

LAND DEVELOPMENT AND CONSTRUCTION LOANS

Attached is an introduction to NORTHERN RANGE CAPITAL CORP describing some of our unique mortgage financing programs. At Northern Range Capital we assist our clients in arranging mortgages for **Commercial, Multi-family residential and Industrial and Development** properties.

Real estate loans come in many forms. Mortgages are the most common. Mortgages are sometimes also called a trust deed or land contract. Regardless of the form that the security instrument takes, the basic idea is the same. A mortgage is the legal agreement between a borrower and a lender, where the value of the borrower's real estate is offered as security for a loan.

We act as the intermediary (middle man) between the borrower (you) and the lender institution, which can be a bank, trust company, credit union, mortgage corporation, finance company, pension fund or even an individual private investor.

Residential Development - Subdivision Financing for Lots

If you are working on one or many land development projects, money can be available for the continuation of your project so long as there's substantial up-side remaining or low leverage contained within the collateral.

Land development loans are challenging in today's market however, if you have experience as a builder or developer you should give us a call because if your land loan project is well located and has significant equity, it is very likely we will be able to help you get the financing you need.

Land financing is available for several types of properties including stalled sub-divisions, bank owned properties, entitled lots, and paper lots. We work with good and bad credit borrowers. Full income and non-traditional bank lender loans are offered.

Money deployed on building lots can be used for the acquisition, refinance, or cash out. Our business centers on relationships and our services are always personalized to best meet the needs of the borrower. We provide fast, flexible funding where it's needed most. I look forward to doing business with you.

Regards,

Bruce Ramsey

FEES

We do not charge any Up Front Fees whatsoever, but rather we prefer to earn a Success fee and/or Equity commission upon successful closing of a transaction.

No Up Front Fee

No Revision Fee

No Stand by Fee

No Retainer

Important Note:

Fees are always an issue with borrowers, but at the proper time, with the right proven source, they are a reality. If your local bank in your hometown requires a fee to do an appraisal, title survey, credit reports, property inspection, legal contract preparation, background check, and many other verifications to fund a house down the street, it is not realistic to expect them to fund a real estate project, in another city, province, state or country, at zero costs.

Developers that insist on paying absolutely nothing until funding will never get funded, it takes money to borrow money. Liquidity or cash on hand is definitely going to be required, and varies widely from lender to lender. Be prepared to pay lender fees/costs of some form.

In any given transaction, the **Client will be responsible for paying** the Legal Fees, Appraisal Fees, Feasibility and Marketing Report fees, Environmental report fees, Quantity surveyor fees, Land surveyor fees and any other fees related to due diligence and background checks and a Site visit. Some lenders may require that you pay the fees/costs directly to a third party for the expenses incurred or they may require that you make a deposit in order to cover these costs as they are incurred.

The availability of the money is more important than the cost. Our lenders often need to move quickly to help the seller get out of their current situation. They have to have capital available at all times in order to “make the deal happen” and paying a fee or higher interest rate is irrelevant compared to the loss of thousands of dollars in profit if the money was not available.

Please do not waste our time if you are not prepared to pay due diligence fees that may be required by the lender.

CONSTRUCTION LOANS FOR COMMERCIAL & MULTIFAMILY REAL ESTATE PROJECTS U.S., CANADA AND OVERSEAS

Minimum loan \$5 million - no maximum

- Nationwide US, Canada, Caribbean and Latin Americas on a case by case basis
- Almost all property types including:
Hotels, Office, Retail, Warehouse, Multifamily, Self-Storage, MHP, RV Park, Marina, Seniors, Medical, Special Purpose, Condo, A&D, Land and more.
- Shovel ready, fully permitted with pre-leasing/sales preferred but not required
- If land free and clear shovel ready and preleasing/sales up to 100% LTC is possible
- U.S. – Up to 100% Loan to Cost (LTC) not to exceed 70% Loan to Value (LTV)
- Overseas - 65% LTC not to exceed 60% LTV
- Land only - up to 50% LTC/LTV
- 5 year mini-perm rates 6%-10% for 24 months during construction; fixed for 3 years thereafter with 20 year amortization
- Short term rates 10% - 14% up to 24 months
- Rates and points higher for overseas.
- Prepayment penalties are minimal
- 4 - 8 Point origination fee
- Traditional 3rd party reports sometimes required
- Releases for sold units
- Full personal recourse

First step for ALL construction inquires is to answer the following:

1. Is land owned already?
2. If so, is it free & clear with no liens?
3. Is it Fully permitted and shovel ready?
4. Are there any presales/preleases?

