

APRIL 2013

INVESTOR

INTRODUCTION

PACKAGE



PROSPECTIVE INVESTOR INTRODUCTORY LETTER

Thursday, April 18, 2013

Dear Real Estate Investor,

My name is William D. Lawson, the president of Metropolitan Capital Funding. We originate commercial mortgage loan investments for private placement with individual real estate investors. We originate loans in the very profitable sector of residential investment properties. We also underwrite loans for Non-Owner Occupied Single-Family rental home, Duplexes, Triplexes, Apartment Buildings, Senior Housing, Assisted Living, Mobile Home Parks and residential subdivisions that private "hard money" lenders/investors have come to enjoy over the years.

MCF also originates commercial real estate loans for investment too. There are several high-yield opportunities to fractionally invest in commercial real estate loans that finance the acquisition, refinancing, constructional development of apartment buildings, office buildings, hospitals, schools, restaurants, recreation centers, assisted living facilities, factories, retail strips, shopping centers, hotels, motels and other income producing properties.

A TYPICAL RESIDENTIAL INVESTMENT PROPERTY LOAN INVESTING SCENARIO

As a "hard money investor" or "private lender", let's say that for a fixed return of 8.75% (interest-only) you invested in a \$200,000 "Combo-Loan" originated by MCF to finance a local real estate entrepreneur that buys investment properties. He borrowed the funds to buy four separate single-family investment properties (at a foreclosure auction) for \$50,000 each. He intends to "buy & rent out" the properties for three years and then sell the properties later (at fair market). Your private mortgage loan investment will pay you a \$1,459 monthly mortgage payment. This payment however, will be derived from the rental income that the entrepreneur will collect from tenants paying rent. MCF's independent loan servicing company will collect the payment and forward them to you every month without you having to lift a finger.

A TYPICAL COMMERCIAL PROPERTY LOAN INVESTING SCENARIO

Now, let's say that you invested \$200,000 with four other investors to finance a 10 year \$1,000,000 private commercial mortgage loan (at 8.75% interest) to a qualified and experienced apartment operator to buy a 50-unit apartment building. You and the other investors would have an equal monthly split of the \$17,500 mortgage payment made by the borrower (divided by the five of you) of \$1,459 a month. You have the same fixed income monthly rate of return that you would've realized in the residential loan investment scenario, along with an additional level of security because the apartment building has 50 units with a stable operating history of long-term tenants living there and paying their rent on time.

If you are interested in well secured fixed income short to long term investment opportunities available to you in private mortgage lending, then we need to do business together.

We are currently looking for private individual investor/lenders that we can partner with, there are looking to enjoy the "higher than common" fixed interest rates available in the private lending marketplace.

William D. Lawson/President/CEO



Metropolitan Capital Funding, LLC



**COMMERCIAL
AND
RESIDENTIAL
LOAN INVESTMENT FLYERS**



Private Commercial Mortgage Loan Investments Available!

Earn from 6% - 15% Fixed APY!

55% - 80% LTV | Investment Terms from 12 - 120 Months are typical.

Non-Owner Occupied Single-Family/Multifamily Investment Properties Only:

Non-Owner Occupied Single-Family Homes, Duplexes, Triplexes, Apartment Buildings, Senior Housing, Assisted Living, Residential Subdivisions, Mobile Home Parks

- **YOU BECOME THE BANK:** We originate the loans, but you are the Lender! We work for you!
- **STRUCTURE & SECURITY:** No entanglements with property management, paying for repairs, recruiting new tenants, negotiating leases, and collecting rents. Investing in the loan itself offers more security and risk management than investing directly in the real estate.
- **QUALIFIED BORROWERS:** Loans made to "Experienced" commercial and residential property owners, managers and builders with sufficient cash flow and tenants that can make the payments.
- **NO GUESSWORK:** Full-Doc Loan investment packages available for investor's review that includes: Loan applications, Appraisals, Surveys, Inspections, Borrower's Business/Personal Financial Statements, & Tax Returns, etc.
- **YOU WILL BE INVESTING IN THE LOAN DIRECTLY:** Investors DIRECTLY DEPOSIT their funds into escrow at the title company that is handling the closing of their desired loan investment. WE NEVER TOUCH OR HANDLE INVESTOR FUNDS.
- **FIXED MONTHLY PAYMENTS:** Your monthly loan payments are collected and sent to you by an Independent Loan Servicing Company that will provide all loan administration, tax reporting, monthly collection, remittance, and real-time online tracking of your investment(s).
- Current commercial mortgage investments offering 7.25 – 13.25 APY Ready for funding are now available for direct investment.

Please call our investor relations department at:

1-800-441-7297 Ext. 128

Visit us at: www.MetroCFG.com/investors or Email us at: investors@MetroCFG.com.

THIS IS NOT AN OFFER TO BUY OR SELL SECURITIES.



Private Commercial Mortgage Loan Investments Available!

Earn from 6% - 15% Fixed APY!

55% - 80% LTV | Investment Terms from 12 - 120 Months are typical.

Joint Participation/Tenants-In-Common Investment Options - \$50,000 and up.

Sole/Single Investment Options - \$100,000 and up.

Commercial and Investment Properties Only:

Apartment Buildings ▪ Office Buildings ▪ Assisted Living/Senior Housing ▪ Hotels/Motels
Mixed-Use ▪ Retail/Shopping Centers/Malls ▪ Convenience Stores ▪ Resorts ▪ Golf Courses
Yacht Clubs/Marinas ▪ Industrial/Manufacturing ▪ Churches/Schools ▪ Owner-Occupied/Single-Tenant
Restaurants ▪ Special Purpose ▪ Amusement/Entertainment/Bars & Clubs

- **YOU BECOME THE BANK:** We originate the loans, but you are the Lender! We work for you!
- **QUALIFIED BORROWERS:** Loans made to "Experienced" commercial property owners, managers and builders with sufficient cash flow to make the payments.
- **NO GUESSWORK:** Full-Doc Loan investment packages available for investor's review that includes: Loan applications, Appraisals, Surveys, Inspections, Borrower's Business/Personal Financial Statements, & Tax Returns
- **SAFE HANDLING OF ESCROW-ONLY:** Investors DIRECTLY DEPOSIT their funds into escrow at the title company that is handling the closing of their desired loan investment. WE NEVER TOUCH OR HANDLE INVESTOR FUNDS.
- **FIXED MONTHLY PAYMENTS:** Your monthly payments are collected and sent to you by an Independent Loan Servicing Company that will provide all loan administration, tax reporting, monthly collection/remittance, and tracking.
- Current commercial mortgage investments offering 7.25 – 13.25 APY Ready for funding are now available for direct investment.

