

## The "Private Investor Lending" program

Thank you for purchasing the "Private Investor Lending" program. I suggest you print the entire program, there are some pages provided that I will be referring to.

First off, I want to talk about "Private Investor Lending". In most cases, Private Money is a Band-Aid loan. There are many reasons why a person needs private money. It could be a credit issue, property issue, or they need time, etc.

Generally,

the terms of the loan are, 12-14 %, interest only, from 1-5 years. I always put in a 6 month interest guarantee to the investor. In other words, if the loan is paid off in 4 months, there will be an additional 2 months owed to the investor. Investors do not like quick payoffs. You can see how to do this in the examples provided. I always charge 3-5 points along with a \$695.00 underwriting fee and a \$500.00 processing fee. Please check with your state on lending laws for private investor loans.

First, I want to say, "**ALWAYS PROTECT YOUR INVESTORS.**" What I mean by this is that you are the underwriter. ***Do not*** take any short cuts.

Investigate everything about the deal. It is real embarrassing to have your investor find out something about your deal that should have been disclosed or fixed before they got the deal from you.

Let's see an example:

County tax assessment is \$120,000. Borrower needs \$67,000 plus fees. You just got a call from one of your investors that has \$80,000. You get so excited you call the investor and tell him the address. He does a drive by and calls you to say he'll

take the deal. You go to escrow, not having done the underwriting and at the closing table it turns out his ex-wife is also on the title and they have not spoken for 18 months! Deal falls apart and you have mud on your face. To do the deal right does not take a lot of time. As you will see later, there is a *very specific and easy path* to do these loans. With 10+ years experience you see it all. (The above example happened to me when I started out, please don't let it happen to you)

The second most important thing about your investors is to **document value**. With most of my "Private Investor Loans" I use the **county tax assessment**. With construction loans and re-hab loans I use an **appraisal**. We will go through some examples later. What I want to say now is that don't fall for the trick that real-estate agents and some borrowers will use.

They will come to you and say "I have run the comps and this property should be worth so-and-so". Just tell them, great! The drive-by appraisal should support your comps. They will say "why do you need a drive-by appraisal when I have the comps? Tell them **"I always support the value with a third party evaluation for my investors"** Please do this; it will keep you out of trouble with your investors. Remember the rule, **"Always protect your investors"**

Your investors are your life blood. Always do the best job and be totally honest with your investors. As a reward they will keep coming back to you for more deals, year after year.

## **OK, let's get some investors!**

This is the most effective way to get investors

The first thing to do is take out an ad in the local news paper under the "**money wanted**" section or the "**loans wanted**" section. Even though you do not have any loan requests yet, we want investors to start calling, **and they will!**

I use this ad which is **very effective**

### **Private Investor needed**

for a real-estate loan.

66% loan-to-value, \$125,000

@13%, interest only, for 3

years. Call Bill at AAA Mortgage

555-1212 for details.

Bold the first three words.

When they call, tell them "I'm sorry, that loan has been placed. However, I get loan requests all the time. May I contact you when I get another one in? Great! I have a few questions to get a better understanding of what types of loans you like to do. (at this point get out the investor questionnaire which is provided with this package)

Go ahead and fill out the information as best you can. Some of them will give you a lot of information, some not. This is OK. You will still have their name, phone number, dollar amount and types.

No Kidding. I placed an ad like this (\$225,000) in a city that is 5 hours away from me. This was a construction loan in that city. I received 4 investor calls within 2 days and one of them took it!

Here is another way to get some great investors, with **big bucks**. The "Entire"

medical field. Every city and town has an area where doctors, etc. have offices. The offices are usually around the hospital. It is real hard to see them in person. However, you can leave a package with the front desk. Take the flyer, with your information, in an envelope, and hand it to the receptionists. How do you know the name of the doctor? The day before, you drove around and wrote their names down from the ***sign boards in front of the buildings!*** I will tell you, if you do this you will get some great investors. I have some doctor groups in my pipe line and they do some of the biggest deals. Some times they will send you to their CPA for the details, but in the end, after a few loans, they will be a great source for some big deals. Just remember rule #1, "**Protect Your Investors**"

**Extreme Note. Do not ever introduce two investors together for a deal. This is a securities violation of the federal government. Two or three or more of them can come together as a group, *on their own*, no problem. Do not ever bring them together on your own. Please refer to the "escrow instructions" provided, right above where the investor signs, for the disclosure that will keep you out of trouble.**

You might try in the local "shopper" but I find that the best place to find investors is in the local newspaper. They often look in the paper when they get a payoff and will see your ad.

Another good place to find investors is your local title company or closing attorneys. Go to the customer service department and ask for a list of trust deeds. Look through them and find individuals who have lent on real-estate. Call them and tell them what you do and fill out the questionnaire.

Keep looking in the news paper. A lot of investors will advertise that they have money to lend. Stay away from hard money companies; they only take away the commission that ***you*** should be earning.

In a very short time, you will have *a lot* of private investors in your pipe line and you *will not* have to chase them. I do find that the ad in the local paper is the best place to find investors. **Keep running an ad and change the terms every few days. Very effective.**

## **OK, let's get some borrowers!**

Now we switch to the local "shopper". Run this ad in the real-estate section if they have one. This can also work in your local paper, but it can be more expensive, your call.

