

# TARA LOANS



Your complete guide to working with  
Tara Loans commercial loan consultant

## Stay Connected

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**Commercial Loan Consultant**  
Tara Williams

# Asset Verification Made Easy

## WHAT IS PLAID?

Plaid is an impartial, third-party service used by lenders to automatically retrieve bank statements as part of your client's application for a loan or a line of credit. Because Plaid collects data directly from your client's financial institution using state-of-the-art encryption and bank-level security measures, you can be sure that your client's data is accurate and secure. Large institutions such as Fannie Mae and Freddie Mac utilize the Plaid software for collecting bank statements.

## HOW SECURE IS THE PLAID SERVICE?

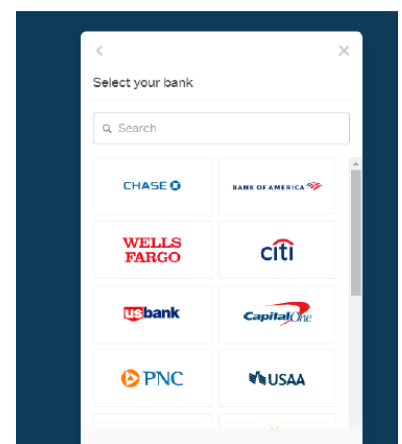
Security and accuracy are top priorities at Lima One. Submitting your client's information through Plaid is significantly more secure than emailing, faxing, or mailing copies of your client's bank statements. Plaid's security procedures meet the high standards of security used by banks and other ultra-secure financial institutions. Plaid's security systems undergo rigorous audits and certifications from the nation's largest banks.

## WHAT IF THE CLIENT DOES NOT HAVE ONLINE BANKING?

Most banks offer an easy online banking enrollment process that only takes a few minutes to complete. You may be able to visit your bank's website and enroll in their online platform. Once you are enrolled, return to the Plaid enrollment page and continue where you left off.

## WHAT IF THE CLIENT DOESN'T SEE THEIR BANK LISTED DURING THE ENROLLMENT PROCESS?

Plaid will list the most common banks by default. Use the search function at the top of the screen to look up additional financial institutions. Type the name of your bank into the search field and choose from the list of possible matches to complete the enrollment process. If your bank does not appear in the search results, it may not be supported by Plaid. In that case, please provide two most recent bank statements and a proof of funds letter from your bank for asset verification purposes.



# Line of Credit

Through our lending partner we offer the Line of Credit—so you can be preapproved and know how much you can borrow for the next six months.



## Exposure Limit

- Capped at 7x liquid assets (combined for all guarantors)



## Credit:

- Minimum FICO Score T1-T3: 660 (mid score)
- Minimum FICO Score T4-T5: 620 (mid score)
- No BK, FCL, SS, DIL in past 3 years



## Asset Verification:

- Liquid assets verified every 6 months
- 2 months of bank statements, including average balances, are required
- The value of any stock, bond, mutual fund, or retirement account are reduced by 50%



## Vesting:

- Maximum of two borrower entities (co-borrowers) per loan
- Line of credit is associated with the borrowing entity approved

# Products

Four main products: FixNFlip, Rental30, New Construction, and Multifamily. Each product is designed for investors of all experience levels and provides multiple advantages for investors looking to grow their business.



FixNFlip and Bridge financing. Great rates, quick closes, in-house construction management and servicing.



We're the lender built for builders. Ground-up construction, tear-down, in-fill, specs, and model homes.



Single rental properties or rental portfolios. The best suite of products in the industry.



Flexible and fast. value-add or stabilized bridge multifamily financing for 5+ unit properties.

# Check List



## Short-Term Checklist:

- Line of Credit Application and FixNFlip or New Construction Application
- Purchase agreement
- PLAID Asset Verification link will be sent to the you
- Construction budget on our template
- Borrower's ID
- Entity Documents
- Operating Agreement, Articles of Organization, Certificate of Good Standing
- Contractor documents (heavy rehab, sq. ft changes)
- Have the GC complete the attached form and provide all documents on page 1 along with stamped architectural plans for the project
- 12 Month Builder's Risk Policy Quote
- Title Company point of contact (Company name, e-mail, phone number)
- Tier Credit – REO Schedule



## Long-Term Checklist:

- Line of Credit Application and Rental30 Application on the broker portal
- Purchase agreement
- 2 Most Recent Bank Statements
- Original purchase HUD/contract
- Borrower's ID
- Entity Documents  
Operating Agreement, Articles of Organization, Certificate of Good Standing
- Insurance point of contact (Company name, e-mail, phone number)
- Rent Roll
- REO Schedule
- Payoff point of contact (if applicable)  
(Company name, e-mail, phone number)
- Title Company point of contact (Company name, e-mail, phone number)
- Lease agreements