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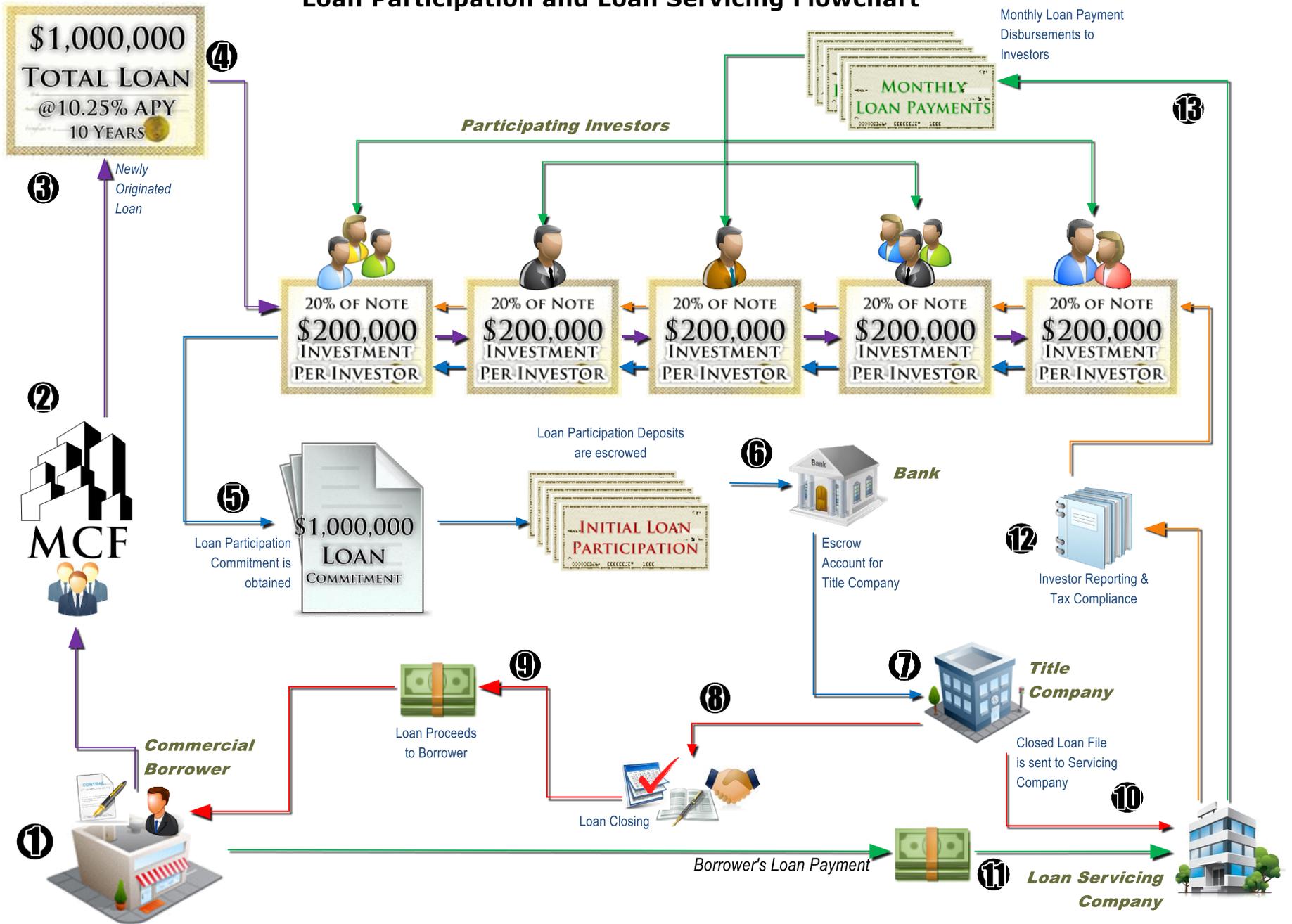
**A TYPICAL
LOAN ORIGINATION, PARTICIPATION
AND SERVICING SCENARIO**

A TYPICAL LOAN ORIGINATION, PARTICIPATION AND SERVICING SCENARIO

These two pages explain how our standard loan origination, participation and servicing methods work together.

- 1.** A commercial mortgage borrower comes to MCF looking to borrow \$1,000,000 to refinance his commercial property.
- 2.** MCF fully underwrites the loan request after internal preapproval criteria has been satisfied.
- 3.** The \$1,000,000 loan request is now ready to be offered to investors for loan participation.
- 4.** The loan is structured as a five-participant mortgage investment. Thus requiring, five investors to commit to invest \$200,000 in the loan.
- 5.** The first five investors that commits to the loan, execute a loan participation agreement in which they each have a deadline of 5 to 7 business days in which to deposit their loan participation funds in the escrow.
- 6.** The investors perform pursuant to their executed loan participation agreement and each investor deposits their pro rata share of loan participation funds into the escrow account of the title company that will be facilitating the closing of the loan.
- 7.** Once all the loan participation funds have cleared escrow, the escrow administrator at the bank notifies the closing agent at the title company that the loan closing can officially proceed as scheduled by MCF.
- 8.** Actual loan closing as scheduled by MCF is completed. The loan is recorded with the county.
- 9.** The borrower receives his loan proceeds.
- 10.** A “closed loan profile” is sent to the loan servicing company that identifies the loan participants and the terms of the loan in order to be prepared for the loan servicing engagement.
- 11.** The borrower’s loan repayment schedule begins, and payment is collected by the loan servicing company every month.
- 12.** The loan servicing company tracks, manages, and monitors the performance of each mortgage investor’s loan participation activity. Monthly and quarterly tax reporting requirements are also facilitated by the loan servicing company.
- 13.** The loan servicing company remits to each investor their pro rata share of the monthly loan payments.

Loan Participation and Loan Servicing Flowchart



**FREQUENTLY
ASKED QUESTIONS**

PRIVATE COMMERCIAL LOAN INVESTING FAQs

WHAT IS COMMERCIAL REAL ESTATE?

MCF uses the term “commercial” to refer to any property that is used primarily for business, investment, or commercial purposes in general. Ideally, any property that is used solely for business purposes is considered commercial. Metro CMG originates loans for the following properties: malls, office parks, restaurants, gas stations, convenience stores and office towers. Commercial real estate is one of the three primary types of real estate. The other types are residential real estate, which is used for living purposes; and industrial real estate, which is used for manufacturing and production. The businesses that occupy commercial real estate usually lease the space. An investor usually owns the building and collects rent from each business that operates there.

WHAT IS A COMMERCIAL MORTGAGE LOAN?

A Commercial mortgage loan is any real estate loan that is made to a borrower that is secured by any of the above property types. The property serves as collateral for the loan, and is usually (through its rental and/or business income), the sole source of funds for loan repayment

WHAT IS A PRIVATE COMMERCIAL MORTGAGE LOAN?

- A private commercial mortgage loan is a “non-public”, non-securitized commercial real estate loan that is purchased and held for long or short term investment only.
- There is no institutional investor participation.
- There is no CMBS syndication that is traded on the floor of any stock exchange.
- There is no government agency (Fannie Mae, SBA, and USDA) guarantees involved.
- There are no CMO’s issued by a Wall Street investment banking firm involved.

A private commercial mortgage loan is originated when a mortgage broker (like MCF) submits a commercial real estate loan request to private investors for funding and closing, as opposed to that loan request being submitted to banks, institutional lenders, and commercial finance companies. There is still an apparent lack of commercial lending liquidity at the banking and institutional level across the broad range of the \$8.9 trillion worth of stable commercial real estate loans that have to be refinanced. This creates a private commercial mortgage investment marketplace for private investors to capitalize on.

HOW IS A PRIVATE COMMERCIAL MORTGAGE LOAN INVESTMENT FACILITATED?

A private commercial mortgage loan investment is facilitated when a private investor/group of private investors agree to finance a commercial mortgage loan request as originated by MCF. The sufficient amount of capital to fund and close the loan are then directly deposited into the escrow trust account of the commercial real estate attorney/title company that is facilitating the loan closing. After the loan is closed an independent loan servicing company appointed by MCF is responsible for collecting the loan payments and dispersing them to all investors according to their pro rata share purchased in the commercial loan investment.

HOW MUCH DO I HAVE TO INVEST IN A COMMERCIAL MORTGAGE LOAN?

- For “Sole Participant (individual investor)” loan investments, our loan amounts range from 100,000 to 1,000,000 dollars making your minimum to maximum investment in any one loan between 100,000 and 1,000,000 dollars as a sole investor.
- For “Joint Participant (multiple investors)” loan investments, our loan amounts range from \$250,000 up to \$15,000,000. As a rule, we require at least four (4) participants in our joint participant loans up to a maximum twenty (20) participants in our joint participant loans, making your minimum to maximum investment between \$62,500 and \$750,000 as a joint investor with the other investors investing in one loan investment collectively.

WHAT ARE TYPICAL INVESTMENT TERMS AND MATURITY DATES?

Most commercial mortgage loans range from 2 to 20 years with a 2 to 7 year “lockout” period that contractually prohibits the borrower from refinancing or repaying the loan at any time during that time.

HOW DO I REVIEW COMMERCIAL REAL ESTATE INVESTMENT OPPORTUNITIES?

