

Local Pro Lending LLC

Commercial Loan Information Sheet

for

Short Term Investor Loans Rental Property Loans

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I. Investor Loan General Information

Short Term Investor Loans - 3-12 Months

- ✓ **F² - Fix and Flip**
- ✓ **R³ - Renovate, Rent and Refinance**

General Information

- Speed: 13 business days or less from application to settlement.
- Loan-To-Value: 65%
- Interest Rate: 11.95% APR (subject to change)
- Origination Fee: 2.95% of loan amount (subject to change)
- Application Fee: \$0
- Loan Processing Fee: \$0
- Lender's Attorney Fee: \$0
- New or novice investors welcome.
- Investors with poor credit can be approved.
- Loan primarily based on asset value vs personal credit.
- Investor loans only. NO owner occupant loans.
- See more detailed information in The Loan Process section of this document.

Rental Property Loans - 1-5 Years

- ✓ Refinancing
- ✓ Cash-Out Refinancing
- ✓ Purchase

General Information

- Speed: 13 business days or less from application to settlement.
 - Loan-To-Value: 65%
 - Interest Rate: 11.95% APR (subject to change)
 - Origination Fee: 2.95% of loan amount (subject to change)
 - Application Fee: \$0
 - Loan Processing Fee: \$0
 - Lender's Attorney Fee: \$0
 - New or novice investors welcome.
 - Investors with poor credit can be approved.
 - Loan primarily based on asset value vs personal credit.
 - Considerations for approval include financial performance of asset, and ability to pay.
 - Investor loans only. NO owner occupant loans.
 - See more detailed information in The Loan Process section of this document.
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II. Convenient Web-Access Loan Initiation Steps

Step 1. Pre-Approval Letters

1. Submit Loan Application Section I and II only. (Section I - Primary Applicant's Information / Section II - Co-Applicant's Information).
2. If pre-approved, you may request pre-approval letters to submit with your offers.
3. **PLEASE NOTE:** Loan commitment and final approval are subject to a streamlined and expedited due diligence process undertaken to approve a specific property and for financing.
 - a. To begin the loan process for a specific property, you must submit to us a complete loan request package. After we receive the complete package, you should expect a loan commitment decision within 3 business days.
 - b. If the loan commitment decision is favorable, you should expect a final loan approval decision within 5 business days.
 - c. After receiving a final loan approval, you should expect that funds will be ready for settlement within 5 business days.

Step 2. Confidential Preliminary Review

We will quickly and [confidentially review your deal](#) to preliminarily determine if we can consider funding. If it appears that we can consider funding, it **does not indicate that we will fund** the deal. It means that we see enough favorable information, based on what you submitted, that we think you should submit a formal application so we can conduct our due diligence and work for your Loan Commitment and Final Approval. During the Preliminary Review, we will discuss the rate, points, fess, and terms that we expect to be offered for your loan if it is approved.

Step 3. Download and Complete your Application

To access the most updated versions of Commercial Loan Application and Information Sheet, visit the [lending page](#) on our website. Complete Sections I, II, and III of the application. If you have already been pre-approved for lending

(Step 1.), you will have already submitted Sections I and II of the application, so Section III is the only new information you will need to submit. If you have not been pre-approved, this will add 3 business days to the process. You may [contact us](#) at any time for assistance.

Step 4. Submitting an Application Package

To submit your application package, go to the [Private Lending page](#) of our website prepared with all of the items on the checklist below. It is preferred if you provide a link (*example Dropbox*) to any required document, but you may upload the file if you choose.

Loan Application Checklist:

- Completed and signed application
 - Deal Pro Forma
 - Fully executed contract
 - Value supporting information. BPO, CMA, Appraisal, MLS listings, etc.
 - Rental income and expense projections (if applicable)
 - Renovation scope of work and draw schedule. The draw schedule should be broken down into logical segments of work with the draw amount equal to the value of the work performed. Draws are paid as work is completed, and a draw inspection will be conducted. It is typical to have four draws.
 - Contractor estimates
 - Contractors business license
 - Proof of insurance from ALL contractors working at the property. Coverage to include: Liability to 1MM (including completed operations), Workers Compensation (if required), and the Borrower listed as additional insured. If using a General Contractor, Workers Compensation coverage held by the GC can cover the subcontractors working for that GC.
 - Entity docs (LLC- certificate of formation and operating agreement / INC- certificate of incorporation and bylaws and corporate resolution)
 - Video tour link (YouTube, Dropbox, etc) show entire property, renovation plan, and surroundings.
 - Inspection documents (if any). **Septic report required if septic is present.**
 - Listing documents (if listed on the MLS)
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III. The Loan Process

