Common Borrower Questions

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PURPOSE:
The purpose of this guideline is to provide a list of common borrower questions and objections, and how to handle or overcome them. The guidelines are just that – guidelines, and are not intended to be recited word-for-word or used as a script.

FREQUENCY:
This is intended to provide a guideline for any and all conversations with borrowers.

GUIDELINE:

Why work with Grand Coast?
The value of working with Grand Coast lies in the benefits of long term relationship. We are going to provide you with speed, efficiency, and a reliable source of capital. Just to confirm what I am saying, 40% of our loans are with repeat borrowers. This is something we are very proud of and it's a sign that we do what we say. It's not just about the cost of the money, it's about the availability and the surety of a reliable source of capital.

How do I get pre-qualified/How do I get "set up" with Grand Coast?

Great question. One way you can get into our system, get set-up, and get the ball rolling is by going to our website and creating an account. Visit grandcoastcapital.com and click 'Submit a loan request.' From there, you will be able to create a borrower profile and fill out an information sheet. This will expedite the process once you do have a deal under contract.

I want to be approved in advance so that when I go out and make offers, I know I have the funding

Because we are an asset based lender, we are unable to make a lending decision without a deal under contract on the table. So we do not give an official pre-approval like a conventional bank might, because our primary emphasis is the deal and the real estate, whereas the basis of a loan approval for a bank is primarily credit, debt-to-income, and assets.

However, one thing we can help you with to help you secure a contract on a specific deal is a proof of funds.

We should discuss this further, as our answer to this question is being adapted right now

Can you provide me with a Proof of Funds?
We can provide you with a deal specific proof of funds. We will just need some information so that we can do a quick assessment of the deal, and determine that it is something that fits within our lending

parameters. In order to receive a proof of funds, you would send me a copy of your deal analyzer or financial analysis of the deal, and comps to support your ARV (After Repair Value). Once I review this information and determine that it is a deal we would consider further, I will put together a proof of funds. I do want to stress however that a proof of funds is not a commitment to fund, but rather an indication of interest, and a tool to facilitate your ability to secure the contract. Once you secure the contract, you can send me your Finance Request Package and the items outlined on the Processing Checklist, and we will conduct our underwriting for official approval. Does that answer your question?

I am submitting multiple offers a week and would like a blanket proof of funds
Our proof of funds are specific to the property itself. We do not provide blanket proof of funds because we want to ensure that any deal we provide a proof of funds for is one that would fall within our basic lending parameters. As we start to build a track record of working together, we may be able to discuss a blanket proof of funds.

There are some other services online where you can get a blanket proof of funds for a small fee. I would suggest searching the FortuneBuilders Mastery page on Facebook. Search 'proof of funds,' and you will see many different solutions, as this is a commonly discussed topic.

Do you have a prepayment penalty?
We do not have a prepayment penalty, but we do require a minimum of three months interest payments.

What is your typical loan term?
We typically structure our loans for 6-12 months. We typically do not go beyond 12 months.

How much are you able to finance?
Grand Coast will typically fund approx. 80% of the total project cost (purchase price + rehab)

Example: Purchase Price = $100,000 Rehab Costs =$50,000
Loan Total Cost = $150,000
$150,000 * 80% = $120,000
$120,000 = Loan Amount from Grand Coast

I thought you fund 70% of ARV

70% ARV is one of our maximum criteria, however we also have a maximum LTC or Loan to Cost ratio of 80%. Another way to look at it, is that Grand Coast will lend the lesser of 80% of total cost, or 70% of ARV.

What are your rates?
Our interest rates are typically in the range of 10-14%. More specifically, that is interest only, paid every month on the outstanding loan balance. Regarding loan points, our loan points or commitment fee are 2-5 points, or 2-5% of the total loan amount.

How do you determine what where in the range a borrower will be?
There are a number of factors that help us determine pricing for a given deal. Term length is a significant factor. On a 6 month loan, our rates start at 10% and go up from there. On a 9 month term our rates

start at 11%, and on a 12 month term they start at 12%. We also evaluate is the deal itself, which includes the valuation, the property type, the market you are in, and the amount of proceeds you are seeking.

Next we look at the borrower, and we place primary emphasis on your real estate experience and your track record doing this type of project. We also take into account any type of relevant real estate or business experience.

Finally we look at your financial situation and your credit. We are able to provide more favorable pricing if you are bringing more capital to the table.

Points
Points are paid at closing.

Draw Process

Our draw process is streamlined and efficient. Our third party partner, Land Gorilla handles the construction draw process for all new loans. Land Gorilla will contact you within 24 hours of loan closing to send Welcome Package and setup an introductory call to walk you through the process. We are committed to funding draw requests within 2 business days. This is mainly driven by the borrower and ability to schedule the on-site inspection as soon as possible. Draws are reimbursements for work that has been completed.

Do you require onsite inspection?
Grand Coast has negotiated flat fee of $125 per inspection, which is the responsibility of the borrower.

Is there a wiring fee?
We do not charge the borrower a wiring fee.

Regarding the draws, do you charge interest on the full balance or the outstanding amount?
Interest is charged on the full loan balance.

If borrower pushes back on this

The funds we allocate to your rehab are set aside and earmarked specifically for your deal. We need to make sure these funds are available whenever you call for them, so for that reason, because of the opportunity cost of not having the ability to deploy that capital to other loans, we have to charge interest.

What is first step? (Have a deal)
Visit grandcoastcapital.com and click 'Submit a Loan Request,' or call me and I would be happy to walk you through the process. I can also send you email showing you where to go to get the process started.

How quickly can you close?
We can close in as little as 7-10 business days. This assumes that you have submitted all of the information we need to underwrite the deal. I can get you an answer within approx. 3 business days from submission of a complete package

What is your minimum loan size?
Our minimum loan size is $100,000. What is the typical transaction size in your market?

Do you finance new construction?
We do not typically finance new construction, but we look at new construction opportunities on a case-by-case basis. New construction presents higher risk given our current portfolio than a cosmetic rehab, and as a result the pricing we will offer is more than likely going to be different. Our basis will most likely be lower and we will be much more conservative on our proceeds. Is new construction a focus of yours?