Supporting exhibits and attachments is a downloadable version (in Acrobat PDF) of every item that makes up all the components of the entire commercial mortgage loan lifecycle named above. We provide a download link in a personalized email that is sent to you directly containing all the items of all available investment opportunities originated by MCF.

WHAT RETURNS ARE AVAILABLE TO PRIVATE INVESTORS?

The commercial mortgage interest rates that we charge borrowers range from 4.25% up to 15.25%. With 0.25% going to cover the costs of loan servicing and administration by third-party designated loan servicer, the typical rate of return is an APY of 4% up to 15% paid monthly.

HOW DOES METROPOLITAN CAPITAL FUNDING GET PAID FOR ORIGINATING COMMERCIAL MORTGAGE LOANS?

Written into every loan that we originate, MCF is compensated up to 7% of the loan amount as a one-time loan origination fee that is added to the total amount of money requested by the borrower. For example, a \$500,000 restaurant loan would have a 7% origination fee (\$35,000) added to the loan amount thus making the total loan amount underwritten for private investor funding a total of \$535,000. MCF's origination fees are always fully disclosed in all borrower correspondence and loan commitment documentation. Whether we're dealing with the borrower or the investor everything is bound by contractual agreement.

WHAT IS FACTORED INTO THE PROCESS WHEN STRUCTURING A COMMERCIAL MORTGAGE LOAN?

MCF uses four major criteria for evaluating and structuring commercial mortgage loan investments to submit for funding.

- *Cash Flow Analysis (DSCR)* - The most important component when underwriting a commercial loan request is the analysis of the subject property's cash flow. Specifically, the subject property must have enough cash flow to cover all the property expenses plus the new loan payment. The ratio used to calculate the cash flow for a commercial real estate loan is called the DSCR or DSC Ratio. Typically, commercial lenders require a minimum DSCR of 1.30, which means that for every dollar (\$1.00) in debt incurred, the property must contribute one dollar and thirty cents (\$1.30) in cash flow to support the commercial mortgage payment.
- *Loan-To-Value (LTV)* - Unlike residential lending, commercial real estate properties are viewed more conservatively. Generally, commercial lenders will require a minimum of 20% of the purchase price to be paid by the buyer when applying for a commercial loan. The remaining 80% can be in the form of a commercial mortgage provided by either a bank or commercial mortgage company. Some commercial real estate lenders will require more than 20% contribution towards the purchase from the buyer. What a commercial lender will do is subject to their appetite and the quality of the buyer and the property. Loan to value is the percentage calculation of the commercial loan amount divided by the purchase price. If you know what a lender's LTV requirements are, you can also calculate the commercial mortgage loan amount by multiplying the purchase price by the LTV percentage. Keep in mind that the purchase price must also be supported by an appraisal. In the event that the appraisal shows a value less than the purchase price, the commercial mortgage lender will use the lower of the two numbers to determine the commercial loan size.
- *Why is LTV important?* If a property is worth \$400,000 and the loan amount is \$240,000, then the LTV is the ratio of these two numbers (60%). The LTV is important because the margin of safety is directly related to the LTV. A low LTV means a higher margin of safety for the lender. An LTV of 60% or lower is generally a good signal, although for a very small loan even a low LTV may not equate to a safe loan (see FAQ on very small loans, below).
- *LTC loan-to-cost.* If a property is being purchased for \$300,000 and the private commercial mortgage investor is providing a new loan for \$200,000 on that property, then the LTC is 66.7%. LTC is important because it shows how much "skin in the game" the borrower has. Even if a borrower is making a terrific buy, we will not lend 100% of their cost, because in that case the borrower would have no cash investment and nothing concrete to lose in case things did not go as planned.
- *Credit Worthiness* - For commercial loans made to businesses - owner-occupied commercial properties - businesses less than three years old, personal credit of principals will be evaluated. For non-owner occupied businesses, a single entity bankruptcy remote entity is usually formed to take ownership. The guarantors must have good credit and are required to provide income documentation. For stated income commercial loans, guarantors need not provide tax returns or personal financial statements,
- *Property Analysis* - Fair Market Value and Fair Market Rent will be analyzed. Special use property may require additional underwriting. Age, appearance, local market, location, and accessibility are some other factors considered.

WHAT IS THE DIFFERENCE BETWEEN LTV AND LTC?

Commercial properties that are purchased at foreclosure sales are often purchased for less than their fair market value. Loan-to-cost (LTC) is a measure of how much equity a borrower has in a property and therefore is an indication of their financial motivation to repay a loan. Loan-to-value, on the other hand, is a more relevant measure of a lender's margin of safety. Both ratios are important considerations when structuring a private commercial mortgage investment. An increasing number of investors bid on homes at foreclosure sales prices that are being pushed up closer to fair market value, narrowing the gap between LTV and LTC.

WHO ARE THE PARTIES INVOLVED IN A PRIVATE COMMERCIAL MORTGAGE LOAN?

1. *The Borrower/Borrowing Entity* - the party that owns the subject property for refinancing or improvements).
2. *Metropolitan Capital Funding, LLC* - The commercial mortgage originator/underwriter that evaluates the loan request, performs due diligence, obtains independent third-party reports, packages the loan for investor funding, and negotiates the administration and servicing of the loan on behalf of the participating investors.
3. *INDEPENDENT third-party providers:*
 - a. Licensed and Experienced Commercial Real Estate Appraisers - The commercial real estate practitioner that performs a current market analysis and feasibility of the subject property's value and merit as the proposed subject property of the underlying commercial real estate loan as originated by MCF.
 - b. Licensed commercial property inspectors - The service provider that performs a rigorous inspection of the subject property in order to provide reasonable assurance to and the investors
 - c. CPA/Accounting Firms - MCF requires a review of all financial statements submitted by borrower to be reviewed by an independent CPA in order to certify the accuracy of the information contained therein. We normally request, obtain, and review year-to-date bank statements, profit/loss statements, merchant account statements, historic balance sheets, schedules of real estate owned, debt schedules, personal financial statements, business and personal tax returns for the last three years as part of our financial analysis on any proposed commercial real estate loan.
 - d. Licensed Bonded and Insured Title/Escrow Companies - This is the real estate service provider that performs complete due diligence on the title history, and is hired by MCF to make sure there are no hidden or unknown problems with the transfer of the property title or transaction. Many times a title company is associated with a legal firm. The data company is also the escrow agent that holds all investor funds in escrow at a local bank until all the requisite participation, funding and closing requirements and conditions are met.
 - e. Local Commercial Real Estate Attorneys (in the immediate market of the subject property on every loan, and often affiliated with the aforementioned title company) to draw up all the state and county compliant loan closing documentation
 - f. Commercial Real Estate Broker/Agent - Usually represents the buyers and/or sellers in a commercial real estate transaction that is being financed by the loan originated by MCF.
4. *Prospective Investors* - These are the actual lenders of the funds needed to fund and close a commercial real estate loan as originated by MCF. It is according to their predetermined terms under which they will participate in the loan that actually serves as terms and conditions under which the loan documents are drawn up between them and the borrower.
5. *A Nonaffiliated Loan Servicing Company* - This is actually the fiscal agent that completely outsources the collection, remittance, reporting, tax compliance, and all back-office functions relating to serving the best interest of the investors as relating to the monthly loan repayments paid by the borrower.

WHAT HAPPENS IF THE BORROWER DOESN'T PERFORM?

A default occurs when the borrower fails to make an interest or principal payment, or fails to live up to some other provision of the loan agreement. At this point, the lender instructs the loan servicer (an independent company that deals with the borrower) to file a notice of default. This is the first step in a series of events that culminates in a foreclosure sale. At any time prior to pursuing foreclosure, MCF would operate pursuant to "majority rule" vote of the participating investors to either engage the borrower in loan repayment negotiations where the borrower could make arrangements that would obviate the need for the foreclosure sale. Or, MCF could obtain terms from the participating investors that would give the borrower an extension on the loan maturity.