**PRIVATE INVESTORS have  
money** for any type of real-estate.  
Residential, commercial, construction.  
land, manufactured, refinance,  
purchase,  
Call Bill at AAA Mortgage  
555-1212

I bold the first four words and put a border around it. I put two of these in each issue and never miss an issue. This is very powerful for getting "borrowers". You will see that people will remember where they saw your ad or they will have a friend that needs money and they will direct them to your ad.

## **Real-estate agents**

Let all of the real-estate agents in your area know that you do "Private Investor" loans. Go to their offices and give them your flyer. One is included with this

package. See if you can be a guest speaker at one of their meetings. You will have to train them about "Private Money" but once they know the plan, they will see if any of their deals fit your program. As a side note, you will pick up a lot of their non-conforming business after you have saved a few of their deals with "Private Money"

### Broadcast fax to real-estate offices

There are several soft ware programs for broadcasting fax numbers. Be careful here. If you call the office and ask them for their fax number and they give it to you, it is OK to fax your flyer. Make sure you put on the bottom of the fax "if you receive this fax in error, please call 555-1212 to be removed" If anyone calls, be nice and remove them from the list. The idea is to keep your name out there for "Private Money Loans"

### Broadcast fax to other Mortgage offices

I split 50-50 with the introducing office. This can be a very large part of your "Private Investor" division. Please see the example fax provided with this package. I have a great reputation with other offices and get a lot of business from them. Even when the borrower comes back in one year to refi, I send them back to the introducing office or call the loan officer and tell them so-and-so called to refi. What do you want me to do. 9 times out 10 they will say, go ahead and do the loan and send me the 50%. If you call the office and ask them for their fax number and they give it to you, it is OK to fax your flyer. Make sure you put on the bottom of the fax "if you receive this fax in error, please call 555-1212 to be removed" If anyone calls, be nice and remove them from the list. The idea is to keep your

name out there for "Private Money Loans". **Here are some very important items to note.**

1. I always talk to the borrower. If the introducing office will not let me do this, I will not do the loan. I have been burned several times. What happens is, you get down to closing and some of the information is incorrect or the borrower will not close the loan because of the terms. I tell the other office that I will be calling the borrower and introducing myself. I say that from time to time I work with XYZ Mortgage on their "Private Investor" loans and Jill at XYZ Mortgage has asked me to call you to see if I can help.

2. I always do my own Good Faith. Also, I will not work on a deal unless I have a **signed** good faith estimate. This really applies to Co-broker loans. We want to make sure that all the people are on the same page. The only fees that the other office will receive are 50% of the broker fee. I collect 50% of the broker fee along with a processing fee and an underwriting fee. The checks are paid separate to each company. Their money does not go through my office. The checks are paid out by the escrow company. Please see the broker demand included.

3. I always have the non-compete form filled out, signed by the other office and on file before I start. Their customer will remain their customer and they can not use your investor on other deals.

## OK - Let's put it all together

"Private Investor" loans have very specific terms, or the loan request will just sit there on your desk. Here are the general terms that work for the country:

1. Loan-to-Value up to 70%.
2. Value must be documented.
3. 12 - 14%, interest only payments.
4. 1 - 5 year term.
5. 6 months interest guarantee to the investor.
6. All funds go through an escrow account or closing attorney - must be a third party.

You can be a little flexible depending on the investor. I have some that will not do construction, some who like manufactured in parks (go figure), some who will do amortized loans. The 70% LTV or less seems to be universal.

**I know I keep hammering on the Loan-to-Value. This is really one of the most important items for a "Private Investor" loan.**

A lot of times I will cross-collateralize other property that the borrower has. I will take a performance second on other property if the Loan-to-Value is too high.

**Example:** A borrower calls and says that he can pick up a property that is worth \$100,000, for \$70,000. He saw your ad and wants to borrow \$70,000, which he says is 70% of the value. Question, what is the value? \$70,000! I will lend up to 70% of the purchase price (\$49,000). The balance has to come from a seller carry second or cross-collateralize other property.

**Another example:** A borrower calls and says that he can pick up a house that needs some work. The sale price is \$100,000 and needs about \$35,000 in work. The home will be worth \$165,000 when he is done. The seller of the property will

carry back a \$35,000 second for two years. Lets do the math, starting with the end value.

1. End value after rehab (established by a drive by appraisal) is  $\$165,000 \times 70\% = \$115,500$ , this is the max we can lend on this property.
2.  $\$100,000$  purchase price with a  $\$35,000$  seller carry back =  $\$65,000$ .
3. We need  $\$65,000$  (purchase money) +  $\$35,000$  (rehab money) plus  $\$7,000$  (closing costs)
4. Total loan =  $\$107,000$ .
5. Loan-to-Value =  $\$107,000$  divide by  $\$165,000 = 65\%$  Loan-to-value

This is a perfect "Private Investor" loan. I cannot tell you how many of these I have done over the years. I have several rehabbers that just keep coming back, year after year. They know how to structure the deal so I can place them.

**Another example:** Borrower wants to build a home. He has found a lot for  $\$50,000$ . Needs lot cost and construction costs of  $\$87,000$ . Remember, some one else has to be at risk. In this example, the seller of the lot has to carry back at least 50% of the lot cost or cash from the borrower or cross-collateralize other property.

