

CONSTRUCTION DRAW GUIDELINES FOR LENDER FINANCED / REHAB HOLDBACK

Lender Financed / Rehab Holdback

When a borrower elects to have Mer Capital Funding Corp provide any portion of the financing for rehab or construction costs, these funds will be held in a non-interest bearing account.

- **Set Up:** Upon funding of your loan, Mer Capital Funding Corp will set up your fund control with Land Gorilla. Land Gorilla will then will contact you the Borrower to offer and schedule a preconstruction meeting via phone or web demo with applicable parties. The purpose of the pre-start meeting is to discuss the construction loan budget, scope of work, policies and procedures of Mer Capital Funding Corp.
- **Draw Fee.** With each draw request, Mer Capital Funding Corp will charge a \$200 inspection fee (the fee will be deducted from the funds actually disbursed).
- **Disbursement.** The borrower may request funds from the lender-financed rehab holdback after providing evidence of completion of work AND payment of that work. Mer Capital Funding Corp will disburse funds based on the percentage of work completed, including any soft costs. Upon receipt of a draw request, Mer Capital Funding Corp will order a property inspection to confirm completion of the work. No funds will be released till work is completed, no advance draws are allowed.
- **Materials.** The borrower will not receive credit or holdback funds for any materials delivered to the site and not installed at the time of inspection.
- **Inspections.** All draws will be verified by paid invoices, receipts, and a third party inspection by an approved construction monitoring vendor. Invoices alone do not guarantee funding. The results shown on the Inspection Report verify that the funds requested are in line with the work completed.
- **Timeline.** The borrower shall commence work no later than 30 days from the date of loan funding, unless project requires permits. If permits are required, Mer Capital Funding Corp must be notified before loan closing and updated every two weeks on status of permits.
- **Additional Rehab Funds.** Any funds required in excess of the funds held in the holdback account to complete a project are the borrower's sole responsibility.
- **Lien Waivers.** Mer Capital Funding Corp requires a lien waiver at each draw in the amount of the funds requested.
- **Detailed Scope of Renovation/Budget.** Funding is based on work completed to the property as broken down on the Detailed Scope of Renovation/Budget. It is crucial that the budget that is supplied to Mer Capital Funding Corp is accurate and everyone is working from the same budget. Reallocation of funds will require written approval from Mer Capital Funding Corp. No funds will be released till work is completed, no advance draws are allowed.
- **Draw Request Form.** The Draw Request form needs to be filled out based on the line items in the Detailed Scope of Renovation/Budget. The form needs to include the wiring instructions for the funds, the property contact for the inspection, the property address, and be signed.
- **Final Draw.** The Final Draw will not be funded until the renovation to the home is completed.
- **Additional Notes.**
 - o Permits and Fees will not be reimbursed until approval from city is in hand.
 - o If your rehab budget is over \$200,000.00 then Mer Capital Funding Corp will require a feasibility analysis conducted by Land Gorilla at the cost of \$350.00
 - o Draws are to not exceed 10-20% of overall budget. However on a case by case basis this may be an exception.
 - o All wires will go directly to the customer (borrower) who is responsible for the loan. NO EXCEPTIONS
 - o Architecture plans will be reimbursed on a case by case basis

I _____ have read the above and understand the construction draw process for fund control for my loan with Mer Capital Funding Corp.

Signature: _____ Date: _____

