



STRONGHILL
CAPITAL™

FIRST-TIME BORROWER GUIDE



First-Time Borrower Guide

As a first-time borrower, you probably have a lot of questions on both the loan process and the types of commercial loans available to you. The commercial lending process is very different from a traditional home mortgage, which can frustrate unprepared first time borrowers. Commercial loans tend to last for shorter periods of time than a home mortgage and commercial loans can be acquired without all the scrutiny of personal income history and the time that goes along with it.

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The Commercial Real Estate Loan.

A commercial real estate loan (or CREL for short) is a mortgage loan secured by a lien on a commercial or rental property, not a primary residence or homestead property. The loans are typically used to finance properties or access cash in retail stores, office buildings, warehouses, restaurants, rental homes, and more. The lending terms can be as short as a few months, as is the case with hard money loans, or as long as 20 years. Stronghill's typical loan terms are between one and five years.

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Hard money?

Stronghill Capital is not a traditional hard money lender. While hard money lenders prefer shorter terms that typically are used for house flipping, we lend for longer terms. We prefer lasting relationships as opposed to churning our loans. Our terms can be more flexible than many hard money lenders because we are the capital source and the actual lender, so we can define the loan program to suit the best needs of the borrower.



3 How quickly can I get a loan?

Our loan process is significantly faster than a traditional loan. In a perfect lending situation, we could even determine your loan approval in the same day! Try asking your bank if they can do that for you. We do require an appraisal before finalizing a loan, so that will be the longest part of the process if you don't already have one. We can often accept existing appraisals if you already have a recent one, and then may be able to close a loan within a few days.

4 How to qualify.

Each commercial lender has different requirements. A traditional bank will first look at the credit quality of the borrower, then look at the cash flows from the property to see if they can repay the loan, then look at the value of the property. Stronghill is exactly the opposite: we first evaluate the value of the property, we then look at both the cash flows of the property and the borrower, and lastly we evaluate the credit of the borrower. We don't normally base our lending amounts or repayment lengths on your credit score. While we will need to collect that information, and may ask a few extra questions if you have had credit issues, don't worry if you have troublesome credit or uneven income.

5 Lending amounts and limits.

We offer loan amounts between \$50,000 and \$2,500,000. The amount you can qualify for is based on the loan-to-value ratio (LTV) of the loan. Quite simply, the higher the value of the property, the larger the loan amount we can typically offer you. For example, our max LTV is 70% of the as-is value of a property, so if a rental house's appraisal value is \$200,000 we can lend up to \$140,000 towards the purchase of the house. Note that if you are paying less than the appraised value, the loan would be based on your actual purchase price, since we see that as the "fair value" of the property if you can actually buy it for that. This is very different from a traditional bank or mortgage loan that is based primarily on your credit score and income. We offer a far more flexible lending process and a better lending experience overall.

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Loan term length and repayment.

Our loans typically range in duration from one to five years, with the option of doing an interest only loan for up to two years. These may seem like short terms when compared to the mortgage industry, but our loans are designed to get you the property you desire or the money you need in the quickest time possible. Most of our clients eventually either refinance the loan with a more traditional lender or sell the property. Others refinance into a similar loan with us at the end of the term.

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Rates and fees.

Commercial real estate loans carry a higher interest rate than a traditional home loan. Stronghill's interest rates are slightly higher than bank interest rates. This is because we lend our own money, for shorter periods of time and on less stringent terms, so we require a higher return than the bank. In exchange, we can overcome barriers that traditional lending institutions cannot. Rates and fees will be determined depending on the loan details and property.

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Required documentation and loan approval time.

To apply for a loan from Stronghill Capital, a loan officer will have you fill out one of our simple applications. We will also typically need: three months of bank statements for the borrower, approval to pull a credit report, organization documents if the borrower is an LLC or corporation, and copies of leases/rent rolls if the building is rented. Depending on the loan size and terms, we may also request a copy of last year's tax returns. If you don't already have one, we will also help you order the appraisal. Once we have all the paperwork, we can close a loan within days!

We are here to help.

As a first-time borrower, we will help you determine the best type of loan for your needs. Our loan officers will walk you through which loan terms make the most sense for you. If we can't make the type of loan you need, we probably know someone else who can.

We look forward to being a valuable resource to you while you navigate the world of real estate investment loans.

