

## **1. Knowledge, experience, and integrity of the MLB through whom the transaction may be made or arranged**

Before placing your trust and money with an MLB, you would be wise to call: (1) the Department of Real Estate (DRE) to determine if the MLB and his or her loan representatives are properly licensed, how long each has been licensed, and whether any of the licenses have been disciplined; and (2) the local Better Business Bureau to ask if any complaints have been lodged.

Ask the MLB to provide a professional profile for your review and information as to the approximate number and percentage of loans, if any, negotiated by the MLB which resulted in foreclosure (commenced and/or concluded) during the past few years.

Ask the MLB if he or she is the borrower or if he or she has any relationship to the borrower (e.g., if the MLB is a relative, a shareholder, an officer, a director, or a partner of the borrower). When the MLB is the borrower or related to the borrower, we refer to the transaction as “self-dealing.”

## **2. Market value and equity of the property and the security for your loan**

The market value of the Property is critical to your decision to lend your funds or purchase a promissory note because there is a possibility that the only way to recover your investment is through the sale of the Property. Therefore, the market value of the Property should be correctly estimated and the total loan-to-value ratio properly analyzed as illustrated below. This information should be made available to you before you commit your money to the transaction.

**A. Market Value** — The sale price, the cost to build,