

Letter from the Editor

We hope you're having a wonderful May. It's hard to believe that spring is already in full swing! April was another strong, steady, and productive month. We originated six loans for a loan volume of 1.362 M. All of the loans were First Trusts, and two loans were in Virginia, two were in D.C., and two were in Maryland. We also have been preparing for two very large loans coming up in May and early June.

CHUCKLE'S CORNER

"If all the economists were laid end to end, they'd never reach a conclusion."
– George Bernard Shaw

FOOD FOR THOUGHT

We have been or will be participating in multiple charitable events. On April 28, Sam, his wife Laura, and our crew of about five workers participated in Rebuilding Day with Rebuilding Alexandria. Our team was assigned a house to work on for the benefit of an elderly gentleman. They spent the entire day doing odd jobs around the house, which included landscaping, painting the porch, and some interior work. The owner was very pleased with their work.

We are also participating in an upcoming event, Catholics for Housing's 5K Run/Walk for Affordable Housing, which is taking place in Bull Run Regional Park in Centreville, VA, on June 16 at 9 a.m. You can register now or learn more at <http://cfhva.org/2018-5k-for-affordable-housing/>. We will be hosting a barbeque at the end of the race for our group and their families.

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Six Factors to Consider When Searching for a Hard Money Lender

Thank you to those who attended our presentation on the "X'S AND O'S OF THE HARD MONEY BUSINESS" at the THINK REALTY EXPO in Baltimore! One of the questions we were asked at the event was, "How do you vet a hard money lender?" Below are six factors to consider when searching for a hard money lender.

1. Experience

Many lenders are generalists. They lend money for all types of properties and all types of borrowers. This lender does not really understand the intricacies of hard money loans or the specifics of lending to investors. You want a lender who specializes in lending to investors and has experience doing it. If the lender has prior experience being an investor, that's even better. Clear Sky Financial not only has five years of experience in the hard money business - we also have 17 years of experience flipping houses. We have flipped over 250 houses and we have experienced and managed almost every concern that our investors may encounter.

2. Speed

Often the difference between a successful deal and a failure is the speed at which it can be done. You want a lender who can do your deal quickly. You also want one who will get back to you on a timely basis when you have questions or concerns. Clear Sky Financial can close a deal in less than 24 hours, provided the title search has been completed. Typically, we close most of our deals in two weeks or less.

3. Professionalism

Anyone with enough money can call themselves a hard money lender. It is important you choose a professional. A few years ago, the hard money lender was a scruffy person sitting in the corner at REI meetings, holding whispered conversations with customers. Today, they're more likely to be college graduates who majored in business and finance, and who have specific, verifiable programs for loans and do not make up the terms as they go. A professional will have a website, business referrals, and, most importantly, several customer referrals.

4. Reliability

The lender you choose needs to be able to show you proof of his reliability. They will have a good reputation and verifiable references and testimonials. They will also provide lender letters and proof of funds, if necessary.

5. Competitive Rates

Thankfully, the old days of 15%-20% rates on hard money loans are long gone. In today's economy, rates are much more favorable to the borrower. Make sure your lender has kept up with the times and offers you the best rates available today. They should also be able to offer you a variety of programs for Fix/Flip, Buy/Hold, Bridge Loans, Transactional Loans, and Cross-Collateralization Loans. Clear Sky Financial offers all of these loan types.

6. Audited Financials

If you have two or three lenders that you like, this factor might be the hard money deal-breaker or hard money deal-acceptor. A company that has audited financials from a third-party accounting firm carries a lot of weight. There are a lot of new companies in the space that are not organized enough for this level of detail.

The right hard money lender can add immense value to your investment program. They can make the difference between just getting along and being wildly successful. Once you have found the one who is the right match for you, you will be able to form a relationship that can last through the years and be very beneficial for both parties. If you are in the process selecting a hard money lender, or may be in the future, we invite you to consider Clear Sky Financial. We are experienced, fast, and reliable professionals, and we offer competitive rates and have audited financials.

Making Moves- Times to Raise Capital

We are positioned for growth. There is much more demand for our loan products than we can satisfy with available capital. This demand has been generated through our original marketing methods and client outreach. We haven't added additional marketing support staff or started reaching out into the marketplace in new ways. Our processes and systems are in place that will readily support doubling our production and holdings. So, our biggest constraint is the availability of capital.

We are seeing a trifecta of events that are expanding the number of contacts we have with borrowers looking for loans. First, deal finders are finding fewer deals to wholesale and now the wholesalers are turning into direct investors. Second, hard money lenders are seeing that the market has topped off and are taking a very conservative approach to lending which sends borrowers into the market looking for new money and relationships. Finally, some deals that borrowers have done with their old lender have not worked out well and the borrowers are looking for a fresh start with new assets and new lenders.

We have three vehicles for capitalizing our business: notes to investors, community bank loans, and our own capital. While we enjoy great banking and investor relationships, expanding organically through those channels limits our ability to lend on excellent transactions that are coming up in the region. Therefore, we are seeking to expand our reach into other parts of the investment community. Soon, we will establish a fourth path for raising capital to meet the demand from borrowers. The new approach maybe a private placement fund or a direct investment from a family office/high net worth investor. Look for an update from us over the summer about how we are handling growth.

April Deals



6160 Coventry Ct.



6100 Maple Rock Way



150 Polk Dr.



2605 Irving Street NE



5049 Benning Road SE



6802 Farmer Drive