1. End value (future value appraisal) =  $\$185,000$
2. Loan amount =  $\$25,000$  (lot purchase) +  $\$87,000$  (construction costs) +  $\$8,500$  (closing costs)
3. Loan amount =  $\$120,500$
4. Loan-to-value =  $\$120,500$  (loan amount) divided by  $\$185,000$  (end value) = 65% Loan-to-Value

Here again, this is a perfect "Private Investor" loan. I have done many, many of these over the years. Some of them have had  $\$260,000+$  loan amounts. Great commissions and the builders just keep coming back for more.

**Remember, all funds go into a construction escrow. Do not ever, ever handle any money, in any transaction. "Third party only." plus "Document Value"!!**

Lets go through a deal "step by step" using the forms provided

1. Borrowers calls and wants a "Private Investor" loan.
2. You talk to him and get all the details of the deal. You explain to him the terms of the loan and everything seems to fit and he agrees to the deal.
3. Get a customer service package from the title company. Around the country this is called several things, listing pack, trio, etc. What we are looking for is the County Tax Assessment (real market value) so we do not have to do an appraisal. If you need to, do a "drive by" appraisal. If you have to do an appraisal, always collect from the borrower before it is done.
4. Take a loan application and have him sign all the Government disclosures.
5. Run a credit report. I just do one bureau and I have the credit scores removed. The wording with the credit scores seems to confuse the investors. Just a few investors will want to see the scores.
6. Do the loan summary. Example provided. When you input the first Loan Summary (see example provided) in your computer, you can use this one for all the deals that come after it. Just "save as" with the new loan number. (I use Microsoft Works for my write ups and investor list.
7. Send the "**loan summary**" out to an investor that you know has the money. Call first and tell them that you have a loan request that you would like to send him.

**Important: Do not shot gun to several investors. You will lose them if you send the request to several investors. What will happen is that two of them will take the deal and you have to tell one of them it has been taken by another investor. They will not do business with you in the future. Send them out one at a time. Tell your investors that you do not send them out to multiple investors and you will wait to hear from them.**

8. After they call and say they will take the loan, ask them how they want the note

and trust deed "vested". This means, what are the exact words to use to put the note and trust deed in their names. Some investors put them in a trust. Do not forget middle initials.

9. Take out the "**Loan Disclosures**" form that is provided. You will only have to input this form once. Just use it as a template for future deals. Go over each line and fill in the proper information.

10. Take out the "**Broker Demand**" that is provided. Fill out all the items that apply, including the bottom, if there is a commission going to another Mortgage company.

11. This is the order to use when you send the package to the closing company.

**Loan Summary, Loan Disclosure, Broker Demand, final loan application, final Good-faith and Truth-in-Lending** (both for final signatures), **Client / Broker Agreement**, (if not signed already by borrower) and **Cost breakdown** if construction.

As a personal note, I always go to the signings, both investor and borrower. It is a great way to build business on both sides.

**The last thing to do is collect your check and send out your thank you cards, etc.**

Well, you closed your first "**Private Investor Loan**". If you followed the program, it should have been pretty smooth. I wish you happiness and profits in your new "**Private Investor**" division.

If you have any questions or would like to go over details of a loan, please e-mail me at: **billjones@abcofhardmoney.com**

P.S. "Remember, if you have a deal out of your area, e-mail me and I will forward the contact numbers of a loan officer or Broker in the area of your loan request that has bought the program and understands "Co-brokering." We are a huge team, all across the county." Bill Jones

(Example of the form to use for your investors to give them the details of the loan request. If the investor wants to proceed, give them the complete package)

"This is an actual loan request that has been closed. The names have been changed for privacy purposes." Bill Jones

## **EXECUTIVE LOAN SUMMARY # 2072**

### **Lot 78, Any Street, Any City**

72% Loan-to-Value (\$320,000 completed value per appraisal )  
 \$230,100 loan amount  
 13% interest only payments  
 Two year term  
 \$14,956.50 (six month interest guarantee to the investor)  
 \$124.64 (5% late fee after 15 days)  
 \$230,100 balloon payment within two years

**The borrower would like to prepay 6 months interest up-front (\$14,956.50). This will mean that the investor will bring into escrow \$215,143.50 but the note and trust deed will be \$230,100. The first payment will be the seventh month after the close of escrow.**

*The construction funds will be deposited into a construction escrow at Any Title in Any City and they will do all the inspections and draws.*

### **About the property**

The address is Lot #78, Any Street, Any City, Any State. Please see the map for location. The builder fell in love with this lot because of the location and the fact that the rear of the lot has a green belt with oak trees. He is going to utilize the rear of the home to enhance the back yard and view of the trees. This home is in the East hills of Any City. The purpose of the loan is to build a new home. The home will be 2,796 square feet. It will have three bedrooms and three bathrooms with a two car garage. The home has all city services including city water and sewer.