Email an Executive summary with sources & uses, detailed construction budget, Personal financial statement, photos.

COMMERCIAL CONSTRUCTION, MULTIFAMILY, SUBDIVISION CONSTRUCTION AND LAND LENDING PROGRAM

CARIBBEAN AND LATIN AMERICA PROJECTS ONLY

Minimum \$5,000,000 – no maximum

International Development Construction if they have (1) all of the approvals and (2) are ready to pull the permits (3) 40% preleased or presold (4) creditworthy principals:

- First position lien, Five-year note
- Loan amount for this fund-controlled development and construction project will not exceed 60% LTV of the completed value and not to exceed 65% LTC, all-in, of the total project costs.
- Borrower must have the other 35% of the project costs in cash and/or equity in the land.
- Points, broker commissions and interest reserve out of the gross loan proceeds on the first draw. The first draw will not exceed 70% of the As-Is-value-in-place.
- The interest rate will be 8% to 10% per year and set after the underwriting.
- Interest-only payments paid monthly for the first two years then 20 year amortization for remaining 3 years of this 5 year loan term.
- Lender Origination fees are 5 points (the points will be deducted out of gross loan proceeds at the close)
- No exit fees
- Prepayment penalty (PPP) is the interest for half the term of the loan
- Release clause of 85% of actual sale price of any units, if required.
- The construction project will need to be 40% pre-leased or pre-sold for all units being built to be leased or sold.
- Without the pre-leases or pre-sales, we require additional collateral that is cash flowing (using any type of steady cash flow stream yields a 1.0x DSC) that can help out with the debt service of this financing, and where we will file a subordinate lien.
- We require a strong guarantor(s) with this quote – demonstrate that the required cash is available, liquid, good credit, experienced, etc.
- There is an out of pocket fee upon acceptance of the LOI, and then a deposit when a commitment is issued, which will be applied to the 3rd party costs and legal (commitment deposit)
- Funding date of 30 days from commitment being accepted

SHORT-TERM BRIDGE MORTGAGE LENDING PROGRAM

Eligible Locations: **Continental US plus USVI, Anguilla, Bahamas, BVI, Turks and Caicos, Puerto Rico**

Eligible Properties: Income producing commercial real estate properties including apartments, retail, office, warehouse, industrial, hotel, senior living, self-storage, medical/hospital/nursing home. Adult entertainment, flea market, marina and more, if income producing. Busted condo deals as apartments. Land with and without permits.

Acquisition or refinance; debt buy downs; D-I-P, BK, vacant, lease-ups, other troubled transactions. Discounted loan/portfolio purchase financing. **Excluded:** no single family homes at all, investor or owner occupied.

Transaction Size:	\$2 million to \$100 million.
Ownership:	Single asset, special purpose entity.
Application fee:	Fee of \$3,000 is due with the accepted and signed Letter of Intent.
Origination fee:	3 - 6% of loan amount payable at closing, depending on transaction.
Commitment fee	Deposit payable upon acceptance of Loan Commitment to be used for 3rd party costs, legal and closing. Balance applied towards Origination Fee at closing.
Exit Fee:	Negotiable
Partial Releases:	Releases for sold units at to-be-negotiated release prices.
Prepayment:	Prepayment permitted but 6-12 months interest guarantee
Interest Rate:	10% up to 15% interest only
Loan Term:	12-24-36 months; options negotiable.
Non-Recourse:	Recourse only to property
Reserves:	Real estate taxes, hazard insurance, and mortgage interest if required.
Second Mortgage:	Possible with permission of Lender and consolidated DSC.
Exit Strategy:	Heavy concentration on value creation, market analysis and exit strategy.
Third Party Reports:	MAI appraisal, Phase 1 environmental, property condition, and possibly others depending on the location, ordered by Lender at expense of Borrower.
Closing Time:	As short as 2 weeks based on complete file. 3-4 weeks for routine transactions.