When a foreclosure sale takes place, there are two main outcomes. Either the investors end up owning the property or, someone else makes an all-cash bid to purchase the property and the investors accept that bid as payment in full instead of taking back the property.

WHAT ARE THE DOCUMENTS THAT GOVERN MY INVESTMENT?

Actually, if you've ever taken out a loan to buy a home, start a business, or apply for credit, then you will be pleased to know that the same application paperwork, appraisals, property surveys, property inspection reports, business and personal credit reports, other texts and financial disclosures, financial analysis (of personal/business tax returns, bank statements, and personal/business financial statements) that you are already familiar with is part of the review and decision-making process.

The investment decision-making starts with a review of a "Commercial Mortgage Investment Summary". The summary introduces the prospective commercial mortgage loan investment to you in a concise format.

It summarizes every aspect of the prospective commercial real estate loan investment across the four stages of the entire loan "lifecycle" which is divided into "packages" and submitted to investors for review accordingly which includes:

- Part One: The Loan Origination Package - This is the group of documents that's been initially compiled and based on the initial financing request made by the borrower to MCF. This usually consists of a completed and comprehensive loan application, summary page from the credit report, tax return summaries,
- Part Two: The Loan Due Diligence Package - This usually consists of the appraisal, inspection report, financial statements, title report, all third-party reports that verify the information obtained and contained in the loan application.
- Part Three: The Loan Participation Package - This usually consists of a commercial mortgage loan investment summary, loan participation sale and trust agreement for the individual participant, the collective loan participation agreement for joint/tenants-in-common participants, the loan participation escrow agreement, and the loan participation certificate.
- Part Four: The Loan Closing and Servicing Package - This usually consists of a copy of the loan closing statement, the promissory note, the mortgage/security agreement, the assignment of leases and rents agreement, the assignment of mortgage agreement, and the loan servicing agreement.

For more detailed description of every possible component in a commercial mortgage loan transaction, please refer to exhibit B entitled "documentation and glossary of terms".

HOW DOES INVESTING IN A COMMERCIAL MORTGAGE LOAN DIFFER THAN INVESTING IN COMMERCIAL REAL ESTATE DIRECTLY?

MCF is not a commercial real estate brokerage firm or property management company, and as such cannot fully expound on the various investment opportunities available to you in the commercial real estate marketplace.

And admittedly, there is no success quite like the success you get from buying a commercial investment property, managing it wisely, attracting long-term tenants, appointing a good management team, and reaping the rewards.

However, Metropolitan offers opportunities to invest in multiple commercial real estate loan transactions without exposing you to the direct risks inherent in owning, operating and managing commercial real estate.

Commercial mortgage loan brokerage as MCF engages in, allows you to be a "passive" investor that doesn't have to be involved in the day-to-day operations of managing your investment. Once you make an investment in a commercial mortgage loan originated by MCF, your loan will be administered, managed on a full-time day-to-day basis by an independent loan servicing company (contractually, we use FCI lender services as our servicer) that will provide you with prompt remittance of payments, quarterly tax reporting, and a secured online portal with personalized access that will allow you to track your loan participation performance in any loan that you've invested in with MCF.

You can earn a monthly return with MCF bringing you loans to invest in, and the loan servicing company collecting and remitting your monthly payments. Conversely, as a "hands-on" investor, you would invariably be drawn into the day-to-day operations of each commercial property that you were to invest in directly.

HOW ARE PRIVATE COMMERCIAL MORTGAGE INVESTOR FUNDS HANDLED?

MCF prides itself on wisely structuring each commercial mortgage loan investment to minimize the risk of loss of capital for all participating investors. These risk management factors are listed below:

1. All loans originated by MCF are supported by the existing cash flow (from leases and rents) of the subject property and/or the successful business that occupies the property.
2. Participating Investors do NOT send MCF any funds whatsoever.
3. THE PARTICIPATING INVESTMENT FUNDS ARE DIRECTLY DEPOSITED INTO ESCROW with the licensed, insured independent title company that will close the loan.
4. When subscriptions for any Participating Mortgage are received, the investment check is IMMEDIATELY HELD IN ESCROW until money is needed to fund a loan. Participating Investors are admitted on a (first in first-admitted) basis as the money is needed for Mortgage Loan closings.
5. A local or national escrow company and/or Loan Closing attorney will facilitate every loan transaction.
6. MCF does NOT have access to investor funds held in escrow.
7. Every Participating Loan will be serviced by an experienced third party independent commercial real estate loan servicing company on behalf of MCF and its investors.
8. The designated Loan servicing agent will provide complete investor reporting, remittance, and foreclosure management services on behalf of MCF and its investors.
9. MCF ONLY receives compensation for closed loans which are paid to MCF on the day of loan closing as funds are disbursed from escrow.
10. The flowchart on the last page illustrates a Participating Mortgage operation, capital-raising, and loan funding of a typical private investor-funded commercial mortgage loan.

HOW WILL MCF MANAGE THE RISK OF ORIGINATING BAD LOANS?

1. MCF would adhere to its underwriting criteria regarding credit worthiness, sufficient collateral, sufficient positive cash flow, stable businesses, and properties in good marketable condition.
2. Participating Mortgages originated by MCF WILL NOT BE invested in real estate investment partnerships, mutual funds, real estate investment trusts (REITs), Real Estate Mortgage Investment Conduits (REMICs), real estate hedge funds, or other real estate operating companies.
3. Participating Loans will be closed with local, regional, or national title insurance companies (such as Stewart Title, Chicago Title, Pacific Title, Lawyers Title, and/or First American title).
4. Participating Loans in First Lien Position (1st Mortgages) will not exceed 75% loan-to-value (LTV).
5. Participating Loans in Second Lien Position (2nd Mortgages) will not exceed 25% loan-to-value (LTV).
6. The loan-to-Value of ALL Participating Loans will be supported by a complete commercial appraisal of the subject property that feasibly supports the proposed loan amount

ABOUT METROPOLITAN CAPITAL FUNDING

Please see the attached "Metropolitan Capital Funding Business Summary"

CURRENT COMMERCIAL MORTGAGE INVESTMENT OPPORTUNITIES

Please refer to the attached "Commercial Mortgage Investment Summaries"

CONTACTING METROPOLITAN CAPITAL FUNDING

Metropolitan Capital Funding can be contacted as follows:

- By mail: 2180 Satellite Blvd., Suite 400, Duluth, GA, 30097
- To the attention of the "Investor Relations Department" via email at: IR@MetroCFG.com.
- By telephone: 1-800- 441-7297 Ext 107
- By Fax: 1-866-449-7363

