

STATEMENT OF UNDERSTANDING – HARD EQUITY LOANS

Thank you for your hard equity loan business. This statement of understanding will explain the fundamental differences between your hard equity loan and a traditional, long-term amortized mortgage loan. Your hard equity loan will fund the purchase of investment property and the repair of that property. You are requesting this loan to fund a business and investment venture. In taking this loan, you are not a consumer of a residential mortgage loan. The lender of the hard equity loan does not make residential mortgage loans to consumers or any types of consumer loans. They make only commercial, investor loans secured by real property. **Please read and initial each item, sign at the bottom of page two, and re turn by fax to 404/622-9683; direct your questions to 404/622-1120.**

PURPOSE OF THE LOAN

1. _____ I understand that the purpose of this loan is to provide the funds for the purchase and repair of investment property only; that the security of the loan is real property but this is not a loan on my current or future residence or the current or future residence of anyone known to me.

TYPE OF FINANCING

2. _____ I understand that this hard equity loan is not final financing on the property; that it is a 'bridge loan', or short-term, temporary financing until the property is sold or refinanced or until it matures, whichever comes first.

OCCUPANCY PROHIBITED

3. _____ I understand that during the entire time this loan is in place, ***I may not, nor may any other person or persons reside in, occupy or otherwise dwell in the property under any circumstances.*** Occupancy will result in loan default, cancellation of the repair funds account, and the entire amount of the loan will become immediately due along with all applicable interest.

DUE DATES/LATE PAYMENTS

4. _____ I understand that the monthly interest payments are considered to be delinquent if not received on or before the 5th day of each month, and that a 10% late charge penalty will be imposed for payments not received by the 5th of each month. Delinquency may further result in a change in the interest rate on my note.

FORECLOSURE PROCEEDINGS

5. _____ I understand that because of the high-risk nature of hard equity loans, once the loan has become delinquent the holder will issue a default notice and commence foreclosure proceedings. I have until the end of the second month of delinquency to bring payments current along with late charge penalties. Any foreclosure proceedings will result in additional costs, attorney fees, and other fees added to my loan. The delinquency will be reported to credit reporting agencies.

DRAWS ON REPAIR FUNDS ACCOUNT

6. _____ *I understand that no repair money may be drawn if my loan payments are not current* and that repair funds disbursements are not intended to fund my monthly interest payments.

7. _____ I understand that the repair funds are held in a repair funds account and that I must request a draw on this account to receive these funds, but only after the repairs requested for disbursement are complete. I understand that receipts and releases must be provided as proof of work performed, in accordance with the draw schedule.

DRAW INSPECTIONS

8. _____ I understand that there will be an inspection of the property each time I request a draw and that there will be a fee charged to me of \$100 for each draw inspection. This fee does not include rush disbursement by wire or express mail; these items will be charged over and above the draw inspection fee, but no more than the actual cost of the rush disbursement. The draw inspection fee and the rush disbursement fee, if requested, will together be collected from draw proceeds.

OTHER INSPECTIONS

9. _____ I understand that the property will be inspected before the loan is closed, inspected upon each request for draw, and at other times, without notice, at the pleasure of the holder of the loan. I understand that I will pay for the initial inspection at closing, draw inspections as requested by me, but other inspections made by the holder of the loan at other times will not be charged to me.

NO ORAL AGREEMENTS

10. _____ I understand that all fees, payments, commissions, concessions, premiums or compensation relative to this transaction will be disclosed on the closing statement. I have no knowledge of nor did I negotiate any outside written or oral agreements relative to this transaction. All elements of the transaction known to me will be evidenced at the closing and disclosed to all parties in writing.

11. _____ I understand that I cannot receive by gift or reward, or request, solicit, demand or negotiate any monetary compensation for myself or anyone directly or indirectly involved in this transaction at any time. All monetary aspects of the transaction are contractual and in writing. I cannot receive any money or anything of value from anyone prior to, at the time of, or after the closing unless this is disclosed to all parties, documented on the closing statement and approved by the lender, in advance.

I HAVE READ THE ABOVE AND UNDERSTAND THE SPECIAL NATURE AND TERMS OF THIS TRANSACTION.

DATE

Borrower