**Please note: The borrower is putting \$16,500 down. The sale price of the lot is \$69,900.**

#2067

**About the borrower**

The borrower's are Bob and Jane Smith. Bob has been in the construction business for the past 20 years in both commercial and residential. Here is a list of homes he has built at the East Side Golf Course. 4731 Big Drive, 4739 Big Drive, 4935 Big Drive, 311 Big Drive, 2,820 sq. feet, sold for \$283,000. 359 Big Drive, 2,900 sq. feet, sold for \$300,000. 1098 Big Drive, 2,860 sq. feet, sold for \$316,000. 308 Big Drive, 3,450 sq. feet, sold for \$386,000. 941 Big Drive, 3,700 sq. feet, sold for \$350,000. Please drive by these homes, the quality of his construction really stands out.

The items in the backup package include: loan application, credit report, purchase agreement for the lot, appraisal on completed home, cost breakdown for construction, floor plan for home and sample "construction disbursement agreement" from AAA Title. This loan will be closed at **AAA Title in Any City.** **There will be a collection and construction escrow at AAA Title in Any City.** **There will be "course of construction insurance" naming the investor as loss payee.**

## Your Logo Here

(Example of the form to use for your investors to give them the details of the loan request. If the investor wants to proceed, give them the complete package)

"This is an actual loan request that has been closed. The names have been changed for privacy purposes." Bill Jones

## EXECUTIVE LOAN SUMMARY #2086

### 3025 Any Road, Any City

49% Loan-to-Value (\$190,240 County tax assessment)

\$93,000 loan amount

13% interest only payments

Two year term

\$9,067.50 (six month interest guarantee to the investor )

\$50.38 (5% late fee after 15 days )

\$93,000 balloon payment within two years

**Please note: The borrower would like to pre-pay six (6) months of the nine (9) months interest guarantee payments (6,045.00) up-front. This will mean that the investor will bring into escrow \$86,955.00 but the note and trust deed will be for \$93,000.00. The first payment will be on the seventh month.**

The seller of the property is carrying back a \$59,000.00 second trust deed behind this new first trust deed. The terms of the second are: \$59,000 payable at 8%, interest only for five years.

There will be six building lots on the property. This loan will have lot releases for each lot. Each lot release will be for \$15,500.00.

The purpose of this loan is to purchase the property and have the engineering, surveying and plans completed. There is no construction with this loan.

#2086

#2086

**About the property**

The address is 3025 Any Street, Any City. This is approximately 1.59 acres. There are two homes on the property and two barns. The zoning for the property is SFR 6. The borrower is going to build 6 duplexes on the property.

**About the borrower**

The borrower is Dale Smith. Dale has been in the building trade for many years. Here is a partial list of the projects he has built.

1. Buccaneer Lane and Waite Street, Any City. This is a 44 unit housing complex.
2. 2872, 2874 and 2876 State Street, Any City.
3. 2942 and 2944 Any Road, Any City.
4. 811 and 813 Any Street, Any City.
5. 2165, 2157, 2141 and 2131 Any Drive, Any City.
6. 2139,2149,2145 Any Lane, Any City.

These are all multi family projects.

The items in the backup package include: loan application, credit report, complete list with photos of projects the borrower has built and site plan. This loan will be closed at **AAA Title** in Any City. There will be a **collection escrow at AAA Title** in Any City.

## **Your Logo Here**

(Example of the form to use for your investors to give them the details of the loan request. If the investor wants to proceed, give them the complete package)

"This is an actual loan request that has been closed. The names have been changed for privacy purposes." Bill Jones

## **EXECUTIVE LOAN SUMMARY #2087**

### **3140 Any Street, Any City**

70% Loan-to-Value ( \$83,840 County tax assessment )

\$58,688 loan amount

14% interest only payments

Three year term

\$4,108.14 (six month interest guarantee to the investor )

\$34.23 ( 5% late fee after 15 days )\

\$58,688 balloon payment within three years )

The seller of the property is carrying back a \$25,000.00 second trust deed behind this new first trust deed. The terms of the second are: \$25,000 payable at 7%. Payments will be \$400.00 per month for three years. Payments on this second trust deed will start in May, 2003.

### **About the property**

The address is 3140 Any Ave., Any City. This is a two bedroom and one bathroom home. It is approximately 1,084 square feet with a detached garage. \$40,000 of this loan is going to the seller and about \$13,000 left over after closing costs are going to be used for some fix up on the home. Fix up will include: replace windows with low E windows, new 30 year roof, new carpet, remodel the bathroom, add under ground sprinklers and landscaping and add a second bathroom. The purchase price of the home is \$65,000.

### **About the borrower**

The borrower is Shawn Smith. He owns Awesome Air which is a building contractor business. He has owned this business for the past 14 years. The borrower has a general contractor's license.

The items in the backup package include: loan application, credit report. This loan will be closed at **AAA Title in Any City**. There will be a **collection escrow at AAA Title**.

## Client/Broker Agreement

This Agreement entered into this \_\_\_\_ day of \_\_\_\_\_, 2003, by and between \_\_\_\_\_, hereinafter referred to as APPLICANT and (**Your company name here**), as Agent.

Whereas, Applicant wishes to arrange a loan, commercial financing or loan purchase in the amount of \$\_\_\_\_\_, subject to the following approximate terms and conditions:

Property: \_\_\_\_\_  
 Interest: \_\_\_\_\_ Amortization: \_\_\_\_\_ Interest only \_\_\_\_\_ Points: \_\_\_\_\_

Whereas, the Applicant wishes to engage the services of the Agent to assist in acquiring such financing and ; Whereas, agent is willing to be employed by Applicant on a best effort basis to acquire a loan acceptable to Applicant for a fee and conditions as hereinafter set forth.