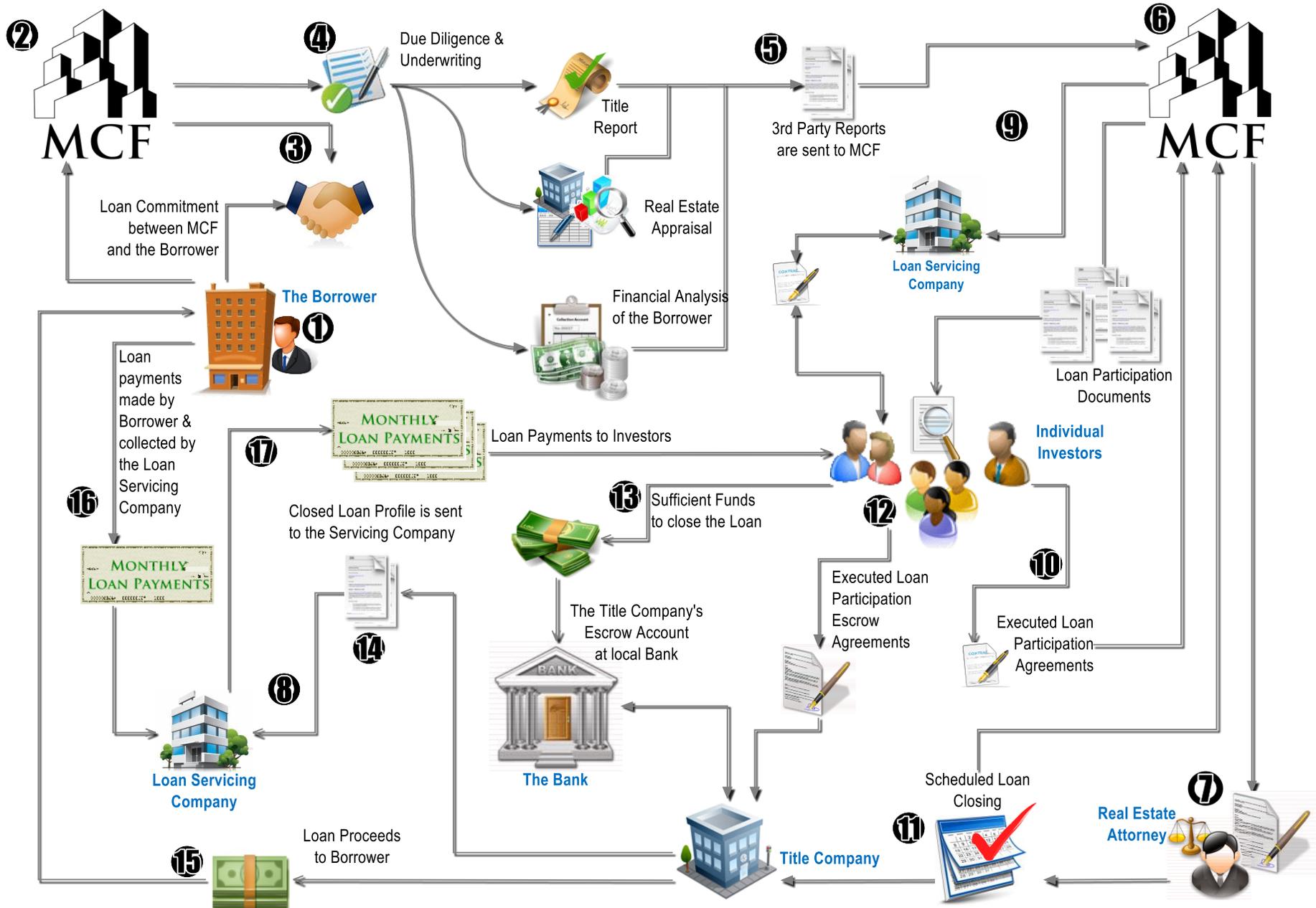
CAN YOU EXPLAIN THE PRIVATE COMMERCIAL MORTGAGE LOAN LIFECYCLE?

Yes. The following bullet list summarizes the entire loan lifecycle as MCF originates its loans:

1. An owner of a commercial building approaches MCF to apply for a commercial real estate loan to refinance the current loan on the property that has a balloon payment due later in the year.
2. MCF internally processes the borrower's application, determines that the loan request qualifies for funding, and that there is feasibility, packaging and presenting his loan request for "private investor" funding,
3. MCF and the borrower enter into a "conditional" loan commitment subject to the final outcome of due diligence and loan underwriting,
4. The underwriting department at MCF begins a rigorous due diligence process that consists of completing title work, real estate appraisal, and financial analysis of the borrower.
5. MCF having a satisfactory appraisal, a clear title report, a clear title insurance policy, and satisfactory financial analysis of the borrower, MCF now has completed loan package in hand.
6. MCF internally structures the loan terms for borrower repayment and investor participation.
7. Real estate attorney draws up the final loan documents.
8. The loan closing is scheduled.
9. Loan participation documents are drawn up and compiled along with the completed loan package for immediate distribution to investors for lending/investment consideration.
10. All prospective investors willing to participate execute the loan participation agreements and return them to MCF.
11. The investors then execute loan participation escrow agreements between MCF, the escrow agent/title company that will be handling the loan closing.
12. When the escrow agent accepts the executed loan participation escrow agreements, he opens a segregated escrow account at the bank where the investors are instructed to deposit their loan participation funds.
13. The title company is notified that the sufficient funds have been deposited to facilitate the funding and closing of the loan, then the loan is funded and closed as scheduled.
14. The loan proceeds are disbursed to the borrower.
15. Immediately after closing (several days before the borrower's first loan payment is due), a "closed loan profile" is sent to the loan servicing company so that a loan servicing agreement can be executed between MCF, the participating investors, and the loan servicing company.
16. The borrower makes their monthly payment faithfully. MCF requires that a loan payment escrow account be set up by the borrower so that the loan servicing company can automatically collect the loan payments from that specialized account without having to rely on the borrower manually writing and sending any checks.
17. The loan payments are collected by the loan servicing company every month, and remitted to the investors for the entire life of the loan.

⬇ PLEASE REFER TO THE FLOWCHART ON THE FOLLOWING PAGE ⬇

Metropolitan Capital Funding - Private Loan "Life-Cycle" Flowchart





INVESTOR REGISTRATION DOCUMENTS



COMMERCIAL MORTGAGE INVESTMENT PARTICIPATION QUESTIONNAIRE

This is not an offer to buy or sell securities. This information will help us match ideal commercial mortgage investment opportunities with Prospective Investors. After you complete this questionnaire, we will contact you. No SSN, Tax ID, or bank account information is required on this questionnaire. Thank you for your interest in MCF Commercial Mortgage.

Salutation: Mr. Mrs. Ms.: _____ First: _____ MI: _____ Last: _____ Suffix: _____

Best Phone: (_____) _____ Ext: _____ OK to call? Yes No

2nd Phone: (_____) _____ OK to call? Yes No Your Time Zone: EST CST MST PST

Cell/Secondary Phone: (_____) _____ OK to call? Yes No

Direct Fax: (_____) _____ OK to send a fax w/cover page? Yes No

Is it OK to send you more information about private commercial mortgage investment opportunities? Yes No

Primary Email: _____ @ _____

Secondary Email: _____ @ _____

Primary Residence: _____ Address 2: _____

City: _____ State: _____ Zip Code: _____

Mailing Address (if different from above): _____ Address 2: _____

City: _____ State: _____ Zip Code: _____

- Do you manage and select your own investments? Yes No
- Have you invested in private mortgage notes before? Yes No, but I would like to.
- Have you invested in commercial real estate deals before? Yes No, but I would like to.
- Do you now, or have ever owned own commercial investment properties (singly or joint/tenants in common with another/others?)

ACCREDITED INVESTOR QUALIFICATION

Please let us know by checking an appropriate box below if you are an accredited investor in accordance with Rule 501(a) of Regulation D of the U.S. Securities Act of 1933.

- I am a natural person who has individual net worth, or joint net worth that exceeds \$1 million.
- I am a natural person with income exceeding \$200,000 in each of the two most recent years, or joint income exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.
- I represent a business, not formed to acquire the securities offered, in which all equity owners are accredited investors.
- I represent a bank, insurance company, registered investment company, business development company, or small business investment company.
- I represent an employee benefit plan, within the meaning of the Employee Retirement Income Security Act, and a bank, insurance company, or registered investment adviser makes the investment decisions, and the plan has total assets in excess of \$5 million.
- I represent a charitable organization, corporation, or partnership with assets exceeding \$5 million.
- I am not an accredited investor

CERTIFICATION

I certify that the above information is true to the best of my knowledge and that I am the person listed above.

