IAP ULTRA NET BRANCH HANDBOOK 2020

Welcome to the Exclusive IAP Ultra Net Branch Membership. IAP is an exclusive private "by invite only" membership with the most advanced commercial loan education platform coupled with superior tools to master the $500 billion a year commercial loan industry.
http://www.thinkadvisor.com/2017/06/30/commercial-real-estate-debt-cracks-3-trillion-barr

Business Hours of Operation Monday through Friday 9am to 6pm EST.

Now that you have taken the leap here is what you need to do next.

NEXT STEPS. Please see company directory for points of contact.

STEP 1: New 11 Capital Finance Branded Email Log In Set Up. You will receive an email within 48 hours (not counting weekends or holidays) with how to log in to your branded company email. We will have sent to this email many things but most important is you locate the 2 notices from Adobe-Sign and follow the link on those to e-sign both your ICA (Independent Contractor Agreement) and your W-9

STEP 2: Send In Paperwork.

1. E-sign ICA Independent Contractor Agreement
2. E-sign W-9
3. Email IAP@11capitalfinance.com or Fax 877-957-4357 your Photo ID

STEP 3: Tool Set Access. Everything for your Net Branch is sent to the branded email so it is very important that we get you to access that before anything else. Please let us know if you cannot access that branded email with the letter sent regarding how to access it, or if you do not see a letter for email access within 48 hours.

1. Your Company Phone Extension (you can opt out if you prefer to use a direct number just let us know) is created within 24 hours of your email (and usually the same day) and you will know by an email from Grasshopper in your company email.

2. CRM access. Once paperwork received by corporate your CRM access will be created, if not received within 48 hours of paperwork being signed please send us an email at Operations@11capitalfinance.com.

3. Training portal access can take up to 48 hours after requesting, to request portal access, click the link at the top center of our page "IAP Portal Login" and follow the steps there as a New User, you will know it was done correctly when the system says you are waiting for Webmaster Approval.

4. Market Beam. Be sure to set up your MarketBeam with all of your social media channels i.e. LinkedIn, Facebook, Twitter, etc. Part of the program is that we do your social media marketing weekly for you through this incredible technology tool. Let tech market for you!

5. Personal landing page will be created. Web site takes 5-7 business days. Please send the following to Ultra@11capitalfinance.com

   To have your site personalized:
   a. Picture of you (or company logo if you are having the site white labeled)
   b. Your social Media links (we require at least a Linked In is set up for the Net Branch if you do not have your personal one you want to connect)
   c. If you want to use your own direct number instead of company extension.

STEP 4: Access IAP Portal. You need to register first for the IAP Portal (you will know you followed the New user steps correctly when it says you are awaiting sire admin approval when you try to log in. You will be approved by tech within 24 hours of request. Log in to IAP backend portal which is at the top of the web site. The IAP portal is your all access pass to all online audio training classes, marketing materials, and everything you need to launch your finance business. This is a great point to start getting in the habit of using your success worksheet.

STEP 5: Complete Core Training Classes. (20 classes approximate =20hrs) to become eligible for FIVE leads program. Rules for the FIVE and contract will be issued upon completion. Notify management when ready to have FIVE agreement issued at Operations@11capitalfinance.com The next step is to be sure you have CRM access (granted when all paperwork is signed and returned via AdobeSign) and then submit two forms via our webpage for loans as a test. One permanent and one temporary such as a rehab. Put your name and test as the borrower name and test in the notes then be sure that everything is answered if not applicable put NA, things like zip codes are too important to leave blank.

STEP 6: Attend Weekly LIVE Training Calls. Calls with lenders, industry experts, and senior management happen weekly and recorded if you cannot attend. Part of the program is ongoing continuing education, but after the core classes this is earn while you learn.

- Lenders. Hosted by Megan Krache, President. Schedule announced Fridays or Sundays for following week. Conference Call Line 719-820-9767.
- Operations and Tools. Hosted by Operations Team. Every Monday 1pm EST. Conference Line 602-609-9072.
- New Recruitment (for those not in the program) Hosted by Christopher Perez. Every Tuesday 1pm, Wednesday 3pm, and Thursday 1pm EST. Pre-recorded 1/2hr presentation with LIVE Q&A on the 1/2hr. Conference Line 602-609-9072. Your prospects can register here: https://app.acuityscheduling.com/schedule.php?owner=15100353&calendarID=1917180

Make sure your prospects are in CRM under your name for instant cash bonuses and lifetime overrides.

- Deal Talk, Money with Meg Podcast, Hosted by Megan Krache LIVE every Wednesday Noon EST Conference Line 719-820-9767. Sign up for Podcast here: https://moneywithmeg.podbean.com

STEP 7: Start Taking Leads through The Five Lead Program. After the requirements are completed (core lessons, CRM access and aptitude, FIVE agreement signed, 2 forms done as a test through our system, name must be yours and TEST and TEST again in the notes) the lead requests are sent to leads@11capitalfinance.com and can be requested for the following day (up to 3 days at once on weekends Fri, Sat, and Sun can be requested on Friday)

STEP 8: Start Originating. Your personal networks, social media, networking events, etc. are everywhere. There is a class on origination. You make significantly more money on self-originated leads and the conversion rates are much higher. *Never solely rely on in house leads to build your finance business.* You should be using your success worksheet as well as always recording any contact with borrowers and/or potential team members in the CRM.

STEP 7: Follow Up. Follow Up. Follow Up. The fortune really is in the follow-up, the key is not to chew through contacts and leads trying to find a deal, we have learned through many years of experience you will have more successful deals from good follow-up and regular "touches" to 10 people than 50 you only attempted once or twice.

STEP 8: Complete your weekly SUCCESS WORKSHEETS. The Success Worksheet has been designed to maximize your success throughout your new chosen finance career. Most IAP do the business part time spare time and this worksheet will help you maximize your time and track your progress from week to week month to month. It is also a tool that will allow management to help you progress and grow your business to where you want it to be. It is highly recommended to send in your worksheet monthly to our national sales manager for review. Taking the time to do this is a very big step to assuring your best opportunity for success in the CRE lending industry.

STEP 9: Grow your TEAM Very much optional but everyone is encouraged to grow their team. Recruiting earns you both immediate earnings and longtime residuals as long as both of you remain in the program. The requirement to get paid quickly on the new Net Branch is that once they join you will be copied on their welcome email, you then need to reach out to them by email and welcome them onboard personally with a copy of this guide and then call them to go over these first 5 pages so they know what to expect and who they need to contact if they get stuck/lost. Document all of this in the CRM and then notify payments at tgustaveson@11capitalfinance.com and the monthly signup bonus will be submitted by daily instant cash payout bonus.

COMPANY DIRECTORY

As a part of the IAP program you have access to incredible resources. You are in business, but never alone. We are with you every step of the way. This is who to contact regarding what questions, needs, and or issues you may encounter. Emails are the preferred method of contact for the sake of efficiency. We strive to respond to any emails and/or voicemails within 24 hours (not counting holidays and weekends). Office hours are 9am to 5pm eastern standard time. **Please never group email multiple team members as it taxes resources. If a member of the company is not listed here, please do not contact without consent from management first.** Thank you in advance.

Customer Service, Toll Free 877-957-4357, info@11capitalfinance.com

Loan Intake Department, loans@11capitalfinance.com**.** All loan questions & submissions as well as submission status (prior to moving into processing). 11 Capital Finance uses a proprietary matching pricing engine based on advanced algorithms to automatically find the best programs for borrowers using the short form application answers provided. Our Loan Services Division has the ability to manually package and present loan files nationwide with over 10,000 loan variations should clients want additional quotes. For manual underwrite the borrower MUST be in a purchase and sales agreement and 11 CAP fee agreement signed. Initial loan offers and pre-approvals are usually only one of many possible options. If a borrower wants additional quotes please ask your mentor for a formal engagement letter. We are beta testing OCR readers so complete thorough short forms are vital. ***Our online product sheet can answer most borrower questions.***

Processing and Underwriting, processing@11capitalfinance.com Loan status for files in process - meaning borrowers who have stated they wish to move forward with a quote and have executed a Fee Agreement with our Loans Department. Always check the borrower CRM notes first for status.

Operational Issues & Customer Complaints. operations@11capitalfinance.com New email for fast resolution of Operational issues such as email, log-ins, paperwork and more this is for help with any problems that are not loan related turn around under 24 hours and we strive for the same day. Please notate CRM record as well.

Team Building & Recruitment: For those that want to build a team we have weekly intro to the business calls every Tuesday 1pm, Wednesday 3pm, and Thursday 1pm EST. Have your prospects reserve a space here. Make sure you log your prospects in CRM so you receive your instant cash bonuses plus lifetime overrides on your sign ups.
https://app.acuityscheduling.com/schedule.php?owner=15100353&calendarID=1917180

Technology & Tech Support

- Web site, Ultra web sites, mobile Apps, IAP portal, online applications: techsupport@11capitalfinance.com
- Any changes needed to Ultra site such as pic or to check on status Ultra@11capitalfinance.com
- Email issues, Rackspace: Online forum https://community.rackspace.com/products/f/email-products-forum
- CRM, LACRM: Help right through the CRM left hand side click Help, phone 877-666-6467 email help@LessAnnoyingCRM.com
- Dialer, Call Fire: support@callfire.com or call 1.877.897.3473
- Phone extensions, Grasshopper: Only after you have an extension because you will need your PIN on that extension for Grasshopper to be able to help (800) 279-1455. Also Great forum to find answers https://support.grasshopper.com/hc/en-us

SPECIAL NOTE: If you start to struggle once you are set up operationally, done your Core Training and begin the business, please send your Success Worksheet to our National Sales Manager to be evaluated with management so we can get your business on track. Please make sure you listen to the training class on What to Do as an IAP (Sales) as your guide for your worksheet. This is the road map to success.

TEAM MEMBERS

Any operational or customer service issues go to Operations@11capitalfinance.com or call 877-957-4357 opt 1 as their turn around time is significantly fast than contacting an individual

Marketing materials and items such as business card templates are in the IAP portal so no need to request as they are at your disposal 24/7 access.

Administration, Megan Keyser, 877-957-4357 mkeyser@11capitalfinance.com Operations including, but not limited to, accesses such as email, CRM access, phone extensions, dialer, The FIVE leads program, leads, social media marketing, databases, training program, sponsors, and agreements.

IAP & Borrower Customer Support, Evie Hirschmann, ehirschmann@11capitalfinance.com, 877-957-4357.

National Sales Manager, Marty Johnston, 877-957-4357 Ext: 7013, mjohnston@11capitalfinance.com Everything IAP, enterprise level relationships, net branches, strategic partnerships, high leverage tools i.e. The Button, Bankers Giving Back, Lenders Roundtable, and recruitment.

Payments & PayPal Administration, Trena Gustaveson tgustaveson@11capitalfinance.com
Net Branch commissions and invoices, billing, any other operations issues that were sent to Operations@ and was not responded to within 24 hours.

Professional Services Referral Sites, Marty Johnston, mjohnston@11capitalfinance.com **:**
Lenders Roundtable www.lendersroundtable.com Accountant Funder www.accountantfunder.com Lawyer Funder www.lawyerfunder.com Realtor Funder www.realtorfunder.com Resi Funder www.resifunder.com

Enterprise Accounts & Corporate Governance, Christopher Perez, Director, call 877-957-4357, ask for Megan Keyser or Evie Hirschmann. National operations, company policy and protocol, corporate matters, legal and compliance, enterprise level relationships, strategic partnerships, and lender relations.

"At 11 Capital Finance we are your partner in the commercial lending business. Please provide any feedback, positive or negative, ideas you may have, suggestions, and more. We have an open door policy and always looking to add value and efficiency to the program. Our goal is to give you every possible tool to achieve success as quickly as possible." **Megan Krache, President**

UNDER NO CIRCUMSTANCE ARE IAP TO CONTACT 11 CAPITAL LENDERS DIRECT. OUR PROCESSORS ARE THE SINGULAR POINTS OF CONTACT AS PER CONTRACTS IN PLACE. ALL LEADS ARE THE SOLE EXCLUSIVE PROPERTY OF 11 CAPITAL FINANCE AND SUBSIDIARIES. ANY MISUSE OF LEADS OR USING LEADS OUTSIDE OF THE SYSTEM WARRANTS IMMEDIATE DISQUALIFICATION FROM THE PROGRAM. IN ADDITION, THEFT OF PROPERTY CARRYS SIGNIFICANT CRIMINAL AND FINANCIAL PENALTIES.

Your Guide to Commercial Lending

11CapitalFinance

1. Mission and Summary Overview

The information provided herein is a guide for the lay person, i.e., accountants, attorneys, entrepreneurs, independent representatives, and residential brokers, on how to source and originate commercial mortgage loan candidates. 80% of the CRE lending market is non-traditional loans from $150,000 to $1,500,000 and where your focus should lie. Other lenders can provide capital at even higher amounts, up to $50,000,000+. The typical loan amount to the appraised value is from 50% to as high as 90% (CLTV explained later).

The opportunity for you is to build a full or part-time, sustainable, income-generating sales business that incorporates fairly nominal selling skills. The need for cash and working capital by our typical business customer is universal and sells itself. Our process is built on making it easy. You also have the ability to build long term passive residual income through recruiting and team building.

11 Capital Finance, LLC is a national commercial loan company headquartered in Lansdale, Pennsylvania with offices in West Palm Beach, FL. The company is privately held. The website is [www.11capitalfinance.com.](http://www.11capitalfinance.com)

2. Commercial Lending: Full Doc, Stated, and Hard Money

You have finally decided to jump into the exciting world of commercial real estate lending and or a residential broker adding commercial loans to your product line. You've done your homework. Now what type of deals should you be looking for, and what types of deals do the lenders want to see? Every lender is particular about the types of deals they want, so let's begin with the three basic types of loans that exist: Full Document, Stated, and Hard Money. There is a glossary of terms at the end of this guide explaining all terms and documents in detail.

A) Full Document: First, full doc is your bank-type product. The borrowers have good credit, plenty of down money (if it is a purchase), and the property they are buying/refinancing is more or less vanilla (i.e., retail, office building, or multifamily). There is a fair amount of competition on these types of loans and pricing is very competitive in the market place. Rates are better, and LTV's higher because these are the deals that banks and wholesalers want to finance. Why? The answer is quite simple: RISK. The chance of default is much less with a clean property, plus the lender can liquidate a property quickly (in a worst case scenario) if the borrower defaults.

B) Bank-type loans, however, require bank-type paperwork. Full doc lenders will typically want to see the following:
- Lender specific application
- 1003
- Tri-merge credit
- Profit-loss statement with rent rolls if it is an income-producing investment property
- Two to three years of tax returns, both personal and corporate

The lender can then make a determination based on credit, income and collateral. Most lenders want to see a 1.2 to 1.35 debt service ratio or "DSR". That means that the property's income must be able to service the mortgage payments and have at least 20% profit left over. The "DTI," or debt to income ratio, should be at 55% or less, and in the case of owner-occupied, as high as 85%.

Some full document lenders, like the SBA, will even consider the business value and equipment of the business in addition to the property value. Properties that are unique (i.e., restaurants, auto repair, marinas, single purpose properties) will typically not work as full document deals. When considering a full document loan for a client, keep in mind that they have a lot of options out there in the marketplace. Lots of options mean lower fees for you, and this also increases the likelihood that you will be "shopped around." The turnaround time for these loans to close is 60-90 days.

C) Stated Income/Stated Asset Loans: These loans are for borrowers who may show losses on their tax returns or are in an all-cash business. Stated lenders, the very few that exist, have much more flexibility with their underwriting. What the stated lender is looking for is a strong borrower and a solid property. Personal income is far less important. A common misconception with brokers is that the stated lender is looking for sub-prime borrowers. This is absolutely NOT the case. Most stated loans have very strong credit borrowers. Most are owner-operators who have been in business for many years and take the deductions that the IRS allows year after year. For the most part, stated lenders will consider more unique property types as well. The risk involved with these loans on Wall Street is much greater, so they are offset by much higher rates and shorter terms.

The stated lender will typically want to see the following:

- Lender specific application
- 1003
- Tri-merge credit
- Rent roll

The key to approvals on these loans is page two of the 1003: the assets page. Make sure you load-up the assets page with stocks, bonds, securities, inventory, equipment, personal property, or anything else your borrower might own. Your job is to make the underwriter comfortable with the borrower and the deal. The assets page can either solidify your loan or kill it. Keep in mind that when dealing with multifamily, the stated lender will still want a strong performing property. There are very few good stated income/stated asset lenders in the U.S., and almost none that a borrower can approach directly. This means much higher fees are collected on these loans, and the ability to "shop around" is nil. From start to finish, these loans close in 30-45 days.

D) Hard Money or Bridge Loans: These type of loans speaks for themselves: it is expensive, but quick money. Rates will be in the double-digits, terms are from one to three years, over- collateralization is common place, and LTVs usually max-out at 65%. The funds come from private investors and/or groups. There are two borrowers for this type of financing:

1. First is the borrower who is in trouble because of bad credit. The borrower has super strong financials, strong assets, and a great executive summary, but he can't get a bank loan because of his low credit scores. There are a few simple questions to ask when pre-qualifying a hard money loan:

- How much do you want?
- How much do you have (cash/assets)?

- How much do you make?
- How do you plan to pay me back? (Often called the "exit strategy")

If the borrower does not have a strong answer for all of the above questions, then the deal is dead due to the inability to service debt. Unlike banks and conventional lenders, where you typically need at least a 600 score for them to even look at a deal, private lenders do not require a minimum credit score to close a loan. The private lender is typically looking for a reasonable credit explanation if the borrower's credit score is low. The private lender also wants to make sure a quick liquidation for profit is possible at a fire sale. (This is how they actually determine the value of the property: if the sheriff sale value is $300k, the appraised value is around $475k to $525k [depending on property and location], but the LTV is based on the Sheriff's Sale value when getting a bridge loan).

2. The second type of borrower for hard money loans is the institutional investor, or the savvy entrepreneur. These borrowers find investment opportunities quickly, and they need money lightning-fast to make them profitable. This type of borrower doesn't care about rates, fees or terms. He is in it for the short term to churn his cash and make a quick profit. A $100k fee to a borrower making a $5 million profit on a deal is irrelevant, due to such a high return on the initial investment. The hard money lender will typically want to see the following:

- Lender-specific application
- Executive loan summary
- Market opinion letter on the value of the property from at least two local realtors
- All financials relevant to the deal

Hard money loans can close at warp speed: anywhere from 7-14 days!

3. Question and Answers

Q: Who are the best candidates for secondary market programs?

A: Borrowers who are looking for financing on an income-producing property, but who cannot qualify for traditional bank financing because they prefer not to show verifiable income or assets. Possible loan candidates may include the following types of borrowers:

•Applicants who may have some credit issues.

•Business owners who desire to take cash out of their property.

•Entrepreneurs and self-employed people wanting to purchase a location for their business.

•Borrowers who want to limit their investment to as little as 5% down payment. We have structures which allow a borrower to borrow as much as 95% (* Special structure applies).

Q: What type of income verification is required?

A: Unlike traditional bank lending, we do not verify the borrower's personal income for our stated program. The only income verification done is on the subject property. Stated income/stated asset underwriting allows self-employed borrowers, who cannot verify all of their income, to qualify for financing. In addition, we do not need personal financials for income-producing properties. The property's income can be used as proof of debt service on the loan.

Q: Can you finance properties that have high environmental risk, such as an auto repair facility or a dry cleaner?

A: Yes. When these loans are pre-approved, the borrower is required to complete an environmental questionnaire, which is submitted to an environmental insurance company for most property types. The insurance company reviews the information provided and issues a secured lender's policy based on the environmental risk of the property.

Q: Can you compete with banks?

A: Yes and no. Secondary market lenders have higher LTVs than banks, stated income programs that banks do not offer, and will consider any credit score. Banks can often 'buy' the business when it comes to clients with "A" credit scores. You will have access to lenders offering bank-type products, Bank Alt and Hard Money products. The latter two categories is where most of your income will be derived.

Q: What are your fees?

A: Fees can vary from 1-5 points. Processing is a variable, but standard fee. All fees come out of the loan proceeds. Most lenders do not have an application fee and/or charges upfront fees. The only upfront cost to a borrower is typically the appraisal.

Q: What is your turnaround time?

A: Secondary market lenders rely on quick turnarounds, usually 48-72 hours from submission for approvals, and 45-60 days to close. Hard money under 30 days.

Q: When can I begin submitting loans?

A: Immediately, but it is recommended you complete your Core Classes if you are brand new to the industry. If you have a deal though, never wait. Call the office 877-957-4357 and they will help complete the loan application with you and or your client.

Q: Do I have to process my own loans?

A: Yes and no. If you are an IAP most of your time will be spent on originating. As an 11 Capital IAP all "back-end" processing is done in-house for you. Other wholesalers require extensive processing (requiring extensive knowledge) to close a commercial loan. You will be working with Borrowers to find out their need and take the appropriate 3 minute short form application. A pre-approval will be issued within 24hrs or less. Once a borrower accepts an offer processing will secure all the needed documentation in order for the Lender to close handling everything with the Lender directly for you, making it a smooth and faster process.

