

## OBTAINING A LETTER OF INTEREST (LOI) FOR A LOAN:

### Detailed List of Possible Documents Required

**Submission of Documents:** Because documentation requirements can vary so much, it is best to be prepared to submit as much of the items, below, as possible. But do not burn yourself out because we often have multiple funding options and the documentation requirements may vary widely. Another fairly full list of underwriting requirements is on our Forms Page. Ultimately, a loan underwriter will not act upon partial applications. Also, submitting all documents at once can ensure that the application stays together as a complete submission. But, you should "follow our lead" and, simply, be prepared to submit what we ask for, when we ask for it.

**Amount and Type of Documentation:** Depending upon the loan size and purpose; the entity doing the borrowing and the collateral for the loan, the document requirements can vary widely. Many lenders now offer only fully documented loans. But, with numerous funding sources and various types of loans whose availability is constantly changing, reduced documentation may be possible based upon the borrower's specific needs and financial situation, as indicated above. Limited documentation can speed and ease the lending process, though it cannot be guaranteed to be available at any particular time or for any particular situation. An initial, informal discussion of your needs and situation is best before submitting more information than will, ultimately, be required. Do not be frightened off by the extensive list of documentation, below!

**About Loan Size and Guarantees:** Don't make the mistake of requesting less funding than is actually needed to accomplish the intended purpose of the funding. Doing so actually can reflect badly on the application because it can indicate poor planning to a lender or funding investor. On the other hand, many loans require personal guarantees and the consequences of any loan default are serious for both the lender and the borrower(s). So you should take the time and effort to come up with a loan amount that is realistic, adequate and affordable.

**About Rates, Points, Fees and Loan Limits:** These vary widely, and with time. Our rates sheets for in-house funding are online, and can give you a general ideal of the origination fees. But the closing costs vary widely with the actual lender that funds the loan, the type of loan and property, etc. We suggest that you figure in 6-15% in loan costs. That may seem like a wide range but, again, that is because of the wide number of funding options available. Compared to the limited number and type of residential loans that are now available, commercial lending is "the wild west". But, though rates, points, fees and terms vary widely, you may be surprised at how reasonable our rates and terms can be if your credit is adequate and your purpose or project makes sense to us. The best bet is to discuss your needs with us so that we can give you a better estimate of what you can expect.

*Note: We follow all federal guidelines, as well as plain old "good neighbor" ethics, regarding lending anti-discrimination, fairness in the extension of credit, anti-coercion, disclosure, etc. However, to avoid violation of state banking laws, we generally avoid lending on 1-4 unit residential properties unless they are to be investment, non-owner occupied. Generally, the preferred borrower or purchaser is a non-individual company entity. You should be aware that the requirements for disclosure for loans that are outside of the purview of federal or state regulations are often minimal. However, we do our best to provide you with a clear picture of the costs and obligations that come with funding that you accept from us.*

### Quest Funding Services, LLC

514 W. Washington Avenue, Pleasantville, NJ 08330  
609-363-8175 609-677-5446 Fax

[www.questfundingservices.us](http://www.questfundingservices.us)

There are 3 main parts of a submission requesting a Funding Letter of Interest:

## **Part One**

**Information about the requested funding.** *Provide all of the following information, as applicable, that is not specifically included in the formal application form. Take the time to come up with figures that will work for you. We will do our best to accommodate your needs:*

1. Purpose of the loan, such as for a purchase, refinance (cash-out or to reduce rates/payment), rehabilitation, equipment purchase/lease, operating funds, etc.
2. Size of loan and percent of loan compared to the value of the property, purchase, etc (LTV). If this is for a rehab, the present value and finished value (ARV) estimate is required
3. The amount of earnest money already paid, if the loan is for the purpose of a realty purchase, and the full down payment that is available to the borrower (in cash, not from further borrowing, which is inappropriate)
4. Amount of funds available for the closing expenses
5. Amount of funds available for operating expenses, payments, etc, during the term of the loan
6. The amount of current mortgage on the property, if the loan will be secured by real estate, that will remain and whether the current lender will subordinate their loan to the new loan
7. The loan term until repayment that is requested
8. The details of the payments that are requested (such as interest-only, etc)

[The Letter of Intent, if one is able to be issued, will detail the rates, fees and points, escrows or reserves, and payment type that appears feasible for your loan request subject, of course, to full and approval as evidenced by a formal loan commitment. Please note that a Letter of Intent is a preliminary document only. It is not a conditional approval to lend which is only evidenced by a formal commitment.]

