

## **Eagle Loan Program**

Read below to learn more about:

- Loan Terms and Conditions
- How Does The Process Work? - Steps to Success
- Closing Checklist
- Frequently Asked Questions (including “*Where do you lend?*”)

### **LOAN TERMS AND CONDITIONS**

#### **Points and Interest Rates**

Investor Rehab Loan Program: RichUncle offers two pricing options for the borrower to choose from on our investor rehab loans.

Borrowers may choose from two rate programs on the loan application:

- 6 Points and 15% Interest (No Monthly Payments!)
  - Not available in the state of Florida)
- 8 Points and 10% Interest (No Monthly Payments!)

Please note: RichUncle does not charge application fees, inspection fees, underwriting fees, or any other "junk fees" that other lenders often hide from the borrower.

#### **Duration of Loans**

The time frame of the loan is for a maximum of six (6) months. The borrower must have the property refinanced and the loan repaid by the six (6) month deadline.

#### **Loan Amount**

Investor Rehab Loans will be 100% of the purchase price and 100% of the repair funds so long as the LTV does not exceed 73% of the ARV (after repair value). RichUncle has no minimum or maximum loan amounts. For loan amounts less than \$55,000 minimum fees will apply.

#### **LTV**

The maximum loan to value (LTV) RichUncle will lend is 73% LTV, which is based on the after-repaired-value (ARV) of the property. The LTV calculation will include the purchase price, construction costs, purchase closing costs, points, and an interest reserve for the term of the loan. For loan amounts over \$375,000, the maximum LTV RichUncle will fund is 68% LTV and RichUncle reserves the right to request a downpayment at closing from the borrower.

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### **Appraisals**

All appraisals will be ordered by RichUncle upon receipt of the loan application. Borrower provided appraisals will not be accepted. The appraiser will request the full scope of work and construction costs from the borrower directly. RichUncle will not fund any loans with less than a \$50,000 ARV. For properties with an ARV between \$50,000 and \$60,000, the LTV will be capped at 65%.

### **Closing Attorney and Settlement Offices**

RichUncle must approve of the settlement and closing agent.

### **Payments and Other Responsibilities**

No payments are required during the six month loan term. If RichUncle agrees with the borrower to extend the loan after the 6 month loan term period has elapsed, the borrower will be responsible for making an extension fee payment and monthly interest payments (including penalties). The borrower will also be responsible for ordering builders risk and general liability insurance on every property through Flagship Insurance prior to the purchase closing, turning on all necessary utilities for construction, carrying out all necessary construction, obtaining any necessary permits, and staying current on all property taxes levied by the city in which the property is located.

### **Please Note:**

It is the borrowers responsibility to maintain an email account and keep RichUncle informed of any email and/or telephone changes. Failure to keep RichUncle informed of these changes will result in non-communication with RichUncle.

## **How Does The Process Work?** **Steps to Success**

### **Before the Purchase Closing**

- **Request Funding Letter (if needed by the borrower):** If necessary to submit with a purchase contract, the borrower may request a funding letter (to be completed online) in order to receive a loan commitment from RichUncle. The borrower may provide a copy of their credit report to RichUncle to be pre-qualified with RichUncle and to obtain a funding letter.
- **Loan Application:** Once the contract has been ratified by the seller, the borrower must submit a complete loan application (on the RichUncle website). Based upon the information provided in your loan application and obtained on your credit report, RichUncle may request additional documentation to support your loan application.
- **Credit Report:** RichUncle requires a minimum middle credit score of 680 from the borrower to provide a rehab loan to a borrower. Upon receipt of your loan application, RichUncle will forward a Credit Authorization Form to the borrower in order to pull credit for final loan approval. Please return the Credit Authorization Form form as soon as possible in order to expedite your loan closing.
- **Purchase Contract:** The borrower must provide the purchase contract to RichUncle. Please be sure to notify the settlement office that RichUncle will be your lender on this transaction and forward them your purchase contract so title work may begin as soon as possible. You will also want to instruct them to contact our office for loan closing instructions.
- **Contractor's Estimate:** The borrower must also fax or email their construction estimate/contract to RichUncle following submission of the loan application.
- **Builder's Risk and General Liability Insurance:** Builder's Risk and General Liability Insurance: The borrower is required to order builder's risk and general liability insurance for the property through Brown & Brown Flagship Insurance through the RichUncle website. One year of insurance premiums are collected at closing. If the loan is repaid in full on or before the original six month loan maturity date, 50% of the insurance premiums will be refunded to the borrower.
- **RichUncle Property Inspection:** Your RichUncle Territory Director will be in contact with you to schedule an inspection of the subject property with you to evaluate and review the scope of work and all construction costs.
- **Subject-to-Repair Appraisal:** All appraisals will be ordered by RichUncle for all loans once a loan application is received from a borrower. RichUncle will select the appraiser and instruct the appraiser to contact you to arrange a time to meet at the property. The day of the appraisal, the appraiser will need a copy of your construction plans and specs for the renovations to be completed and collect the appraisal fee at the door. Once the subject-to-repair appraisal is received by RichUncle, our office will forward a copy of the appraisal to your email address on file. The subject-to-repair appraisal must be received by our office prior to

closing. No closings will occur until RichUncle has received the subject-to-repair appraisal.