4. Your Role as Broker or Commercial Loan Officer (When Originating)

Your primary function when originating, is to prospect and source potential candidates who meet the general criteria outlined herein. When a prospective client is identified, you will ask a series of questions to determine if he or she is a good a candidate. The line of questioning is provided as a sample, but it's the Short Form Application that is your real guide:

Hello my name is _________________; I am with" your broker shop" or 11 Capital Finance.

Are you looking for a commercial real estate loan? We have some great new programs!

Great. If you have a minute, I just need a few pieces of information from you.

Can you tell me about your deal?

How much money are you looking for?

How much down money do you have?

What kind of property is it?

What do you think the property is worth?

How much do you owe on the subject property (if refinance)?

Tell me a little about your credit: by chance do you know your credit score? If not, how would you grade yourself? Would you say that you have A, B, C, or D credit?

Tell me about your financials: do you show income on your tax returns? If yes, approx. how much? $__________.

If you don't show much income on your returns, it's no big deal. We can go with our "stated" program, which requires neither proof of income nor tax returns.

OK, that is enough information for us to move forward. I am now going to run the information through our system, and I will get back to you within 48 hours.

Can you tell me what is the best time of day to reach you? ____________________.

What is the best phone number to reach you? ______________________________.

Do you have an e-mail address? ____.

If 11 Capital IAP, Credentials

- National commercial loan super wholesaler with over 20 years in the business.
- Common sense-type guidelines for borrowers with unique needs.
- Over 100+ lenders with over 10,000 loan variations for commercial real estate.
- Approvals within 48-72 hours.
- Close loans in 45-60 days depending on appraisal time.

An 11 Capital processor will walk you through your first couple of deals to get you started.

5. What Short Form Do I Use?

First, what is a short form? A short form is part of the secret sauce at 11 Capital Finance. It is a 5-minute loan application found on our web site that has just enough information for us to get a pre-approval quote for the borrower within 24hrs from a lender. It is 95% of the business and your income. Since it is a "short form" every question must be completed, even if NA (not applicable). Incomplete short forms will create frustration for yourself and your clients as submissions will be immediately turned down by our pricing engine and our loan intake department if they are not 100% complete.

Types of Short Forms / Financing

Permanent: A permanent loan is a long-term loan, which typically has a fixed period where the interest rate stays the same, of 3, 5, 7, 10 or even 30 years. Our lenders typically amortize these loans over 30 years, which lowers a monthly payment. Once the fixed period expires, the loan may balloon, which means it comes due and the borrower needs to refinance, or it may just turn into an adjustable rate mortgage. These types of loans are usually for stabilized, positive income producing properties. Perm loans have the best rates and highest LTVs. Vacant*, rehab, and ground up construction do not qualify for permanent financing. *We do have some perm lenders who lend on vacant 1-4 unit properties and go off the local market rents in order to calculate the DSCR (debt service coverage ratio) on the properties. The typical DSCR on a commercial loan is 1.25 or higher.

Hard Money- Temporary Financing

Bridge Loans: These are short-term loans, usually 12-month-terms and are always interest only. They have higher interest rates and typically lower LTVs. They can also close faster than most perm loans. There are many misconceptions on bridge loans. Credit is still important. Down money and usually more than perm loans is vital. LTVs on bridge loans are typically 65%, so the borrower needs to come with 35% down plus closing costs.

Rehab Loans: Rehab loans are similar to bridge loan is that they are a short term financing solution with higher interest rates, but these types of loans will extend rehab funds to the borrower if renovations need to be done. These loans are typically 12-month-terms and are always interest only loans as well. They are typically used to buy a property then rehab or fix it up to flip (sell) and or put a tenant in place for long-term income. Most rehab lenders will fund 80% of the purchase price and 100% of the renovations, as long as the loan does not exceed 65% of the ARV (after repair value). Interest rates typically range from 9%-12%. Please be advised that all rates and terms on rehab loans are based on the borrowers credit, the location of the property, their bought and sold rehab experience in the past 2 years, their exit strategy, and the overall profit that the property can potentially make.

Ground Up Construction Loans: This is for a property that needs to be built ground up. Ground up construction involves starting a building project from a parcel of land and working toward a finished building. We can only do these loans here as short-term financing solutions with higher interest rates. These are again interest only loans. We only do ground up construction loans for 1-4 unit investment properties. Experience is huge on these deals. Most lenders want the borrower to contribute 25% of the total project cost to the deal, plus be able to cover closing costs, and have reserves to start construction. Construction is always started with the borrowers own funds, and then will be reimbursed to them in draws.

Portfolio/Blanket: These are loans where someone is buying and or refinancing a group of properties at once. We can only blanket 1-4 unit investment properties and Multi-family properties 5+ units.

Wholesale: These are loans where a wholesaler finds a property for sale then finds an end buyer for the property. They make money in the middle as the "wholesaler".

Please be advised that all commercial loans are different and each one is evaluated on different merits. Most lenders evaluate commercial loans based on the borrowers credit, the location of the property, the borrowers experience and the cash flow the property makes, or has the potential to make.

Short Forms Training Class https://fccdl.in/sgqRIvkTK

Short Form Errors Training Call: https://fccdl.in/MpEiU5ZfK

6. Work Flow Process

11 Capital processors will walk you through the process on the first couple of loans you originate, and here whenever you may have a question or need help with something. Because most of 11 Capital programs are stated income/stated asset and/or residential-style underwritten, you can have a loan close as quickly as an appraisal and title report can be submitted and accepted by 11 Capitals lenders. Generally, 11 Capital closes loans like this within 3 to 5 weeks of submission. The process depends on the status of the appraisal (which can take up to 3 weeks) and the title report (which, if it is fairly clean, only takes an additional 4 days). Closing can be within 48 hours after title has cleared depending on the program.

Additional supporting documentation or stipulations contained in the pre-approval must be submitted for underwriting review and acceptance prior to closing. Requests to waive pre-approval stipulations can only be authorized by an underwriter issuing a revised pre-approval.

7. Underwriting Process

Pre-approval: Generally, a pre-approval contains all of the conditions necessary to have a loan approved for closing. A completed 1003 application for mortgage and a tri-merge credit report are required in order to be submitted to underwriting for pre- approval.

Debt Ratio: The maximum allowable debt ratio is 55%. This is the ratio of total debt payments to total income. The maximum debt ratio may be exceeded for investor loans with credit scores of 620 or above, or where the LTV is 50% or less. The maximum debt ratio cannot be exceeded on any owner-occupied property.

Income: The most in demand programs are stated income, and the income must be stated by the applicant and included in section V of the 1003. No application can be considered complete with this section left blank. In most cases they do not verify an applicant's income and rely solely on statements contained in the 1003 application.

Credit: Underwriting guidelines utilize the middle of three credit scores, or the lower of 2 credit scores (if only 2 show on the credit report) of the primary borrower. The primary borrower is the applicant stating the highest monthly income on the 1003. All loans are subject to an updated credit report, which may be ordered just prior to closing. Any significant change in the applicant's credit status or score could cause the loan to be re-priced and the loan amount to be adjusted. It is possible, although it rarely occurs, that the loan may be denied if there is evidence of a serious deterioration in credit quality.

Assets: An applicant's assets are typically not verified unless, in the judgment of the underwriter, the circumstances of the loan warrant the verification of assets. Applications should indicate that the borrower has sufficient assets to complete the transaction requested in the application. For full doc loans, verification is a normal practice.

Employment: A verbal verification of employment is performed prior to closing. All self-employed borrowers must have a verifiable business in existence at the time of closing.

Licenses: All commercial borrowers and self-employed borrowers are required to submit copies of current business licenses. Special licenses for automotive properties are required, as well as for properties containing underground tanks.

Verification of Mortgage: Verification of mortgage payment history is required in instances where the mortgage is not reported in the tri-merged credit report. In these instances, alternative forms of pay history verification are acceptable, and may include 12 months of cancelled checks, bank statements or, if applicable, a completed verification of mortgage document prepared by the current mortgage holder.

Verification of Rent: Verification of rent may be required due to credit history and loan circumstances. The preferred form of verification is a copy of the previous 12 months of cancelled checks. A rental verification form can only be utilized in instances where a management company or institution is collecting the rents.

Rent Rolls: Rent rolls are required on all properties with five or more residential units, and on any commercial property that is not 100% owner-occupied. The rent roll must be certified by the applicant as authentic, and it must be properly signed and dated.

Estoppel Certificates: Estoppel Certificates are required for non-residential properties (9+ units and mixed-use are excluded) where one or more tenants each occupy 40% or more of the square footage of the subject property. The tenant executes the Estoppel Certificate, and its purpose is to state the tenant's understanding of the terms and conditions of the lease. In addition, the Estoppel certifies the tenants' understanding that their rights of ownership are subordinate to those of the mortgagee.

Surveys: Surveys are generally not required unless the title underwriter will not remove the survey exception from the title report without a new survey.

Title Insurance: The lender reserves the right to accept the title insurer. Title insurers must generally be approved and be in good standing with Fannie Mae and Freddie Mac.

8. Property Types

- Retail
- Office
- Mixed use commercial w/residential
- Multifamily 5+ units
- Auto Repair/Body Shops
- Dry Cleaners
- Restaurants/Taverns/Bars/Pubs
- Hotels/Motels
- Light Manufacturing Facilities
- Convenience Stores
- Laundromats
- Funeral Homes
- Camp Grounds
- Outdoor Entertainment Centers
- RV/Mobile Home Parks
- Marinas
- Raw land (restrictions apply)
- Unusual properties types and collateral considered

9. Property Type Overview

Warehouse/Self-Storage: Over the past decade, we have seen the number of self-storage facilities around our neighborhoods grow. This once underserved market has become one of the more competitive building classes in the country. New developments for self-storage facilities include the following: state-of-the-art security devices, 24-hour on-site management, video surveillance, and fire control systems. In order to attract the widest customer base possible, some facilities offer storage capabilities for wine, furs, or vault- type storage, while others offer climate-controlled cold storage, or even exterior RV or boat storage. In markets where land comes at a premium, some self-storage facilities are several stories high. Large capacity freight elevators enable customers to access to their storage units nearly as easily as if it were on the ground. Whatever the case, there is now financing for properties that include the most current advances in the self-storage industry.

Retail Buildings: Retail buildings come in many shapes and sizes, and are intended for many different uses. Some cater to impulse shopping due to their location, while others are destination locations. Whether you have a freestanding building of 1,000 square feet, or a super regional shopping center, we have access to the professional expertise to structure mortgages efficiently. 11 Capital offers training on financing a wide range of retail real estate investments. Whether it is a stand-alone retail site or a strip center, you can meet your customer's financing needs.

Industrial Properties: As technology has improved, so has the style and construction of many types of industrial facilities. Whatever building type, style or location, you can understand the vast complexities and ever-changing markets that give rise to value. Our affiliates utilize appraisers with specific property type experience and training, which results in the assessment of your customer's property value in a shorter period of time.

Automotive Services: From service stations, to auto repair facilities, convenience stores, auto retail, and car washes, there is the flexibility to finance your loan. Our affiliate's team of appraisers possess a thorough understanding of the automotive services industry and work hard to process your loan request. In cooperation with AIG International and other major commercial insurance companies, most transactions can receive environmental insurance approval within 72 hours. Whatever the financing need, we make it our goal to teach you to best serve the borrower.

Special Purpose/Unique Properties: Our nation's real estate market is extremely diverse with countless types of properties. Special purpose and unique property types may be an insurmountable hurdle to some lenders, but at 11 Capital, we have the knowledge and experience to clear those hurdles. Special purpose and unique property types for which we can provide financing, through 11 Capital, include:

- Mixed-Use or Combination Residential and Commercial
- Dry Cleaners
- Light Manufacturing Facilities
- Convenience Stores
- Laundromats
- Funeral Homes
- Camp Grounds
- Outdoor Entertainment Centers
- RV and Mobile Home Parks
- Marinas
- Bowling Alleys

Hotels/Motels: Non-flagged hotels and motels are still considered a large component in the hospitality industry, but generally at a different competitive level. With our affiliate 11 Capital's unique industry knowledge and expertise, we are more capable of insights and understanding within the arena of non-flagged hotels and motels versus other lending alternatives and methods. Our valuation assumptions are based on unique facts that are relative to the property in question. Sources of revenue for non-flagged hotels and motels may include food and beverage areas, conference rooms, banquet rooms, and daily room rentals, but room revenue may also include weekly or monthly rentals that are typically not allowed in flagged hotels. This semi-permanent style of occupancy may be considered undesirable to some, but 11 Capital recognizes that different property types compete at different levels. Again, the economics of supply and demand dictate the value.

Restaurants: 11 Capital can teach you to fulfill your clients' appetites with our keen knowledge of restaurant valuation. While we can't predict which restaurant will work at which location, we can do a thorough analysis of your location and facility to determine its value. The time-tested adage of "location, location, location" applies to restaurants as much as anything else. Key factors in valuation include access, visibility, parking, and location, as well as a myriad of building factors such as size, age and condition. 11 Capital understands competitively-priced financing for a wide range of restaurant properties, including owner-occupied and leased properties, and quick-serve or full-serve restaurants in both neighborhood settings and urban locations.

Multi-Family Housing (5+ Units): 11 Capital teaches mortgage financing for multifamily, residential properties that include five or more dwelling units in the same building (7+ in New Jersey). Generally, these are multi-story, residential buildings containing individual apartments for rent with a shared main entrance and hallways.

Property Examples:

Location:	Muskegon, Michigan
Property Type:	Restaurant
Loan	$300,000 at 65% LTV
Location:	Ocean City, Maryland
Property Type:	Tire Retreading Plant
Loan	$217,000 at 60% LTV
Location:	Pelham Manor, New York
Property Type:	Warehouse
Loan	$246,000 at 60% LTV
Location:	Brooklyn, NY
Property Type:	Mixed-use
Loan	$156,000 at 73% LTV
Location:	Helotes, Texas
Property Type:	Special Purpose
Loan	$275,000 at 48% LTV

Location: Maine
Property Type: 2 Mobile Home Parks
Loan $260,000 Blanket Mortgage at 60% LTV

10. Getting Started

As in any new business, there will be an initial start-up cost. This is why our affiliate 11 Capital Finance has created the IAP program to keep your costs and expense low. We give you the tools and even the leads. You also want to originate on your own for higher commissions and more loyal clients. Brokering loans requires some basics.

We recommend:

- Telephone with Voice Mail
- Computer with Internet Access (preferably high speed)
- Fax, Scan and Email capabilities as well as Microsoft Office and a PDF reader.
- Personalized Business Cards
- Personalized Stationary
- Marketing Materials
- Brochures

11. Marketing Ideas/Sources for Commercial Mortgages

- Pure networking is the absolute best method of marketing these commercial mortgages. Everything you do in your daily activity can be a vehicle to marketing this service. Talk to every person with whom you come in contact during your daily activities and go through the details needed for the Executive Summary. Group meetings are pure gold from MeetUp.com to investors. You literally can grab 10-20 deals at one meeting and become the go to source for lending.
- Bank turndowns are ideal, but one must be careful when cultivating this market. Do not approach the bank itself (unless it's your uncle who owns the bank), but approach the individual loan officers you know who are in contact with the customers. Give them your card and have them refer the customer to you. You can help banks retain deposit accounts for those customers who don't qualify for their programs.
- Think of the other types of small business activities that are somewhat aligned with the types of customers you are seeking, and develop a cross-sell marketing alliance with them. (i.e., call on alarm system companies and people who sell life insurance to small businesses; call when you see a sign tacked up on a telephone pole offering health insurance to individuals or small business owners…all of these people traffic with our customer types).
- Check public records to find balloon notes filed at your local courthouse.

- Check public records to find private mortgages (person to person) filed at your local courthouse.
- UCC filings on equipment (Dunn and Bradstreet may be able to supply lists).
- Research classified ads for commercial properties and contact the seller or realtor.
- Network with CPAs, attorneys, and financial planners.
- Join your local Chamber of Commerce for lists of businesses in the community.
- Listen for radio ads directed at self-employed business owners and network with those companies who place the ads.
- Research tax sales on commercial properties.
- Contact leasing agents specializing in commercial properties.
- Being an IAP comes with commercial leads but always look for other sources as well.

- Realtors are always looking for lenders who handle commercial mortgages.
- Social media, Facebook, Linkedin, Twitter, Craigslist, etc.

Tips for calling on realtors: Call a local realtor and ask if they represent or list commercial properties for sale. If they say yes, you introduce yourself as a new commercial lender (Most know the term Account Executive) for the area: Tell them you would like to send them some information, and then send a letter. The letter and brochure should include the types of loans you can offer. At the end of the call, make sure to ask if they are currently working on any deals that may have a financing need!

Tips for calling on business owners: for the local business owner you drop off a flyer or card and let them know if they need financing, a business loan, refinance, or want to buy or sell a property to have them give you call. You are a lender. You have the money! Once you get the lead, fill out the Executive Summary and we can find out which programs will work best for them. We will be able to quickly determine what further documents are needed and get that loan closed.

12. Preparing Loan Requests That Get Funded (This is primarily what 11 Capital handles in-house but is presented here so you understand the types of documents you may need to seal a deal)

Lenders are driven by many factors; one of them is self-preservation. Simply put, no lender wants to make a deal that goes "upside down" Therefore, a would-be borrower, wants to increase the comfort of the lender by providing evidence that the business will repay the loan. This job starts with the preparation of the loan request. Here are the elements of a winning one:

A) It's All About the Numbers: Financial statements are the backbone of your loan proposal. Obviously, you need an income statement, balance sheet, and a cash flow statement. Most small businesses don't have audited statements, but nonetheless should present statements that are compiled and perhaps reviewed by a certified public accountant.

A "review" is a technical term in the context of accounting. It's not a full audit, but it goes beyond a mere compilation which, in the final analysis, represents your financial statements on your accountant's letterhead. A review, sometimes called an analytical review, includes testing of certain components of the presentation, but there is no assurance about the truthfulness of the financial statements.

You should avoid presenting internally-generated financial statements at all costs, because they often raise more questions then they answer. However, you can and should present a number of internally-generated items including: a schedule of all collateral, an aging of accounts receivable, a description of all real estate (including photos), financial projections, personal and corporate tax returns for the past two years, and a schedule of inventory, if applicable.

The development of financial projections is an art unto itself that goes well beyond the scope of this article. However, it's fair to state that your financial projections are the linchpin of the proposal. After all, the loan request is being evaluated on whether or not the projections materialize and generate the kind of cash flow that will pay-off the loan. True, the collateral for real estate loans (i.e., the property itself) is vital since, in the lender's eyes, it is the source of repayment if the cash flow should dry-up. But few lenders want to make a loan just because there's adequate collateral. Lenders don't want to own property; they want to make money from the interest charged on each loan.

Although five-year projections are standard, it is the first three years that really matter. And of these, the first year should be presented monthly. Subsequent years can be presented quarterly if visibility becomes difficult after a certain point in time.

A loan request also includes qualitative information about the company, its management, and the industry. This subjective, qualitative look, particularly important for newer companies without a lengthy track record, should consist of the following elements: company description, key personnel, industry analysis, marketing operations and a description of the use of proceeds.

B) Putting It All Together: Below is a sample table of contents from a loan proposal prepared for a restaurant company interested in obtaining funds for property acquisition and refinancing. Note section "A" below, simply titled, "Loan Request." Keep in mind that the components of a loan proposal should be geared toward a specific loan. Therefore, the Loan Request spells out the kind of loan you want, the amount, and a one to two sentence description of why you want it. Don't give this section short shrift just because it's little. If the lender can't get past the first page, your loan request won't go much further either.

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b) Pro-forma Operating Statement

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2. Pro-forma Operating Statement

3. Introductory brochure (marketing piece for property)

4. List of improvements

5. List of inventory

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I. Financial forecasts

J. Tax returns for principals

C) Selling the Deal: Now here's the shocking truth: no one has ever landed a loan with a great loan proposal alone. The documentation is simply a blueprint. To win-over the lender, one must present and sell the deal. This should come as no surprise. Remember that the basis of all loan underwriting are the THREE C's: Cash flow, Collateral and Character. Character, at the most fundamental level, speaks to repayment. Specifically, has this person historically paid their debts? But at another level, character speaks to the confidence the borrower inspires in the lender. As you make your request for a loan, the lender thinks, "Can this person pull it off? Can she get the loan, put it to work, and generate the kind of cash flow her forecasts suggest?" If the response is something like, "They can't even sell me on this deal," it dramatically undermines the loan request.

Accordingly, you should prepare and rehearse a presentation that walks the lender through your loan proposal. A good lender will readily embrace the opportunity to hear your pitch. And even if a lender tells you it's not necessary, you should press the case and suggest that you feel it is important that he or she see the presentation. Even if you never get the chance to present the proposal, you haven't wasted any time preparing a formal presentation; the act of doing this will prepare you for answering the many questions you will face during the loan approval process.

Here are some important points to keep in mind regarding your pitch:

1. Your presentation should be no longer than 20 minutes. This means that you should spend no more than two to three minutes on each section outlined above.

2. Some common errors that borrowers make are: droning-on about technology, assuming a higher level of knowledge on the part of the lender about your industry, and being overly optimistic with respect to the future sales and earnings of the company.

3. Some sort of visual support is helpful, but again, a common error is packing the slides or handouts with too much information. You want to create billboards, not manuscripts. There will be plenty of time later for the excruciating details.

