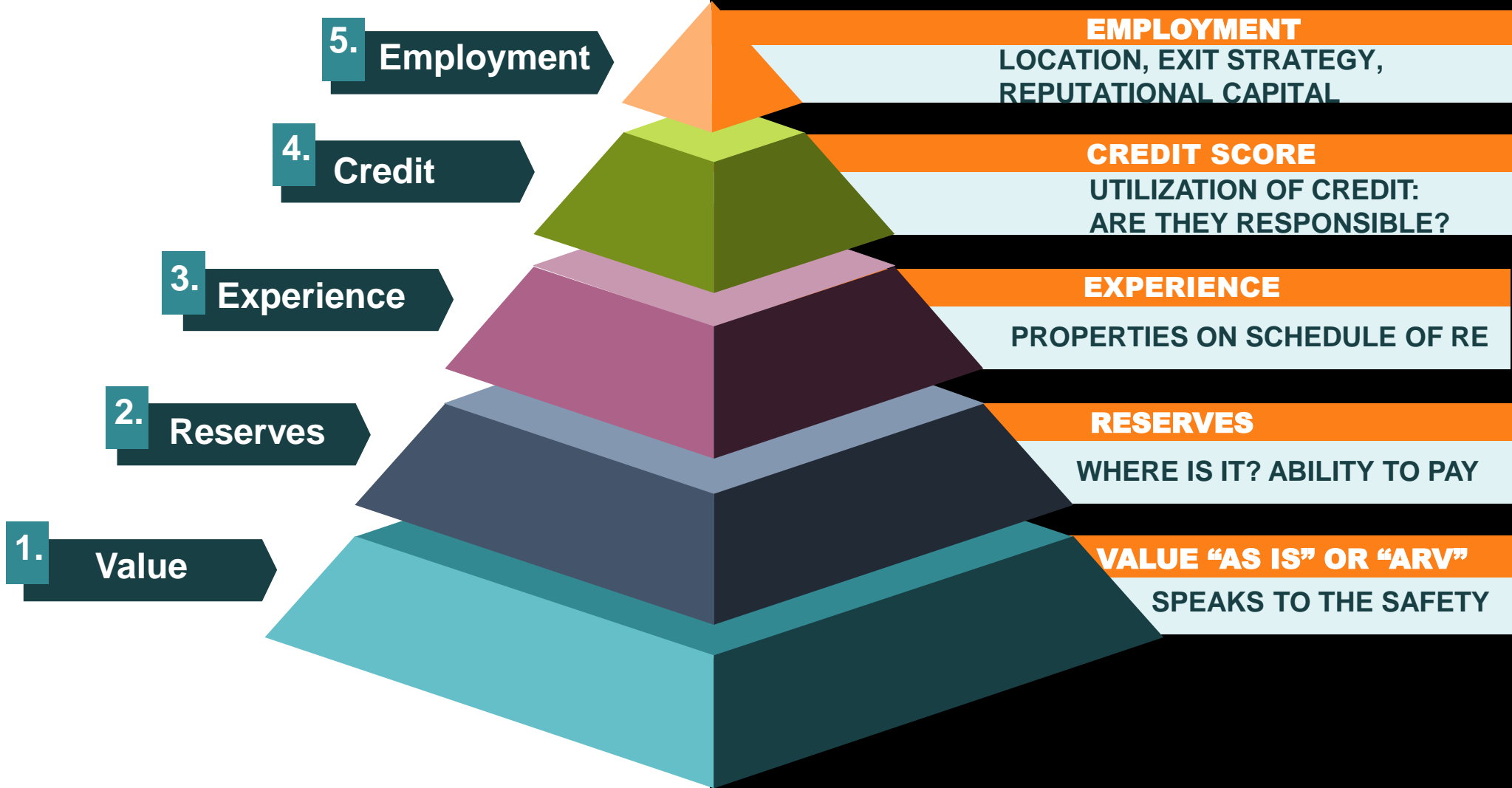
EXPERIENCE

2

RESERVES

1

VALUE



QUESTIONS

