

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

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

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

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

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

### PROBLEM LOAN TYPES AND GUIDELINES

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