## **Part Two**

**Information about the property if loan is to be secured by real estate:**

1. Executive Summary and complete business plan, if available, explaining what the borrower expects to accomplish with the funding. (Please understand that pro-forma income and profit estimates for properties without a proven past history as taken, somewhat, with a "grain of salt" by lenders unless strong justification is provided for the figures in the pro-formas.)
2. Color pictures of all four sides of the property; a street view and representative pictures of the interior. (Make each picture count for something...overwhelming us with photos is not helpful.)
3. Property reports that are already available, such as those from a contractor, home inspector or engineer; title report; survey; environmental report; previous appraisal; etc.
4. Historical Operating/Income statements, for existing income properties, for the past three years, in the form of Schedule C's, Schedule E's or 8825's. (Two years may be satisfactory, but three years are preferred.) A YTD statement for the current year should be included.
5. A rent-roll, for the current month, should be provided for tenant occupied properties.

### **Quest Funding Services, LLC**

514 W. Washington Avenue, Pleasantville, NJ 08330  
609-363-8175 609-677-5446 Fax  
[www.questfundingservices.us](http://www.questfundingservices.us)

6. For other properties, expense estimates should be provided. Do not omit a vacancy factor and outside management fee (about 10%, minimum, total) as this will be figured in if you omit it. For residential properties, you are welcome to include the income, for vacant units, based on market rents. Target occupancy for commercial rentals, however, will usually be based on the customary, current average figures for the surrounding area.
7. For hospitality properties (ie: hotels), include a current STAR report
8. We reserve the right to request the present tenant's YTD operating statement, and previous year P & L, if the property is a single tenant non-owner occupied property.
9. Please include statements regarding the current condition of the property, and details about needed refurb, whether or not the requested funding is intended to be used to rehabilitate the property.
10. Important: Don't omit your exit/marketing strategy (or management philosophy, if the property is to be retained). If you have a potential buyer already, give the details. In today's market, simply mentioning that the property is being purchased for resale will be considered to be both foolhardy and unprofessional. Do your homework! You are, in a way, "selling" both yourself, the property and the proposed funding to the underwriter.

## Part Three

### **Information about the borrower:**

1. Application and Personal Resume forms
2. (For existing businesses) Business History Form
3. (For SBA applications) the required SBA forms, including:
  - Statement of Personal History
  - Required Notices (paperwork reduction and privacy act)
  - Personal Financial Statement using SBA form
  - Business Debt Schedule
4. Purchase contract, if applicable
5. Credit reports, with credit scores, for all 3 major repositories, if available. If not, you may supply a TransUnion report, available at no cost from [annualcreditreport.com](http://annualcreditreport.com), with a credit score. At some point, we will need to re-pull your full tri-merge credit report, with your written authorization
6. Depending upon the type and terms of the proposed loan, personal tax returns with schedules A thru E for the last 2-3 years may be required.
7. Depending upon the type and terms of the proposed loan, business tax returns for two or three years. YTD P & L &/or Income Statement may be required.
8. Pro-Forma projections of sales, income and profit, for two to five years, if not included in a full business plan.
9. As a supplement to your resume, include a description of your specific qualifications for buying, owning, managing the project that is the subject of the requested funding. If you do not have adequate qualifications, experience or background, tell us who on your team (employees, partners, professionals or advisors) will substitute for your own experience.
10. Remember that whatever forms or information we require will be needed for all individual borrowers or for all corporate owners who have a 20%, or larger, share of the corporation or business entity.

### **Quest Funding Services, LLC**

514 W. Washington Avenue, Pleasantville, NJ 08330  
609-363-8175 609-677-5446 Fax

[www.questfundingservices.us](http://www.questfundingservices.us)