Therefore, for mutual consideration and pursuant to the terms and conditions hereinafter set forth, the Applicant and Agent agree as follows:

1. The Applicant hereby appoints Agent to process, negotiate and make applications for loans or financing on Applicant's behalf to any financial institution or private source selected by Agent and to act as sole and exclusive agent to those money sources.

2. This agreement shall continue in effect for a minimum period of \_\_\_\_ working days from date hereof, and will continue thereafter until terminated in writing by Applicant. However, in the event of termination of this agreement, the agent shall be entitled to its commission in the event applicant obtains financing from any lending source introduced to the Applicant by Agent, within 180 days from termination of this agreement.

3. The undersigned applicant further agrees that Agent shall be entitled to compensation as hereinafter set forth on all future loans or financing arrived at between the Applicant and the lender or lending institution introduced to Applicant by Agent for a period not to exceed two (2) years from the termination of the agreement, or the initial successful loan funding, whichever is later.

4. The undersigned applicant agrees to pay to agent for its services a sum equal to \_\_\_\_% of the amount of the gross loan which sum shall be deemed earned and payable upon issuance and applicant's acceptance of the loan commitment and to be due upon closing of the loan, either conforming substantially to the specifications in the application or the consummation of a loan without any commitment having been issued by a lender introduced by agent. In the event, after acceptance of the loan commitment, the loan fails to close because of defects, defaults or misrepresentation by the applicant, the agent's fee shall be immediately due and payable. In the event the loan fails to close because of lender's failure, no fee shall be considered earned or payable to the agent.

5. It is understood that Broker and its related entities assume no obligation for the payment of any brokerage fee, commission or other third party fee in connection with this transaction and the applicant does hereby indemnify agent and hold it harmless against any claim for such fee and/or commission made by any other entity or third party.

6. The Applicant hereby authorizes Agent to deliver a copy of this agreement to the lender, lending institution or closing agent and further authorizes the lender, lending institution or closing agent to deduct the sum hereunder from the first proceeds of the loan to pay this sum directly to Agent. If, for any reason, lender will not accept this authorization and make payment directly to the Agent of the Agent's fee from the initial loan proceeds, Applicant agrees to pay fee directly to Agent, within five (5) days from date of closing.

7. The Applicant warrants that they have full and complete authority to enter into this agreement and transaction and agrees to fully cooperate with the Agent to obtain such financing. The Applicant further agrees to execute all documents necessary to implement the provisions of this agreement.

8. It is expressly understood the liability of the Agent is limited strictly to reimbursement of costs advanced in the event of the Agent's default and under no circumstances shall the Agent be responsible or liable for incidental, consequential or breach of contract damages resulting from the Agent's inability to obtain financing for the Applicant.

9. In the event it shall become necessary for either of the parties to obtain the services of an attorney to enforce the provisions hereof, the defaulting party shall pay the prevailing party's reasonable attorney's fees and all court costs incurred by the prevailing party.

10. This agreement contains the entire agreement of the parties and there are no other agreements between the parties, expressed or implied, except as set forth herein. This agreement may not be changed orally but only by written agreement signed by the party against whom enforcement, waiver, change, and modification, extension, or discharge is sought.

AGREED TO AND ACCEPTED:

AGENT  
(your company here)

APPLICANT

By: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

"This is an actual disclosure to the escrow company for a loan that has been funded. The names have been changed for privacy purposes." Bill Jones

## **Your Logo Here**

**(This is the form to use after the investor has agreed to take the loan. Please stick to the form. There are disclosures here that are important. This is the form that the Escrow company or closing attorney uses to write up the note and trust deed. This will convey the complete details of the loan. Some times the terms of the loan will change, make sure that you change the "Loan Summary" to reflect these ESCROW INSTRUCTIONS when you give both to the title company)**

### **ESCROW INSTRUCTIONS AND STATE DISCLOSURES FOR LOAN #2064**

Date: May 22, 2002

1. The borrower's are Jerry and Joy Smith and Jeffery A. and Melanie E. Jefferson and their address is 2201 Any Blvd., Any City. Their phone number is 555-1212.

2. The lender is Winters Masonry, Inc. Dale Smith, President. His address is 15685 Any Street, Any City, Any State 56523. His phone number is 566-8624 and his fax number is 566-8427.

**Please fax the investor paper work for the investor to: 1-565-894-2665 and provide wire instructions for the funds.**

3. The property address is 2969 Any City, Any State.

4. This is a first trust deed and the loan amount is \$77,088.00. The owner of the property will subordinate \$21,000.00 behind this new first trust deed.

5. The terms of this first trust deed are: \$77,088.00 payable at 13% interest only payments. The term of the loan is 24 months. The payments are \$835.12 per month. There is a 5% late fee after 15 days.

6. There will be a 6 months interest guarantee (\$5,010.72) to the investor.

7. Open a collection escrow at AAA Title, Any City, Any State and send the payments to the investor, Dale Smith, Any Street, Any City 56724.

8. Please fax a copy of the note, trust deed and borrowers closing statement to **(your company name here)** before the principals sign the documents.