As you draw-up your loan proposal, remember that lenders have many loan requests from which to choose, and some will be obviously stronger than others. But it's not their job to make the case for approving your loan; it's yours.

D) The Problem with SBA Loans: There's no doubt about it: the Small Business Administration (SBA) has assisted millions of small businesses since its launch in 1953. In the last decade alone, the SBA has helped more than 435,000 businesses with nearly $95 billion in financing.

But the truth is that the SBA is not for every small business owner. In several instances, the time and energy spent pursuing government programs can be more productively spent in the private sector where business moves faster with fewer encumbrances.

Though this latter point seems to be a knock against the SBA, it's not meant to be. In fact, the slower speed and higher degree of difficulty associated with obtaining SBA financing is due to the significant and unique hurdles the agency faces in conducting its business.

Specifically, with taxpayer funds at risk, federal regulators must take every possible precaution to protect them. In addition, they must take all possible steps to ensure universal access to the loans. Imagine the protest if SBA-sponsored financing was channeled to one specific industry and experienced substantial losses. These two constraints, combined with common misperceptions of the agency held by borrowers and entrepreneurs, often conspire to make SBA financing very challenging for even the most savvy business borrower.

Contrary to popular belief, the Small Business Administration is not a direct lender and does not lend money. The SBA's cornerstone financing program, the so-called "7(a)" program, provides a guarantee to banks that make loans to small businesses on a portion of the principal. If the borrower defaults, the government will repay the bank. This guarantee, or protection of principal, motivates lending that might not otherwise occur. As a result, the SBA funnels much-needed debt capital to small businesses that otherwise might not be able to borrow money.

While the economics of this arrangement make sense, they result in a two-tiered application process. The first application is made to the lending institution, typically a bank (though not always). Another application is made to the Small Business Administration for the guarantee. Of course, a two-tiered application process naturally results in a two-tiered approval process. While both parties work hard to respond fast, the reality is that two approvals often take longer than one. For businesses with fleeting opportunities, there can be a real cost associated with any delay.

In addition to potential delays with the approval process, the disbursement processes associated with SBA-guaranteed loans can result in further delays and additional documentation. Specifically, in most instances the agency requires lenders to make loan proceed checks co-payable to the borrower and the borrower's payees. While this represents prudent processing on the part of the SBA, for borrowers trying to fund a project where costs may be constantly changing, specifying costs at a particular moment in time can become a complex and time consuming challenge.

Next, there is a common misconception that the SBA will finance projects or businesses that are very risky and considered not fundable by traditional lenders because the government can afford to lose money. While the concept of entitlements has significant currency inside of the federal government at large, it has almost none inside of the Small Business Administration.

Because of the public policy constraints faced by the SBA, the underwriting standards look very much like those of a conventional lender. First, SBA lenders, and by extension, the SBA itself, are not collateral lenders, but cash flow lenders. Repayment from the cash flow of the business is a primary consideration in the SBA loan decision process. Like any other lender, if cash flow dries up, the SBA is looking for appropriate collateral behind the loan. Though the agency can often work with situations where collateral might be thin, SBA loans require a guarantee from all principals with a stake of more than 20% in the business enterprise. In addition, this guarantee carries a lien on the borrower's property. Translation: If you default and the SBA pays the guaranteed portion of your loan principal, the agency can go after your personal property and assets to make it whole again.

The fact is that the SBA is not in business to assume a great deal of risk. In truth it can't, because the agency wasn't built that way. It is for this reason that the Small Business Administration has often turned-down guarantees on loans that lenders have approved.

Finally, SBA-guaranteed loans are not cheap. While the federal government subsidizes a wide range of activities and constituencies, small businesses are not one of them. The Small Business Administration charges its lenders a guarantee fee, which the lenders can, and often do, pass onto the borrowers. For loans of more than $150,000, up to and including $700,000, a 2.5% guaranty is charged. For loans greater than $700,000, the guaranty is 3.5 percent. For loans greater than $1,000,000, there is an additional upfront guarantee fee equal to 0.25% of the amount by which the guaranteed portion of the loan exceeds $1,000,000. In addition, if a commercial loan in a combination financing has a senior credit position to the 7(a) loan, a one-time fee equal to 0.7% of the amount of the commercial loan is charged to the borrower.

In addition to guaranty and servicing fees, the Small Business Administration charges a so-called "subsidy recoupment fee" for prepayments of more than 25% during the first three years of loans with 15-year maturities or more. These "subsidy recoupment fees" range from 5% of the prepayment and fall to 1% over time. These fees, in addition to an annual servicing fee of 36 basis points, can have a material impact on a borrower's effective interest rate on the loan, and in some instances, the company's overall cost of capital.

It is important to point-out that none of the requirements or underwriting standards established by the Small Business Administration are unreasonable. They are established to protect taxpayer dollars: a must. However, they should very reasonably cause borrowers with fundable deals to carefully consider their sources. While the SBA may offer an alternative, lenders that do not offer SBA- guaranteed loans are unencumbered by the constraints of a federal agency. As a result, they may be better positioned and more nimble in servicing your unique borrowing needs.

13. The Top Ten Mistakes Made in Commercial Brokering…Ok Nine

9. Not knowing your lenders. It is very important to do your homework when selecting wholesalers with whom to work. Make sure you get plenty of references, including borrowers and other brokers. Do not take anything at face value. There are shops out there whose main source of income is from the borrower's application and commitment fee. In addition, many lenders promise the world but only disappoint in the end. The last thing you want is for your borrower to shell-out thousands of dollars for application, commitment, and appraisal fees for a deal that isn't going to

happen. Remember, your reputation is always on the line. (Keep in mind we have done this for you…all of our Lending sources are fully vetted.) A super wholesaler is always your best bet.

8. Pursuing the "white whale." In other words, the $50 million dollar loan that comes with million dollar fees. Make no mistake; they are definitely out there and can make any broker's year, but beware. Larger loans are very difficult; they require an immense amount of time, have lots of moving parts, and much more savvy borrowers are involved. If it's a real deal, the competition from other lending sources will be fierce. Also, you could spend a lot of wasted time on a deal that may never close through no fault of your own. The best way to know if a deal is worth one's time is to ask the borrower how much cash he has in his bank account. If you have a borrower looking for a 50 million dollar construction loan, and he has $50,000 in his bank account, the conversation should end there (unless he is currently selling one of his buildings for $10,000,000 to use as a down payment, which is very rare).

7. Over-promising and under-delivering. You want the deal, and when the call comes in, you immediately say "yes." Make sure the loan falls into your product line before telling the borrower you can do it. It is very difficult to say "try your bank first" or even "this isn't something I can do." However, don't ever just say "yes" and think, "I'll just figure it out." You're in for a big fall if you do business this way. Keep in mind that it is difficult to find money for the purchase of a commercial property for a borrower with a credit score below 575 (this would be Hard Money).

As a matter of fact, when the credit score is below 680, you are looking at lower LTV's and higher interest rates, which can also hurt the deal. It is very important to let the borrower know everything up-front, so you don't waste your time and have the deal die at the end because of an undisclosed rate or fee.

6. Misquoting. When initially discussing a loan scenario with your wholesaler, do not quote the approximate rate to the borrower. There are many questions that will only be answered when the lender has the full package in-hand. For example, a borrower could have a 700 FICO score with 2 X 30 (meaning they were 30 days late 2 times) on their mortgage. Or, a borrower can gross a large amount of money, but show losses on her tax returns.. Any good lender can issue a pre-approval in a couple of days. Wait until you have an offer in writing before discussing rate and terms with your borrower. Also, make sure your borrower has a good expectation of when they can close. A lot of purchase deals require they close by a set date. Don't set your borrowers up to incur penalties, or even to lose their deposit money. Ask your processor their average time to close on the type of loan you are submitting. You should always quote the worst case scenario to your borrowers, so that they are prepared for the possibility of something going wrong, like title, appraisal, some property verifications, etc. All these can all take extra time, and the settlement date may have to be postponed.

5. Taking on the "cause" loan. This is the loan where you have a borrower with a good story. He or she may even be a friend of the family. You want to help them because they don't fit into the

normal programs available. Again, watch out! Even with a good story, many lenders have very strict guidelines of what they can and can't do. A good story (i.e., divorce, sickness, etc.) may be a justifiable circumstance, but federal and banking guidelines are rigid, with very few exceptions. It is often difficult to say "no" to a "cause" loan. Unfortunately, you may give your borrower a false expectation and waste a lot of time on something that doesn't have a chance. Or worse, you could put this borrower in an even worse predicament.

4. Taking on the "business plan" loan. This is a lot like the "cause" loan. Someone has a great idea or business plan, and they are ready to set the world on fire. Unfortunately, an idea without sound financials (money to play, etc.) usually doesn't fly 99% of the time. Venture capital money is very difficult to acquire. The capital on most business plan loans that come to fruition is raised from family, friends, credit lines, credit cards, and your good old-fashioned local banker.

3. Not knowing when to let go. If a deal dies with the lender, it probably had good cause. If the appraisal came in lower than expected, then so be it. The same will hold true with the other lenders out there. It is always OK to try for a second opinion. Keep in mind, however, that the lender is in business to make loans. So if they already decided kill your loan, than it probably wasn't a solid deal to begin with.

2. Not knowing your borrower or loan. Make absolutely sure you have a handle on your borrower and the loan before ever submitting it. Time is money, so don't waste it. You will lose credibility if you consistently submit junk. This will affect their response time, and it could even affect pricing. Know the borrower's credit, the property type, the financials, the cash flow, etc. Always keep "CIC" in mind: Credit, Income, and Collateral. Make sure you submit exactly what the lender is requesting: nothing more, nothing less. The last thing a busy processor wants is to get a 50-page fax full of nonsense. Your rep probably has 50 loans on their desk. You must make it easy for them to get your loan into underwriting for a fast turnaround time on the approval.

1. The number one mistake in commercial brokering is trying to be everything to everyone! Pick a niche and stick to it! There are many loan scenarios out there, from SBA to construction to stated income/stated asset. By sticking to a particular niche, you will become an expert in that field, you will become more important by bringing in more deals and more closings. This leads to better pricing, perks, and higher commissions.

14. How Real Estate Affects the Bottom Line for Small Businesses

Perhaps the most striking feature about the money made by homeowners from their house was how little of it was intentional. For many, their mortgage payment was simply a substitute for their monthly rent payment. But over time, loan balances went down, values went up, and suddenly there's a half a million in equity sitting on the table.

Although a similar opportunity exists for small businesses, fewer entrepreneurs take that leap. Running a business is challenging enough; why add the headache of owning additional property? While this may be true, buying real estate to house your business, as opposed to renting, can have a significant material impact on your return from the business and on your overall wealth.

To see this concept in action, consider the performance our hypothetical retailer: the Speed Shop. They sell automotive products. We will evaluate their business both before and after the purchase of real estate:

For years, the Speed Shop provided a nice living for its owner. Located in the suburb of a major metropolitan area, the business, a subchapter S corporation, consistently generated $750,000 in sales and distributed net profits of 5%, or about $37,500 after the payment of a $60,000 salary to the owner. Since the business was stable, the owner typically took the net profits out of the business in the form of a cash payment.

Suddenly, the owner receives a call one day. The building owner has died. The executor of the estate would like to know if our business owner would be interested in buying the building for $750,000. Because the owner had invested his bonuses wisely over the past 10 years, there was no question he had the cash to make a 40% down payment of $300,000.

The important question became this: would the purchase of the building have a positive or negative effect on the financials of the Speed Shop's owner? Let's assume the owner buys the building personally, and rents it to the business. How far out ahead might he come after 10 years, versus continuing to rent?

If the $450,000 balance was financed with a 6.25% adjustable rate mortgage, the monthly principal and interest payment would be $2,770, if amortized on a 30-year basis. Including the annual taxes of $7,200 increases the monthly payment to $3,370. This is less than the monthly rent of $6,500 that the company currently pays, so the transaction is off to a good start. But let's be conservative and assume that the Speed Shop's owner spends $37,500 annually on maintenance and operating expenses for the building. This $37,500 equals the annual difference between the old rental payments and the new mortgage and tax payments.

Now we need to make two adjustments to account for depreciation and principal contributions: let's take principal first. The mortgage payments of $2,770 per month (which total $33,240 annually) contain about $5,300 in principal payments in the first year. These principal payments cannot be expensed.

On the other hand, there's depreciation to consider. Net of land, which cannot be depreciated, the value of the building is $675,000 (which is $750,000, less an assignment to the value of the land at about $75,000, or 10% of the total value of the property). The useful life prescribed by the IRS for non-residential, commercial real estate is 39 years. Therefore, the annual depreciation expense for the property is $17,308, which is the $675,000 basis divided by the 39-year useful life.

The Speed Shop's income statement for the first year would look like this:

Income	$78,000
Expenses	
Mortgage Payments	
Net of Principal	-$27,940
Taxes	-$ 7,200
Operating Expenses	-$37,500
Depreciation	-$17,308
TotalExpenses	$89,948
Net Loss	$11,948

The landlord feels none of this net loss, because it is delivered in large measure by the non-cash depreciation expense. On the down side, however, he also doesn't really feel the increase in equity of $5,300, because despite the lower mortgage balance, the mortgage payment does not change.

Regardless, what's important is the ability of the landlord to take this loss and net it against the profits he receives from his retail business. This is what will ultimately have a material impact on his wealth.

Remember the 5% (or $37,500) in distributed net profits? Thanks to the loss on the building, the owner will pay taxes on just $25,553 ($37,500 profit minus $11,948 loss from real estate). In a 35% tax bracket, this means avoided taxes of $4,181.

Let's put it another way: the Speed Shop's net margin would have to increase to 5.86% to leave its owner with the same amount of cash after taxes. This represents an astounding 17.2% (0.86%/5.00%) increase in net realized profits to the owner.

It is important to keep in mind, however, that the Feds as a general rule do not like to see passive income (i.e., income from a real estate investment) offsetting active income (i.e., income from running a retail operation). There are rules that govern limits to the offsets over certain amounts. And if you try to convince the Internal Revenue Service that your ownership and management of the building is active, you may very well be unable to get them to see your point of view.

Now let's project 10 years into the future and assume that rather than selling the business, our owner simply shuts it down and sells the building. Let's also assume that after the first year, he replaced the 6.25% adjustable rate mortgage with 9.87% permanent financing. How did he do? At the end of ten years, he owes the bank $410,000. However, because real estate values went up by an average of 7% per year, he is able to sell the building for $1.47 million. After paying off the mortgage, the Speed Shop's owner is left with $1.06 million.

True, he doesn't get to pocket this; he must pay long-term capital gains taxes. And all that depreciation he claimed for so many years finally catches up with him; it lowers the cost of the building, and in-turn increases the capital gains tax owed. In this case, the $17,308 in annual depreciation reduces the owner's cost basis by $173,080 over ten years. Said differently, the owner must now pay taxes on this so-called "unrecaptured" depreciation at a rate of 25%. The balance of the gain will be taxed at the recently enacted, long-term capital gains rate of 15%.

However, this must be weighed against the avoided taxes of $4,181 in the first year, and $9,800 in years two through ten (as a result of a mortgage with a higher interest rate). But more importantly, it must also be weighed against the $634,692 ($1.06 million in proceeds, minus $125,308 in capital gains taxes, minus $300,000 initial investment) earned on the real estate investment after the payment of all long-term capital gains taxes.

The average after-tax gain of $63,469 per year ($634,692/10 years) is the equivalent of $97,644 pre-tax income in a 35% tax bracket. Adding this to the owner's salary and profit distribution of $97,500 means that diverting the cash flow (which normally went into rent) toward ownership of real estate has effectively DOUBLED his income. It is as if he made the business twice as big, but he never added a single square foot to the operation. Yes, it's safe to say that adding real estate into one's business equation can have a very material effect on one's wealth.

15. The Real Return on Real Estate

Stock market investors are often so focused on growth that many do not realize how the leverage, cash flow, and tax-deferral of real estate investing can combine to produce potent returns. And when mixed with the power of compounding, real wealth can be generated from a relatively modest investment.

The real return on real estate is not always easy to see, which is perhaps why investors do not pursue it as actively as investments in equities or fixed-income instruments. Also, professionals do not always agree on the best way to calculate the ultimate return on real estate. Below is an approach that takes into account cash flow, tax-equivalent yields, and depreciation, both combined and separately, and can make the case for why you might consider investing in real estate. Throughout this example, we'll take some shortcuts that make our numbers more conservative. If this case study was real, the actual return would likely be higher than what is presented here. These shortcuts will be pointed-out as we go along:

Now let us consider our happy, fictional couple, the Smiths, who purchase a four- unit apartment building in their hometown for $292,500. Their down payment is $75,500 (or 25%), and their closing costs are another $6,822, for a total cash investment of $82,322. Their total mortgage balance (with one point on top) is $219,170, financed with a 6.26%, 30-year mortgage.

During the first year of ownership, the Smith's building delivers the following financial performance:

Total Rental Income	$40,780
Less Mortgage Payments	$16,210
Gross Income	$24,570
Less Operating Expenses	$19,836
Net Cash flow	$4,734

(Here is the first of the shortcuts: the above mortgage payments of $16,210 include the principal as well as the interest. The interest expense alone is less than the $16,210, meaning the net income and the investor's return is actually higher than what we will shortly calculate. We will revisit this later.)

At the most fundamental level, the investor's return is 5.75%, (consisting of $4,734 cash flow divided by the $82,322 total equity investment). Scholars might quibble over whether or not closing costs ought to be part of this calculation. If not, the return goes up to 6.27%. However, for those who actually had to come up with the cash to get to the closing table, it's easy to look at these expenses as part of your equity in the property.

True, a return of 5.77% is not such a bad thing, but at the same time it is not a very compelling return. Yes, it will double in 12 years, but that's a very long time. However, 5.77% is not the end of the story. If we consider depreciation, 5.77% is only the beginning.

Most rental property can be depreciated over a lifespan of 27.5 years. Therefore, the $292,500, net of the land value of $5,100, carries an annual depreciation expense of $10,451. This is a non-cash expense, which is the best kind to have, since it will significantly boost the Smith's return. Why? Because on an economic basis, the Smith's property actually lost $5,717 ($4,734 operating income minus $10,451 depreciation). Therefore, the $4,734 that went into the Smith's pocket is sheltered from taxes by the depreciation on the property.

For the Smith's to put $4,734 in their pocket from wages, tips and salary, they would have to earn $7,283 in a 35% tax bracket. Therefore, the so-called tax equivalent return is 8.85%. ($7,283 divided by $82,322). Now the Smiths are getting somewhere! And once again, this figure understates the return because it does not take into account the sheltering of income against state and local taxes which might occur.

But there's more: the Smith's still have an economic loss of $5,717, which is the depreciation expense net of the operating cash flow ($4,734 minus $10,451). This loss will help the Smith's shelter $5,716 of other income. Specifically, if the Smiths are in the 35% tax bracket, the $5,716 loss on their property will result in $2,001 of avoided federal income taxes. If this avoided expense is viewed as income, it represents an additional 2.43% return ($2,000 divided by $82,322) in addition to state and local taxes which may have been avoided as well.

As an aside, the opportunity to avoid taxes through real estate investments can be tricky. Specifically, if you are not a real estate professional (i.e., it is not your career), the federal government places a limitation on how much of your passive loss from an investment on something such as real estate can be deducted against your ordinary income. Specifically, a married couple filing jointly may offset up to $25,000 of passive losses against their "active" income (i.e., wages and salary). Furthermore, the deduction is phased out for adjusted gross incomes between $100,000 and $200,000.

And while we are on the subject of taxes, it is worth noting that some of the deferred income taxes will come out in the wash in the form of higher capital gains taxes, if and when the property is sold. This will happen because the depreciation expense decreases the owners' basis in the property, which will increase their gain upon sale.

In the case of the Smiths, neither limitation applies. Accordingly, the Smiths' return is 11.28%, which is comprised of their 8.85% taxable equivalent yield plus the 2.43% yield from avoided taxes. While this figure takes some work to arrive at, there's nothing illusory about it. You would have to generate interest income of $9,286 on an investment of $82,322 to come out the same after taxes.

There is one other element to the return worth taking into account: the monthly mortgage payments consist of both interest and principal. During the first year of operation, the Smiths pay $13,647 of interest while making $2,563 in principal payments. There are several ways of looking at this $2,563. One way would be to add it to the equity base of $82,322, since principal payments add to owner's equity. This has the effect of decreasing percentage returns, since additions to equity increase the denominator of return calculations.

But this, however, is not the appropriate way to consider this new sliver of equity. The reason has to do with pockets. Specifically, since the mortgage is a self- liquidating liability, funded by tenants' rental payments (assuming, of course, at least "break-even" cash flow), this new equity never came from the owner's pocket. It came from the tenant's. Therefore, it's not unreasonable to think of this $2,563 as a gift, which at 3.11% of the initial $82,322 investment, is not an insignificant one at all. If it could be efficiently extracted from the property, this $2,563 could also be viewed as a return of principal, which reduces the owner's equity investment from $82,322 to $79,759. This, in turn, will increase the effective return to 11.28%.

If there has been any appreciation in the value of the property, the owner's equity will increase even faster than the rate at which principal is "gifted" to the owners by the tenants.

