

Fix and Flip & Ground Up Program

	FIX & FLIP	GROUND UP
Loan Amount	<ul style="list-style-type: none"> Min: \$50,000 Max: \$25,000,000 	<ul style="list-style-type: none"> Min: \$50,000 Max: \$5,000,000
Maximum Loan to Cost	<ul style="list-style-type: none"> Up to 90% of purchase price Up to 100% of rehab costs 	<ul style="list-style-type: none"> Up to 80% of lesser of land value or purchase price, 100% of construction subject to 85% of total project costs
Maximum Loan to ARV	<ul style="list-style-type: none"> Up to 75% 	<ul style="list-style-type: none"> Up to 75%
FICO	<ul style="list-style-type: none"> Minimum IR = 1 month If past bankruptcy, foreclosure, or FICO < 620: 12 month IR 	<ul style="list-style-type: none"> Minimum IR = 1 month If past bankruptcy, foreclosure, or FICO < 620: 12 month IR
Term Length	<ul style="list-style-type: none"> 12-24 month initial term, further extensions allowed at lender's discretion 	<ul style="list-style-type: none"> 12-24 month initial term, further extensions allowed at lender's discretion
Recourse	<ul style="list-style-type: none"> Full Recourse Pledge of shares 	<ul style="list-style-type: none"> Full Recourse Pledge of shares
Experience	<ul style="list-style-type: none"> All levels considered (leverage based on experience) 	<ul style="list-style-type: none"> Professional developers with prior ground up experience
Profit Test	<ul style="list-style-type: none"> Minimum \$15,000 If fail, must pass 1.20 DSCR test on a market 30-year FRM 	<ul style="list-style-type: none"> Minimum \$15,000 If fail, must pass 1.20 DSCR test on a market 30-year FRM
Borrower Pricing	<ul style="list-style-type: none"> 7%+ 	<ul style="list-style-type: none"> 7%+
Lender Pricing	<ul style="list-style-type: none"> 7%+ volume based points sharing 	<ul style="list-style-type: none"> 7%+ volume based points sharing

LETTER OF EXPLANATION REQUIREMENTS CREDIT	
	WHEN TO COLLECT LOE
30D	if past due > \$0 and <> EDU
60D	if past due > \$0 and <> EDU
90D	if past due > \$0 and <> EDU
Collection Account	if > \$2K tradeline and no (medical or utility)
Bankruptcy	if < 7 years old
Foreclosure	if < 7 years old
Forbearance	if active and not COVID-related
IRS Lien	if active
Liens	if active and > \$10,000
Judgments	if active and > \$10,000

LOAN CLOSING ISSUES	
PROBLEM	GUIDELINE
Loan Amount > \$250,000	<ul style="list-style-type: none"> Survey or survey exception required
Loan Amount > \$500,000	<ul style="list-style-type: none"> Attorney opinion letter required Survey or survey exception required
Entity Status	<ul style="list-style-type: none"> Certificate of good standing required if entity is ≥ 1 year old Certificate cannot be older than 90 days Foreign entity registration required in all states where the loan attaches to a property
Title Issues	<ul style="list-style-type: none"> Clean title No exceptions to Schedule B permitted Will not fund unless gap insurance provided
Closing Attendance	<ul style="list-style-type: none"> All guarantors must sign loan documents Digital closings will be permitted on a case by case basis as determined by the closing attorney and Roc's legal team
Insurance	<ul style="list-style-type: none"> Must conform to guidelines, no exceptions

HARD NO LOAN TYPE	
<ul style="list-style-type: none"> Financial crimes on background check > 90% initial loan to cost; > 100% construction holdback/reno budget; > 75% ARLTV Owner occupied properties Exotic properties in rural areas 	<ul style="list-style-type: none"> Advancing against 'finder's fees' – wholesalers are OK, see guidelines below Deals without a viable exit (profitable flip or rental loan refinance)

LETTER OF EXPLANATION BACKGROUND	
Traffic	No
Driving under the influence	2 or more times
Marijuana	2 or more times
Misdemeanor	Always
Felony	Always