# FixNFlip

**Purpose:** Designed for the real estate investor who is rehabbing properties to sell or hold.

**Minimum Loan Amount:** \$ 75,000      **Maximum Loan Amount:** \$ 5,000,000

**Eligible Borrowers:** US citizens, permanent residents, foreign nationals

**Financing Types:** Purchase/Rehab, Rate & Term Refi, Cash-Out, BridgePlus

**Prepayment Penalty:** Not applicable

**Terms:** 13, 19 & 24-month term options

**Rates:** As low as 6.50%

## Experience Level

Tier	# of Flips in 36mos.
1	0
2	1-4
3	5-11
4	12-23
5	24+

# FixNFlip Property Underwriting



## Eligible Property Types:

- Must be non-owner occupied
- 1-4 Unit Investment property
- Warrantable Condos
- Planned Unit Developments
- Properties with  $\leq 2$  acres
- Log Homes (if common to the area)
- Minimum gross living area of 700 sq. ft.



## Ineligible Property Types:

- Owner-Occupied Properties
- Commercial Enterprises
- Manufactured or Mobile Homes
- Condotels
- Time Shares
- Unique Properties (except for log homes)
- Working farm and ranches
- Mixed Use Properties
- Properties with more than 2 acres
- Properties that appraise for less than \$25,000
- Unimproved land; not intended for build



## Ineligible States

- Alaska
- Nevada
- Vermont
- South Dakota
- North Dakota

# New Construction

**Purpose:** Ground-up construction loans for developers, contractors, and builders. Typical lots should be fully entitled and ready to build within 90 days.

**Minimum Loan Amount:** \$ 100,000

**Maximum Loan Amount:** \$ 5,000,000

**Eligible Borrowers:** US citizens, permanent residents, foreign nationals

**Prepayment Penalty:** Not applicable

**Terms:** 13, 19 & 24-month term options

**Rates:** As low as 6.99%

## Experience Level

Tier	Completed NC Transactions
1	Ineligible
2	Ineligible
3	5-11
4	12-23
5	24+



# New Construction Property Underwriting



## Eligible Property Types:

- Single Family
- 2-4 Unit
- Townhouses (Townhouse style condo's and 5-10 unit multifamily on exception basis will be considered)



## Loan Purpose:

- Purchase of vacant lot & build
- Purchase of lot with dwelling to tear down & rebuild
- Refinance of lot already owned & ready to build



## Lot Requirements

- Lots must be fully entitled ready to build within 90 days of loan funding
- Lot does not need to be permitted at time of close (appropriate permits must be provided before first draw is requested)
- Lots must already be split and individually parceled
- Water/sewer/well/septic must be lateral ready
- Lot must be properly zoned for the property type being built, at time of loan close

# Construction Management

Below you will find the process for requesting and completing construction draws, as well as FAQs that may help you and your clients as the project is completed.

## Construction Draws



Request draw with lockbox code & wire info

### Funding Criteria:

- Partial or full funding for completed work only
- Will not fund for materials alone or deposits
- Contingency released after 50% of project complete (invoices required)
- Permitted items funded up to 50% without passed city inspections; 100% of funds released with passed city inspections

### Draws:

- If your preferred beneficiary account changes, contact your assigned construction analyst
- Additional documentation can be requested by your construction analyst at their discretion any time during the draw

Inspector dispatched to property within 48 hours

### When Are City Inspections Required? (Always Refer to Local Permitting & Building Codes)

- Construction Management will request evidence of passed city inspections for:
  - Foundation
  - Framing
  - Roofing
  - Rough Mechanical/Electrical/Plumbing

### Inspections:

- Inspections are required for every draw and must be completed by one of Lima One's third-party vendors
- If an inspector does not have full access to a property, a new inspection will be scheduled, and additional fees will apply

Request processed and wired to beneficiary account

### Disbursal:

- Draws will not be released if a loan has delinquent monthly payments, unpaid property taxes, or if the loan has matured
- Draws will not be released if there is an active lien on the property

### Budget Changes:

- All budget changes must be reviewed by the Construction Management department

# Construction Management

## Reimbursement Model

Draw process is based on a *reimbursement model*. Work must be completed and verified via inspection prior to release of funds.

## Client FAQs

**Q: What if I don't use all my escrow funds?**

**A:** You are not required to use all available escrow funds. If there are funds left in escrow by the time you pay off your loan, the remaining funds will be applied to your principal balance!

**Q: Can I do work outside of my budget?**

**A:** If there are items outside of your specified scope of work that need to be done, they must be funded out of pocket and completed prior to escrow release.

**Q: How many draws can I take?**

**A:** There is no limit to the draws you can take, and there is no minimum or maximum amount that can be drawn. Remember that there is a \$200 draw fee, so the fewer draws, the better!

**Q: Can I move budget funds after closing?**

**A:** Budget reallocations can be requested through your assigned construction analyst. Funds cannot be added to a budget after closing, but funds can be moved among line items prior to submitting a draw after review by the construction team.

**Q: Why do I need a budget review?**

**A:** Construction Management reviews budgets prior to closing to ensure the funds allotted are sufficient to accomplish what's highlighted in the scope of work.

