



Due Diligence

A real estate Note, or a Trust Deed, is simply the document that has been recorded against a property showing terms of repayment. When buying a Note, it is important to understand the terms of the loan and the underwriting requirements used to evaluate the property, and the borrower, so you can be sure the investment will perform.

Each loan Secure Private Funding creates goes through a thorough due diligence process. Each set of loan documents have significant safeguards in place to be sure a borrower will pay their payments on time and pay-off their loan by the maturity date.

Please review the loan creation due diligence process below:

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- ✔ Loan-to-value between 50% - 66% on all loans – very low risk.
 - ✔ Bank statements are collected from each borrower to source their down-payment funds and to show reserve payments available in their account.
 - ✔ All properties are non-owner occupied, rented or rent-ready, cash-flowing investment properties.
 - ✔ All loans are written to an LLC, Inc. or self-directed IRA, not an individual, to ensure a cash-flow investment purpose.
 - ✔ All loan payments are set up through the Note Servicing Center in Chowchilla, California.
 - ✔ All monthly payments come through an automatic ACH payment withdrawal from the borrower's business bank account.
 - ✔ All loan payments include a property tax and hazard insurance escrow (impound) account.



- ✔ A lender's policy of title insurance is collected on every loan insuring there are no liens, encumbrances, encroachments, etc. against the title of the property.
- ✔ On properties with a current tenant, lease agreements are collected.
- ✔ Monthly rent is determined through a lease agreement or comparative market rent analysis
- ✔ Each property is evaluated through at least one of these four methods: Broker Price Opinion (BPO), Comparative Market Analysis (CMA), Automated Valuation Model (AVM), or Full Appraisal.
- ✔ Each time a funding request is received, the potential borrower sends in the following information to be reviewed:

1. LLC Articles of Organization (send via email)
2. LLC EIN (employer identification) paperwork (send via email)
3. LLC Operating Agreement (if one exists for the entity)
4. Driver's license and social security card for ID purposes
5. Property Pictures (5 pics interior and 5 pics exterior) (send color pics via email)
6. Full appraisal or Broker Price Opinion (BPO) from our preferred vendor, Green River Capital, using the order form attached (mandatory)

For PURCHASE Transactions:

1. Purchase agreement (if this is a purchase transaction)
2. Lease agreement (if the property will remain leased)
3. Proof of your portion of the funds needed to close the transaction on a bank statement showing your name and account number. These funds **MUST** come from you and not be a seller carry-back, 2nd mortgage or lien against the property.

For REFINANCE Transactions:

1. Lease agreement (if the property is currently leased, expected rent if not)
2. If the property was purchased within the last year, please provide the HUD settlement statement and any rehab receipts