**Procedure for Finance of Real Estate**

**(This is for Internal Use only and cannot be distributed outside of our organization)**

We have four (4) different programs for financing real estate projects. The details of these programs are provided herein. Please note that each program is different only to the terms and funding limits. All programs require the same documents.

**HARD MONEY QUICK CLOSE PROGRAM**

This program can be used for both residential and commercial properties at values of $200,000 and above. These loans will be at 65% to 70% loan to value. Raw land that is tied to development/construction can be financed at 50% to 60% LTV. We cannot finance raw land that has no other intended purpose. Interest rates will range from 8% to 13% determined specifically by lender. Loan origination points will not exceed 6 points. These loans are typically one (1) loan with a three (3) renewable options and debt service is calculated using a 30 year mortgage interest amortization schedule for the first year. These loans typically can close with a three (3) week period. For any renewable option there may be a fee for the renewal. The interest will be calculated the same as the first year of the note.

**RESIDENTIAL TRADITIONAL LOAN PROGRAM**

This program is used to finance residential properties at values of $200,000 and above. These loans can be financed up to 97% loan to value. Raw land that is tied to residential construction can be financed but will be done through the construction lending program tied to a long-term takeout. Interest rates will range from 5.875% to 8.5% determined specially by lender. Loan origination points will not exceed 6 points. These loans are typically twenty five (25) to thirty (30) year loans. These loans typically can close with a sixty day (60) period.

**COMMERCIAL TRADITIONAL LOAN PROGRAM**

This program is used to finance income producing commercial real estate at values $200,000 and above. The types of properties we can finance include the following.

1. 2/4 unit residential
2. Mixed use
3. Commercial
4. Income Properties
5. Gas stations
6. Housing Projects
7. Commercial Projects
8. Construction Loans
9. Strip malls

Conditions of the loan include the following.

1. Value is determined using 8-9X rent roll.
2. Rates range from 5.875- 8.5%
3. Programs were rates are low need minimum credit score of 680.
4. Programs go as low as 550 credit score
5. NO Foreclosures
6. Allow Construction Financing
7. Owner occupied and Non Owner Occupied OK
8. LTV range up to 70% Loan To Value
9. All Full income deals.

**FLAG SHIP HOTEL CONSTRUCTION AND COMMERICAL LOANS**

This program is used to specifically finance flag ship hotel developmental projects at values under $1B. Program provides construction lending, if required, that can include land acquisition and/or long term commercial lending. Conditions of the loan include the following.

1. Value is determined using 8-9X rent roll.
2. Rates range from 5.875- 8.5%
3. Programs were rates are low need minimum credit score of 680.
4. Programs go as low as 550 credit score
5. NO Foreclosures
6. Allow Construction Financing
7. Owner occupied and Non Owner Occupied OK
8. LTV range up to 70% Loan To Value
9. All Full income deals.

For projects that need more financing than what can be provided here must be reviewed by YOUR COMPANY before submission to determine if we can create a financial structure that allows the project to be able to receive the required funding amount before submission to the lender. On those projects that cannot be fully funded using this lending instrument YOUR COMPANY will determine if there can be a capital structure created to fund the project. In those cases, any and all fees could be different from below. There is a lender’s due diligence fee required for each project as follows:

EXAMPLE OF A FEE STRUCTURE

250,000-1,000,000  - $5,000 fee

1,100,000- 3,000,000 - $7,500 fee

3,100,000- 5,000,000 - $10,000 fee

5,000,000 and up - $15,000 fee

The above appropriate fee must be received before submission of the project to the lender you’re your COMPANY following bank account. If the lender fails to provide a term sheet to the client then the due diligence fee is refundable. No refund will be made if client does not accept the terms offered on the term sheet.

YOUR COMPANY INFORMATION AND BANKING DETAILS

For each project the owner/purchaser may request a specific closing date and as such we must obtain agreement from lender. Closings are all based upon the receipt of a complete submission of the project package to the lender. Hard Money closing dates are typically two (2) to three (3) weeks after complete submission.