**Q: How do I request a draw?**

**A:** Draws may be requested by signing into the client portal. Keep in mind that draws can only be requested on a desktop not a mobile device.

# Rental Pricing

	Rental30	Rental30 Premier
<b>Purpose</b>	Long-term rental property loan, purchase, or refi for one property or small portfolios (<\$1.5M)	Long-term rental property loan, purchase, or refi for elite investors with large portfolios (≥\$500K + 5 properties).
<b>Min. Loan Amount</b>	\$50,000	\$500,000
<b>Max. Loan Amount</b>	\$2,500,000	\$20,000,00
<b>Eligible Borrowers</b>	U.S. citizens, permanent residents, foreign nationals	U.S. citizens, permanent residents, foreign nationals
<b>Prepayment Penalty</b>	Declining point options. Varies based on terms.	Declining point options. Varies based on terms.
<b>LTV</b>	Up to 80% LTV	Up to 80% LTV
<b>DSCR Requirements</b>	>1.20x	>1.15x
<b>Term</b>	30-year fixed with full amortization 5/1 ARM or 10/1 ARM with 30-year amortization	Fixed rate, 5/1 or 10/1 ARM with 30-year amortization 5-year or 10-year interest only balloon 5-year balloon or 10-year balloon with 30-year amortization
<b>Rates</b>	As low as 3.75%	As low as 3.75%
<b>FICO</b>	Minimum of 620	Minimum of 620
<b>Borrower Entity</b>	Corporation, LLC and Partnerships are allowed	Borrower must be a newly formed Delaware Special Purpose Entity LLC

# Rental Property Underwriting



## Eligible Property Types:

- Non-Owner Occupied Single Family
- 2-4 Units
- Warrantable Condos
- Multifamily < 9 units



## Ineligible Property Types:

- Non-Warrantable Condos
- Timeshares
- Condotels
- Mobile Homes
- Commercial property/mixed use



## Ineligible States:

- Alaska, Nevada, North Dakota, South Dakota and Vermont

# Multifamily Pricing

	Stabilized Bridge	Value-Add Rehab
<b>Purpose</b>	Purchase or Refi	Purchase or Refi with Rehab
<b>Min. Loan Amount</b>	\$500,000	\$500,000
<b>Max. Loan Amount</b>	\$20,000,000	\$20,000,00
<b>Eligible Borrowers</b>	U.S. citizens, permanent residents, foreign nationals	U.S. citizens, permanent residents, foreign nationals
<b>Prepayment Penalty</b>	None (Minimum interest of 12 months)	None (Minimum interest of 12 months)
<b>Term</b>	2 years with 1-year extensions	2 years with 1-year extensions
<b>Rates</b>	As low as 5.25%	As low as 5.75%
<b>FICO</b>	Minimum of 680	Minimum of 680

# Glossary of Terms

**Adjustable Rate Mortgage (ARM):** An adjustable rate mortgage, known as an ARM, is a mortgage that has a fixed rate of interest for only a set period of time, typically one, three or five years. During the initial period the interest rate is lower, and after that period it will adjust based on an index. The rate thereafter will adjust at set intervals.

**Arm's Length Transaction:** Phrase meaning no special relationship exists between the parties involved in a transaction, which would contaminate the result.

**ARV (After Repair Value):** The estimate of a property's value after all repairs and upgrades are completed.

**Balloon Payment:** A large lump-sum payment due at the end of the loan term. Depending on the lender, it may be available on some types of mortgages, home equity lines of credit, or home equity loans.

**Buydown:** Loan transaction that involves fees paid by a person (builder, seller, etc.) to reduce the monthly payment amount for a home loan, either for the entire loan term or for an initial period of years.

**Cash-Out Refinance:** Cash out refinancing refers to when equity is liquidated from a property above and beyond sum of the payoff of existing loans held in lien on the property, loan fees, costs associated with the loan, taxes, insurance, tax reserves, and insurance reserves.

**EOC (Estimate of Costs):** A document used to show the borrower all the costs associated with conducting a loan.

**Fixed Interest Rate:** An interest rate that does not change throughout the life of the loan.

**Floating Interest Rate:** When a mortgage applicant allows the interest rate to fluctuate for a short period of time until he or she decides to lock it in.

**LTC (Loan to Cost):** The loan to cost ratio is the amount of the property purchase price that can be financed. Loan to cost is determined by the borrower's experience.

**LTV (Loan to Value):** The current loan amount compared to the value of the property, expressed as a percentage. For example, a loan amount of \$150,000 for a home valued at \$200,000 would have an LTV ratio of 75%.

**Personal Guaranty:** Agreement that make one liable for one's own or a third party's debts or obligations. A personal guarantee signifies that the lender can lay claim to the guarantor's assets in case of the borrower default.

**Quitclaim Deed:** A deed relinquishing all interest, title, or claim an owner has in a property. A quitclaim deed implies no warranty.