Of course, real estate investing is not as cut and dried as this article would make it appear. Owning a building where others live is a real responsibility. Things do go wrong, and maintenance is required. But if you've got the temperament for it, the very real return on real estate can be well worth your time and attention.

15. Technology in Lending and Real Estate Today

The real estate and lending industries have always been somewhat resistant to change. They are both old school businesses with old school professionals running the show. I myself only started texting a few years back because I had such a young staff, and yes, I still used a Blackberry at the start of this year. The, I this and I that scare me. That being said, as a national consultant I am privy to many mortgage companies and how they operate. At times it never fails to amaze me how far behind the times we are. Just the other day I had a rep laugh when I asked him to send a fax. His response, "people still use fax machines?". Another example was a firm I was helping expand, and they were still using paper leads. Let me repeat, paper leads! As real estate and lending are starting to heat up again, and we are slowly putting the market crash of 2008 behind us, we must as an industry as a whole embrace technology. These are a few ways to make sure we are moving at the pace of the rest of the world.

One of the best tools we have is the internet. We can google (the verb) a property and instantly have almost every detail of that property including square footage, estimated property value, pictures and even comps. This makes the life of the real estate agent and mortgage broker so much easier compared to the days when we had to call an appraiser to even get a soft idea of value or BPO. Obviously appraisals will never go away, but having this information at your fingertips will avoid a lot of wasted time. On the consumer side, we now have instant access to credit and banking. This expedites the processes even more. If a potential buyer likes that mixed-use property you are showing, we can now almost pre-qualify them immediately by getting some of the basic foundation laid online.

Another place where technology is vital is documentation. Our industry by nature is very document intensive. How we transmit that paperwork and the speed that it is transmitted could be the difference of a deal closing or not. A cloud like Dropbox or OneDrive is a tool that can invaluably help borrowers, realtors, and lenders better disseminate information. Dropbox is an online storage bank that can be shared by multiple users. Typically a borrower would mail, fax, or email a document needed.

The importance of online file sharing is that all documents are in a single location and can be continuously updated and added to. In lending, a loan file needs to touch several hands throughout the process to close, from the mortgage broker to the account executive to the underwriter. Having files accessible in one place is vital. Google Drive is another excellent example of online file sharing.

The next place that will literally revolutionize our industry is smart phone and tablet Apps. Yep. I said it, the cell phone. There are now applications or Apps that put ***all of lending*** right in the hand of the commercial realtor, borrower, and the mortgage broker. Instant pre-approvals on the spot. After using the 11 Capital Apps now on several real life appointments I can't imagine not using this tool everyday throughout my mortgage career. No more calling a lender for their rate matrix. No more waiting weeks for a pre-approval. In fact, when I use the 11 Capital App, giving terms instantly then borrower's phone rings seconds later from an in house agent, you would think I had performed a magic trick from their response. Clients have literally gasped. This is the next Facebook or Google, but for the lending world. If you are in the business of real estate or mortgages you will use this in the coming months and years or you will get left in the dust. Slow adopters to smartphone technology will be the last folks with a Blockbuster card or the last to store that VCR in the basement. The desktop and laptop days are numbered and smartphone statistics are everywhere. As President, Megan Krache, famously says around the office every day, "Let the technology work for you!"

Another amazing leap in smartphone technology are VCards. Your printed business cards will soon be used only for lighting the family grille on weekends. A VCard is the business card of the future. Imagine passing not just your contact information, but also information about your services and products to your prospect's phone in 5 seconds. Some VCards have Loan Pre-approval forms built into them. The VCard is a very powerful tool for converting prospects into clients. When someone is excited by your VCard and wants more information, they can easily contact you directly or simply enter their phone number and they are automatically redirected to your personal App that hides behind your VCard. Personalized Apps can have Loan Program Details, Executive Summaries, Pre-approval forms and access to other Apps. The right lending VCard will make you look like a Lending Professional instantly. It cannot be lost and can be given to prospects that are not even in the same room.

Lastly in the vein of smartphone advancements, Mobile Keywords are powerful tools for generating real time leads for individuals and companies. They are nothing to do with websites or Google. Mobile Keywords are names, words, numbers or phrases that are connected to FCC shortcodes. Mobile Keywords bring the mobile revolution to all your Traditional Marketing. This includes email, print, office and vehicle signs, Facebook, Twitter, Linkedin, Youtube, radio and TV. Lending Mobile Keywords provide instant notifications for agents to call loan queries immediately. This produces very high loan conversion rates.

The fact is the world has gone mobile and instant. Apps, Mobile Keywords and VCards will bring lending and real estate into the 21st century. It's now 2014 and the worm is turning for us all.

Use technology as your competitive advantage. Embrace it. Love it. Your customers (and bank account) will thank you.

17. 11 Capital Finance LLC, A Commercial Lending Super Wholesaler

Now that you have some of the basics, there are several ways to start your new business venture. Two levels of participation are outlined below:

A) Recruiter/Affiliate: The main challenge for a recruiter is to find individuals who are looking to learn a new business. This position is ideal for people who need a situation where they can work from home but do not have the ability to train as an IAP because of other obligations, financial constraints, unusual awake hours, or no quiet place to work at home, if you can spend time on the internet marketing anytime day or night than this is a great opportunity which has absolutely no cost or fee. This can be a very lucrative position, in that you can build a significant passive income, meaning the money comes in long after you make your first sale. To become a recruiter please email info@11capitalfinance.com.

B) 11 Capital Independent Agent Program (IAP): Represent a powerhouse brand without the staggering expense. Commission payouts begin at 25% up to an astounding 50%.

Where you start is up to you. To begin, it is not necessary to spend a nickel (Recruiter). Each level of participation requires its own amount of work and diligence. This is NOT a get rich quick scheme, but a true opportunity to have the luxury of owning your own business plus make a very nice living.

One last piece of advice for everyone: In every motivational book ever written, there is one underlying theme: TAKE ACTION NOW! Do not wait, get started today! You took the first step by reading this guide. Now take the next step. Even if you stumble into it, you will be making money in no time. If you follow this guide and really work at it with some consistency, you can make a ton of money in this business. The next step is yours. You do not need any prior commercial mortgage experience to work with us (but you do need either experience or training to be able to be an IAP), and you will have our unlimited support.

18. THE VALUE OF THE SUPER WHOLESALER

The CMBS market is coming back with a vengeance. All the lending programs that disappeared in 2008 are back and then some. There is a perfect storm of lending occurring with Wall Street flooding the market with commercial mortgage loans, a trillion dollars in commercial mortgage balloons over the next 3-5 years, and banks still struggling to lend. We are in an unparalleled time of opportunity. The pendulum is swinging in the other direction. Will you be on the side of prosperity? The choice is really up to you.

Now that many lenders are back they are all competing for the essentially the same business. They are also getting their sea legs and finding their way from hiring to securitization. The marketplace for wholesale lenders is getting very crowded. The time of the Super Wholesaler has arrived once again plus Wall Street not only wants them, but needs them. What is a Super Wholesaler? A Super Wholesaler "SW" is a lending company that offers many program options instead of just one. They can be correspondent lenders or just massive brokerages. They are the large packaging and origination vehicles that the wholesalers and investment banks need to get thousands of loans quickly to package into bonds for the Fortune 500 companies they represent. There are many traits that will distinguish the fair "SW" from the exceptional.

One major trait of the outstanding "SW" is loan volume. The companies that run hundreds of loans have much more value to Wall Street or wholesale lenders. Volume is the key. The shops that have significant loan volume get all of the perks and attention from the lenders. Everything from returned phones calls to expedited service to better pricing, YSP, BPO's instead of appraisals, etc. are all determined by volume and loan production. The best "SW" are master loan originators and always represent the most brokers actively pursuing commercial loan clients. Sometimes these shops can represent literally thousands of mortgage brokers.

Another key to finding the better "SW" in the marketplace is training. Does the "SW" offer any type of training for the programs they represent? Some may just have a product sheet, a rate matrix, and/or web site. Everything else is invisible. The better "SW" offer extensive product training. The more educated the mortgage broker, real estate broker, and borrower the more likely they will become master originators which means more clients and more closed loans. In fact, the bigger "SW" have lenders that actually train their brokers and reps on a daily basis. The lenders themselves devote massive resources into the "SW" that focus on education.

Ease of Use is also a trait you want to look for when seeking out "SW". How do you submit deal? Do they have an online summary? How long does it take for a response? Is the response automated or does an actual person call you back? How many programs do they offer? What is their track record? What does the compensation look like? What is their value in the marketplace with the lending sources they work with? Do they have technology that will make your life easier? These are all questions you must ask when aligning yourself with the right super wholesaler.

Now sometimes the process of finding the right "SW" for you can be trial and error. Always avoid or be very cautious of any company that ever requires an upfront fee to borrowers. That is always a red flag. An appraisal should be the only upfront cost to a borrower, although sometimes legal fees can be required. In fact most banks even have an application fee, even for an SBA loan, but outside of banks, upfront fees are a no-no. Secondly, call around to speak with the reps at the "SW". Were they easy to reach? Were you assigned an account executive? Were they knowledgeable on products? Did they follow up with you? Once you have found your source "SW" it's time to test the waters and start submitting loans. After a couple of loan submissions you will know if you have found a home for all of your commercial lending needs.

The Super Wholesaler can and will be your best resource to make serious money in the coming years in the CMBS marketplace. As the lenders get busier and inundated, they will require the brokers with the one off or few deals to work through a "SW" as the loan filter so to speak. These large packaging engines are the experts in All loans being offered. The lenders need clean loans files that are pre-sold and have the highest to close ratios. Being direct to the lender sometimes will not be advantageous at all. With the right "SW" you will get better pricing, better customer service, more loan programs, and just make more money, faster and easier. Do your homework and the sky is the limit.

19. Brokers Crossing Over from Residential To Commercial

Interest rates are on the move, and the home refinance boom is drawing to a close. You have the staff in place, but the leads are slowing down. You think, "What about commercial loans?" It is a natural progression and absolutely the right call. But beware! Going from residential to commercial is like a doctor going from heart surgery to brain surgery: there is a world of difference in the procedures and training involved. The purpose of this section is to demonstrate the pitfalls of commercial financing and show you the proper way to get in the game.

From start to finish, commercial loans are very challenging. Many wholesalers cannot provide the necessary support needed to be successful. A broker can work on a file for months without getting a deal closed. Keep in mind that the lenders must coddle their key accounts, so it is difficult for a new shop to get started. Lenders work with literally thousands of brokers across the U.S. Also, each loan program, from SBA, to stated income, to hard money, requires a unique submission package. Every lender is different, with little uniformity.

In any industry it is good to diversify, but only with proper due diligence. Residential brokers looking to expand into the commercial arena need to be aware of the complexities of the business. There are many facets of commercial that just don't apply in the residential world. Let's address some of the specific differences between residential and commercial:

1) Commercial loan rates and pre-payment penalties are much higher, due to the risk involved. Risk is determined by the following: credit, income, and collateral. In residential, it is mainly credit and income which determine the type of loan program for which a borrower may qualify. Collateral plays a much more significant role in commercial. If a bank forecloses on a house, the ability to recoup the loss is fairly great as opposed to say a restaurant where a bank must now find an entrepreneur to fill the space. Pre-payment penalties are higher due to securitization. Or, more simply, Wall Street requires a larger return on investment for riskier property types.

2) Commercial loan terms are generally shorter and usually include balloon payments; this is especially true of banks. The reason, again, goes back to risk. Banks do not like to commit their resources for long periods of time with commercial deals. Commercial property weighs down a bank's portfolio, and raises their risk to investors and Wall Street. Shorter commitments and balloon payments lessen the risk.
3) Commercial loans take longer to close. Average is about 60-90 days, sometimes longer, whereas you can close a residential deal in fewer than 30 days. The primary reason, aside from the amount of paperwork involved, is the commercial appraisal. Most lenders require an MAI-certified commercial appraisal, as opposed to a limited summary. Also, the number of commercial appraisers is significantly less in any given state compared to the number of residential appraisers.
4) Cost. The licensing is much tougher, and the work involved is very comprehensive. When evaluating a property, an appraiser must look at factors such as income, best use, owner-occupied vs. investment, etc. That means the rule of supply and demand goes into effect. Less appraisers available to do the work means longer turnaround times and greater expense. Some commercial appraisals can be as long as 100 pages. Residential appraisals are about 8 pages. Commercial appraisals typically cost between $1200 and $5000, depending on the property type. A residential appraisal is only about $400. So when discussing the appraisal, be prepared for any first-time commercial borrowers to exclaim, "The appraisal costs how much?" Be prepared to explain these differences to your borrower so that they understand why the commercial appraisal is so much more costly than residential.

Lenders vary greatly when it comes to the property types they like and dislike. Property types that are considered out of favor with most lenders are: restaurants, gas stations, and dry cleaners. Restaurants are undesirable because of their high failure rate: 9 out of 10 restaurants fail within two years of opening. Gas stations and dry cleaners are problematic due to the high environmental risk involved. Some of the larger commercial insurance companies are getting away from writing policies on these properties. Without commercial insurance, a loan is not possible. Unfortunately, environmental issues can sometimes arise even with "vanilla" property types. Our affiliate 11 Capital, however, will consider all property types.

A large percentage of commercial deals die for a variety of reasons, ranging from title problems, to properties under-appraising, to environmental issues. Only half as many commercial deals close when compared to home loans. Many title issues can be exhaustive and very complex. Loan structures can also be complex (i.e., LLCs, corporations, sole proprietorships, etc.).

Find your niche and stick to it. Go for the smaller loan amounts at first: there will be much less competition on those. Avoid the $500 million dollar casino or other "white whales." They are out there, but they're few and far between. Also keep in mind the larger the loan amount the more savvy the borrower, the greater likelihood you will be shopped. Also, larger loans are very complex. When you get a very large deal, ask yourself one question, "Why are they using me?"

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To find your niche, you can even pick a specific type of business to go after. For example, be the financing guru for restaurants in the tri-state area: If you are going to market, be consistent. But if your plan isn't working, adapt and try something else. Do your homework: know the appraisal and title process, potential environmentally sensitive properties, and state laws.

The good news is that commercial loans are recession-proof. There are billions of dollars out there. Businesses need money to grow in good times, and they need money to keep the doors open in bad times. Start small. Ease into your marketing and the process. With a little time and effort, you will have it in no time. There may be many bumps in the road, but if you take your time, and with our support, you can weather the learning curve and be very successful.

20. Program Highlights (11 Capital offers many different programs to cover nearly every Commercial Real estate lending need)

Loan Amounts: $500,000 - $30,000,000

Lending Nationwide **Property Types**	Rate 10yr Treasury + Spread	Max LTV	Min DSCR	Loan Term (Years)	Amortization (Years)
Owner-User Properties:	4.5% - 8.875%	90%	1.25	3, 5, 10, 25	15, 20, 25
Apartment / Multifamily:	3.25% - 7.5%	85%	1.15	3, 5, 10, 35	25, 30, 35
Healthcare / Senior Housing:	3.75% - 7.76%	85%	1.2	5, 10 , 35	20, 25, 30, 35
Condominium Conversions:	6.25% - 9.74%	80%	1.25	3, 5, 10	% Only, 30
Retail: Anchored:	4.75% - 7.5%	80%	1.25	3, 5, 10	20, 25, 30
Retail: Unanchored:	5.0% - 8.0%	75%	1.3	3, 5, 10	20, 25, 30
Mobile Home Park:	5.0% - 8.5%	80%	1.2	3, 5, 10	20, 25, 30
Office / Medical Bldg.:	4.5% - 8.25%	80%	1.3	3, 5, 10	20, 25, 30
Industrial / Warehouse:	4.25% - 8.5%	80%	1.25	3, 5, 10	20, 25, 30
Self - Storage:	4.5% - 7.50%	80%	1.3	3, 5, 10	20, 25, 30
Gas Station / C-Store:	5.25% - 8.75%	80%	1.45	3, 5, 10	20, 25
Mixed-Used / Special Purpose:	5.5% - 8.5%	80%	1.35	3, 5, 10	10, 15, 20

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Single Tenant,"NNN"	4.5% - 7.5%	80%	1.25	3, 5, 7, 10, 25	10, 15, 20
Hotel / Motel (full & limited):	5.15% - 8.75%	75%	1.5	3, 5, 10	20, 25
Golf Course / Resort / Gaming:	5.5% - 9.5%	70%	1.5	3, 5, 10	20, 25
Outlet Mall (Indoor & Outdoor):	5.15% - 7.5%	75%	1.4	3, 5, 10	20, 25
Church / Synagogue:	5.92% - 8.5%	75%	1.25	3, 5, 10, 25	15 , 20
Land - Raw & Improved:	8.50% - 15.00%	65%	N/A	1, 2, 3	% Only
Construction	4.65% - 11.5% Adj.	90%	N/A	2, 3,	% Only
Bridge/Mezzanine Loans	6% - 12.5% Adj.	90%	1.1	1, 2, 3, 5	% Only

The range of pricing is subject to the relationship between DSCR, LTV, quality of the real estate, and credit strength of the transaction. Rates and Terms are subject to change without notice.

Business Loans and Lines of Credit - Loan Amounts $50,000 to $1,000,000. Funding in as little as 72 Hours
Please contact Program Manager Thomas Hoffend at thoffend@drexelbrothers.com 877-333-3702

FHA Programs

FHA 207(m) Program*	Mobile Home Parks - 90% Max LTC		
FHA 242 Program*	Acute Care Hospitals - 90% Max LTC		
FHA 221 (d) (4) Program*	Multifamily Apartments - 90% Max LTC		
FHA 223 (f) / 232 Program*	Multifamily or Assisted Living - 90% Max LTC		
*Minimum Loan $3,000,000			

The range of pricing is subject to the relationship between DSCR, LTV, quality of the real estate, and credit strength of the transaction. Rates and Terms are subject to change without notice.

EXCEPTIONS

11 Capital works with many private investors and investment funds so most deals will be considered on a case by case basis with a submission of an executive summary. Never exclude a loan scenario based on the product sheet alone.

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21. STANDARD DOCUMENT CHECKLIST TO RECEIVE FORMAL LOI
(Informational ONLY as IAP never collect documents unless instructed to do so)

BANK TYPE

- Executive summary
- 3 Years Federal Income Tax Returns Personal and Business (also include for affiliate entities in which principals hold 20% or more ownership. For affiliate entities in which principals hold less than 20%, K1 statements are needed for the previous three years)
- Tri-merge credit report with Fico scores (no older than 30 days)
- Current Year-to-Date Interim Financials (Profit & Loss and Balance Sheet) for Borrowing Entity and Affiliate Entities
- Current Business Debt Schedules for Borrowing Entity and Affiliate Entities
- SBA Personal Financial Statements for each principal owner of the Borrowing Entity
- Resumes for each principal owner
- Business Overview and History – explain why the loan is needed and how it will help

MULTIFAMILY

- Executive summary
- 3 Years Federal Income Tax Returns Personal and Business (also include for affiliate entities in which principals hold 20% or more ownership. For affiliate entities in which principals hold less than 20%, K1 statements are needed for the previous three years)
- Tri-merge credit report with Fico scores (no older than 30 days)
- Current rent roll. Critical information: unit #, bedroom/bath count, tenant last name, current rent, move-in dates (especially for recent move-ins or rent controlled markets), and which tenants (if any) receive rental assistance
- Operating statements for 2013, 2014 and YTD 2015. Schedule E's/8825's are preferred on refinance transactions. Provide a separate schedule if there are capital improvements or non-recurring expenses imbedded in the operating statements
- Borrower Profile for each Key Principal – any individual with an interest of 20% or more including summary information regarding stated liquidity, net worth, outside income (if applicable) and ownership/ management experience (if any). On refinance existing loan amount, existing lender, and purposes of cash out proceeds if applicable
- Photographs of the property
- A copy of the executed purchase and sale agreement if applicable

BANK ALTERNATE

- Executive summary & 1003
- Tri-merge credit (not less than 30 days)
- Current pictures of the property
- Current rent roll (if applicable)
- 2 years P&L w/ income and expense

REHAB

- Executive summary
- 2 Years Tax Returns
- Form 4506-T (Current)
- Current 2 Months of Bank Statements
- Tri-merge credit report (under 30 days)
- Purchase & Sales Agreement
- Loan Application Form
- Borrowers Authorization Form
- Appraisal Payment Authorization Form
- List of rehab work needed and cost breakdown (if applicable)

PORTFOLIO

- Executive summary
- Data Tape of Properties
- Trailing 6 months or Trailing 12 months on properties
- No tax returns on deals below 2 million
- Personal financial statement PFS with liquid assets and net worth
- 2 years of the operating history on the properties (not tax returns)

22. Glossary of Industry Terms

Adjustable Rate Mortgage: Mortgage where the interest rate adjusts periodically up or down through a set index. Also called a floating rate mortgage.

Adjusted Gross Income: Gross income of a building if fully rented, less an allowance for estimated vacancies.

Adjustment Interval: The period of time between changes in the interest rate for an adjustable-rate mortgage. Typical adjustment intervals are one year, three years, and five years.

Amortization: The process of paying the principal and interest on a loan through regularly scheduled installments.

Annual Percentage Rate (APR): This is the actual rate of interest your loan would be if you included all of the other associated costs, such as closing costs and points.

