

MENTOR FINANCIAL GROUP

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WHAT INVESTORS LOOK FOR

What A Borrower Needs to Know

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In the hard money business, sometimes we call lenders 'investors'. For this article, I will use the term investor as a catchall for Hard Honey lenders. At Mentor Financial Group ('MFG'), we analyze every loan request to make sure the funding probabilities is highest. We look at each request from the investment perspective. Here are some of the things that investors look for:

1. Value of the Property. The value is the number one issue. Generally, investors just want their money and their return back. Securing investments comes with realistic LTVs.
2. Exit Strategy or Investor Take Out. The investor's exit strategy needs to be well thought out and explained. The exit could be a refinance, paper sale, etc.
3. Experienced Track Record. Investors want to invest in a winning track record of relevant, successful experiences. Documenting similar experiences of the same size, scope and type of projects is important to investors.
4. Borrower's Strength (Cash In, Net Worth, etc.). Investors want to know that the borrower has 'skin in the game.' Investors want to feel comfortable that borrowers are on the same team. One way to do this is to make it hard to walk away from a significant investment. Therefore, investors like to see borrowers

who have also invested in the deal and have a strong net worth, in order to mitigate the chances of the borrower foreclosing on a property.

5. Cash Flow (Ability to Service). Most investors will finance borrower interest payments through some type of interest reserve, while others want to know that the property has adequate debt service.

6. Security - Property Type, Location, Loan Type, (A & D, cash out, refinance, etc.). Loan security and loan type is important. Each investor has its own specifications, whether it is land, A & D, income producing properties, etc.

7. Use of Funds; Back into Property. Document your use of funds. Generally speaking, investors like seeing their money going into the project to increase value. A 'cash out' is more difficult to sell to investors. Remember, investors want security.

8. Borrowers should be up front. Changes are red flags. Claims must be verifiable. Make sure that you take the time to actually verify the information you are giving.

WE'RE FAST MONEY

At Mentor Financial Group ("MFG"), our business is to fund investments secured by trust deeds on

commercial real estate, including income producing properties (i.e. apartments, office buildings, etc.), land and development projects (i.e. construction loans, rehabs, condo conversions, etc.) and non-owner occupied residential properties.

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