### **After the Purchase Closing**

- **Lockbox:** A construction lockbox must be provided on the property for inspection access before any construction draws are received (These lockboxes cost approx. \$35 and can be purchased from Home Depot).
- **Construction:** The investor then proceeds with construction immediately after closing. Please be advised that any changes to the scope of work must be approved by RichUncle or penalties will be enforced.
- **Construction Draw Requests:** Construction draw requests must be submitted on the RichUncle website by 5PM on Tuesday of each week in order to receive a construction draw on Friday. Draw requests will be approved on a weekly basis by your RichUncle Territory Director only for completed construction items. No construction draws will be approved if the RichUncle Territory Director cannot access the property. If for any reason the draw is denied or reduced by RichUncle, the borrower must resubmit the draw request again the following week.
- **Construction Draw Funds Availability:** Construction draw funds will be deposited into the borrower's account on Fridays subject to the weekly inspection. Borrowers in the Hampton Roads, VA and Richmond, VA areas will be asked to provide bank deposit slips for an account at Bank of America to RichUncle before the purchase closing so that RichUncle can deposit your construction draw checks directly into your Bank of America account.

Borrowers not in the Hampton Roads, VA and Richmond, VA area will be asked to provide RichUncle with wiring instructions for their financial institution (Wiring instructions to include: Name of Bank, Address of Bank, ABA #, Account #, and the exact name(s) on the account.

- **Lien Waivers:** Lien waivers must be obtained from every contractor whoever receives payment directly from the investor and must be faxed to RichUncle (Fax 757-460-4079) every time a lien waiver is signed by the contractor. Lien Waivers will be required in order to process your weekly construction draw requests. [Lien Waivers](#) may be downloaded on the RichUncle website.

### **Resale or Refinance of Property (Payoff of RichUncle Loan)**

- The closing attorney or title company must request a payoff statement for a loan payoff. The payoff can be easily requested by the settlement office or the lender on the RichUncle website. RichUncle will respond with a payoff statement for your loan.

## **Closing Checklist**

**All of the following must be submitted to RichUncle to complete your loan application prior to closing:**

- ✓ Ratified Purchase Contract with Seller's Attorney Contact Information
- ✓ Loan Application (via the RichUncle website) - Based upon the information provided in your loan application and obtained on your credit report, RichUncle may request additional documentation to support your loan application
- ✓ Credit Authorization Form
- ✓ Order Builder's Risk and General Liability Insurance
- ✓ Construction Estimate with a complete Scope of Work, Construction Timelines and Penalties, Contractor's License, and Contractor's Insurance from your contractor

## **Frequently Asked Questions**

### **What is the maximum Loan to Value (LTV) ratio RichUncle will loan?**

The maximum Loan-to-Value (LTV) that RichUncle will loan is 73% LTV and it is based on the after-improved value (ARV) of the property. For example, if a property will be worth \$150,000 after it has been repaired, the maximum loan RichUncle will provide is \$109,500. This amount includes the purchase price, construction amount, closing costs, points, and the interest reserve for the term of the loan. If the cost exceeds the 73% LTV that RichUncle loans, the investor can fund the difference between the 73% and the amount needed in the form of a down payment at closing. For loan amounts above \$375,000, the maximum loan to value is 68%LTV.

### **How do I calculate my maximum purchase price under the RichUncle loan program?**

RichUncle will loan a max LTV of 73% which includes purchase costs, construction costs, closing costs, insurance, a six month interest reserve, and loan origination fees. In order for you to obtain 100% financing with no down payment, you can use this formula to calculate your maximum purchase offer. If your project costs exceed the formula below, a down payment will be necessary at closing for the overage.

After Repair Value x 64% - Construction Budget - Closing Costs = Maximum Purchase Price with no down payment necessary

Example: 150,000 ARV x 64% = \$96,000

\$96,000 - \$15,000 Construction Costs = \$81,000

\$81,000 - \$2,300 Closing Costs = \$78,700 (Max Purchase Price with no down payment)

### **What is the duration of a loan from RichUncle?**

RichUncle rehab loans are typically set up for a 6 month loan term. The term of new construction or commercial development loans terms will be negotiated on a case by case basis.