Apartment Conversion: When a rental apartment building is converted to individually owned units.

Apartment Rehabilitation: Extensive remodeling of an older apartment building.

Appraisal: An estimate of the value of a property, made by a qualified professional called an appraiser.

ARM: See Adjustable Rate Mortgage.

Assumable Loans: Loans that can be transferred to a new owner if a home is sold.

Balloon (Payment) Mortgage: Usually a short-term, fixed-rate loan that involves small payments for a certain period of time, and one large payment for the remaining principal balance, due at a time specified in the contract.

Basis Points (BP): 1/100th of 1% added or deducted to the current index rate in order to accomplish a pricing goal or option.

B, C, and D" Lenders or Loans: The letters "B, C, and D" refer to the rating of the lender or loan. We refer to "B, C, and D" credit as "problem or troubled credit," rather than using these letters with a borrower.

Bond Financing: Type of financing that includes a promise to repay the principal along with interest by a specified date.

Buy down: The process of paying additional points on the loan to reduce the monthly mortgage. There are typically two specific types: a Permanent Buy down, and a Temporary Buy down.

a) In a Permanent Buy down, a sufficient amount of interest is prepaid to lower the rate permanently.
b) In a Temporary Buydown, only a sufficient interest is paid to lower the payment for the first three years.

1) The reason to temporarily "buydown" a loan is to lower the current payments, thereby more easily qualifying for the loan. This usually makes sense because income will usually continue to increase as the interest increases.

2) The most common Temporary Buydown is called "3-2-1," meaning three percent lower the first year, two percent lower the second year, and one percent lower the third year.

Bridge Loan: Financing which is expected to be paid-back relatively quickly, such as by a subsequent longer-term loan; also called a "swing loan."

CMBS: Commercial Mortgage-Backed Security: Wall Street-speak for a low interest rate loan product.

Cap: The maximum which an adjustable-rate mortgage may increase, regardless of index changes. An interest-rate cap limits the amount the interest can change, while a payment cap limits the increase in monthly payment to a specific dollar amount.

Cap Rate: A net yield set by an investor to determine the value of an income-producing property.

Capital Expenditures: Line items on a profit and loss statement that would not be expensed on an annual basis. This category would include replacement of major building systems, such as roofs, driveways, etc.

Capitalization Rate: A method used to estimate the value of a property based on the rate of return on investment.

Closing: The meeting between the buyer, seller, and lender (or their agents), where the property and funds legally change hands. Also referred to as "settlement."

Closing Costs: The cost and fees associated with the official change in ownership of the property and with obtaining the mortgage, which are assessed at closing or settlement.

Commercial Conduit: Direct link to an institutional lending source.

Comparative Market Analysis: An estimate of the value of a property based on an analysis of sales of properties with similar characteristics.

Conduit: The financial intermediary that sponsors the conduit between the lender(s) originating loans and the ultimate investor. The conduit makes or purchases loans from third-party correspondents under standardized terms, underwriting and documents. When sufficient volume has been obtained, the conduit pools the loans for sale to investors in the CMBS markets.

Convertible: An option available on some adjustable rate mortgages (ARMs) that allows the loan to be converted to fixed-rate mortgage. Conversion usually involves paying a one-time fee, and conversion may be limited to within a certain time-frame.

Cosigner: Someone who is willing to sign the mortgage loan obligation with the borrower, in case she defaults on her monthly payments. Normally, the cosigner is required to go through the same application and approval process as the original signer of the loan.

Credit Company: A lending organization that obtains its source of funds from the commercial market.

Credit Enhancements: A loan to provide improvements to the property.

Credit Report: A search through your existing credit history by a qualified credit bureau to determine if and how often you may have been delinquent making monthly payments on previous debts. Even when a credit report is, for the most part, positive, many lenders require a written explanation for any negative comments contained therein. This type of report is usually required to obtain a mortgage loan.

Debt Service Coverage Ratio (DSCR): A DSCR of 1.0 means break-even. The ratio is calculated by taking the net operating income (NOI) and dividing it by the mortgage payments. Most lenders look for a ratio of 1.25 or higher. See "Net Operating Income."

Debt Service: The periodic payments (principal and interest) made on a loan.

Debt Ratio: One of several financial calculations performed by your lender to determine if you can afford a particular monthly payment. The debt ratio (also known as the obligations ratio) is the sum of all your monthly debt payments (including your total monthly mortgage payment) divided by your total monthly income. Typically acceptable debt ratios for conventional loans are 36-38%, FHA loans are 41-43%, and VA loans are 41%.

Discount Rate: Many lenders may offer you a lower "teaser" rate on an adjustable rate mortgage for the first adjustment period. After this period is over, the lender will adjust your loan according to the normal lender's margin rate.

Down Payment: The amount of money you initially invest to purchase a property, normally anywhere from 5% to 25%.

Due Diligence: The legal definition: a measure of prudence, activity or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent person under the particular circumstances. In CMBS: due diligence is the foundation of the process because of the reliance securities investors must place on the specific expertise of the professionals involved in the transaction.

Engineering Report: Report generated by an architect or engineer describing the current physical condition of the property and its major building systems (i.e., HVAC, parking lot, roof, etc.). The report also determines an amount for calculating replacement reserves, if needed.

Environmental Report: Report generated by a qualified environmental firm to determine potential environmental hazards in a building's region or within the building itself.

Environmental Risk: Risk of loss of collateral value and of lender liability due to the presence of hazardous materials, such as asbestos, PCB's, radon, or leaking underground storage tanks on a property.

Equity: 1.) The difference between the fair market value and current indebtedness also referred to as “owner's interest.” 2.) The difference between the amount owed on the loan and the current purchase price of the home or property.

Equity Capital: Capital raised from owners. In a commercial real estate case, a lender will also provide equity capital for a percentage of ownership.

Escrow: 1.) A special account set-up by the lender in which money is held to pay for taxes and insurance. 2.) A third-party who carries out the instructions of both the buyer and seller to handle the paperwork at the settlement.

Fair Market Value: An appraisal term for the price for which a property would sell in a competitive market, given a willing seller and willing buyer, each having a reasonable knowledge of all pertinent facts, with neither being under any compulsion to buy or sell.

Fannie Mae (FNMA): A congressionally-chartered corporation that buys mortgages on the secondary market from banks, savings and loans, etc. They then pool them and sell them as mortgage-backed securities to investors on the open market. Monthly principal and interest payments are guaranteed by FNMA but not by the U.S. Government.

FHA: Federal Housing Administration, a government agency.

Fixed-rate Mortgage: A mortgage with an interest rate that remains constant for the life of the loan. The most common fixed-rate mortgage is repaid over a period of 30 years. There are 15-year fixed-rate mortgages are also available.

Floating Rate Mortgage: See Adjustable Rate Mortgage.

Floor-To-Area Ratio (FAR): The relationship between the total amount of floor space in a multi-story building to the base of that building. FARs are dictated by zoning laws and vary from one neighborhood to another. In effect, they stipulate the maximum number of stories a building may have.

Foreclosure: The process by which a lender takes back a property on which the mortgagee had defaulted. A servicer may take over a property from a borrower on behalf of a lender. A property usually goes into the process of foreclosure if payments are more than 90 days past due.

Forward Commitment: A written promise from a lender to provide a loan at a future time.

Freddie Mac (Federal Home Loan Mortgage Corporation): An entity that buys loans from conventional lenders and packages them for sale to investors as securities.

Government Loans: One of two loan types called FHA or VA loan. These loans are partially backed by the government and can help veterans and low-to-moderate income families afford homes. The advantages of these types of loans in that they often have a lower interest rate, are easier for which to qualify, have lower down-payment requirements, and can be assumed by someone else if the home is sold. Many mortgage bankers can obtain these types of loans for you.

Graduated Payment Mortgages: A type of mortgage where the monthly payments start low, but increase by a fixed amount each year for the first five years. The payment shortfall, or negative amortization, is added to the principal balance due on the loan. The major advantage of this type of loan is a lower monthly payment at the beginning of the loan term. The disadvantages, typically, are a slightly higher rate than traditional fixed- rate mortgage loans, and a larger down payment is required by lenders. In addition, the negative amortized amount increases the balance due on the total loan, which can be a problem if the value of the home declines.

Gross Income: Total income, before deducting taxes and expenses. The scheduled (total) income, either actual or estimated, derived from a business or property.

Growing Equity Mortgage: A type of mortgage where the monthly payments start low, but increase by a fixed amount each year for the entire life of the loan (as compared to five years with a Graduate Payment Mortgage.) The advantage of this type of loan is that the loan can usually be paid-off in a shorter duration than a traditional fixed-rate loan. The disadvantage of this loan is that the payment continues to go up regardless of the income of the borrower.

Hard Equity: High interest rate financing.

Housing Ratio: One of several financial calculations performed by your lender when applying for a conventional loan to determine if you can afford a particular monthly payment. The housing ratio (also known as the income ratio) is your total monthly payment (including taxes and insurance), divided by your total monthly income. Typically acceptable housing ratios for conventional loans are 28% to 33%, and FHA Loans are 29% to 31%.

HUD: Housing and Urban Development, a federal government agency.

Index: An economic indicator, usually a published interest rate, that determines changes in the interest rate of an Adjustable-Rate Mortgage (ARM). ARM rates are adjusted to reflect changes in the index. The margin is the amount that a lender adds to the index to establish the actual interest rate on an ARM.

Interest: The sum paid for borrowing money, which pays for the lender's costs of doing business.

Interest Rate: The sum charged for borrowing money, expressed as a percentage.

Interest Rate Cap: Limits the interest rate or the interest rate adjustment to a specified maximum. This protects the borrower from increasing rates.

Interest Shortfall: An aggregate amount of interest payments from borrowers that is less than the accrued interest on the certificate.

Investment Banker: An individual or institution that acts as an underwriter or agent for corporations and municipalities issuing securities, but that does not accept deposits nor make loans. Most also maintain broker/dealer operations, maintain markets for previously issued securities, and offer advisory services to investors.

Jumbo (Non-Conforming) Loans: A mortgage loan that exceeds the amount that is acceptable by the government if the loan were to be resold (on the secondary market) to Fannie Mae and Freddie Mac.

Lease Assignment: An agreement between the commercial property owner and the lender that assigns lease payments directly to the lender.

Leasehold Improvements: The cost of improvements for a leased property, often paid by the tenant.

Lender Margin: This is simply the profit the lender expects to receive from the loan. You can ask your lender what the margin is on an adjustable rate mortgage. Typically, lenders use a discount rate initially as a "teaser" rate. You must be sure to verify the normal margin after the discount period is over.

Lines of Credit: An arrangement in which a bank or vendor extends a specified amount of unsecured credit to a specified borrower for a specified time period.

Loan Origination Fee: The fee charged by a lender to prepare all the documents associated with your mortgage.

Lock-In: The process of fixing the interest rate for a specific period of time regardless of future or impending economical changes to the interest rate. This process may require a fee or premium, since it reduces the risk that the monthly payments will change while the loan paperwork is filed.

Lock-Out Period: A specified period of time after the loan funds, during which a borrower cannot prepay the mortgage loan without incurring very significant penalties.

London Interbank Offered Rate (LIBOR): The short-term rate (one year or less) at which banks will lend to each other in London. Commonly used as a benchmark for adjustable-rate financing.

LTV or Loan to Value: Proposed loan amount divided by the value of the property.

Margin: The amount that is added to an index rate to determine the total interest rate.

Maturity: 1.) The termination period of a note (i.e., a 30-year mortgage has maturity of 30 years). 2.) In sales law, the date a note becomes due.

Mezzanine: Late-stage venture capital financing.

Miniperm: Short term, permanent financing, usually three to five years.

Mortgage Banker: An entity that makes loans with its own money and then sells the loan to other lenders.

Mortgage Broker: An entity that arranges loans for borrowers.

Mortgage Insurance: A type of insurance charged by most lenders to offset the risk of a loan when the down payment is less than 20% of the value of the home.

Mortgage Reduction Programs: A type of accelerated payment program whereby payments are made more frequently, usually bi-weekly or weekly schedule, rather than the traditional monthly payment. Making more frequent and accelerated payments reduces the amount of principal more quickly, which interest accumulation is based on. The net effect can be a savings on the total interest paid.

Multi-Family Property Class A: Properties that are above-average in terms of design, construction, and finish; command the highest rental rates; have a superior location in terms of desirability and/or accessibility; and are usually managed professionally by a national or large, regional management company.

Multi-Family Property Class B: Properties that frequently do not possess a design and finish reflective of current standards and preferences; construction is adequate; command average rental rates; generally are well maintained by national or regional management companies; and unit sizes are usually larger than current standards.

Multi-Family Property Class C: Properties that provide functional housing; exhibit some level of deferred maintenance; command below-average rental rates; usually located in less desirable areas; generally managed by smaller, local property management companies; and tenants provide a less-stable income stream to property owners than Class A and B tenants.

Negative Amortization: This occurs when interest accrued during a payment period is greater that the scheduled payment, and the excess amount is added to the outstanding loan balance. For example, if the interest rate on the ARM exceeds the interest rate cap, then the borrower's payment will be sufficient to cover the interest accrued during the billing period. The unpaid interest is then added to the outstanding loan balance.

Net Effective Rent: Rental rate adjusted for lease concessions.

Net Operating Income (NOI): Total income less operating expenses, adjustments, etc., but before mortgage payments, tenant improvements and leasing commissions.

Net-Net Lease (NN): Usually requires the tenant to pay for property taxes and insurance in addition to the rent.

Notice of Default (NOD): To initiate a non-judicial foreclosure proceeding involving a public sale of the real property securing the deed of trust. The trustee under the deed of trust records a Notice of Default and Election to Sell ("NOD") the real property collateral in the public records.

Non-Recourse: A finance term: a mortgage or deed of trust securing a note without recourse allows the lender to look only to the security (property) for repayment in the event of default, and not personally to the borrower. This loan does not allow for a deficiency judgment. The lender's only recourse in the event of a default is to possess the security (property), and the borrower is not personally liable.

Operating Expense: Periodic expenses necessary to the operation and maintenance of an enterprise (e.g., taxes, salaries, insurance, maintenance). Often used as a basis for rent increases.

Participation: A type of mortgage where the lender receives a percentage of the gross revenue in addition to the mortgage payments.

Percentage Lease: Commonly used for large retail stores. Rent payments include a minimum or “base rent” plus a percentage of the gross sales “overage.” Percentages generally vary from 1% to 6% of the gross sales, depending on the type of store and its sales volume.

Phase I: An assessment and report prepared by a professional environmental consultant who reviews the property, both land and improvements, to ascertain the presence or potential presence of environmental hazards at the property, such as underground water contamination, PCB's, abandoned disposal of paints and other chemicals, asbestos, and a wide range of other potentially damaging materials. This Environmental Site Assessment (ESA) provides a review and makes a recommendation as to whether further investigation is warranted (i.e.,, a Phase II Environmental Site Assessment). This latter report would confirm or disavow the presence of any mitigation efforts that should be undertaken.

PITI: Principal, Interest, Taxes and Insurance. Your calculated estimate of monthly payments.

Points: Loan fees paid by the borrower. One point equals 1% of the loan amount.

Pre-payment Penalty: A charge for paying-off a loan before it is due.

Pre-qualification: The process of determining the amount of money a particular lender will let you borrow. You should strive to obtain pre-qualification with at least two or three lenders.

Prime Rate: An artificial rate set by commercial bankers. Many banks will use the Wall Street Prime Rate, which is a rate set by the top lending banks in the country.

Principal: 1.) The amount of debt, not including interest, left on a loan. 2.) The face amount of the mortgage.

Property Appraisal: A report showing exactly how much the particular building or structure is worth, based on comparisons of like properties in the local community. A commercial appraisal is much more in-depth than a residential appraisal. It takes longer, costs more, and suitable comparison properties are much harder to find.

Property Classification: Most lenders will classify a property by its age and it’s needed maintenance. For example, many insurance companies will only loan on properties that are Class A, meaning that the property is ten years old or less and is not in need of repair.

Property Tax: Taxes based on the market value of a property. Property taxes vary from state to state.

Rate Index: An index used to adjust the interest rate of an adjustable mortgage loan (i.e., the changes in U.S. Treasury securities, or "T-bills," with a one-year maturity). The weekly average yield on said securities, adjustable to a constant maturity of 1 year, which is the result of weekly sales, may be obtained weekly from the Federal Reserve Statistical Release H.15 (519). The change in the T-bill's interest rate is the "index" for the change in a specific Adjustable Mortgage Loan.

Recourse: A loan for which the borrower is personally liable if he or she defaults.

REIT (Real Estate Investment Trust): Pooled funds that are used to purchase and hold commercial real estate.

Refinance: The renewal of an existing loan by the borrower.

Rent Step-Up: A lease agreement in which the rent increases every period for a fixed amount of time or for the life of the lease.

Replacement Reserves: Monthly deposits that a lender may require a borrower to reserve in an account, along with principal and interest payments, for future capital improvements of major building systems (i.e., , HVAC, parking lot, carpets, roof, etc.)

Reserve Funds: A portion of the bond proceeds that are retained to cover losses on the mortgage pool. A form of credit enhancement (also referred to as "reserve accounts").

Residual Income: The amount of money left-over after you have paid all of your ordinary and necessary debts including the mortgage. This calculation is typically used with VA loans.

Sale/Lease Back: When a lender buys a property and leases it back to the seller for an extended period of time.

Savings & Loan: A state- or federally-charted financial institution that takes deposits from individuals, funds mortgages, and pays dividends.

SBA: Small Business Administration, a federal government agency.

Second Mortgage: A mortgage on real estate that has already been pledged as collateral for an earlier mortgage. The second mortgage carries rights that are subordinate to those of the first.

Secondary Financing: A loan secured by a mortgage or trust deed, in which the lien is junior, or secondary, to another mortgage or trust deed.

Secondary Mortgage Market: The buying and selling of first mortgages or trust deeds by banks, insurance companies, government agencies, and other mortgagees. This enables lenders to keep an adequate supply of money for new loans. The mortgages may be sold at full value ("par") or above, but are usually sold at a discount. The secondary mortgage market should not be confused with a "second mortgage."

Spread: Number of basis points over a base rate index.

Standby Commitment: A formal offer by a lender making explicit the terms under which it agrees to lend money to a borrower over a certain period of time.

Structural Report: (see Engineering Report)

Tax and Insurance Impound: Monthly deposits that a lender may require to be included with principal and interest payments for the payment of taxes and insurance.

Tenant Improvements (TI): The expense to physically improve the property in order to attract new tenants to new or vacated space. These may include new improvements or remodeling, and may be paid by the tenant, landlord, or both. Typically, tenants are provided with a market rate TI allowance ($/square ft.) that the owner will contribute toward improvements. The tenant must pay for any cost over and above the TI allowance.

Term: The length of a mortgage.

Title: The actual legal document conferring ownership of a piece of real estate.

Title Insurance: An insurance policy that insures you against errors in the title search, essentially guaranteeing both your and your lender's financial interest in the property.

Triple-Net Lease: A lease that requires the tenant to pay for property taxes, insurance and maintenance in addition to the rent (also referred to as a "Net Net Net" Lease).

Underwriting: The process of deciding whether to make a loan based on credit, employment, assets and/or other factors.

Uniform Residential Loan Application (1003): This application, also called a URL- 1003, is the standard loan application used by all lenders.

Underwriter: The underwriter is the lender or company who actually provides the money for your loan. A mortgage broker "brokers" and represents several different underwriters. Depending on your situation, they choose the best underwriter for you and your lender.

Upfront Fees: Generally refer to fees charged to pay for third-party costs like appraisals.

VA (Veterans Administration) Loan: A type of government loan administered by the Veterans Administration. Eligibility for VA loan is restricted and limited to qualifying veterans, and to certain home types. You need to check with the VA to determine if you qualify. The maximum VA Loan is $184,000.

Workouts: Attempts to resolve a problematic situation, such as a bad loan.

Yield Maintenance: A prepayment premium that allows investors to attain the same yield as if the borrower made all scheduled mortgage payments until maturity. Yield maintenance premiums are designed to make investors indifferent to prepayments and to make refinancing unattractive and uneconomical to borrowers.

Yield To Average Life: A yield calculation used in lieu of "Yield to Maturity" or "Yield to Call," where books are retired systematically during the life of the issue, as in the case of a "Sinking Fund" with contractual requirements. The issuer will buy its own bonds on the open market to satisfy its sinking fund requirement if the bonds are trading below Par. There is, to that extent, automatic price support for such bonds. Therefore, they tend to trade on a yield-to-average-life basis.

Yield to Maturity (YTM): Concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. It takes into account purchase price, redemption value, time to maturity, coupon yield, and the time between interest payments. Recognizing the time value of money, it is the discount rate at which the present value of all future payments would equal the present price of the bond (also referred to as "internal rate of return"). It is implicitly assumed that coupons are reinvested at the YTM rate. The YTM can be approximated using a bond value table (also referred as a "bond yield table"), or it can be determined using a programmable calculator equipped for bond mathematics calculations.