*( note: you must see the note, trust deed, closing statement and HUD 1 before any one signs!!! Make sure that all the names are right and the dollar amounts. Remember, you are the underwriter.)*

9. Add the following to the note:

**NOTICE TO THE BORROWER: Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the loan agreement.**

**The following are state disclosures for a private investor loan.**

This is a first trust deed on property located at 2969 Any Street, Any City, Any State.

Future advances do not have a priority senior to that of this first trust deed being created.

A copy of the county tax statement has been provided to the investor. The county tax assessment is \$95,820.00.

An appraisal by a licensed appraiser is (if no appraisal just say "not") provided.

The debtor's payment record, on the instrument being sold for the two years immediately preceding the sale is not available.

A current credit report on the debtor prepared by a credit reporting agency has been presented to the investor.

There are no commissions, collection fees or other costs chargeable to the lender or purchaser of real estate paper.

There is a balloon payment of \$77,088.00 on the first trust deed within 24 months from the close of escrow.

If there are more than one investor for this transaction, by signing below, we acknowledge that (*you company here*) did not introduce the investors together for this transaction.

The borrower will have an insurance binder naming the investor as loss payee. In the case of a construction loan, there will be a “course of construction” binder naming the investor as loss payee.

LENDERS SIGNATURE

\_\_\_\_\_ DATE \_\_\_\_\_

\_\_\_\_\_ DATE \_\_\_\_\_

"This is an actual disclosure to the escrow company for a loan that has been funded. The names have been changed for privacy purposes." Bill Jones

## Your Logo Here

( This is the form to use after the investor has agreed to take the loan. Please stick to the form. There are disclosures here that are important. This is the form that the Escrow Company or closing attorney uses to write up the note and trust deed. This will convey the complete details of the loan. Some times the terms of the loan will change, make sure that you change the *LOAN SUMMARY* to reflect these *ESCROW INSTRUCTIONS* when you give both to the title company )

### ESCROW INSTRUCTIONS AND STATE DISCLOSURES FOR LOAN #2067

Date: July 10, 2002

1. The borrower's are Robert W. Davis and John A. Smith and their address is 328 Any Street, Any City, Any State 89044. Their phone number is 597-2411 or 5998-4218.

#### **There are two lenders**

2. The lender's are Joe and Jill Smith. Their address is 757 Any Street, Any City, Any State 59872-2324. Their phone number is 562-578-5959. Joe is in Any City and can be reached at 568-4251 or 536-9787 for his signing of documents.

3. The second lenders are Bill and Jane Welch. Their address is 1185 Any Street, Any City, Any State 56214. Their phone number is 578-541-5956 or 652-262-5151. Please fed-ex this lender's documents to their address in Any City.

4. The property address is Lot #8, Any Street, Any City, Any State.

5. This is a first trust deed and the loan amount is \$190,000.00.

6. The terms of this first trust deed are: \$190,000.00 payable at 13 % interest only payments. The term of the loan is 24 months with a balloon payment of \$190,000.00 within 2 years. The payments are \$2,058.33 per month. There is a 6 month interest guarantee (\$12,349.98). **This six months interest guarantee is paid up front. The investor's will bring into escrow \$175,750.00, but the note and trust deed will be for \$190,000.00.** Please note: This \$175,750.00 represents a 1% lender fee (\$1,900.00) to the investor. The amount of money brought into

escrow by the investors is \$177,650.00 less the 1% lender fee for a total of \$175,750.00. There is a 5% late fee after 15 days (\$102.91).

Please add to the note and collection escrow instructions that the interest charged to the borrowers will be calculated based on the first \$135,000.00 (\$1,462.50 per month) and will then be based on the total amount of \$190,000.00 (\$2,058.33 per month) after the additional \$55,000.00 is deposited in escrow.

7. The seller of the lot is carrying a \$32,000.00 second trust deed. The selling price of the lot is \$52,000.00 with \$20,000.00 down payment from this new first trust deed. The terms of this second are: \$20,000.00 payable at 8% interest, no payments, interest accruing, all due and payable in one year.

8. Joe Smith will bring into escrow \$125,661.25 (71.5%) **Please note: \$55,000.00 of this \$125,661.25 will be deposited when either the house at 4647 Any Street sells or the house at 303 Woodville, Any City sells or within 90 days from the close of escrow, which ever occurs first.** Joe Smith is the private investor on these two residences. Bill Welch will bring \$50,088.75 (28.5%) into escrow for a total of \$175,750.00.

*" As you can see, there are many ways to make the deal. In this case there were two investors. One did not have all the money at that time. He would have it in about 30 days. There are many ways to bring it all together." Bill Jones*

9. **Please open a collection escrow at AAA Title in Any City.**

**Send 71.5% (\$1,471.70) of the payments for the Smith's to their account at:** A.G. Edwards, 1463 Any City, Any City, Any State 59721. Account #562-245-1542.

**Send 28.5% (\$586.62) of the payments for Bill Welch to this address, Bill Welch, 1185 Any Street, Any City, Any State 89571.**

10. **This is a construction loan. Please deposit any remaining funds after the close of escrow (less the \$55,000.00 being deposited after one of the above homes sells) into a construction escrow at AAA Title in Any City.**

11. Please fax a copy of the note, trust deed and borrowers closing statement to **(Your Company Here)** before the principals sign the documents.

