

FREQUENTLY ASKED QUESTIONS ABOUT BRIDGE LOANS

How fast can a loan be approved and funded? The fastest we can fund a loan from start to finish is thirty days. The approval is usually provided within five (5) business days and the funding/closing typically occurs on the fourth (4th) day after the final documents have been signed and the three day "Right-to-Cancel" period ends. (We only fund on the day the purchase transaction is closing so that the borrowers can avoid any unnecessary accrued interest.) **If the loan has not funded within ninety (90) days of approval, the loan approval expires.**

What is the interest rate and loan term? As of March 16, 2020 the fixed interest rate is 7.25% (9.349% APR). Rates do change from time to time, so please call us to confirm the current rate. Maximum loan term is six months. No monthly payments are due during the term; the loan is paid off in one lump sum when the subject property is sold.

What is the maximum loan amount? **The maximum loan amount is \$1,000,000.00** based on a LTV (loan to value ratio) of 75%. To calculate LTV use this formula:

The Listing or CMA Price x (times) 75% - (minus) all current encumbrances = loan amount up to \$1,000,000.00.

How does a HELOC affect the LTV? If there is a current HELOC (line of credit) secured by the property, then we must use the maximum credit limit to calculate LTV, not the current balance (for example if the HELOC limit is \$10,000, but they currently owe only \$2500, we still use the \$10,000 number). We can use the lower balance only if the borrower provides a letter from the lender verifying the current balance, and stating that the account has been closed or frozen so no further advances can be taken. This letter will be a condition of closing, and is not required at the time of application.

What fees are charged, and how? The fees are as follows:

- 1% Origination Fee (Minimum of \$1,000 for loans under \$100,000.00)
- Title Insurance Premium (varies depending on the loan amount; for loan amounts up to \$100K the current premium is \$175.00).
- \$45.00 approximate credit report fee (Plus \$5.51 Copy fee if credit is frozen and need to reorder)
- \$230.00 approximate recording fee (Effective 7/26/2021 St. of WA)
- \$50.00 courier fee (if used to send documents, may differ depending on where docs are sent, etc.)

All of these fees are deducted from the approved loan amount before the wire is sent on the day of funding.

What is due at the time of payoff: the loan amount, interest and a reconveyance fee will be collected. Interest is only calculated through the date of payoff, not the full term.

What if the property hasn't been sold within six months? One month prior to the loan becoming due, a reminder letter will be mailed to the borrowers along with an extension application if they feel the loan will not be paid off on or before the maturity date. The interest will need to be paid current in order for the extension to be approved. Extensions, if approved, are for a maximum of three months.