

FAQ

Do you really offer no money down financing?

We advance 90% of the purchase and 100% of repair costs up to 75% of ARV. We may limit the advance rate depending on the experience of the investor or the risk-based factors of the loan. But, we strive to provide maximum proceeds to your client 100% of the time.

How do you set your interest rate and origination fees?

Our economic terms are set based on the risk-based factors of each loan. We strive to provide efficient, market terms to each client based on their experience, risk profile, and the merits of the deal.

How do you handle repair draws?

We fund 100% of your rehab budget on draws. As your client makes repairs to the property, he or she will submit a repair draw to ResCap for reimbursement of the completed repairs along with pictures of the repairs taken with Sitewire. ResCap will inspect the pictures and reimburse the borrower for the out-of-pocket repair costs. In select circumstances, ResCap may require a 3rd party inspector to confirm the repairs.

Do you have any restrictions on repair costs associated with the deal?

ResCap is accustomed to approving loans where the repairs-to-total budget ratio equals approximately 35% or less. If the repair budget is over 35% of the total loan amount, the loan may be approved with a repair completion holdback included or a down payment.

Do you loan money to individuals or businesses?

ResCap does not lend to individuals. We only lend to business entities. All principal owners of the business entity must complete the application. A special purpose entity (SPE) or existing entity must be set up before ResCap can close the loan made to the borrower or SPE.

Do you require personal guaranties?

We require all principals of the borrower to personally guarantee the loan issued to the borrower or business entity.

Do you allow 2nd position liens behind your 1st lien?

ResCap only issues first lien mortgages and we do not allow second position loans to be placed behind our first lien.

What kind of liquid assets do you require of your borrowers?

While we do not require the borrower to make large down payments, we do require them to have liquid assets of at least a minimum of $50,000 or more. Higher loan amounts or multiple loans to the same borrower will require greater liquid assets. We do not count 401k or IRA accounts as liquid capital. We do however, accept investment accounts as liquid assets if they are non retirement accounts, ie a brokerage account.



FAQ (Continued)

Do you charge interest on the full loan amount of drawn loan proceeds?

ResCap only charges interest on the amount of money drawn down on the loan. We do not charge interest on the full loan commitment unless the full loan commitment has been drawn by the borrower.

What is your minimum loan amount?

Our minimum loan amount is $100,000, as combination of both purchase and rehab loan amounts, not just purchase price..

Do you accept assignments of a contract?

ResCap will finance an assignment of a contract from one buyer to another buyer / borrower. Assignment amounts should not exceed more than 20% of the original purchase price.We will finance the purchase and full assignment fee paid by the borrower provided the total loan value is within our acceptable Loan-to-ARV range.

Do you finance properties purchased at sheriff sales?

ResCap will finance a property that has been purchased for cash by a borrower at a Sherriff Sale or Court House Auction within 45 days of purchase. We require a clear title certificate and an Irrevocable Deed at closing. We also require that the borrower have access to the property prior to approval so that we know the borrower understands the full scope of repairs costs and an appraiser can complete an appraisal.

Do you allow borrowers to pull cash out of the property in your financing?

ResCap will not allow an investor to pull money out of the property or closing if there is still room between the total budget and the loan to ARV percentage.

What if the borrower already owns the property?

Can they pull cash out then? If an investor has closed on a property outright with cash in order to consummate a transaction, ResCap will consider a cash-out refi of the purchase proceeds plus repair monies as long as the outright cash purchase occurred within 45 days of the loan submittal.

Do you finance out other lenders who previously provided RTL financing to my client?

We cannot offer take-out financing on an RTL loan that is mid rehab, we do offer both 30 year DSCR loans and bridge loans on completed properties. Both can serve as take-out financing for a completed property.

Are there any exceptions to your non-owner occupied financing requirements?

No. ResCap will not offer loans on properties with tenants, but exceptions are sometimes possible if the tenant plans to leave the property shortly after closing.



FAQ (Continued)

Do you ever provide extensions on your loan term if my client needs it?

ResCap reserves the right to grant a borrower an extension at the end of the initial 9-month term. If a borrower has managed their project professionally and remained current on their payment obligations throughout the initial term, ResCap is normally inclined to grant a 3-month extension in exchange for a 1-point origination fee.

Do you require my client to come with their own insurance on the property at hand?

ResCap requires an insurance policy for the subject property to be pre-paid in advance for the full 9-month loan term. Minimum required insurance coverage is 80% of the ARV appraisal value. If the borrower opts to use our insurance provider after the loan is cleared, and there is room in the loan, we can roll the premium into the loan so the borrower does not have to come out of pocket for the premium at closing.

What if my client guaranteeing the loan is a partnership of 2 to 4 principals?

ResCap requires that each guarantor for a given loan submit the documentation detailed in paragraph 25. Principals of the borrower are required to personally guarantee the loan.