*(note: you must see the note, trust deed, closing statement and HUD 1 before any one signs!!! Make sure that all the names are right and the dollar amounts. Remember, you are the underwriter.) Bill Jones*

12. Add the following to the note:

**NOTICE TO THE BORROWER: Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the loan agreement.**

**The following are state disclosures for a private investor loan.**

This is a first trust deed on property located at Lot #8, Any City, Any State.

Future advances do not have a priority senior to that of this first trust deed being created.

A copy of the county tax statement has been provided to the investor.

An appraisal by a licensed appraiser is provided.

The debtor's payment record, on the instrument being sold for the two years immediately preceding the sale is not available.

A current credit report on the debtor prepared by a credit reporting agency has been presented to the investor.

There are no commissions, collection fees or other costs chargeable to the lender or purchaser of real estate paper.

There is a balloon payment of \$190,000 due within 24 months from the close of escrow.

If there are more than one investor for this transaction, by signing below, we acknowledge that *(Your Company Here)* did not introduce the investors together for this transaction.

The borrower will have an insurance binder naming the investor as loss payee. In

the case of a construction loan, there will be a course of construction binder naming the investor as loss payee.

LENDERS SIGNATURE

\_\_\_\_\_ DATE \_\_\_\_\_

\_\_\_\_\_ DATE \_\_\_\_\_

**" OK. This is a pretty detailed loan. It goes to show you that any thing is possible with "Private Investor" loans. Remember, *Protect Your Investor* and ask all the questions of your borrower. There is always a deal if you structure it right." Bill Jones**

**Please note: This form is for the investor to sign**

"This is an actual disclosure to the escrow company for a loan that has been funded. The names have been changed for privacy purposes." Bill Jones

## **Your Logo Here**

**(This is the form to use after the investor has agreed to take the loan. Please stick to the form. There are disclosures here that are important. This is the form that the Escrow Company or closing attorney uses to write up the note and trust deed. This will convey the complete details of the loan. Some times the terms of the loan will change, make sure that you change the *LOAN SUMMARY* to reflect these *ESCROW INSTRUCTIONS* when you give both to the title company )**

### **ESCROW INSTRUCTIONS AND STATE DISCLOSURES FOR LOAN #2077**

Date: August 29, 2002

1. The borrower is Scott Smith and his address is 144 Any Road, Any City, Any State 95347. His phone number is 547-1542.
2. The lender is Thomas A. and Norma J. Bills. Their address is 2822 Any Street, Any City, Any State 54217. Their phone number is 555-1212.

**Please add these words to the note and trust deed per the investor.**

**“There shall be a prepayment charge of 2 months interest or 60 days written notice in lieu of such interest. Notice shall be given in the form of Certified Mail only. I/we understand that notification of prepayment is my/our responsibility.”**

**“If I should petition and be allowed into bankruptcy status, and note holder takes action in bankruptcy court to protect note holders interest in property materially affected by bankruptcy proceedings, then such costs as note holder incurs including but not limited to attorney fees and court costs shall become additional indebtedness of mine under trust deed securing this note.”**

3. The property address is 3162 Any Street, Any City, Any State 23541.
4. This is a first trust deed and the loan amount is \$57,000.00.
5. The terms of this first trust deed are: \$57,000.00 payable at 13 % interest only

payments. The term of the loan is 24 months. The payments are \$617.50 per month. There is a 6 month interest guarantee (\$3,705.00) to the investor. There is a 5% late fee (\$30.88) after 15 days.

**6. Please open a collection escrow at AAA Title in Any City and send the payments for the investor: Thomas A. Bills. 2822 Any Street, Any City, Any State 53214.**

7. Please fax a copy of the note, trust deed and borrowers closing statement to *(Your Company Here)* before the principals sign the documents.

8. Add the following to the note:

**NOTICE TO THE BORROWER: Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the loan agreement.**

**The following are state disclosures for a private investor loan.**

This is a first trust deed on property located at 3162 Any Street, Any City, Any State 89751.

Future advances do not have a priority senior to that of this first trust deed being created.

A copy of the county tax statement has been provided to the investor. The county tax assessment is \$97,750.00.

An appraisal by a licensed appraiser is not provided.

The debtor's payment record, on the instrument being sold for the two years immediately preceding the sale is not available.

A current credit report on the debtor prepared by a credit reporting agency has been presented to the investor.

There are no commissions, collection fees or other costs chargeable to the lender or

purchaser of real estate paper.

There is a balloon payment of \$57,000 due within 24 months from the close of escrow.

If there are more than one investor for this transaction, by signing below, we acknowledge that *(Your Company Here)* did not introduce the investors together for this transaction.

The borrower will have an insurance binder naming the investor as loss payee. In the case of a construction loan, there will be a “course of construction” binder naming the investor as loss payee.

LENDERS SIGNATURE

\_\_\_\_\_ DATE \_\_\_\_\_

\_\_\_\_\_ DATE \_\_\_\_\_

**“Here is an example of an investor that has specific details of the loans he does. Piece of cake. Just add them to your escrow instructions.” Bill Jones**

(Mail this form out to your investors from time to time. This is a great way to keep in touch with your investors. You can change the wording to suit you.)