RAW LAND LOT LOANS

Minimum loan \$500k - \$20M

Nationwide US only

Property Types	Residential Sub-divisions - Raw land - UnEntitled land - Entitled land - PUD - Mixed use developments - Vacant land - Paper lots – TIFS
Loan Type	Purchase, Refinance, Cash-Out, DPO, Foreclosure prevention, Bank Work Out, Stalled Residential Sub-divisions
Lending Area	Georgia, Texas - Utah - New Mexico - California - Arizona - Nevada - Florida - Idaho - Oregon, Florida, Carolina and other markets considered Nationwide.
Min - Max Loan Amount	\$500,000 to \$20,000,000
Term	6 to 36 months
Interest	6% to 13% Interest Only - Full Principal & Interest available
Amortization	Interest Only - Interest reserve (no monthly payment)
Maximum LTV	Typically - 30-50% as is value bases upon an appraisal
Lien Position	1 st Lien only
Prepayment Penalty	Typically, None
Minimum Credit Score	None - Pricing will be related to the overall risk
Origination Fee	2% - 5% of the loan amount
Exit Fee	0% is typical
Due Diligence Fee/Deposit	Borrower is responsible for all third party report fees. Typical range \$3,500 - \$9,500 after written approval.
Closing Timeframe	3 weeks give or take a few days is typical
Submission Documents	<ul style="list-style-type: none"> • Executive summary of the Residential Subdivision Plan • Aerial Photos or existing appraisal • Sources and use of funds • Purchase contract or LOI if acquisition • PFS • Exit Strategy - How the loan will be re-paid

LAND LOANS

Nationwide US only

The following guidelines are general, please speak to us about other programs and options that might be available for your project.

Minimum Loan Amount	\$1,000,000	Loan amounts of \$500,000 are available with our Stated No-Doc Loan with 650 credit score.
Maximum Loan Amount	No Maximum	For loan at or below \$5MM try our No-Doc Stated Loan Program, Closing can be as quick as 2 - 3 weeks with 650 credit score.
Maximum LTV	Fully entitled 40%, raw land 30% - 35%, Higher LTV's are available on a case by case basis.	On purchase we use the purchase price or appraised value whichever is lower however, we do not have a seasoning requirement on value if it is a refinance
Rate	12.0%	
Amortization	Interest Only	
Term	12 Months	
Minimum Credit Score	500	
Recourse	Full	
Pre-Payment Penalty	None	
Time Table	2 - 3 weeks	

BUILDER HOME CONSTRUCTION LENDING PROGRAM

PRE-SALES REQUIRED

Nationwide US only

What we do – Our program is a Pre-sale finance program. If you pre-sell a home and your buyer either can't or won't get a construction loan and you have to build the home with your own resources before you can close the sale with your buyer, we will lend you the funds you need to construct the home. We don't care who you pre-sold the home to; we only care that the contract with your buyer is non-contingent and that your buyer has been pre-approved for their permanent mortgage loan.

Who we lend to – We lend to the builder, not the homebuyer. We can lend to most builders. Our underwriting standards are much more relaxed than those of a bank. Many of the builders we lend to have credit issues that resulted from the recent financial crisis. That's not a problem for us. To us, the most important thing is that you are experienced and build a nice home.

What type of homes we finance – Our program finances the construction of pre-sold single-family homes that sell for **\$600,000 or less**. The home can be built on the buyer's land, on a lot that the builder already owns, or on a lot that the builder will be purchasing with the help of our loan.