23. *Testimonials: High Praise for 11 Capital Finance and Subsidiaries*

"This is amazing, the realtors can preserve their most valuable asset, time, by instantly qualifying clients." **Kristian Gardner, Co-Star Group**

"This is ground breaking news!" **Martin Bonnes, Conestoga Bank**

"WOW! I get it!" **David A. Niles, MCEDC**

“Megan is a great representative and partner for you… she is passionate about the product, and has the skill to make it come alive! Look forward to hearing more as it comes… thanks!”
Bryan, Secure Element

“Megan's awesome! You guys are so good to work with, the one on one, answering our calls, the training, and I'm so happy I got in on the ground floor of your new business!!”
Sara G, 11 Capital IAP, Florida

“Megan, it was such a pleasure to speak with you. I am amazed by how tight your circle of people is. I look forward to a quick close on this project!”
Michael R, Ohio Borrower

“What can I say? I cannot tell you how impressed I was to see such a quick and full response regarding my lending needs. I was awe struck, to say the least, when I reviewed the information you provided about you and your organization. We will certainly implement technology with each and every property we acquire. It's simple - it's as quick as a click! I firmly believe that everything rises and falls on leadership. I believe strongly that 11 Capital will certainly rise to greater heights under your leadership.”
Dr. Rev B, Tennessee Borrower

“Chris, I just wanted to say that was a great meeting this afternoon on leads. I'm very excited to have joined 11 Capital and a little scared. I have over 20 years’ experience in sales, but in different industries. I want to learn all I can and be a part of this company for the next 20 years.
I've been looking for a good opportunity and I have found a home.”
Juliet G., 11 Capital IAP, Atlanta

“When I was told about your programs from corporate and I received the documentation I was impressed. But after speaking with you and seeing how you handled yourself with the borrower, not I'm I only impressed, but excited for the things to come. Thank you so much!”
Carlos M, Mortgage Broker, Florida

“Thank God for you Megan…coming in to save my deal . . . THANK YOU!”
Phil S, Mortgage Broker, Ohio

“I appreciate this very much and I appreciate you Chris and Trena. I have listened to all of you at length and I know that I am working with a group of individuals who have the vision, dedication and strength to make this happen in a huge way. I am honored to be a part of your team!!! Hard work feels good!”
Keith A, 11 Capital IAP, Georgia

24. 11 CAPITAL FINANCE IS ALWAYS LOOKING FOR GREAT TEAM MEMBERS

As we are positioned for hyper growth we are always looking for good people and pay for your recruiting efforts. Monthly payouts for new registrations range from $75 to $125 with a lifetime 3% residual override on your new recruits book of business*. Recruits can register here. Make sure to log your recruit prospects in the CRM as that is how you are paid.

If your recruits still want more information? They can join one of our private Introduction to Commercial Lending calls every Tuesday 1pm EST, Wednesday 3pm EST, or Thursday 1pm. These are by *invite only* and space very limited.

25. Product Sheet Updated 4/18/2018

11 Capital Finance, LLC provides financing nationwide representing over 110+ specialty lenders offering literally thousands of commercial real estate loan programs and loan variations with billions of dollars to immediately deploy. We specialize in non-bank type loans $100k or greater.

11 Capital is a full service brokerage coordinating and packaging loan files, placement as well as title insurance, property insurance, realtor, lawyers and more. We act as your "quarterback" and will do everything in our power to get loans closed as quickly and smoothly as possible for our clients. The product sheet is meant to be a guide or a tool only. Pre-approvals issued in 24-48 hours or less. Apply online at www.11capitalfinance.com.

PERMANENT COMMERCIAL REAL ESTATE FINANCING

BANK TYPE LOANS

These types of transactions are not 11 Capital Core niche, but offered as a convenience only.

1. **BANK TYPE NON OWNER OCCUPIED**

Fico:	Typically 680 +.
Credit:	Letter of explanation for credit dings.
Loan Amortization:	15, 20, 25 & 30-year amortizations, up to 10-year fixed terms; interest only options too.
Loan Terms:	All different types of interest only and fixed options.
Loan Size:	$750K to $10M.
Max LTV:	Up to 75% of appraised value or purchase price (lesser).
Debt Service Ratio:	DSCR: 1.25x (UW NOI).
Interest Rate:	4.80-6% (subject to property type & market conditions).
Property Types:	Office, Retail, Industrial, Self-Storage, Single Tenant, Mixed Use, MF 5+, Mixed Use.
Pre-Payment Penalty:	Step Down Prepay, Flat Prepay, Yield Maintenance options.
Use of Funds:	Purchase, Refinance, Refi Cash Out
Lender Processing Fee:	$2000-$7500 Processing Fee, Plus Expense Deposit to cover 3rd Party, Legal & Out-of Pocket Expenses for lender.
Territory:	Target top 50 MSA's, but can lend in top 100 MSA's; http://wireless.fcc.gov/wlnp/documents/top100.pdf
Special:	Work with foreign nationals; property can only be 30% owner occupied; non-recourse loans available; can work with lower occupancy properties with a strong cash flow.
Required Loan Docs:	Executive Summary, Current rent roll, PFS, Tri-merge credit report, Past 3 years tax returns (personal and business if applicable), Past 3 years operating statements & current year to

date operating statement, Business Debt Schedule, Pictures of property.

2. SBA 504/7A PROGRAM

Fico: 680+
Credit: Full tri-merge credit report.
Loan Terms: Up to 25 years AM. Different Fixed Options Available
Loan Size: $100K to $5M
Max LTV: 90%
Debt Service Ratio: 1.15 DSCR
Interest Rate: Generally around 6.25%
Property Types: Any property that is 51% owner occupied.
Pre-Payment Penalty: 5% for 5 Years
Use of Funds: Acquisition & Refinance's of Owner Occupied Properties/businesses
Territory: Nationwide
Required Loan Docs: Executive Summary, Current rent roll, PFS, Past 3 years tax returns (personal and business if applicable), Past 3 years operating statements & current year to date operating statements, business debt schedule, Pictures of property, Tri-merge credit report.

3. BANK TYPE SPECIAL USE PROPERTY TYPES

Fico: 680 +
Credit: Letter of explanation for credit dings.
Loan Terms: Up to 20-25 years with full fixed options
Loan Size: $1M to $16M
Max LTV: Up to 75%
Debt Service Ratio: Case by case
Interest Rate: 5-6%
Property Types: Hotels, Assisted Living, Self-storage, Schools, Day cares, Restaurants (case-by-case), Funeral Homes, Food Processing, Hospitality, Medical/Dental offices, Industrial & Manufacturing (including heavy), and more.
Pre-Payment Penalty: Step Down Prepay, Flat Prepay, Yield Maintenance. Typically step-down prepayment penalties during the fixed rate portion of the loan

Use of Funds: Purchase, Refinance, Cash-Out Refinance
Territory: Nationwide
Required Loan Docs: Executive Summary, Current rent roll, PFS, Tri-merge credit report, past 3 years tax returns (personal and business if applicable), past 3 years operating statements & current year to date operating statements, business debt schedule & Pictures of property.

4. **BANK TYPE MULTIFAMILY**

Fico: Typically 680+
Credit: Letter of explanation for credit dings.
Loan Terms: 25-30 year amortizations. 3, 5, 7, and 10 fixed options
Loan Size: $300K to $30M
Max LTV: Up to 75%
Debt Service Ratio: 1.30+
Interest Rate: 4.00%+
Property Types: Stabilized properties 5+ units, mixed use, mobile home parks, student & senior housing (without an assisted living component).
Pre-Payment Penalty: Step Down Prepay, Flat Prepay, and Yield Maintenance. Typically step-down prepayment penalties during the fixed rate portion of the loan
Use of Funds: Purchase, Refinance, Cash-Out Refinance
Territory: Coastal Southern California, San Jose, Salt Lake City, Chicago, San Francisco Bay Area, Boston, Washington DC, Philadelphia, Seattle, Minneapolis/St. Paul, Denver, Portland, NY Metro, New Jersey, Miami, San Antonio, Austin
Special: Work with Foreign nationals as well but at a lower LTV. Non-recourse loans are offered at a 50% LTV.
Required Loan Docs: Executive Summary, Current rent roll, PFS, Tri-merge credit report, past 3 years tax returns (personal and business if applicable), past 3 years operating statements & current year to date operating statements, Pictures of property.

5. **BANK TYPE COMMERCIAL**

Fico: Typically 680+

Credit:	Letter of explanation for credit dings.
Loan Terms:	25-30 year amortizations. 3, 5, 7, and 10 fixed options
Loan Size:	$1M to $30M
Max LTV:	Up to 70%
Debt Service Ratio:	1.30+
Interest Rate:	4.00%+
Property Types:	Retail, Industrial, Office, Mixed-Use, Self Storage and Warehouse.

Pre-Payment Penalty: Step Down Prepay, Flat Prepay, and Yield Maintenance. Typically step-down prepayment penalties during the fixed rate portion of the loan

Use of Funds:	Purchase, Refinance, Cash-Out Refinance
Territory:	Coastal Southern California, San Jose, Salt Lake City, Chicago, San Francisco Bay Area, Boston, Washington DC, Philadelphia, Seattle, Minneapolis/St. Paul, Denver, Portland, NY Metro, New Jersey, Miami, San Antonio, Austin
Special:	Work with Foreign nationals as well but at a lower LTV. Non-recourse loans are offered at a 50% LTV.
Required Loan Docs:	Executive Summary, Current rent roll, PFS, Tri-merge credit report, past 3 years tax returns (personal and business if applicable), past 3 years operating statements & current year to date operating statements, Pictures of property.

6. 80% Leverage Multi-Family Housing Program

Loan Terms	20 Year Hybrid ARM with initial 5-, 7-, or 10 year fixed rate period 5-, 7-, or 10-year fixed-rate mortgage
AMORTIZATION	Up to 30 years
INTEREST RATES	Start at 3.8%+. (Partial interest-only available. Full-term interest-only on case by case basis).
ELIGIBLE PROPERTIES	Conventional multi-family housing with five residential units or more. Mixed use subject to limitations.

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LOAN AMOUNTS	$1 million - $5 million
LOAN PURPOSE	Acquisition or Refinance (Cash Out Available)
DEBT SERVICE COVERAGE	1.20x Top 1.25x Standard 1.30x Small 1.40x Very Small
MAXIMUM LTV	80% available in Top and Standard Markets
RECOURSE	Non-recourse with standard carve-out provisions
SPONSOR FINANCIALS	Net worth equal to or exceeding loan amount Liquidity equal to or greater than 9 months P&I prior to closing
RESERVES	Non-recourse with standard carve-out provisions
CREDIT	Minimum FICO score of 650
OCCUPANCY	Minimum 90% occupancy of units for 90 days prior to underwriting
TAX & INSURANCE ESCROWS	Real estate tax escrow not required for transactions with 65% LTV or less Insurance escrows deferred
REPLACEMENT RESERVE ESCROWS	Subject to underwriting conclusions and PCA

7. Large CMBS Loans

Fico: Typically 680+
Loan Terms: 30 year amortizations. 5 and 10-year fixed options.
Loan Size: $5M to $250M
Max LTV: Up to 80%
Debt Service Ratio: 1.25+
Interest Rate: Competitive, typically swap-based pricing
Property Types: Multifamily, mobile home park, office, retail, industrial, hotel, self-storage, garage, and other similar property types.

Pre-Payment Penalty: Step Down Prepay, Flat Prepay, and Yield Maintenance. Typically step-down prepayment penalties during the fixed rate portion of the loan

Use of Funds: Purchase, & Refinance

Territory: All US Markets
Special: Borrower must close in a corporate entity. Most loans are full recourse.
Required Loan Docs: Executive Summary, Current rent roll, PFS, Tri-merge credit report, past 3 years tax returns (personal and business if applicable), past 3 years operating statements & current year to date operating statements, business debt schedule, Pictures of property.

BANK ALTERNATE LOANS

Borrowers just missing bank guidelines and 11 Capital Finance Specialty

8. COMMERCIAL ALT 1 "STATED"

Fico: 650 +
Loan Terms: Up to 30 years AM. 3 & 8 yr. fixed options
Loan Size: $100K to $5M (Deals under 500k, no DSCR analysis is done!)
Max LTV: 75% Multi-family & mixed-use, up to a 70% LTV on all other property types (-5% for all cash-out, -5% for new borrower).
Debt Service Ratio: 1.25 (Deals under 500k, no DSCR analysis is done!)

Interest Rate: Multifamily and Mixed use= 7.75%-8.99%. Other property types= 8.25%-9.49%. Borrower can buy rate down to 6.99%. 1 point fee = .50% rate reduction (Maximum 1%).

Property Types: Multifamily (5+ units), mixed-use, office, retail, warehouse, self-storage, automotive service (no old gas stations or underground storage tanks).
Pre-Payment Penalty: 5% for fixed period
Use of Funds: Purchase, Refinance, Cash-Out Refinance
Asset verification: No asset verification on a refinance. For a purchase the lender asks for 1 month of bank statements to prove the borrower has the down money and associated closing costs. They do not source where the down money has come from.

Territory:	Nationwide except Illinois, Michigan, North Dakota, Nevada, South Dakota, Tennessee & Vermont.
Lender Fee:	$2995 closing fee, plus a $1,500 environmental fee.
Special:	NO TAX RETURNS REQUIRED, All cash out available, Seller second up to 80% CLTV, seller assist 3% of total loan amount, population requirement 25k or 25miles of 100,000 city. No Bk's or short sales for the past two years.
Required Loan Docs:	Executive Summary, Current rent roll, 1003, Tri-merge credit report, Past two years operating statements & current year to date operating statements, Pictures of property.

9. COMMERCIAL ALTERNATE 2 "STATED"

Fico: Minimum 600 (under 600 case by case)

Loan Terms: 25 year amortization. Fully fixed for 25 years. Loans under $100,000 the lender will only do a 15-year Amortization!

Loan Size:	$25K to $1M. Min property value is 75k.
Max LTV:	Typically around 70%
Debt Service Ratio:	1.25+
Interest Rate:	8%-10% typically (6.5% up to 11%)
Property Types:	Apartment buildings, mixed use, retail buildings, office buildings, warehouses, auto repair shops, day care businesses, hotels, motels, office buildings; no odd commercial property types. Will Finance 2-4 unit investment properties as well! NO SFR's!
Pre-Payment Penalty:	5 Years, 5% year of total loan amount. Step Down, 5, 4, 3, 2, 1.
Use of Funds:	Purchase, Refinance, Cash-Out Refinance
Special:	No income verification, all cash out available. CLTV's considered up to 80% on a case-by-case basis. Personal guarantees are required on all loans. No Bk's or short sales for the past two years.
Territory:	Nationwide except AL, HI, WV, VT, NV, MI, ND. No Cook County, IL!
Lender Free:	1 point
Required Loan Docs:	Executive Summary, Current rent roll, 1003, Past two years operating statements & current year-end operating statements, Pictures of property, Tri-merge credit report.

10. COMMERCIAL ALTERNATE 3

Fico: 600 +.
Credit: Letter of explanation for credit dings.
Loan Amortization: 30.
Loan Terms: 5, 7 & 10.
Loan Size: $200K to 5M.
Max LTV: Up to 75% of appraised value or purchase price (lesser) for MF properties. 70% max LTV for all other property types..
Debt Service Ratio: Min 1.25x (UW NOI).
Interest Rate: On average from 6-8% (subject to market conditions).
Property Types: Office, Retail, Industrial, Self-Storage, Single Tenant, Mixed Use, MF 5+, portfolio of SFR's -(each property value in the portfolio must be equal to or grater than $100,000; Minimum loan of $500,000; properties must be in the same state & same general area).
Pre-Payment Penalty: Step Down Prepay typically. Ex. 5, 4, 3, 2, 1.
Use of Funds: Purchase, Refinance, Refi Cash Out.
Territory: Nationwide besides ND, SD, AK
Lender Processing Fee: Around $2,500
Special: Lender offers 2 different programs for bank alternate customers and one program for bankable loans. All bank loans must be 1.5 million and over. Bank loans in 6% range.
Required Loan Docs: Loan Registration Form, Rent Roll, PFS, Tri Merge Credit Report, 2 years of most recent Personal and Business Taxes, past 2 years of I&E or P&L reports, Current year-to-date P&L or I&E, pictures of property.

11. Low Interest Rate- Rental Loan Program!

Fico: 660+. Mid Fico score must be over 660. Borrower must be free of BKs for at least 4 years and have no foreclosures, short sales, or deed in lieu for the past 3 years.
Loan Terms: 30 year amortization. Fixed for 5 years, after that interest rate adjusts. Lender also offers a 10-year and a full 30-year fixed option!
Loan Size: $60K to 5 Million.
Property Value: Property must be worth at least $75k (each property). Lender does offer blanket loans but they need 2+ properties in order to blanket! On blanket loans the

total loan amount must be 50k or greater, property value must be 60k or greater on each property. Properties must be in same state in order to blanket.

Max LTV: Up to 75% LTV If fico is over 700. Fico under 700 LTV is capped at 70%. Properties valued less than 110k lender can only extend up to 70% LTV on as long as it meets DSCR requirement.

Debt Service Ratio: 1.3 on the standard rental program.

Interest Rate: 5.25%-7.15%

Property Types: Only 1-4 unit investment properties. SFR, 2-4 Unit Properties, FNME Warrantable Condos, and Townhomes. Do not lend on modular homes!

Seasoning: 6 months

Pre-Payment Penalty: Step Down, 5%, 4%, 3%, 2%, 1%.

Use of Funds: Purchase, Refinance, Cash-Out Refinance

Lending Territory: Nationwide besides NV, ID, MT, ND, SD, NH & ME.

Closing Time Frame: 30-45 days

Appraisal Cost: $500-$600 per property

Reserves: Loans over $1M requires borrower to have at least 10% of loan amount in reserves. Loans under $1M require 6 months of PITI payments in reserve as well as adequate funds to pay the first 3 months PITI upfront. First 3 months of PITI are collected upfront at closing and go towards the first 3 months of mortgage payments. The borrower will not make mortgage payments for the first 3 months.

Lender Points: 2 lender points + 500 processing fee

Experience: Borrower needs to own their own home.

Special: Tax returns are requested but they are not underwritten off of. Property must be fully rehabbed and ready to rent! Lender goes off of 1007 market rents, so the loan can actually close before the property is fully rented out. Borrower has 60 days after closing to secure a lease. Borrower MUST close in a corporate entity!

12. 3 Months Seasoning- Rental Property Loan Program

Fico: 620+

Loan Terms: 30 year amortization. 3 or 5 year fixed option. After the fixed period of this loan it does balloon! Lender offers principle and interest payments as well as interest only payments for the fixed periods.

Loan Size: $50K and up

Property Value: There is no minimum property value, but total loan amount between all properties must be 50k

Max LTV/LTC: 75% max.

-0 to 3 months - 80% LTC (purchase price plus rehab) loan amount limit

-More than 3 months to 12 months - 90% LTC (purchase price plus rehab) loan amount limit

-More than 12 months- no LTC limit

-For properties owned 12 months or less, LTC limit can be waived if DSCR is 1.5 or higher and borrowers credit is 680 or better

Debt Service Ratio: 1.25

Interest Rate: 6.62% - 7.5% (Typically)

Property Types: SFR, 2-4 unit, condo, townhome, PUD, MF<20 unit

Seasoning: Now 3 months. Property must be fully rehabbed and rented out.

Pre-Payment Penalty: Step Down (5, 4, 3, 2, 1) or (3, 2, 1).

Use of Funds: Purchase, Refinance, Cash-Out Refinance

Lending Territory: All states except ID, UT, ND, SD, MN, IA,VT

Closing Time Frame: 30-45 days

Appraisal Cost: $500-$600 per property for 1-4 unit properties. Commercial appraisals cost much more from $1,500-$3,000.

Lender Points: 1.75 points!

Special: Can be used as a portfolio/blanket loan as long as all properties are in the same town and state. **Secondary financing is not permitted**!

13. 1 - 4 UNIT INVESTMENT PROPERTIES (NON-PORTFOLIO, NON-OWNER OCCUPIED, NO BLANKET)

Fico: 650+

Loan Terms: Up to 30 yr am. 3 and 8 yr fixed options.

Loan Size: $75K to $2M

Max LTV: Max LTV is 70%

Debt Service Ratio: THERE IS NO DSCR ANALYSIS DONE ON 1-4 UNIT INVESTMENT PROPERTIES. THE LENDER WILL JUST GIVE THE BORROWER 70% OF THE APPRAISED VALUE.

Interest Rate: 7.49% to 8.75%

Property Types: Residential investment properties only. SFR, condo, townhome, 2-4 units.

Pre-Payment Penalty: 8 year fixed= 5% of loan amount for the fixed period of the loan. 3 year fixed= 3% of loan amount for the fixed period of the loan.

Use of Funds: Purchase, Refinance, Cash-Out Refinance

Asset verification: 1 month bank statement on a purchase. On a refinance there is no bank statements needed most of the time.

Territory: Nationwide except Alaska, No Cook County Illinois (rest of state is fine), Michigan, Minnesota, Nevada, New Hampshire, North Dakota, South Dakota & Vermont.

Lender Fee: Closing fee of $2,000

Closing Time Frame: 30-45 days

Special: NO TAX RETURNS REQUIRED! All cash out available, Seller second up to 80% CLTV, seller assist 3% of total loan amount, population requirement 25k or 25miles of 100,000 city. No bk's or foreclosures for 2 years. No asset verification on a refinance. For a purchase the lender asks for 1 month of bank statements to prove the borrower has the down money and associated closing costs. They do not source where the down money has come from!