**The Documents Required**

**The following documents can be sent to us electronically or in paper form must be received in duplicate or a copy must be created for our files before submission to the lender.**

***For Residental Applications***

1. **Executive summary.** Include loan request and terms. Property/collateral information (when and how much was purchase). How much of own money is invested and how much is owed. Use of funds and exit strategy. This is a key part of the application process. Your summary must give us a good understanding of the entire picture.
2. **Application standard 1003 (Attached)**
3. **Current Credit report**
4. **Personal Financial Statement on all guarantors.**
5. **Appraisal dated within the last 90 days**
6. **Purchase Contract ( if needed if Purchase)**
7. **Copy of all Loan Agreements**
8. **Cash out letter for each loan**
9. **Breakdown of cost if construction loan to include resume of builder and soft cost budget**
10. **Bank statements for 3 months and or any statements showing assets**
11. **Mortgage Statements**
12. **Leases if it’s a rental Property**
13. If Income producing property- rent roll and expenses - including tenants names, lease start and end dates, Sqft of each unit, rental amount, type of unit( office, Apartment, or retail) Lease type( triple net, modified Gross Etc.) Expenses including taxes, insurance, water, oil, gas, electric.
14. **Photos of the Project**

*For Commercial Applications*

1. **Executive summary.** Include loan request and terms. Property/collateral information (when and how much was purchase). How much of own money is invested and how much is owed. Use of funds and exit strategy. This is a key part of the application process. Your summary must give us a good understanding of the entire picture.
2. **Application standard 1003 (Attached)**
3. **Current Credit report**
4. **Personal Financial Statement on all guarantors.**
5. **Last 3 Years Business Financial Statements showing and liabilities.**
6. **Last 3 Years Business Tax Returns**
7. **Up-to-date Profit and Loss on business**
8. **Appraisal dated within the last 90 days**
9. **Purchase Contract ( if needed if Purchase)**
10. **Copy of all Loan Agreements**
11. **Cash out letter for each loan**
12. **Breakdown of cost if construction loan to include resume of builder and soft cost budget**
13. **Bank statements for 3 months and or any statements showing assets**
14. **Mortgage Statements**
15. **Leases if it’s a rental Property**
16. If Income producing property- rent roll and expenses - including tenants names, lease start and end dates, Sqft of each unit, rental amount, type of unit( office, Apartment, or retail) Lease type( triple net, modified Gross Etc.) Expenses including taxes, insurance, water, oil, gas, electric.
17. **Photos of the Project**

*\*\*Please note\*\**

 *We will need the items listed to start preparing the file properly. Without the information above, we do not have a complete package, and will be unable to analyze the transaction properly, which could result in denial, or a slow moving process.*

*All commercial loans until the website is completed must use the excel spreadsheet documents to speed up the lending process by allowing us to directly feed he information into the lenders systems*

**Processing/Sending Documents to Lender**

We have a two step process with our lenders. The first is to determine if the project can be financed with the lender before sending them the documentation.

For each project being submitted to a lender we will first prepare an executive summary as follows and send to the lender for a soft approval. This limits both us and the lender in time and money.

*The Executive Summary*

Project Name:

Project Appraised Value:

Project Appraisal Date:

Project Appraiser Contact Information:

Type of Financing: Raw Land \_\_\_\_\_ Land with Structures \_\_\_\_\_\_

Loan Request Amount:

Requested Closing Date:

Upon receiving a positive response from the lender we will issue an LOI requesting the due diligence fee and the remaining documents to be sent to us. It is the responsibility of the submitter to make sure that the packages being submitted are complete. Incomplete packages will be discarded. Upon the receipt of a completed package we must arrange the documents in the order listed above electronically or in paper form and send the package to the lender. This will be done by YOUR COMPANY after we have received a complete submission along with the lenders due diligence fee as stated above.

**Sending Packages and Correspondence to YOUR COMPANY**

All completed packages should be sent to the following address. No partial packages will be accepted they will be discarded if not complete.

YOUR COMPANY MAILING AND CONTACT INFORMATION

This is the same individual who is responsible for the weekly reports on in-coming calls regarding your projects.