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PROBLEM LOAN TYPES AND GUIDELINES	
PROBLEM	GUIDELINE
Lop-Sided Loans (renovation budget > purchase price)	<ul style="list-style-type: none"> Borrower must have at least 10% of the total project cost in at closing Full boat interest strongly encouraged
Inexperienced Flippers / First Timers (experience score=1)	<ul style="list-style-type: none"> No more than 75% initial LTC (75/100)
IRS Tax Liens / Federal Tax Liens	<ul style="list-style-type: none"> Must be cleared prior to closing
Rural Areas	<ul style="list-style-type: none"> Low initial advance rate (~55% of purchase price) Should generally stick to lending in densely populated areas
Borrower Background Issues	<ul style="list-style-type: none"> Must not be financial crimes Professional flipper or repeat borrower at Roc Capital's discretion
Heavy Construction	<ul style="list-style-type: none"> Highly experienced borrower Verifiable track record Liquid takeout (the properties sell easily)
High Loan to Cost (90/100)	<ul style="list-style-type: none"> Experienced borrowers, profitable flips, liquid properties
High ARLTV	<ul style="list-style-type: none"> Capped at 75%
Cashouts	<ul style="list-style-type: none"> Borrower should have 10% skin in the game at all times All members of borrowing entity must PG the loan and show up to closing to sign the loan documents Should be a well-defined exit strategy
Mid-construction Projects	<ul style="list-style-type: none"> Need an as-is AND ARV appraisal The entire rehab budget must be specified in the appraisal with a % complete per line item of work that has been completed Receipts help to justify work completed Property taxes, interest/debt payments, insurance, legal fees, and closing costs do not qualify as reimbursable costs Our initial release will be based on the lesser of As-Is value and cost basis
Refinancing Another Hard Money Lender	<ul style="list-style-type: none"> Are we the market fool? Borrower must have at least 15% skin in the game at all times Reasonableness test
Low Profit Deals	<ul style="list-style-type: none"> Borrower should be making 40%+ cash on cash return Minimum profit \$15K Experienced borrower (at least 3 on a scale of 1-5) with verifiable track record Lower advance rates Liquid takeout (the properties sell easily)
Wholesaler	<ul style="list-style-type: none"> Not higher than 15-20% of total purchase price Wholesaler sourcing from MLS is awkward - why wouldn't the borrower buy the property directly if publicly listed? High degree of scrutiny required. Transparency: we need full chain of title from owner of record to borrower: <ul style="list-style-type: none"> Wholesaler assigns contract to borrower <ul style="list-style-type: none"> Need wholesaler contract and assignment agreement Wholesaler sells entity that is in contract to borrower <ul style="list-style-type: none"> Need wholesaler contract and share purchase agreement Wholesaler double closing (A->Wholesaler->B) <ul style="list-style-type: none"> Need contract from A->Wholesaler and contract Wholesaler->B Transaction should not 'shock the conscience'
Non Arm's Length Transactions	<ul style="list-style-type: none"> Need an As-is AND ARV Appraisal (2 separate) Reasonableness test
Marginal Urban Areas (high crime, poverty, transitional, etc)	<ul style="list-style-type: none"> Lower advance rates Experienced borrowers with verifiable track records in subject area Liquid takeout (the properties sell easily)
Condo Conversions	<ul style="list-style-type: none"> Architect letter, condo questionnaire, and feasibility study required Legal opinion regarding conversion required As-is on the current collateral and ARV on each unit (Separate appraisals)
Adding Square footage (vertical and/or horizontal expansion) or change of use (2 family to 4 family)	<ul style="list-style-type: none"> Zoning analysis from architect. The project must conform to local zoning code and be as-of right (no variances required). Experienced borrower with verifiable track record of similar projects Permits in place preferred Lower advance rates Construction budget feasibility study by engineering firm (at Roc Capital's discretion)
Subdivision of Lot	<ul style="list-style-type: none"> Loan terms to be based on the property as if the subdivided lot land value is \$0
Luxury Properties	<ul style="list-style-type: none"> Property must be liquid
Appraisals	<ul style="list-style-type: none"> Appraisals > 6 months old not accepted