Please certify that the above information is correct by signing below:

Print Name: _____ Date: _____

Signature: x _____

Please fax this document to Metropolitan Capital Funding, LLC Attn: Investor Relations Dept. at: **1-888-449-7363**

COMMERCIAL MORTGAGE INVESTMENT PREFERENCES (Please check all that apply)

Property Type(s):

- Any Commercial Property
- Multifamily
- Office
- Retail
- Industrial
- Residential Investment
- Hotel/Resort/Lodging
- Medical/Healthcare
- Single Tenant/Owner-Occupied
(Restaurants, Auto Repair Shops, Convenience Stores, Etc.,) These deals are secured by the value of business real estate.
- Churches
- Private Schools
- Raw/Vacant/Undeveloped Land

Desired Lien Position(s):

- First Lien Position
- Second Lien Position

Typical Investment Timeframe (between executing a Letter of Intent to Invest and Escrowing the funds):

- 1 - 2 Business Days
- 2 - 3 Business Days
- 3 - 4 Business Days
- 4 - 5 Business Days
- 5 - 6 Business Days
- 6 - 7 Business Days
- 7 - 10 Business Days
- 10 - 15 Business Days

Preferred U.S. Domestic Markets:

- Entire United States
- Northeast States
- New England States
- Great Lakes States
- Mid-Atlantic States
- Southeast States
- Southwest States
- Midwest States
- Pacific States

Preferred Rate of Return From Mortgage Investments:

- Fixed
- Variable
- Fixed and Variable

Preferred Minimum and Maximum Mortgage Investment Rate of Return: check all that apply.

- 5.75% - 7.25%
- 7.5% - 9.25%
- 9.5% - 12.25%
- 12.5% - 15% (Hard Money Deals)
- 15.25% - 17.5% (Hard Money)
- 17.75% - 20% (Hard Money)

Acceptable Personal Credit Grade (of the guarantors/borrowers):

- Personal Credit: 500 – 575
- Personal Credit: 575 – 675
- Personal Credit: 675+
- Business Credit: A – AAA
- Business Credit: B – BB
- Business Credit: C – D

Preferred Loan to Value Ratio:

- 35% - 45%
- 46% - 55%
- 56% - 65%
- 66% - 75%
- 76% - 80%
- 81% - 90%
- 91% - 100%

Deal/Transaction Type:

- Purchase
- Refinance
- Development/New Construction
- New Construction/Remodeling
- Any Combination of the Above

Investment Term:

- 1 - 12 Months
- 1 - 3 Years
- 3 - 5 Years
- 5 - 7 Years
- 7 - 10 Years
- 10 - 15 Years
- 15 - 20 Years

WHOLE Investment Amount per Commercial Mortgage Investment (as a single/sole investor in a commercial mortgage investment):

- \$25,000 - \$100,000
 - \$100,000 - \$250,000
 - \$250,000 - \$500,000
 - \$500,000 - \$1M
 - \$1M - \$5M
 - \$5M+ (Specify Below)
- \$ _____

Fractional Investment Amount (as a participating investor with other investors in one loan investment):

- \$1,000 - \$5,000
 - \$5,000 - \$10,000
 - \$10,000 - \$25,000
 - \$25,000 - \$50,000
 - \$50,000 - \$100,000
 - \$100,000 - \$250,000
 - \$250,000 - \$500,000
 - \$500,000 - \$1M
 - \$1M - \$5M
 - \$5M+ (Specify Below)
- \$ _____

Mortgage Note Performance:

- Newly Originated Loans
- Performing Loans (Refinance)
- Non-Performing Loans (Turnarounds, Workouts & Foreclosure Buy-Outs)

Mortgage Investment Preferences:

- Whole Mortgage Loans
- Fractional/Participation Loans (Investing with a group of up to 25 individual investors)

PROSPECTIVE INVESTOR DISCLOSURES AND ACKNOWLEDGEMENTS

- I acknowledge and understand that Metropolitan Capital Funding, LLC, is doing business as a private commercial mortgage origination/brokerage firm specializing in privately placing commercial mortgage investments with private investors, direct lenders, and commercial banks.
- I understand that I am voluntarily requesting information on the private mortgage note investment opportunities offered by MCF for potential investment.
- I also acknowledge that nothing in this document or on MCF Commercial Mortgage's official website (located at: www.MetroCFG.com/investors.com) constitutes an offer to sell, or solicitation of an offer to buy any security.
- I acknowledge that nothing in this questionnaire constitutes investment advice or a recommendation to purchase or sell any security.
- I understand and agree that by completing this questionnaire, I am voluntarily consenting to receive various documents relating to specific commercial mortgage/trust deed investment opportunities originated, and underwritten by Metropolitan Capital Funding LLC.
- I understand that such documentation may, or will contain typical information regarding individuals and/or entities applying for and requesting commercial real estate financing. Such information may include but not be limited to commercial mortgage loan applications, preliminary title reports, commercial real estate appraisals, environmental reports, financial statements, personal and/or business credit information, personal and/or business tax returns, personal and/or business bank statements, resumes, business plans, promissory notes, mortgage agreements, UCC documents, loan commitment letters, subscription agreements, participation agreements, private placement memorandums, investor suitability questionnaires, loan closing documentation, and mortgage assignment agreements.
- I fully understand and agree that the sole purpose of this questionnaire, when completed and returned to MCF, is to inform MCF of my investment preferences, to be taken into consideration by MCF when considering me as a prospective participating investor in current or future commercial mortgage loans originated by MCF.
- I agree that completing this form represents to Metropolitan Capital Funding LLC that I am voluntarily consenting to be considered as a potential commercial mortgage loan investor. In so doing, I acknowledge and understand that I may be presented with various commercial mortgage investment opportunities that may require my participation therein either below, according to, but not exceeding, the parameters and preferences that I specify in this questionnaire.
- I acknowledge and represent to Metropolitan Capital Funding, LLC that my financial condition, liquidity, net worth, discretionary income, and general investment preferences may change for better or worse thus affecting my ability (more or less), to participate in any commercial mortgage investment according to the preferences as indicated by me, during the completion of this questionnaire.
- I understand and agree that completing and returning this questionnaire to MCF does not obligate me to invest, or make any commitment to invest in any commercial mortgage loan originated by MCF, and submitted to me for investment consideration.
- I understand and agree that any commercial mortgage investment offered by MCF will be officially introduced to me for investment consideration first, in the form of an investment summary whereby the borrower and their respective commercial mortgage loan request (with supporting documentation) will be made available for my review. Upon my satisfactory review of the summary, I understand that I will be required to sign a NONBINDING letter of intent to invest in that particular commercial mortgage loan either in whole, or in part.
- Additionally, I also understand and agree that upon MCF's acceptance of the letter of intent, I will be issued a copy of a comprehensive "COMMERCIAL MORTGAGE INVESTMENT SUMMARY" for my review. Afterwards (assuming an intent to invest), I understand and agree that I would then, be required to place my participation funds in escrow with the independent commercial real estate attorney, FDIC insured bank and trust entity, or licensed bonded escrow and title company facilitating the actual commercial mortgage loan closing.

IN WITNESS WHEREOF, I have executed this Questionnaire this _____ day of _____, 20____.

(Signature)

NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement (“Agreement”) is made as of this ____ day of _____, 20____ (“Effective Date”) by and between Metropolitan Capital Funding, LLC a Georgia limited liability company, having a place of business at 2180 Satellite Blvd, Suite 400, Duluth, GA 30097 (“Originator”), and _____ (“Prospective Investor”), having a place of residence or business located at: _____, with reference to the following facts:

- i. For the purpose of assisting Prospective Investor in determining whether to invest in any particular proposed Commercial Mortgage Loan Investment (“Investment”), Prospective Investor wishes to receive information that the Originator wants to keep confidential relating to a Borrower’s loan investment’s prospectus which includes among other items a Borrower’s loan application, financial statements, property appraisal, and other contents of the loan application package as compiled by the Originator; and
- ii. Originator, in order to permit Prospective Investor to make such a determination, wishes to disclose to Prospective Investor certain confidential information of the Borrower.

NOW, THEREFORE, in consideration of the above recitals, the covenants hereinafter contained, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the undersigned hereby agree as follows:

PROSPECTIVE INVESTOR'S OBLIGATIONS

1. Prospective Investor agrees for the Nondisclosure Period (defined below) to hold all of the Confidential Information of Borrower and their Property in strict confidence, not to make use of any Confidential Information of Borrower in any manner other than for purposes of evaluating a potential investment in the loan and not to contact the Borrower directly, inspect a Property, request any information from a Borrower in each instance without the prior written consent of the Originator.
2. As used in this Agreement, “Confidential Information” means and includes all information, whether verbal or written, disclosed by Originator to Prospective Investor and relating to Borrower’s business plan, loan, application, financial statements, and loan request whether in part or as a whole.

