



STREAMLINE FUNDING

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BORROWER SUCCESS MANUAL

The Borrower Success Manual is a tool to help you understand the operations of your loan and assist in making your project successful. This manual contains helpful tips on operating your loan, as well as Streamline Funding's policies and procedures for loan operation including construction draws, payments, taxes, insurance, and extensions. It outlines what our top borrowers do to be successful and pitfalls that can derail a project, costing you time and money. You are encouraged to read and fully understand this manual and all documentation provided upon the closing of your loan.

Construction Loan Agreement (CLA) - The CLA outlines some of the most important operational aspects of your loan and will help you better understand the draw process. It provides detailed information on construction draw submittals, and what you can expect from Streamline Funding when processing your draws.

Draw Process – Our goal throughout the draw process is to assist you in completing your construction on or before the maturity date of your loan. The Construction Budget Excel Workbook contains all of the data regarding the details of your construction. This is the document that you will fill out and submit to the construction control department to obtain your draws. Along with the Construction Budget Excel Workbook, you will be required submit invoices/receipts reflecting the items or scope of work you are drawing for along with the signed Completion Affidavit.

Once you submit your draw, construction control will forward your email to the Streamline Funding draw inspector in your region. You will be copied on this email and the introduction will be made with the inspector, so that he or she may request any additional details regarding the site visit (lockbox code, etc.). Our inspectors are instructed to perform the inspection within 48 hours of receipt of the request.

With your second and subsequent draws, you will also need to submit notarized lien waivers that reflect the previous draw. Once Streamline Funding receives the draw inspection report, a review is carried out and a request to disburse funds is sent to the accounting department. You will receive an email with the updated construction budget notifying you that your wire has been sent to accounting to be released.

Insurance - Section 4.7 of your Deed of Trust (DoT) requires that you keep your insurance current. Failure to do so will result in Streamline Funding force-placing a policy on the property. Force-placed policies can run more than double what you would pay if you obtain your own insurance, and we will charge the account a \$450 fee should we have to do so.

Taxes –Section 3.5 of your DoT requires that you keep all property taxes current. Property taxes must be paid or a payment plan with the county must be in place by January 31st for the prior year's taxes or they are considered late. You may NOT obtain a tax loan to pay your property taxes. Tax loans create a lien on the property which takes 1st lien precedence over Streamline Funding's lien, resulting in a violation of section 4.4 of the DoT. In this scenario, Streamline Funding will immediately pay the tax loan service to get the lien released and will be forced to set the loan up for foreclosure.

Payments – Monthly payments are applied to interest only and interest is paid in arrears. Each interest payment applies to the previous month's accrued interest.

Payment delinquency can be an early indicator of a possible loan default. All payments are due on the 1st of the month and considered late if received after the 10th of the month. There are no exceptions, and we cannot defer payments to the end of the term for any reason. A payment that is received more than 30 days late is an event of default and a violation of the DoT. If the payment becomes 41 days late (2 missed payments), Streamline Funding will send the loan to our attorneys to start the foreclosure process. Once this happens there is an initial legal fee assessed on the account with more legal fees being assessed as the loan approaches the foreclosure date.

Please be aware that if you are planning on refinancing the loan with another lender, they will require a Verification of Mortgage from us in which we will report the payment history for the loan. Most lenders will not consider a refinance with as little as 3 late payments or 1 missed payment.

Statement Breakdown – Escrow Balance on the statements is comprised of three things: 1. money held in the construction escrow (this number will float and is dependent on monies you have drawn vs. monies we have funded into the loan), 2. construction control fees held in escrow that were collected on the HUD at closing and, 3. money held in interest reserve (if any).

Construction progress – Starting the project immediately, the speed of the construction phase, and a focus on exiting the loan as quickly as possible are all crucial for the success of your project. Our loans are designed for short-term holdings only. Another indicator of a looming foreclosure is if the loan extends beyond maturity. Extension fees and continued holding costs are lost profit for the borrower. Lack of construction for 60 days is considered a default.

Extensions - You can submit an extension request provided construction is progressing, payments are current, insurance is in place, taxes are current, and/or a payment plan is in place with the taxing authority, and you have a clear exit strategy. Extension fees are 1% of the principal for a 3 month extension and 2% of the principal for a 6 month extension plus a \$200 document preparation fee for both options. If an extension is not in place by the maturity date, the loan will be in default and Streamline Funding will increase the interest rate to the default rate (18%) and may begin the foreclosure process.

Payoff Process – A payoff statement can be requested by emailing servicing@streamlinefunding.com. The request will be fulfilled within 24 to 48 hours of receipt. The payoff statement will collect the outstanding principal balance, any past due interest and late fees, accrued interest for the month in which the loan is paying off, and any other outstanding fees or balances. Collecting the final interest payment on the payoff statement is discouraged as roughly 50% of closings get delayed. This can simply add interest, legal fees, and late fees (all lost profit for the borrower) to the closing statement.

CONTACTS:

John Strawn, Senior Associate – Loan Operations

John handles coordination and communication of servicing-related aspects of the loan. Payments, payoff statements, extensions, funding, draw releases (once approved), foreclosures, and general servicing questions.

servicing@streamlinefunding.com

512.492.3840

Tane Jericevich - Construction Control Coordinator

Tane process all draw requests, budget approvals, and anything related to the actual construction of the project. If you are a new borrower with Streamline Funding, Tane will be reaching out to you shortly after you receive this email package to go over the draw process and answer any questions you may have.

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