### **What types of properties will RichUncle fund?**

RichUncle will fund any residential project that doesn't exceed four units. Therefore, single families, townhouses, condos, duplexes, and 4-plexes are all eligible for funding. RichUncle will also entertain new construction and development loans on a deal by deal basis.

### **How and when are the construction funds released?**

Construction funds are released on a weekly draw basis. The investor submits a draw request through our website by 5PM each Tuesday and the properties are then inspected by an RichUncle territory director to approve the draw requests. Upon a positive inspection, a deposit is made directly into your checking account every Friday. Therefore, there is no delay in receiving construction funds from RichUncle. Please note that if any permits are required on your property, RichUncle will require copies of final inspection

certificates to be faxed to our office prior to receiving a final construction draw for that certain construction category.

**What credit score must I have to receive a loan from RichUncle?**

In order to qualify for our program, the borrower must have a minimum middle credit score of 680 and be able to qualify for a conventional refinance mortgage to pay off their RichUncle loan. Experience in real estate and/or construction is an added benefit but not required. RichUncle inquires on your credit prior to each loan closing and we request that you provide us with a copy of your middle credit score at the pre-approval stage so that your credit score does not have to be pulled twice. You may obtain a free copy of your credit report online.

**How long does it take for a borrower to be pre-approved and what is the typical time frame for closing a loan with RichUncle?**

RichUncle can pre-approve a borrower immediately upon receipt of the borrower's credit report (middle score) pulled within the last 3 months. Once a loan application has been submitted to RichUncle, your loan should close in approximately 10-20 days if all requested documents have been provided promptly by the borrower.

**What is the advantage of using the funding that RichUncle provides?**

RichUncle finances 100% of the purchase, construction, and closing costs and we close loans very quickly (typically within 7-10 days from the date of application). Our loans require no monthly payments for the loan duration and we never charge pre-payment penalties. Some lenders will charge application fees, inspection fees, wiring fees, etc. At RichUncle, we only charge you points and interest on the loan - No Junk Fees! In addition, RichUncle allows borrowers to do multiple projects at a time once a client has purchased one property and completed it successfully with RichUncle.

**In what geographic areas will RichUncle provide funding?** RichUncle loans are available in:

**Virginia** (Hampton Roads & Tidewater Area, Richmond, Petersburg, Hopewell, etc.)

**Maryland** (Prince Georges, Montgomery, Howard, Anne Arundel, Baltimore, Baltimore City, Frederick, Carroll, Hartford, Calvert, Charles)

**Washington D.C.**

**North Carolina** (Greater Charlotte, Asheville, Raleigh, Cary, Durham, Fayetteville, Greensboro, Wilmington, Fayetteville, Nags Head, and Elizabeth City)

**South Carolina** (Greenville, Spartanburg, Columbia, Rock Hill, Florence)

**Pennsylvania** (Greater Philadelphia Area and the Greater Pittsburgh Area)

**Missouri** (Kansas City and Saint Louis)

**Kansas** (Kansas City)

**Florida** (Jacksonville, Orlando, Tallahassee and as far south as Tampa)

**Texas** (Dallas, Fort Worth, San Antonio, Austin)

**What attorney/settlement office does RichUncle use to originate its loans?**

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Properties that are located outside of Hampton Roads (Virginia) may close at the settlement office of the borrower’s choice or at any RichUncle approved settlement office.

**Who can I use for builders risk and general liability insurance coverage on RichUncle loans?**

RichUncle uses a master insurance policy for all loans and an insurance certificate will be issued to the borrower at settlement. The insurance coverage is obtained by ordering insurance through the RichUncle website. The insurance company (Brown & Brown Flagship Insurance - Kate Sorge) can be reached at 757.628.3239

**Will RichUncle loan on properties that are occupied at the time of closing?**

Due to insurance restrictions and issues with construction work around tenants, RichUncle will not fund properties that are occupied at the time of purchase.

**Does RichUncle provide yearly interest statements to clients for the interest carried on its loans?**

No, RichUncle does not provide yearly interest statements to clients for interest carried on its loans. Since the interest expended on behalf of the client is added to the job costs of the property, it is part of the capitalized cost of the rehab property.

**What can I use the loan proceeds for?**

RichUncle loans are for commercial purposes only and not for personal, family, or household purposes. Loan proceeds are for the purchase and rehabilitation of commercial investment properties intended to be resold for investment profit or rented to persons (other than family members) for investment return.

Notes: RichUncle, as used in this document refers to [www.RichUncle.us](http://www.RichUncle.us) and/or its affiliates, associated firms and lenders.