Required Loan Docs: Executive Summary, Current rent roll, 1003, Tri-merge credit report, leases on property, Pictures of property (inside and out).

14. 1 Month Seasoning- Rental Loan Program

Fico: 660 + (Mid Score needs to be 660 or higher). No mortgage lates in the past 12 months!

Loan Terms: 30 year amortization. 7-year fixed option and a full 30-year fixed option.

Loan Size: $45K to 2 Million.

Property Value: Property must be worth at least $75k. On a blanket loan each property has to be worth 80k, need 3 properties to blanket.

Max LTV: 75% domestic borrowers. (70% LTV if this is a refinance and borrower has owned property less than 12 months). With 700+ fico, and if the borrower owns 5+ rental properties, they can get a 75% LTV prior to the 12 months!

Debt Service Ratio: 1.2

Interest Rate: 6.5%-8.5% (Typically). Borrower can also buy the rate down now, for every point it takes the interest rate down .30 bps.

Property Types: Only 1-4 unit investment properties. Property must be on less than 2 acres of land.
Seasoning: ONLY ONE MONTH!
Pre-Payment Penalty: 5% for 5 years if you choose the 7 year fixed, 5% for 5 years if you choose the 30 year fixed. All PPP's are a step down. If you want to raise the rate a little the lender will offer a 3 year PPP.
Use of Funds: Purchase, Refinance, Cash-Out Refinance
Lending Territory: AL, AR, CA, CO, CT, D.C., FL, GA, IA, IL (Chicago 125k min property value for a SFR, $75k a door for 2-4 units), IN, KY, LA, MA, MD (Baltimore 100k min property value), ME, MI (Can't do Detroit & Flint) MO, MS, MT, NC, NH, NJ, NM, NY, OH (In Cuyahoga County including Cleveland, Dayton property needs to be worth $150,000 or more), OK, PA (Philadelphia 100k min property value), SC, TN, TX, UT, VA, WA, WI, WV, WY.

Closing Time Frame: 30 business days
Appraisal Cost: $500-$600 per property

Lender Points: 2 points or $3,500 (whichever higher) on loan amounts under $175,000. Loans over $175,000 the lender charges 2 points. Lender also has a $1,645 underwriting fee.
Special: Loans can close corporate entity or the borrowers personal name. Can be used as a portfolio/blanket loan as long as all properties are in the same town and state. **Need 3 properties in order to blanket and loan amount must be $250,0000 or higher for blanket. Lender will only blanket on a refinance, not a purchase!** Secondary financing is not permitted. As of right now this lender does not work with foreign nationals. Lender goes off of 1007 market rents, so the loan can actually close before it is fully rented out.

15. 80% LTV- Rental Loan Program
Fico: 720+ (Lender can do down to 620 but LTV will severely drop!)
Loan Terms: 30 year amortization. 3, 5, 7 and a full 30-year fixed option.
Loan Size: $75K to 2 Million.
Property Value: Property must be worth at least $75k (each property). Lender does offer blanket loans but they need 5+ properties in order to blanket!
Max LTV: 80% on purchase. 75% on a refinance
Debt Service Ratio: 1.25 (No DSCR analysis performed for borrowers with 640 or higher! If no DSCR analysis is being down add .60 bps to the rate.)
Interest Rate: 6.48%-9.58%

Property Types: Only 1-4 unit investment properties. SFR, 2-4 Unit Properties, PUDs, Warrantable Condos, and Townhomes. Can do non-warrantable condos.

Seasoning: 6 months
Pre-Payment Penalty: Yield Maintenance

Reserves: Borrower must have 6 months of mortgage payments on hand prior to funding.
Use of Funds: Purchase, Refinance, Cash-Out Refinance
Lending Territory: Nationwide besides Alaska, North Dakota, South Dakota, Vermont, Oregon, Nevada and Utah.

Closing Time Frame: 30 days
Appraisal Cost: $500-$600 per property

Lender Points: Lender has no points! They only charge a $1,495 closing fee (per property)!
Experience: Borrower needs to own their own home and have 2 other investment properties.
Special: Works with foreign nationals. Can be used as a blanket loan if properties are in same general cities and state**. Need 5 properties to blanket!** Deals over 1M require 2 appraisals. Borrower cannot have any BK's or mortgage lates in the past 3 years. No tax returns are needed! Property must be fully rehabbed and ready to rent! Lender goes off of 1007 market rents, so the loan can actually close before it is fully rented out, but that reduces LTV to 60%.

16. LARGE PORTFOLIO Program 1

Fico: Recourse options: 680 fico = max 75% LTV. 670 fico = max 70% LTV. 660 fico = 65% LTV. Non-Recourse options: min. credit score is 620 for US citizens. LTV for Non-recourse will be based on overall credit/loan profile. All loans to foreign nationals are considered non-recourse.

Credit: Full tri-merge credit report. No Bk's or foreclosures in past 2 yrs.

Loan Terms: 30 Years Am, and fully fixed for 30 years too!

Loan Size: $700k to $50M- Lender also requires at least 7 units in the loan

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Max LTV: Up to 75% on stabilized, leased properties (for foreign nationals & US Citizens). See details about Fico above.

Min DSCR: 1.15% ** Interest only available at 70% LTV and below, 670 score needed

Interest Rate: 5-6% for Fixed Period

Property Types: SFR, duplex, triplex, 4-unit, townhouse, MF 5-20 units.

Min Property Values: $50k for 75% LTV, the lender will not currently lend on properties at all that are under a 50k value.

Pre-Payment Penalty: 3 year PPP. Step Down, 3%, 2%, 1%.

Seasoning: After 90 days of ownership this program will lend off full appraised value.

Occupancy: 10 or more doors = 90%. 5-9 doors = 80%. Multi-unit properties= 85%

Use of Funds: Purchase, Refinance, Cash-Out Refinance

Territory: Nationwide Except North Dakota, South Dakota, Alaska & Hawaii

Lender Fee: 1 point

Special: Cannot lend on manufactured housing. Work with foreign nationals. **Release of an individual property** will be permitted upon prepayment by borrower of 115% of the allocated loan amount tied to the specific property. Section 8 housing allowed. Loan is assumable with lender approval with a fee of 10k or 1% of loan balance (whichever is higher). No income verification for loans under 2 million. **Substitution clause** – the borrower could sub out up to 20% of the portfolio with similar properties (same value or better and same rent or better) without incurring the prepayment penalty – now for this option you add .25 to the 5-year term or .15 to the rate on the 10-year option.

Required Loan Docs: Executive Summary, Data Tape, PFS, Loan application, past two years tax returns on deals above 2 million (personal and business if applicable), Leases on all properties, Pictures of property, Tri-merge credit report, all corporate docs on new corporate entity that will be formed.

SHORT TERM COMMERCIAL REAL ESTATE FINANCING

REHAB/BRIDGE LOANS

Another 11 Capital Finance Core Niche

17. Rehab Line of Credit Program

Fico: 650+
Loan Terms: 9-12 months, interest only
Loan Size: $1 million-7.5 Million
Max LTC: **Lender will finance generally 80% of the total project cost as long as the loan amount does not exceed 65% of the ARV. For strong and repeat borrower the lender can financing 85% of the total project cost; final loan amount cannot exceed 70% of the ARV (After Repair Value).**
Interest Rate: 10-13%; Lower interest rates are reserved for repeat borrowers.
Property Types: 1-4 unit investment properties! This includes Single Family Homes, 2-units, 3-units, 4-units, condos and town homes. Multifamily properties from 5-30 units.
Pre-Payment Penalty: None!
Use of Funds: Purchase & Rehab
Experience verification: Borrower needs to have closed at least 3 deals in the past year. Borrower should be a very active real estate investor.
Points: Lender typically charges 1.5 to 2 points
Other Borrower Qualifications: Borrower must always maintain 20% liquidity of the line in bank accounts. Minimum $250,000 Net Worth. No mortgage lates in the past year. No bk's or foreclosures ever!
Lending Territory: Nationwide
Closing Time Frame: 1-2 weeks
Special: This is a transactional line of credit where in order to draw from the credit line a property must be identified and borrower needs to be in a purchase and sales agreement. A mortgage lien will be placed against the property identified. The line is based off of a 1 to 5 ratio. If the borrower has $100,000 in their bank accounts, lender will assign a $500,000 line of credit for their future deals.

18. True Asset Based Bridge Program

Fico: No minimum fico score; but if the borrowers fico is very low the lender needs to understand why.
Loan Terms: 1-3 years, interest only.
Loan Size: $250,000- 5 Million (lender will go higher on a case-by-case basis).
Max LTV: 65% MAX!
Interest Rate: 10%
Property Types: 1-4 unit investment properties, MF (5+), Office, Retail, Mixed-use, Strip center, Ware house, Light industrial, Improved land 50% LTV.
Pre-Payment Penalty: No PPP!
Use of Funds: Purchase, Refinance and Refi cash out.
Points: 4 points.
Lending Territory: Nationwide besides AK, CA, NV, AZ, MT, ND, SD, IL, MI, TN, AL, VT, NH, MA & NJ
Closing Time Frame: 3 weeks
Extra Notes About Program: Lender will cross collateralize other properties to make the deal work. Lender will work with foreign nationals. This is an extremely low doc program; Lender does not ask for tax returns or income verification from the borrower.

19. Up to 100% Rehab Financing!

Fico: 600+ for 25% down of 'as is value' and max 70% LTV of ARV. 650+ for 100% financing rehab program. Borrower cannot have a recent BK or a foreclosure.
Loan Terms: 1 day to 12 months, longer terms available on a case-by-case basis.
Loan Size: $100,000-$750,000 for the 100% program, and up to $2 million for the 25% down program. Over $2 million is a possibility on a case-by-case basis.
Max LTV/ARV: **Lender will generally finance 75% of the purchase price, loan capped at 70% of the ARV. Lender also offers a 100% financing program, which is capped at 70% ARV as well. Broker fee, lender fee, title insurance and property insurance can be wrapped into the 100% program as long as the total loan amount does not exceed 70% of the ARV of the property!**
Interest Rate: 9-14% depending on borrower's experience, fico, number of deals they do and the leverage the borrower is requesting. Lender offers 4 different programs. The 100% financing product ranges from 12-14% with 3 lender points. The 75% LTV rehab program starts at 10% and comes with 2 lender points.

Property Types: 1-4 unit investment properties! This includes Single Family Homes, 2-units, 3-units, 4-units, condos and town homes, though HOAs are not preferred.
Pre-Payment Penalty: None!
Use of Funds: Purchase & Rehab, Refinance and Rehab, Ground up construction on a case-by-case basis.
Points: 2-3 Lender Points, depending on program. Lender also has a $995 document fee. All fees are paid at closing. Only the appraisal is paid for upfront.
Lending Territory: Oklahoma, Kansas, Colorado, Ohio, Washington DC, Maryland, Virginia, Indiana, Minnesota, Missouri, Florida, Georgia, Illinois, & North Carolina.
Closing Time Frame: 2-3 weeks for initial borrowers, much faster for repeat borrowers, only limited by how quickly the 'subject to' appraisal can be done.
Experience Requirement: Borrower must have bought, rehabbed and exited at least two deals in the past 24 months (verified by HUDs and Scopes being submitted). Borrower must have recent ground up construction experience in past 24 months to receive a ground up construction loan.
Asset Verification: Last 2 months of bank statements and last year of tax return.
Liquidity Requirement: Borrower must show solid reserves on hand for the 100% financing product, there is no exact reserve requirement for the 3 other programs they offer.
Construction draws: Released to borrower upon successful work completion, requires on-site inspection, $150 avg. draw fee.
Special: Borrower must close in a business entity. Lender does background checks on all borrowers. Lender is currently not working with foreign nationals, but would discuss on a case-by-case basis. **For the 100% Rehab program, the lender does an up-front draw at close! Again, borrower must have liquidity to qualify for that program! The 100% Rehab program may require that the borrower reserves 6 months of interest only payments, depending on financial strength.**
Extra: Lender must be 1st position and will not allow a 2nd position lender behind them! All borrowers must personally guarantee the loan. If there are two members in an LLC, one may be underwritten as the primary borrower, but both members will still need to sign the personal guarantee.

20. Commercial Rehab/Bridge Program 2

- Loan Types: First mortgage or deed of trust
- Loan Amounts: $300,000 - $25,000,000
- Loan to Value: Up to 65% of Lender appraised value for bridge loans.

- Loan to Cost: For large rehab projects of pure commercial property types the lender will finance up to 65-70% of the total project costs. The borrow needs to come to the table with 30-35% of the total project cost plus be liquid for all closing costs.
  • Loan Maturities: 6 to 36 months; extensions available.
  • Typical loan is 12 – 24 months, 12% interest rate. Third Party reports must be in and approved by Lender prior to closing. Appraisal service can usually accommodate faster turn times but charge extra for it. Depending on what the borrower wants to pay for appraisal this program can close in around 3 weeks.
  • Amortization: Interest only for maturities less than 36 months
  • Loan Purposes: Purchase, refinances (rate/term & cash-out), capital improvements, ground up construction and other opportunistic situations.
  • Properties Types: Non-owner occupied residential (1-4 unit), industrial, multi-family, mixed-use, warehouse, office, funeral homes, retail, hotel, motel, churches (limited amount), and gas stations. This program does not lend against raw land. No MHPs or Golf courses.
  • Lending Territory: United States. Does not lend in any place where the city government has collapsed or gone bankrupt they avoid.
  • Lender Origination Fee: 1-5%
  • Interest Rate: 12-14%
  • Will cross collateralize properties.
  • Deposit Amount: Enough for appraisal, title, and legal. If the loan doesn't close, any unused deposit amount will be returned.
  Docs required:
  2 years of tax returns (personal and business), rent roll, Tri-merge credit report, 2 years of P&L Statements or I&E statements, Current year-to-date I&E or P&L, borrower real estate resume, pro-forma on property (if applicable), proof of down money on deal.

21. Nationwide Small Balance Bridge/Rehab Program

-Loan Amount: $50K – 2.5 million
-LTC (loan to cost): Will fund up to 80-85% of the purchase price & 100% of the renovations. As long as the loan amount does not exceed 75% of the ARV (after repair value) of the property.
-On a refinance rehab deal, this lender will offer the same terms as a purchase transaction, as long as the property was bought in 90 days or less.
-LTV: On bridge loans the lender typically will finance 65% of the purchase price. Borrower must come with the remaining down money plus be liquid for other 3rd party closing costs.
-Interest Rate: 9.99-10.99%
-Fico: 630+
-Points: 2 lender points.

-Term: Typically 12 Months
-Lending Territory: Nationwide besides MN, OR, SD & UT.
-No pre-payment penalty
-Collateral: Non-Owner Occupied Real Estate Only for 1-4 unit investment properties. Collateralized property must be in the same state.
-Closing: typically 2-3 weeks.
-$995 legal fee paid when commitment is issued.

22. Small Balance, High Leverage, Rehab/Bridge Program

Fico: 580+. Yes the lender goes down to 580!
Loan Terms: 12 months, interest only
Loan Size: $75K to $1 Million, lender can go higher on a case-to-case basis.
Max LTC: **Lender will finance up to 85% of the purchase price and 100% of the construction (done in draws).** Loan amount also cannot exceed 70% of the ARV (After repair value) of the property. If borrowers fico is over 600 the lender can possibly go up to 75% of the ARV. If the borrower just needs to purchase a property that does not need rehab the lender can go up to 80% of the purchase price (bridge program).
Interest Rate: 8-12%; Interest rate is determined by investors experience & the leverage they are requesting.
Property Types: Only 1-4 unit investment properties! This includes Single Family Homes, 2-units, 3-units, 4-units, condos and town homes.
Pre-Payment Penalty: None!
Use of Funds: Purchase, Refinance, Cash-Out Refinance & Rehab
Asset verification: Depends on borrowers experience. 3 months of bank statements.
Points: 1.5-3 lender points (depends on borrowers credit, experience and deal size).
Lending Territory: CT, CO, FL, GA, IL (Borrower must have 3+ flips), KY, MA, MD, MI, MO, OH, PA, SC, TN, TX, VA, WA & WV, AZ, CA, NC, NJ, NV, NY, OR
Closing Time Frame: 10 days! Lender typically just orders a desktop BPO on a purchase, which costs $350. On a refinance they do a full appraisal which is $600-$700. If we are dealing with a severely damaged property a full appraisal will be required.
Special: NO JUNK FEES! This loan program is only for bridge and rehab deals. This is not a program for ground up construction. Lender only has a $749 closing fee. This lender allows the borrower to have $10,000 of unpaid debt, but no more than that!

23. Rehab Loan Program w/ Advance Draw!

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Fico: 600+ (mid score)
Loan Terms: 9 - 24 months
Loan Amount: $75K to $2.5 Million
Max LTV/ARV: Lender typically finances 75% of the purchase price and 100% renovations (renovations are done in draws). The loan amount is capped at 75% ARV!
Interest Rate: 8.5%-12% based on experience.
Property Types: Only 1-4 unit investment properties! This includes Single Family Homes, 2-units, 3-units, 4-units, condos (with HOA approval) and town homes. Condo Conversions Welcomed.
Pre-Payment Penalty: None! On all loans lender requires at 3 months of mortgage payments to be made. If the Borrower wants to remove this, it will up the points by .50%
Use of Funds: Purchase, Refinance, Cash-Out Refinance & Rehab, Purchase & Rehab
Asset verification: No asset verification required. Borrower must pre-pay first 3 months at close.
Lender Points: 2-3. Lender also has a $795 closing fee.
Lending Territory: CA, CO, CT, DC, FL, GA, IL, IN, LA, MA, MD, MI, MS, NC, NJ, NY, OH, PA, SC, TX, VA, WA, WV, WY
Draw Fee: $200 a draw.
Closing Time Frame: 14 days!
Special: This lender allows an upfront draw at closing, which is 5-25% (typically 10-15%) of the purchase price or as is value if property is already owned! All draws are in advance besides the last draw. First rehab draw cannot exceed lending over 100% of the purchase price. The leverage on the draw is based on the borrower's experience Gold borrower: 5-9 fix and flips or fix and holds completed in past 36 months. Minimum 660 credit score. -85% of purchase price and 100% of rehab. Platinum borrower: At least 10 fix and flips or fix and holds completed in past 36 months. Minimum 680 credit score. First draw increased to get to 100% of the purchase price including the base loan. Purchase price can be less than the rehab amount for any borrower.
Borrower Experience: Flip experience is based on sold properties in past 36 months that turned a profit. Current rentals properties can also count towards a borrowers experience but the lender will only consider cash-flowing rentals that they acquired over 12 months ago.

24. 100% Rehab Financing that includes Closing Costs!

Fico: 680+ NO EXCEPTIONS! Lender also looks at borrowers debt to income ratio.
Loan Terms: 9 months interest only loan, will extend for 4 months for 1 point, sometimes no penalty at all to extend.
Loan Size: $60K to $750k, lender can go higher on a case-to-case basis. No min purchase price. Rehab can be more than purchase price.
Max LTC/ARV: Lender will fund 100% of the purchase, repairs, and soft costs (lender fee, broker fee and title insurance) on the deal as long as the loan amount does not exceed 70-75% of the After Repair Value of the property, which will be determined by an appraisal.

Property/Hazard insurance is not included in the soft costs. ARV is determined on borrowers profile, where property is located & profit on the deal.
Interest Rate: Typically 10.5%.
Property Types: Only 1-4 unit investment properties! This includes Single Family Homes, 2-units, 3-units, 4-units, condos and town homes.
Pre-Payment Penalty: None at all!
Use of Funds: Purchase & Rehab, Refinance & Rehab. (In a situation where a borrower purchased a property with cash recently and is looking for rehab financing, Lender can finance the rehab and reimburse them a portion (sometimes all) of their cash that they used to purchase it. This only applies to a recent, cash purchase.)
Asset verification: The borrower must have 10% of loan amount, in liquid cash, on hand in order to qualify for this program. Typically that is around $12,000 for most projects. IRA/401k funds will not count. Lender will ask for bank statements to prove this.
Cross Collateralization: To qualify for this program and receive 100% financing lender will put a lien against the borrowers primary home. They can take a 2nd or 3rd position lien. If no lien against primary then the lender will not finance the deal 100% and borrower will have to come with down money and closing costs.
Points: 5 lender points. Broker can charge up to 2 points.
Lending Territory: CO, KS, MO, TX, IN, IL, OH, TN, FL, NY, NJ, VA, MD, PA, NC, & SC. Lender likes to lend in major metro areas in these states.
Closing Time Frame: Typically 2-3 weeks.
Experience: Prefer borrower to have experience but lender does consider first time rehabbers.
Draws: Draws are dispersed to the borrower in $5,000.00 increments, unless otherwise approved, based on inspection progress. Each draw will require an inspection. Inspection fee is rolled into total loan amount.
Docs: Tax returns, bank statements, pay stubs, lenders app, schedule of real estate owned, rehab budget.
Appraisals: Lender will ask for realtor comps going into the deal; then they do order a full appraisal.
Special/Extra: This lender does not do ground up construction! Lender has a $450 doc fee that is also rolled into loan. Borrower will pay interest on the loan amount at that time/what they draw down on. Do not lend to foreign nationals. If an entity has multiple members in it they all need to have 680+ credit, they all need to personally guarantee the loan, but only one lien against one members personal home has to happen. Lender typically likes borrowers to do one loan at a time with them, but if they have the cash reserves sometimes multiple loans at one time can happen.