TERM OF AGREEMENT

The “Nondisclosure Period” shall be begin on the Effective Date and continue for a period of twelve (12) months.

FOR COMMERCIAL MORTGAGE LOAN INVESTMENT PURPOSES ONLY

Prospective Investor acknowledges and agrees that this Agreement is made for the purposes of considering an investment in Borrower only and nothing herein shall be construed in any way as an offer, an attempted offer, or a solicitation for the sale of any product or service which has been or may be developed by Borrower.

GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of Georgia without regard to the conflict of law provisions of such state. This Agreement shall be binding upon the successors and assigns of the respective parties.

IN WITNESS WHEREOF, the parties hereto have duly executed and have caused this Agreement duly to be executed and delivered as of the Effective Date.

Agreed To:

As representing “Originator”

Agreed To:

As representing “Prospective Investor”

x _____
Authorized Signature

x _____
Authorized Signature



MCF BUSINESS SUMMARY



BUSINESS SUMMARY

OPERATING COMPANY

Metropolitan Capital Funding Group, LLC is a Georgia limited liability company that originates, and underwrites commercial real estate loans for private placement with individual investors on either a “sole investor per loan” basis or on a “joint-participation” basis with other investors in the same loan investment.

MANAGEMENT/OWNERSHIP

As a limited liability company, MCF's sole managing member is William D. Lawson. Mr. Lawson is an experienced commercial mortgage broker who has successfully manages the building of the firm's commercial mortgage origination portfolio.

MORTGAGE BROKERAGE AND PLACEMENT SERVICES

MCF will originate, underwrite, commercial real estate loans to finance feasible, stable, marketable (such as: affordable multifamily, and single-family housing projects, planned urban developments, certain office, retail, mixed-use, and special-purpose construction projects). All loans will be serviced (pursuant to sub-servicing agreements) by FCI Lender Services Inc. with and PNC/Midland Loan Services Inc.

DIRECT SALES AND MARKETING EFFORTS

MCF will directly market its loan products and services to key decision-makers of the above-mentioned entities and project sponsors, using direct mail, opt in e-mail, print, internet-based, tradeshow, and telemarketing advertising and marketing campaigns in order to generate a consistent volume of sales leads that turn into loan applications, that turn into loan commitments, that will become funded loans, that will become performing long-term Partnership investments. MCF will offer loan products and services that will address the capital requirements of commercial/residential real estate developers, builders, and construction companies.

COMPETITION

MCF directly competes with other commercial mortgage brokerage/banking firms that specialize in commercial real estate loans. However, MCF's loan syndication platform creates a niche investment opportunity within a local to regional commercial real estate industry that is not currently underserved by the multibillion-dollar banking institutions that lack commercial lending liquidity.

LOAN PRODUCTS OFFERED

The goal of MCF, on behalf of participating investors, is to originate high yield, fixed rate, commercial real estate acquisition, refinancing, workout, acquisition, development, and construction loans. MCF will originate and underwrite all loans with fixed interest rates that can range from 2 to 12 points over WSJ Prime APY (specific interest rate will be charged on a per loan basis as determined by MCF's underwriting criteria) that will be locked in for the entire term of the note.

MCF will originate loans that will be in senior lien position in all collateralized real property (more commonly known as first mortgage loans). However, MCF will also originate loans that will be in a subordinate lien position on all collateralized real property (more commonly known as second mortgage loans). When such is the case, a second mortgage loan will always be in a combination with a first mortgage loan also originated by MCF in that same real estate transaction.

LOAN CLOSING DOCUMENTS

MCF has chosen Highland Law Corporation's Robodocs™ document delivery system to expedite the drafting of loan closing documents. Visit: www.robodocs.com.

LOAN CLOSINGS

MCF has identified several real estate attorneys and major U.S. markets that will represent MCF as lender co-counsel on a “per-transaction” basis as.

LOAN SERVICING AND INVESTOR REPORTING

In the strictest of fiduciary consideration, of participating investors, MCF has chosen FCI Lender Services, Inc. to provide full time loan servicing and investor reporting functions on behalf of both MCF and participating investors.

LOAN FUNDING ESCROW ADMINISTRATION

MCF has chosen the corporate trust services of CloseLine Settlements.

TITLE INSURANCE AND LOAN CLOSING ESCROW PROVIDER(S)

MCF has chosen the nationwide/international title, escrow and loan closing services of CloseLine Settlements

LOAN-TO-VALUE RATIOS

MCF intends to make or purchase loans in the first lien position according to a MAXIMUM loan-to-value ratio of eighty percent (80%) as set forth by MCF. As used in the term "Loan-To-Value Ratio," "VALUE" means the appraised value of the security property as determined by an independent written commercial real estate appraisal as obtained at the time MCF originates the loan.

PROPERTY VALUATION AND THIRD-PARTY APPRAISALS

In determining the value of a security property, participating investors will use only appraisers who are certified or hold designations from one or more of the following organizations: The Federal National Mortgage Association ("FNMA"), the National Association of Review Appraisers, the Appraisal Institute (M.A.I. or R.M.), the Society of Real Estate Appraisers, or who hold other qualifications acceptable to MCF.

FINANCIAL ANALYSIS EVALUATIONS

MCF intends to strongly consider the income level and general creditworthiness of a borrower to determine his or her ability to repay participating investors loan according to its terms, however, loans may be made to borrowers who are in default under other of their obligations (e.g., to consolidate their debts) or who do not have sources of income that would be sufficient to qualify for loans from other lenders such as banks or savings and loan associations. On occasion, loans may be made based primarily on loan-to-value ratios materially superior to those described above.

LOAN ORIGINATION

MCF acts solely as a commercial mortgage broker in the initial placement of participating mortgages, and shall be paid a loan origination fee from the gross loan amount for such services.

LOAN SERVICING

All participating mortgages will be "INDEPENDENTLY SERVICED" (i.e., loan payments will be collected) by an independent loan servicing company. MCF has entered into a sub-servicing agreement with FCI Lender Services Inc. The Loan Servicer will be compensated for such loan servicing activities for the full term of each loan from a pro rata share of the Yield Spread Premium (YSP).

Borrowers generally will make interest payments in arrears (i.e., with respect to the preceding 30- day period), and will be instructed to make their checks or money orders payable directly to the trust account setup by, in care of the Sub-Servicer. All loans will be assigned and tracked by a MCF-Loan Account Number issued by the Sub-Servicer. Upon receipt by the Sub-Servicer payment will be remitted to Participating Investors' account at a financial institution selected by MCF.

TYPICAL COMMERCIAL MORTGAGE DOCUMENTS

MORTGAGE ORIENTATION ENGAGEMENT INFORMATION

- Loan Application
- Executive Summary
- Engagement Agreement/Loan Commitment Letter
- Due Diligence Checklist
- Trade References
- Resumes of the applicants
- Business Plan
- Sales Projections
- Corporate Resolution(for non-profit)
- Articles of Organization and Certificate of Good Standing

PROPERTY/COLLATERAL INFORMATION

- Property Documentation (w/Rent Rolls, Financials, Leases, Sales Contracts, etc.)
- Appraisal
- Environmental Report
- Site Survey
- Preliminary Title Report
- Deed or Executed Sales Contract

BORROWER & COMPANY FINANCIAL INFORMATION

- Personal Financial Statements
- Bank Statements
- Business Tax Returns
- Personal Tax Returns
- Summary of Business and Personal Credit Reports
- Construction Documentation (Plans, Bids, Contracts, Construction Manager's Etc.)

