

# Private Money Lending (PML) Due Diligence Checklist

Use this checklist to evaluate risk, confirm borrower credibility, and protect your investment before funding a real estate project.

## 1. Borrower & Team

- Is the borrower experienced with similar projects?
- Do they have a licensed general contractor (GC)?
- Can they provide references from recent builds or loans?

## 2. Project Details

- What's the planned exit strategy (sell, refinance, hold)?
- Is there a realistic timeline and scope of work?
- Are permits already secured or pending?
- Will there be clear, proper, and timely communication?

## 3. Financials & Budget

- Is the budget complete, detailed, and includes contingencies?
- How much equity is the borrower contributing?
- Are there reserves set aside for unexpected delays?

## 4. Property & Collateral

- Is there a recent appraisal or broker price opinion (BPO)?
- Are title and lien positions clear?
- Is the property insured, and is the lender named as loss payee?

## 5. Legal & Documentation

- Is there a signed promissory note and deed of trust/mortgage?
- Has the security instrument been recorded with the county?
- Are all terms and conditions clearly spelled out in writing?

## 6. Risk Management

- What's the worst-case outcome — and is it acceptable?
- Is there a clear process if the borrower defaults?
- Do you understand your rights and recourse as a lender?