

BE THE BANK

10 STEPS TO BECOME A PRIVATE MONEY LENDER

1. UNDERSTAND THE ROLE

- Learn what private lending is: you fund real estate deals in exchange for interest and collateral (typically real estate). You're not just investing – you are the bank.

2. SET FINANCIAL GOALS

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3. CHOOSE LENDING NICHES

- Focus on fix-and-flip projects, rental properties, land, or new construction. Align with niches you understand or are passionate about.

4. LEARN LENDING BASICS


- Know key terms like LTV (Loan-to-Value), points, interest rates, promissory notes, and deeds of trust. Get familiar with how secured lending works.

5. GET LEGAL & FINANCIAL GUIDANCE

- Work with an attorney to draft loan documents and understand regulations. Consult a CPA about taxes and setting up an entity (e.g. LLC, trust).


**6.**

BUILD A LENDING CRITERIA CHECKLIST

- Minimum credit score
 - Max LTV (e.g. 70%)
 - Experience required
 - Property type & location
 - Exit strategy
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7.

START BUILDING DEAL FLOW

- Network with real estate investors, wholesalers, and real estate agents. Attend REI meetings, join Facebook groups, or partner with a fund or loan originator.
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8.

PERFORM DUE DILIGENCE

- Verify borrower experience
- Review project comps & budget
- Check title, insurance, and lien position
- Get a BPO or appraisal

9.

FUND WITH PROPER DOCUMENTS

- Promissory Note
 - Deed of Trust or Mortgage
 - Personal Guarantee (if needed)
 - Record the lien with the county to protect your investment.
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10.

MANAGE & SCALE

- Collect monthly interest payments or balloon payments at sale/refi. Track your ROI. As you grow, reinvest profits or pool capital from other investors.

Want to learn more?

[Click here to pick up my new book on Amazon.](#)
["A step-by-step guide to make money as a Private Lender"](#)