LOAN INVESTMENT DOCUMENTATION

- Commercial Mortgage Investment Summary
- Commercial Mortgage Investment Offering Circular(Private Placement)
- Commercial Mortgage Participation Agreement
- Mortgage Assignment Agreement
- Assignment of Leases and Rents (if applicable)
- Loan Servicing Agreement
- Investment Terms and Escrow Instructions
- Loan Participation Certificate

LOAN FUNDING AND CLOSING DOCUMENTATION

- Title Insurance Policy Documentation
- Promissory Note
- Mortgage Security Agreement (or Deed of Trust)
- Assignment of Mortgage Agreement
- Loan Closing Checklist
- Loan Closing Memorandum

ORIGINATION AND UNDERWRITING GUIDELINES

MCF wishes to provide reasonable assurance of the viability of short-, mid-, and long-term positions made in the commercial mortgage loans to be originated for the benefit of our participating investors. Therefore, it has been determined that the origination of all commercial mortgages for the Participating Investors be subject to the underwriting guidelines set forth below.

PREFERRED BORROWING ENTITIES

- LLCs,
- LPs,
- C-Corporations,
- S-Corporations,
- Joint Ventures

PREFERRED TRANSACTIONS TO PARTICIPATE IN

- Purchases/Acquisitions
- Mortgage Refinancing
- Loan Refinancing with Improvements/Minor Rehabilitation/Expansion
- New Construction/Development Projects

INTEREST RATES ON ALL MORTGAGE PRODUCTS

- Fixed interest rates ranging from 6% up to 15%

LOAN SCALES

- Any feasible loan amount between \$100,000 and up (solely dependent upon investor participation)

OUR IDEAL BORROWING CLIENTELE

- Real Estate Operating and Holding Companies
- Real Estate Developers
- Real Estate Management Companies
- Experienced Real Estate Investors Using Third-Party Management Companies

OUR IDEAL/PREFERRED BORROWERS/PRINCIPALS

- Possessing a minimum credit score of 600 and above
- At least 3 to 5 years reputable and verifiable experience in real estate management, development, investing, and operations
- Sufficient personal net worth and assets to personally guarantee loans
- Appropriate contracts with property management companies, builders, appraisers, construction estimators, contractors, maintenance companies, and real estate brokerage firms
- Possessing or utilizing an aggressive and opportunistic acquisition or refinance strategies to best serve their current real estate portfolio. (For example: buying out a neighboring apartment complex turnaround)

OUR PREFERRED PROPERTY TYPES

- Multifamily (including Senior Housing, Student Housing, Military Housing),
- Medical/Healthcare,
- Office,
- Retail, Shopping Center,
- Flagged/Non-Flagged Lodging and Hospitality,
- Non-Owner occupied 1 to 4 single-family rental properties,
- Mixed-use (apartments over retail) properties,
- Income Producing/Commercially Zoned, single tenant/owner-occupied properties (churches, schools, restaurants, service centers, grocery stores, etc.)

OUR IDEAL PROPERTY SELECTION CRITERIA

- Stable occupancy that is consistent with rent rolls
- No vacant properties that require "Gut Renovation/Rehab" in order to be leased
- Good curb appeal.
- Performance on all financial obligations.
- Qualified, successful, and hands on/on site property management, security, and maintenance

PROPERTY VALUATIONS USED

- Current, Full Narrative, Self-Contained, and certified commercial real estate appraisals indicating the following valuations:
- Fair Market/As Is Market Value
- Discounted/Liquidation Value

- With Improvements Value/Upon Completion Value
- At Stabilization Value

PERTINENT RATIOS USED

Loan-To-Value Ratios

- Up to 90% for Multifamily, Senior Housing, Assisted Living, and Student Housing Properties
- Up to 80% for Office, Retail, Shopping Centers, and Industrial Properties
- Up to 75% for Single Tenant/Owner-Occupied Commercial Properties

Loan-to-Cost Ratios (used in Construction Loans)

- Up to 80% for Multifamily, Senior Housing, Assisted Living, and Student Housing Properties.
- Up to 75% for Office, Retail, Shopping Centers, and Industrial Properties
- Up to 70% for Single Tenant/and Owner-Occupied Commercial Properties

DEBT SERVICE COVERAGE RATIOS

- At least 1.35 for multifamily, senior housing, assisted living, and student housing properties
- At least 1.45 for office, retail, shopping centers, and industrial properties
- At least 1.25 for single tenant/and owner-occupied commercial properties

PREFERRED MINIMUM OCCUPANCY RATES - TENANT-BASED PROPERTIES

- Maximum 80% LTV for Multifamily, Senior Housing, Assisted Living, and Student Housing Properties
- Maximum 75% LTV for Hotel, Lodging, Hospitality and Resort Properties
- Maximum 75% LTV for Office, Retail, Industrial, and Mixed-Use Properties

FINANCIAL ANALYSIS AND REVIEW OF THE PROPERTY, THE BORROWING ENTITY, AND THE PRINCIPALS

- Main Purpose: to establish acceptable debt service coverage ratio (minimal loan repayment ability) and the highest supportable yield (interest rate) that can be assessed to the prospective mortgage investment
- During the financial analysis and review stages we look at the following:
- CPA reviewed and/or compiled audited financial statements of the borrowing entity and the principals
- This includes but is not limited to: balance sheets, profit and loss statement, tax returns, bank statements, rent rolls.
- Personal and business credit reports

LOAN PRODUCTS TO BE OFFERED FOR PURCHASES AND ACQUISITIONS

- Standard Purchase Money Mortgage Program (up to 80% of purchase price with the borrower putting up the other 20%)
- 65 -- 25 -- 10 Purchase Money Mortgage Combination Loan Program - this is a special loan program for well-qualified buyers and well-qualified properties for first mortgage loan for 65% of the purchase price is bundled together with a second mortgage loan for 25% of the purchase price, and the borrower contributes 10% of the purchase price out of their own funds.
- 75 -- 20 -- 5 Purchase Money Mortgage Combination Loan Program - this is a special loan program for well-qualified buyers and well-qualified properties for first mortgage loan for 75% of the purchase price is bundled together with a second mortgage loan for 20% of the purchase price, and the borrower contributes 5% of the purchase price out of their own funds.
- REO and/or Portfolio "Blanket" Acquisition Loans - this is where multiple properties are purchased by one borrower and the total amount financed to facilitate the acquisition does not exceed 80% of the total value of the properties to be acquired. The loan program is only offered for Multifamily, Senior Housing, Assisted Living, and Student Housing Properties only.

LOAN PRODUCTS TO BE OFFERED FOR REFINANCINGS

- Fully amortized permanent loans up to 25 years (for multifamily, senior housing, assisted living, and student housing properties)
- Fully amortized permanent loans up to 20 years (for office, retail, shopping centers, and industrial properties)

LOAN PRODUCTS TO BE OFFERED FOR CONSTRUCTION PROJECTS

- Short term Loans for New construction of commercial/income producing properties (from the ground up)
- Short term Loans for Major renovation and expansion of commercial/income producing properties
- Short term Loans for Minor remodeling and improvements of commercial/income producing properties
- Bridge loan structures
- Construction-to-perm loan structures

COMPENSATION TO MCF (AS LOAN ORIGINATOR TO THE PARTICIPATING INVESTORS)

- Loan Origination Fees - up to 7% of the net loan amount
- Loan Referral Fees - up to 2% of the net loan amount (paid out to independent mortgage brokers that refer qualified loans to the Mortgage Banker)
- Loan Servicing Fees - a flat fee of 0.50% of the gross loan amount paid monthly
- Yield Spread Participation - 50% (split between a Participating Mortgage and the Mortgage Banker) of any point spread charged to the borrower in excess of 10% Fixed

COMPENSATION TO THE MORTGAGE BROKERS (THAT REFER LOANS TO MCF)

- Loan Referral Fees - up to 2% of the net loan amount (paid out to independent mortgage brokers that refer qualified loans to the Mortgage Banker). MCF will require the borrower to bring the mortgage broker's fee to the closing.

SOURCES OF LOAN REFERRALS

- Direct Marketing to Commercial Property Owners
- Realtors and Business Brokers
- Mortgage Brokers
- Direct Marketing to Builders and Developers
- CPAs
- Business Bankers