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<u>25. Rehab Lending Program Allowing Seconds!</u>

Fico: No minimum

Loan Terms: 6-18 months, interest only. Most terms are 12 months.

Loan Size: $100K +

Max LTC: Lender will finance up to 80-90% of the purchase price and 100% of the construction (done in draws). Loan amount also cannot exceed 70% of the ARV (After repair value) of the property. LTC Limit: 92%.

Interest Rate: 9-12%; Interest rate is determined by investors experience & the leverage they are requesting.

Property Types: Only 1-4 unit investment properties for this particular rehab program. Lender also offers lending programs for 1-4 unit ground up and multifamily ground as well as commercial bridge and renovation loans.

Pre-Payment Penalty: None!

Use of Funds: Purchase, Refinance, Cash-Out Refinance & Rehab

Asset verification: Depends on borrowers experience. 3 months of bank statements.

Points: 2-3 lender points (depending on program).

Lending Territory: NJ, DE, MD, DC, VA, NC, SC, GA, FL

Closing Time Frame: 10 days for 1-4 unit investment properties. 21-30 days for pure commercial properties.

Appraisals: Needed in order to close

Special: This lender also has a ground up construction program for 1-4 unit investment properties and Multi-Unit (5+units) new construction.

1-4 unit new construction general terms are:

-50% of lot acquisition

-100% of construction costs

-Max ARV: 70%

-LTC Limit: 85%

-Will thoroughly vet out contractor and team.

Multi-Unit new construction

-50% of lot acquisition

-100% of construction costs

-Max ARV: 65%

-LTC Limit: 85%

-Will thoroughly vet out contractor and team.

Lender also offers bridge and construction loans on commercial properties.
General rates and terms are:
-60% of lot acquisition
-100% of construction costs
-Max ARV: 60%.
-LTC Limit: 80%
-Will thoroughly vet out contractor and team.

Extra: Lender works with new investors although prefers experience. Works with foreign nationals. Lender allows a second mortgage behind them. Lender also allows for JV agreements, seller financing, can cross collateralize for 100% financing.

GROUND UP CONSTRUCTION LOANS

Construction financing is not a core niche of 11 Capital Finance, but offered as a convenience only.

26. Deferred Interest Ground Up Construction/Rehab Program
Loan Amount: $75,000 - $350,000
Term: 8 Months + 4 month extension (for every 4 month extension the borrower pays 1 point)
Borrowers Fico: Lender is not fico driven but if the borrower has low fico this will negatively impact the leverage the lender will give them.
Interest Rate: The applicable annual rate will be 4.99% for the first month, increasing 0.50% for each subsequent month, up to a maximum annual rate equal to the lesser of: (i) 7.99% and (ii) the maximum amount permitted under applicable law. Interest will accrue daily on the unpaid principal balance of the Loan. Accrual will be an actual/365 basis. The monthly Interest Rate schedule is tied to the date of the loan agreement. Default interest will be the lesser of: (i) 18% and (ii) the maximum amount permitted under applicable law.
Property Types: Only 1-4 unit investment properties
Max LTV: This lender will finance up to 80% of the construction costs (LTV is based on borrowers ground up experience since 2012. Lender will not count a borrowers ground up construction experience prior to 2012).
Lender Points: 2 points (can be paid at the maturity of the loan!). Broker points must be paid at closing though.
Equity Requirement from borrower: 8-25% of the construction cost (based on borrowers ground up experience). Lender will count the land purchase as part of the borrowers equity requirement into the project.

Recourse: Limited Recourse Possible. Lender will only lend to a US corporate entity; not to individuals.
Lending Territory: Focuses on the east coast. AL, AR, CO, CT, DC, DE, FL, GA, IA, MA, MD, MT, NC, NH, NJ, NY, OH, PA, SC, SD, TN, TX, UT and VA. Coming Soon: IN, KY, LA, ME, MN, MO, OR, WA and WI.
Lot Purchase: The lender wants the borrower to already own the land and have all approved plans and permits. The purchase of the lot will be counted towards the borrowers equity requirement. For repeat borrowers the lender will finance 50% of the lot purchase on a case-to-case basis.
Draws: No cost to the borrower for the first 8 draws (Lender pays for the inspection fee). If borrower needs more than 8 draws, the lender can accommodate, each additional draw will cost the borrower $150.
Other: Interest and fees can be paid off at maturity. Borrower only pays interest on amounts advanced at that time. Terms are different in TN. The borrower must buy the land first and get all approved plans and permits on the land. The lender will credit the land purchase as part of the borrowers equity requirement. Lender does not have a set liquidity requirement. LENDER WILL LEND ON MODULAR HOMES!
Rehab Loans: This same lender also does rehab loans. Loan Amounts: $100,000-$350,000. Purchase price of the property must be $100,000 or more. Term: 8 months (4 month extensions available). Interest Rate: 9%. Lender Points: 1.5%. LTC: Lender will finance 80% of the purchase price and 100% of the rehab (rehab is disbursed in draws). Closing Time Frame: 2 weeks. Extra: Interest and lender fees can be paid at the maturity of the loan. Full recourse loans. If rehabber is new the lender will count the GC's rehabs as experience.

27. 75% LTC Program Construction Program

-Loans are available to Borrowers with excellent to less than perfect credit
-Flexible draw schedules
-Owner and Non-Owner Occupied commercial properties are eligible
-Lender prefers to offer ground up construction loans on 1-4 unit investment properties but will consider commercial properties as well.
-The borrower must be liquid for 25% of the total project cost (plus closing costs). If the purchase price is $100,000 and the construction is $100,000, the total project cost is $200,0000. The lender will fund 75% of the total project cost which is a loan amount of $150,000. The borrower must put the 25% of the total project cost towards the purchase price, so in this scenario 25% of the total project cost is $50,000, which needs to be put

down on the purchase. Be advised the lender does not always offer a 75% LTC, sometimes it is only a 70% LTC
-Up to 18 month terms available (longer terms available on an exception basis)
-Rates: 8.45%-9.95% (Based on overall qualifications)
-Lender Points: 1.5-2 points (Based on the loan amount)
-Land purchase may be included in the construction loan, up to 55% of the lot purchase price.
-Cross collateralization allowed on other properties, if needed, for maximum or greater loan amounts
-Interest only payments based on funds drawn
-Loan amounts from $100,000 to $2,500,000
-Loans available in the following states: AK, AL, AR, CA, CO, CT, DE, FL, GA, HI, IA, ID, IN, KS, KY, MA, MD, ME, MI, MO, MS, MT, NC, NE, NJ, NM, NY, OH, OK, OR, PA, RI, SC, TN, TX, UT, VA, WA, WY

28. 80% LTC Ground Up Construction Program

-All credit scores 680 or greater (from all parties)
-No mortgage lates in the past 12 months
-No bankruptcy or foreclosures in the last 3 years
-$100,000 loan amount minimum
-Minimum liquidity of $50,000 or $250,000 net worth
-Borrower must verify one full year of work in the rehab business and one successfully newly constructed property

NEW CONSTRUCTION GENERAL TERMS
-This applies to the lenders lines of credit program as well
-Lender will underwrite and close new construction loans for single family and multi-family properties of up to 30 units.
-The Borrower will contribute the land/lot, which must be fully entitled and developed (in accordance with the proposed project) with all required utilities and road infrastructure. The land must be free and clear of liens.
-Maximum loan amount is the lesser of 80% of the total cost (land and construction) or 70% of completed value. At the lenders discretion they may require a partial or full repayment of the loan if all permits are not obtained within 4 months.
-Loan Term: 9 months, with optional 1 point, 3-month extension.

-Minimum Liquidity – The Borrower shall have liquid assets and will verify 25% of construction expenses.
-Lender will make new construction loans only to experienced Borrowers that have successfully completed at least 1 new construction project comparable to proposed project.
-No prepayment penalty (3 months minimum interest).
-$995 processing/underwriting fee (includes appraisal); $135 doc fee
-Lender Typically charges 2 points for transactions under 1 Million
-Loan amount range from $100,000 to 5 Million
-Interest Rates range from 10-13%
-Closing Time Frame: Typically 30 days for a ground up construction loan. Can move faster if borrower is very motivated.
-Lending Territory: Nationwide with the exception of a few states

29. 65-70% ARV Ground Up Construction Program
Loan Amount: $75,000 – No Max
Term: 1-3 years
Borrowers Fico: Borrower must have acceptable personal and business credit. If credit is very low; lender needs an explanation as to why.
Interest Rate: 11.5% typically
Property Types: Only 1-4 unit investment properties. No condominiums. Properties in rural areas, large acreage and properties with roads, which are not fully improved, may be considered with restrictive terms.
Max ARV: This lender lends on the ARV (after repair value) of the property. If the home being built will be worth $400,000, 70% of that is a $280,000 loan amount.
Lot Purchase:. Can be financed on a case-by-case scenario
Lender Points: 5 points
Lending Territory: Nationwide besides AK and HI.
Experience Requirement: Borrower must be a full time builder. Builder must have built and sold at least 5 homes. Builder must be the borrower. Home must be in the size and dollar range of builder's history. Builder must have required licenses; if any.
Other: Borrower can choose their own appraiser; must be a state certified appraiser! Lender does not require title insurance for ground up construction although on rehab loans they do.
Construction must start immediately after closing
Rehab Loans: This same lender also does rehab loans. They will lend up to 70% of the ARV on rehab loans. Rehab loans require title insurance. Borrower can still pick their own appraiser for the rehab loans as well.

This product sheet is meant to be a guide or a tool only. Apply online at www.11capitalfinance.com. Pre-approvals issued in 24 hours or less.

11 Capital Finance, LLC is one of the only true full service loan companies in the United States.

26. What exactly does <u>Full Service</u> mean?

You could do your own plumbing, taxes, put on a new roof, and even legal work, but why don't you? Because using a trusted proven professional saves you time, money, and hard life lessons.

It's your time and money. Let the 25 year professionals' work for you!

A full service commercial mortgage brokerage moves a loan from start to finish involved in every facet of a transaction. It is specialized expertise that only comes from years of closing loans. There are many individual parties involved in every commercial loan transaction. Each party with a specific function and skill set. Who are they?

1. Buyers and sellers of commercial properties.
2. Commercial real estate brokers that list and sell properties.

3. Lenders make offers and underwrite to close "their" loan products only.
4. Appraisers that provide value on properties with an appraisal.
5. Title companies research title to make sure there are no encumbrances on properties and are clear to insure with title insurance. They also help facilitate the close between buyer and seller.
6. Insurance companies insure.

The others variables and parties that may be involved in transactions;

- Municipalities on zoning issues
- State and local municipalities on tax issues
- IRS
- Foreclosing banks
- Banks that own the property
- Outside attorneys

It is the full service brokerage that acts as the quarterback moving the ball down the field knowing every inch of the loan file and can act fast and efficiently when problems arise 99% of every deal. Knowing a lender is only 5% of any transaction. Having a team that can close is 100% of a transaction. You can do your own taxes, be your own lawyer, do your own plumbing, but why don't you? Having a trained professional by your side on what are typically the largest financial transactions in anyone's life is not only prudent and good business, but vital for success.

What does a full service commercial brokerage do?

1. Loan packaging. Many borrowers do not know how to properly present a loan file to a lender. Statistics show that 50% of deals are turned down because of presentation.
2. Problem solving and offering creative solutions when a borrower is turned down or doesn't know what a best option may be.
3. Present best rates and term options to borrowers with a loan need. Rate is small component. Pre-payment, speed to close, max cash out are all factors. Knowing the best loan for a borrower need at that moment is very specialized.
4. Deal placement with hundreds of options knowing the best and most current lending options nationwide. "Selling" the deals to a lender is often necessary when dealing with unique circumstances such as fair to poor credit, quick close, first time borrowers, etc.
5. Facilitating ordering of appraisal.
6. Facilitating ordering of title.

7. Appropriate document collection to final underwriting. Again packaging of the information is key to close.
8. Coordinating close with all parties including but not limited to realtors, buyers and sellers, title companies, appraisal companies, lenders, and attorneys and more.

Real Examples of why you need a full service brokerage:

- Borrower running out of time on purchase and sales agreement about to lose deposit. The brokerage provides a creative solution by calling the seller for an extension on the buyer behalf.
- Bank selling a property and didn't disclose a sink hole. Brokerage coordinated with title and determined risk too big. Helped borrower find more suitable investment and closed new loan.
- Wind insurance after hurricane. Brokerage coordinated new policy options as first quotes made the loan non-viable to new debt service ratio.
- Law suit mid transaction. Brokerage coordinated every aspect from attorneys to buyer and seller, to realtor, to owning bank to a successful close.
- Existing lender can no longer do loan mid transaction through no fault of borrower. Buyer will lose deposit earnest money. Brokerage issues pre-approval same day with new lender allowing borrower to get an extension to close.
- Borrower starts construction prior owning property. Brokerage coordinates all documents and packages loan properly where it "makes sense" for the lender to close.
- Borrower takes out loans mid transaction lowering fico scores before new close. Brokerages issues new offer and still closes before deadline.
- IRS issue. Brokerage coordinates with the IRS agent to get the payoff request needed to close loan.
- The title company chosen by borrower won't clear title. Brokerage brings in new title company to get clearances to close loan.

27. HIGH LEVERAGE TOOLS

What are 11 Capital Finance High Leverage Tools? High leverage tools allow IAP the opportunity to leverage technology and people to build significant long term passive revenue with residual income in scale. All loans derived from high leverage tools are the clients of the said IAP that brings in these enterprise level accounts.

i. **THE BUTTON** The Button is a digital finance button that can be placed on a third party web site to originate commercial real estate loans. The owner of the web site will receive and 10% to as much as 25% commission on closed loans derived from their user base. It is ideal for commercial real estate listings platforms, real estate investment associations "REIAs", real estate schools, realtors, accountants, lead companies, non-CRE lenders, and any business that may have clientele needing future commercial real estate loans. The cost of the button is an economical $249 set up and $119 per month hosting. Large enterprise level accounts are free.
The Button Training Class: https://fccdl.in/EjdJCyGnl

ii. **THE LENDERS ROUNDTABLE "LRT"** www.lendersrountable.com The Lenders RoundTable is The Button for lenders. Lenders can now monetize their turndowns. The commission is 25% and sign up is free. In addition to standard commissions IAP also have the ability to profit share. Once an IAP is qualified as LRT certified, 5 lenders signed up and 5 per month to stay in program (BGB and the FIVE rules apply) you will share in a 5% revenue pool on any and all loans closed from LRT. It is estimated that there are potentially 18,000 to 25,000 lenders such as banks, credit unions insurance companies, private equity funds, hedge funds (4,500+ in the U.S.), high net worth investors (defined as having $1 million of assets or more; over 4 million in the U.S.), private equity real estate debt funds (several hundred) or family offices (over 3,000 in the U.S.). LRT Training Class: https://fccdl.in/O6WuqSzX4

iii. **BANKERS GIVING BACK "BGB"** https://www.bankersgivingback.org Bankers Giving Back is a philanthropic lending platform that when a financial transaction such as a loan takes place a percentage of the fees generated from that loan will go directly towards a borrowers' favorite charity or cause, now and on every transaction for life. There is absolutely no additional fees to borrowers, charities, and organizations. The donation is 10% of the net profit on the transaction. Sign up to the organization is free. An Intro to Bankers Giving Back: Register at www.bankersgivingback.org for the audio. ***We are currently seeking investors or sponsors to launch the BGB platform and as of 2019 have over 50 million warm market consumers pre-launch.***

iv. **RECRUITING & MENTORING** One of the most exciting parts of the IAP opportunity is the ability to build a team. This is the chance to build long term passive income through overrides. The commission on new recruits is $75 or more instant cash paid same day through PayPal plus a 3% override on your recruit's book of business lifetime as long as you are both in the IAP program. Recruiting Training Class: https://fccdl.in/r6gjGCQvN

All high leverage tools and programs have rules that need to be strictly adhered or risk of program disqualification with forfeiture of accounts and commissions is possible. Please see management or email Trena tgustaveson@11capitalfinance.com if you have any questions.

27. THE IAP 24/7 ONLINE TRAINING PORTAL

One of the most valuable features of your exclusive IAP Ultra Membership is superior training. You have access to well over 100+ hours of online training plus Live weekly continuing education on every facet of the business and industry. From the basics to advanced lender calls its all at your fingertips 24/7. Unlike most professional services industries you will have the ability to Earn While You Learn, but the Core classes are highly recommended especially if you are brand new to the industry plus a requirement to be eligible for the company leads program. All Live weekly training will be recorded then uploaded into your online portal if you cannot attend a Live session. The online curriculum is as follows:

Core Training Classes

1. Intro to CRE Lending
    - A. Welcome
    - B. Introduction to IAP
    - C. What to do after you signup
    - D. Company Protocol (3.21.19)
    - E. The FIVE Leads Program
2. Your Tools
    - A. CRM Training
    - B. Success Worksheet
    - C. Intake forms (Feb-19)
3. General Operations
    - A. The Dialer and the Script
    - B. Proper Processing and Shopping of a Loan
    - C. CRE Lending Process
4. The Borrower
    - A. How to talk to a Borrower
    - B. Borrower Commonly Asked Questions
    - C. How to Qualify a Borrower
    - D. How Borrowers kill their own deals
    - E. How to deal with a difficult Borrower
    - F. CRE Power Point Presentation
    - G. Frustrations with the Closing Process
5. General Sales
    - A. Sales 101

B. Broker Do's and Don't
C. Origination
D. How to work a Network Event
E. The 10 Deal Commandments

6. Title Insurance
A. Title Insurance

Advanced Training

1. Lending Programs
    A. Rehab and Constructions Loans
    B. Bridge Loans
    C. Hard Money Loans
    D. SBA Loans
    E. Freddie Mac Multi-Family
    F. Bank Alternate
    G. Stated Loans- Lender 1
    H. Stated Loans- Lender 2
    I. Tier 1 Commercial Perm
    J. Churches and Religious Institutions
2. Processing
    A. Processing Day 2- Our Workflow Process
    B. Processing Day 3- Documents
    C. Processing Day 4- Documents, Title and Insurance request
3. Extended Training
    A. Breaking Down Closing Costs
    B. The Customer is Wrong

High Leverage Tools

1. The Button/ Enterprise Processing
    A. The Button
2. Lenders Roundtable
    A. The LRT
3. Professional Services Referral Websites
    A. Professional Services Referral Websites
4. Reonomy
    A. Reonomy (March-19)

Working through Common IAP Frustrations

1. Common Frustrations with the Lending Process
    A. Loan Closing Process Frustrations

Lender Training Calls

1. Permanent Financing
    A. Apex
    B. Athas Capital
    C. Bofi/Axos

D. Cherrywood
E. Corevest
F. Eastern Savings Bank
G. Harvest
H. Key Capital
I. Lending One
J. Liberty SBF (May-18)
K. Red Rock
L. Lima One Capital
M. Red Capital
N. Velocity
O. Lending Answer (Feb-19)
P. MBSF Lender Call (March-19)
Q. Green Box Lender Call (May-19)

2. Rehab Financing
    A. 5 Arch
    B. ABL
    C. Aloha Capital
    D. Alpha Funding
    E. Civic
    F. Finance America (formerly Jordan)
    G. Flip Funding
    H. Frankel Financial
    I. Long Horner
    J. Fund that Flip
    K. Ground Floor
    L. Lending Home (Jan-19)
    M. Lynk Capital
    N. RCN
    O. Recasa
    P. Temple View
    Q. Triumph
    R. Velocity ARV Program (June-18)
    S. Express Capital (July-18)
    T. CRE Investment Flips 100% Lender Call program (March-19)
3. Bridge Financing
    A. ASFS
    B. The Battery Group
    C. iBorrower
    D. Money360
    E. Riverdale Funding
    F. Silver Arch
    G. Trevian Capital
    H. Athas Hard Money (Feb-19)
    I. Realty Shares (April-18)
    J. Archway Fun
    K. Lend Wealth Capital (Jan-19)
    L. Lendtuit Lender Call (Feb-19)

M. Willshire Finance Lender Call (March 21,19)
N. Stormfield Capital Lender Call (April-19)
O. Willshire Quinn Capital Lender Call (April-19)

4. Ground up Construction Funding
   A. Broadmark
   B. Builder Finance
   C. ICG10
   D. Shepard's Finance
   E. Streamline Funding Lender Call (May-19)
5. Business Lender Calls
   A. Kalamata Capital Group (March-19)

Deal Talk Training Calls

1. 2019 Deal Talk
   A. Deal Talk Jan 2019
   B. Deal Talk Feb 2019
2. 2018 Deal Talks
   A. Feb Deal Talk 2018
   B. April Deal Talk 2018
   C. June Deal Talk 2018
   D. May Deal Talk 2018
   E. Nov Deal Talk 2018
3. 2017 Deal Talks
   A. Feb Deal Talk 2017
   B. Aug Deal Talk 2017
   C. Dec Deal Talk 2017

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