How much we advance – Our loan amount will be the lesser of (i) 90% of your total hard cost construction budget (including the cost of the lot) and (ii) 75% of the contract sales price of the home. For example, let's say you have a pre-sale with a lot cost of \$50,000, a construction budget of \$200,000 and a contract sales price of \$315,000. The total construction budget (including the lot) is \$250,000. Doing the quick math, we see that 90% of the total construction budget is \$225,000 and 75% of the contract sales price is \$236,250. Our loan amount will be lesser of the two, or \$225,000. From your perspective, the financing of the project would look like this:

The total hard cost budget (including the lot cost):	\$250,000
Less the amount you borrow from lender:	<u>(\$225,000)</u>
Amount of cash you will need to build the home:	\$25,000

The deposit you collect from your buyer will further reduce the amount of cash you need to build the home.

How we advance the funds – Unlike a bank, we do not dictate a draw schedule to you. You tell us how you would like to take the funds down. Some of our builders prefer to take only three or four draws; others prefer six or seven. It's up to you. When you reach a point when you would like to take a draw, you will just email over our very simple, user-friendly draw worksheet. We order an inspection that same day and we can typically fund the draw within three or four days. We wire the draw to you, and you pay your subs and suppliers.

What we charge – Our interest rate is **9.90%** and the lender fee is **3.00%**. Interest accrues only on the outstanding balance of the loan. The fee is based on the loan amount. To quantify these numbers, assume the loan amount is \$200,000 and the life of the loan is five months; in that scenario, the total of interest and fees would be about \$10,000. No interest or fees are collected until the very end, when the sale to your buyer closes.

What else you need to know – We can approve you in a week. Then just email us a copy of the pre-sale contract and your construction budget and we'll approve the loan within a day. We can close the loan as quickly as your attorney can complete the title work. We are very un-bank like.

NEW CONSTRUCTION LOANS

PRE-SALES NOT REQUIRED

Nationwide US only

Loan Purpose	New Construction
Property Types	Non-owner Occupied Residential (Single family and multi-family up to 30 units)
Borrower Type	Individual or LLCs
Loan Term	9 - 12 Months
Security	First Mortgage
Loan Amount	\$85,000 - \$5,000,000
LTV	The Lesser of 80% of Costs or 70% of Completed Value
Amortization	Interest Only
Prepayment Penalty	None
Recourse	Recourse

FIX AND FLIP" LOANS

RESIDENTIAL PROPERTIES

Nationwide US only

This program is designed to help Real Estate Investors do more deals by leveraging the capital with O.P.M. or "Other People's Money". A greater volume of transactions can significantly increase your efficiency and profits.

Unique Loan Terms

- * Financing up to 85% of Purchase Price and 100% of Rehab costs.
- * 2 year loan term with no pre-payment penalty, giving you the ability to quickly finish your investment project
- * Loans from \$60,000 to \$5MM.
- * Loan fees start at 3.9 points. Repeat clients with good credit history can achieve lower points.
- * 12.99% APR – Lower than most private money lenders in the industry
- * Super Fast Funding – Close in as little as 10 days
- * Easy Approval – Damaged credit OK, no income verification

Individual Rental Properties*

Single-family, Condo, Townhomes & 2-4 Units, Multi units (5+)

Fixed Rates

Up to 75% of Value

Individuals or LLCs

Recourse and Non-recourse Options

3–4 Weeks to Close

- * Portfolio loans also available for 5+ rental properties

5% DOWN JV PROGRAM

COMMERCIAL PROPERTIES ONLY

Nationwide US only

We can provide both debt and equity for a joint venture project if developer has 5% of the project cost to contribute, occasionally less than that if project is very strong.

Since our minimum amount for equity is \$1.5M, the total project cost must be at least \$8M or so.

All of the most common property types are fine:

Apartments, assisted/senior living, hotels, retail and offices.

Typical capital stack:

Developer contribution	5% of cost (or less)
JV partner	30%
Construction loan	65%
Total	100% of project cost

Out of Pocket Costs:

\$3,000 - \$5,000 fee payable after the LOI with terms is issued which covers underwriting and site visit.

Timing depends on how close developer is to being ready, 90 days or so is typical.