Dear investor,

I just wanted to drop a line to all of you. Our private investor division is going great guns. I am receiving requests every week for private investor mortgages on real-estate here in **Your City**. It is hard to stay in touch with every one on a continual basis, so I do not know when you receive payoffs. If you receive a payoff, please call and let me know how much you need to place.

The general guide lines for the requests are:

1. 12% to 14%, interest only payments.
2. One to five years.
3. 60% to 70% loan-to-value.
4. All funds go through a local title company.
5. First trust deeds.
6. Construction funds are distributed through construction escrow.

By the way, the construction division is going great. We have a good system with AAA Title for disbursements. They put the borrower under contract and do all the inspections and disbursements. If you would like more information on construction lending, please call and I can go over it in greater detail. A lot of investors have tried it and it is working out well for them.

Here are my contact numbers for your records,

555-1212 (Office)

555-1313 (Cell)

555-1414 (fax)

Thank you I look forward to hearing from you.

Bill Jones  
Private Investor Division

**Your Logo Here**

Use this form for a pass out or fax to your Real Estate agents

# Attention Real Estate Professionals!

## Private Investor Loans

1. Fast closings
2. Credit scores not used
3. No appraisals (most cases)

**I have many sources for hard to do loans.**

Here are some examples of recently closed

### **Private Investor Loans**

1. Purchase and finish the construction of a home.
2. Second trust deed on commercial property.
3. Purchase of a duplex.
4. Purchase and rehab of a home.
5. Purchase of a foreclosure from a bank.
6. Purchase of a bar and restaurant.

I have helped many Real Estate Professionals with difficult loans.

**Call Bill Jones today!**

**555-1212**

Please fax back to 555-1212 if you would like to be removed from the fax list

**Your Logo Here**

use this form to pass out or fax to **Co-broker** loans with other Mortgage companies

**Let's Co-broker that hard to do loan!**

1. Fast closing
2. Credit scores not used
3. No appraisals (most cases)

**I have many sources for hard to do loans.**

Private investor loans

Construction loans

Bare land loans

Commercial loans

Purchase or refi loans

**We split the broker fee 50 - 50**

I have helped a lot of loan officers with difficult loans.

The borrower will always remain *your customer with a Co-broker Agreement.*

I have many investors that understand these types of loans.

Let's get your loan *funded today!*

**Call Bill Jones**

**555-1212**

Please fax back to 555-1212 if you would like to be removed from the fax list

## Investor questionnaire

Name \_\_\_\_\_ Phone number \_\_\_\_\_

Fax \_\_\_\_\_ Cell \_\_\_\_\_ Office number \_\_\_\_\_

Street address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_

What types of deals do you like \_\_\_\_\_  
\_\_\_\_\_

Dollar range \_\_\_\_\_

Construction? \_\_\_\_\_ Land? \_\_\_\_\_

Manufactured home? \_\_\_\_\_

How do you want the note and trust deed vested? \_\_\_\_\_  
\_\_\_\_\_

Any other information

# Your Logo Here

## Broker Demand

Borrower \_\_\_\_\_

Loan amount \_\_\_\_\_

Broker fee \_\_\_\_\_ Appraisal fee \_\_\_\_\_

Credit report \_\_\_\_\_ Underwriting \_\_\_\_\_

Processing \_\_\_\_\_

Total amount due AAA Mortgage \_\_\_\_\_

**Total due other companies - Please make the check out  
directly to them**

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Amount due \_\_\_\_\_

Your Logo Here  
 (This is the form to use for Co-brokered loans)  
**MUTUAL NON-DISCLOSURE AND NON-  
 CIRCUMVENTION AGREEMENT**

The parties hereto desire to transact business together in an on-going basis. In consideration of the mutual promises herein the undersigned parties, intending to be legally bound, hereby irrevocable agree not to attempt to circumvent, avoid or bypass each other, directly for the purpose of avoiding payment of fees or commissions, or otherwise by way of any corporation, trust, partnership or individually by either party to the other, in conjunction with transaction or any confidential information provided by the other including, but not limited to, names, address, telex, facsimile, e-mail, Internet and telephone numbers or any means or access thereto including bank information and/or privileged information without the specific prior written consent of the other party. Furthermore, other party may not deal directly with any funding sources introduced to other party in the course of a transaction or for any other transactions. Any controversy or claim arising out of a transaction, or the breach thereof, shall be submitted for arbitration in **(YOUR STATE HERE)** in accordance with the rules for arbitration as specified in the applicable laws of the State of **(YOUR STATE HERE)**. For the convenience of the parties, the use of faxed or e-mailed copies of the agreement shall be legally binding upon them. This is not a compensation agreement: the method of compensation for each party will be negotiated separately for each transaction.

Company \_\_\_\_\_

BY: Signature \_\_\_\_\_ Title \_\_\_\_\_

Printed Name \_\_\_\_\_ Date \_\_\_\_\_

Telephone # \_\_\_\_\_ Fax # \_\_\_\_\_

Signed and Agreed : \_\_\_\_\_

Date \_\_\_\_\_

**YOUR NAME HERE**

Keep a file for each mortgage company that signs up. Over time you will have many of these on file. When they call for other loans, remind them that they are under contract.

## Notes