*****RUSHING A LOAN IS SUBJECT TO OUR AVAILABILITY AND AN ADDITIONAL FEE*****

Loan Commitment - 3 Business Days

Within the first business day of receiving your completed application package, we will begin coordinating our due diligence in order to determine if we can provide a Loan Commitment (not final loan approval). The major emphasis in our due diligence will be placed on:

- Current and After Repaired Value of the property
- Scope of Work Review
- Renovation Cost Valuation
- Considerations for rental property approval include financial performance of asset, and ability to pay.

Upon completion of our due diligence, the decision will be made to either decline the loan request or present the package for Final Approval (funding). Conditions or special requirements may be communicated to you during this part of the process. Due Diligence for Loan Commitment normally takes **3 business days**.

IT MAY BE DETERMINED THAT AN APPRAISAL, OR OTHER PROFESSIONAL OPINION, IS REQUIRED TO COMPLETE THE DUE DILIGENCE. IF A REPORT FROM A THIRD PARTY IS REQUESTED IN ORDER TO PROCESS THIS LOAN, IT WILL BE REQUIRED THAT YOU PAY FOR THESE REPORTS.

Final Approval - 5 Business Days

- After the Loan Commitment is made, we will present your loan package for Final Approval (funding). Securing funding for Final Approval normally takes **5 business days**.
- **THERE IS A RISK THAT YOUR LOAN REQUEST WILL NOT GET FINAL APPROVAL (FUNDED) AND YOU WILL LOSE YOUR ENTIRE APPLICATION FEE AND POSSIBLY YOUR REAL ESTATE DEAL.**
- Upon Final Approval, you will receive confirmation of your rate, points, fees, and terms of your loan. This is typically the same as what was targeted and communicated at Loan Commitment. Conditions or special requirements may be communicated to you during this part of the process.

Funding - 5 Business Days

- We lend 65% of ARV, with the loan amount applied first to the renovation budget, then to the purchase amount. Investors cash is applied first to the purchase amount, then to the renovation budget. Renovation funds are held in escrow and released in draws as work is completed.
- After receiving Final Approval, it normally takes **5 business days** to have the funds ready for settlement.

Preparing for Settlement

- **Lender's attorney:** will take care of preparing the Note, Mortgage, Personal Guarantee, and Deed in Lieu of Foreclosure. Lender's attorney will also review all settlement docs and authorize the release of funds at settlement.
- **Your attorney:** will prepare the Deed and HUD-1 Settlement Statement, provide you with estimated costs for Borrowers and Lenders Title Insurance, and information about a survey, inspections, taxes and utilities.
- **Your insurance must:** list the lender as loss payee/mortgagee, provide liability coverage to 1MM, provide property damage coverage equal to the greater of the loan amount or the full replacement value of the property with improvements and materials, cover the scope of work (rehab vs reconstruction/any structural), provide coverage as a vacant property for the entire period of vacancy.
- **The following will be communicated by the Lender's attorney to your attorney regarding settlement:**
 - All documents must be signed by same borrower/entity.
 - Title is to be clear and is to show no special assessments pending or of record.
 - The detailed requirements for the Lenders Title Insurance policy.
- **Contact your attorney, or the appropriate person, for information regarding the following fees:**
 - \$ _____ Title insurance Borrowers and Lenders
 - \$ _____ Property and liability insurance
 - \$ _____ Utilities
 - \$ _____ Transfer taxes
 - \$ _____ Annual taxes
 - \$ _____ Attorney settlement
 - \$ _____ Inspections
 - \$ _____ Survey
 - \$ _____ Recording fee
 - \$ _____ Other fees
- **DeIREIA Fees:**
 - \$ _____ Origination fee (loan points)
 - \$ _____ Loan processing fee
 - \$ _____ Lender's attorney fee