

SHORT-TERM & LONG-TERM RESIDENTIAL CONSTRUCTION LOAN NOTE INVESTMENTS

(Fixed Income Real Estate Investment Opportunities for Family Office & Hedge Fund Participation)



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Introduction

Dear Family Office/Hedge Fund Manager/Intermediary,

My name is Jay Lawson. I am a mortgage banker with Builders Commercial Capital Group (BCCG for short). BCCG specializes in the private placement of residential, multifamily, and commercial real estate development construction loans to the private investor marketplace. Our loan clients are local, experienced home builders, real estate developers, and construction companies that sponsor profitable commercial real estate projects.

To raise capital to finance these projects, BCCG originates short-term commercial real estate loan investments funded by private investors wishing to “passively” invest in local commercial real estate. These short-term investments finance the construction of single-family homes, townhomes, and condominiums that generate a profitable return for the loan investors as the builder’s

These short-term development/construction loan investments provide participating investors contractual remittance schedules of “passive” investment income as follows:

- **MONTHLY INTEREST RESERVE PAYMENTS** - Interest reserves are standard in commercial and residential construction lending. It provides the investors with a fixed rate of return in the form of a monthly schedule of “interest-only” payments until the construction of the home/condominiums is completed. BCCG incorporates an interest reserve schedule into every loan investment using the current WSJ prime rate as a baseline. 100 to 500 basis points may be added to the WSJ prime rate based on the profit margin between the wholesale cost to develop versus the retail price of the completed new home/condominium inventory.
- **REPAYMENT OF PRINCIPAL LOAN INVESTMENT** - Short-term residential construction development loans do not carry a long-term amortization schedule. The builder “fractionally” repays the principal amount from each home/condominium sale proceeds.
- **A PROFIT PARTICIPATION INTEREST RATE** - The investors are contractually entitled to a one-time repayment of interest (up to 14.5% depending on market conditions and profitability margins) in addition to the repayment of the principal, from the proceeds of each home/condominium sale.

BCCG structures these investments to offer an aggressive rate of return commensurate with. Participating investors contractually capitalize on the margin between the Builders’ wholesale cost to build and the highest feasible retail price point under which they can sell the finished product. This creates the remittance of principal and interest, including a profit participation component that benefits all participating investors.

Please review this introductory packet and let me know if we can present some of our upcoming construction loan investment summaries for your review and investment consideration once available.

I look forward to collaborating with you.

Sincerely,

J. Edward Lawson Sr.
Commercial Mortgage Banker
Direct: (404) 996-9875
Email: JLawson@BuildersCCG.com



Summarized Short-Term Loan Investment Parameters

- **Fixed Interest Rates:** BCCG generally tries to model the interest rates that are charged to the borrowing entity based upon the current WSJ Prime Rate (7.5% as of 3/7/25) PLUS an additional 200 BPS - 700 BPS (= 7.5% APY – 12.5% APY). On a per loan investment basis, the interest rate charged to the borrower is quoted based upon review of cash flow, collateral value, credit grade, risk assessment, property grade, property market, and overall parameters set by our internal underwriting criteria.
- **Borrower Types:** Experienced home builders, real estate developers, construction companies, architects, and real estate brokers/property management companies.
- **Short-Term Project Types:**
 - New Construction/Built from the Ground Up - Land Acquisition, Development and Construction projects to build single-family homes, townhomes, and/or subdivisions.
 - Conversion and/or renovation of other commercial/industrial spaces to create (residential, office, and/or retail) condominium inventory
- **Loan Investment Amounts:** From \$100,000 up to \$100,000,000+ depending on the scope, scale, size of the project type.
- **Loan Investment Structure:** Whole Note (Single Investor Participation) or Syndicated (Fractional/Tenants in Common - Multiple Investor participation)
- **Loan-To-Value Guidelines:** From 65% to 85% of the subject property's appraised value.
- **Loan to Cost Guidelines:** From 80% to 100% of the project/transaction amount, not exceeding 85% maximum overall LTV.
- **Recourse Provisions:** Full recourse, limited recourse, non-recourse
- **Appraisal Guidelines:** Certified commercial/multifamily appraisal provided by an active member of the Appraisal Institute holding the MAI designation.
- **Loan Proceeds Coverage:** Land/Building Purchase, development, construction/improvements, working capital, and property stabilization.
- **Borrower's Business/Personal Credit Grade Guidelines:** A, AA, B, BB
- **Loan Investment Terms:** Interest-Only 1-3 years.
- **Loan Origination Fees:** 2-5% of the loan amount. NOTE: The higher the loan amount, the lower the origination fee. All fees and closing costs are ADDED to the loan amount, and NEVER charged to the investors.
- **Loan Servicing Fees:** 0.25%, 0.50%, and 0.75% of the net loan amount, prorated over a monthly payment deducted from the overall monthly loan payments paid by the borrowing entity.
- **Loan Participation Deposit Deadline:** 3 to 5 business days before the scheduled loan closing date
- **Loan Closings:** Handled by a commercial real estate attorney appointed by, and as representing BCCG
- **Loan Servicing Guidelines:** Monthly remittance of principal and prorated interest payments (minus the loan servicing fee) on the fifth of every month for the life of the loan investment until formal disposition (i.e., loan payoff, prepayment, refinance, termination, modification, or nonperformance of the borrower).
- **Loan Funding Time frame:** When the investors deposit their loan participation funds into escrow, the loan closing date is usually 3 to 5 business days.
- **Assignment of Mortgage Provisions:** within 1 to 3 business days after the loan closing, where the portion of the mortgage representing the participating investors' stake in the loan investment is conveyed into their name by BCCG
- **Loan Investment Exit:** Repayment at maturity, balloon payment, borrower refinancing, pre-payment.

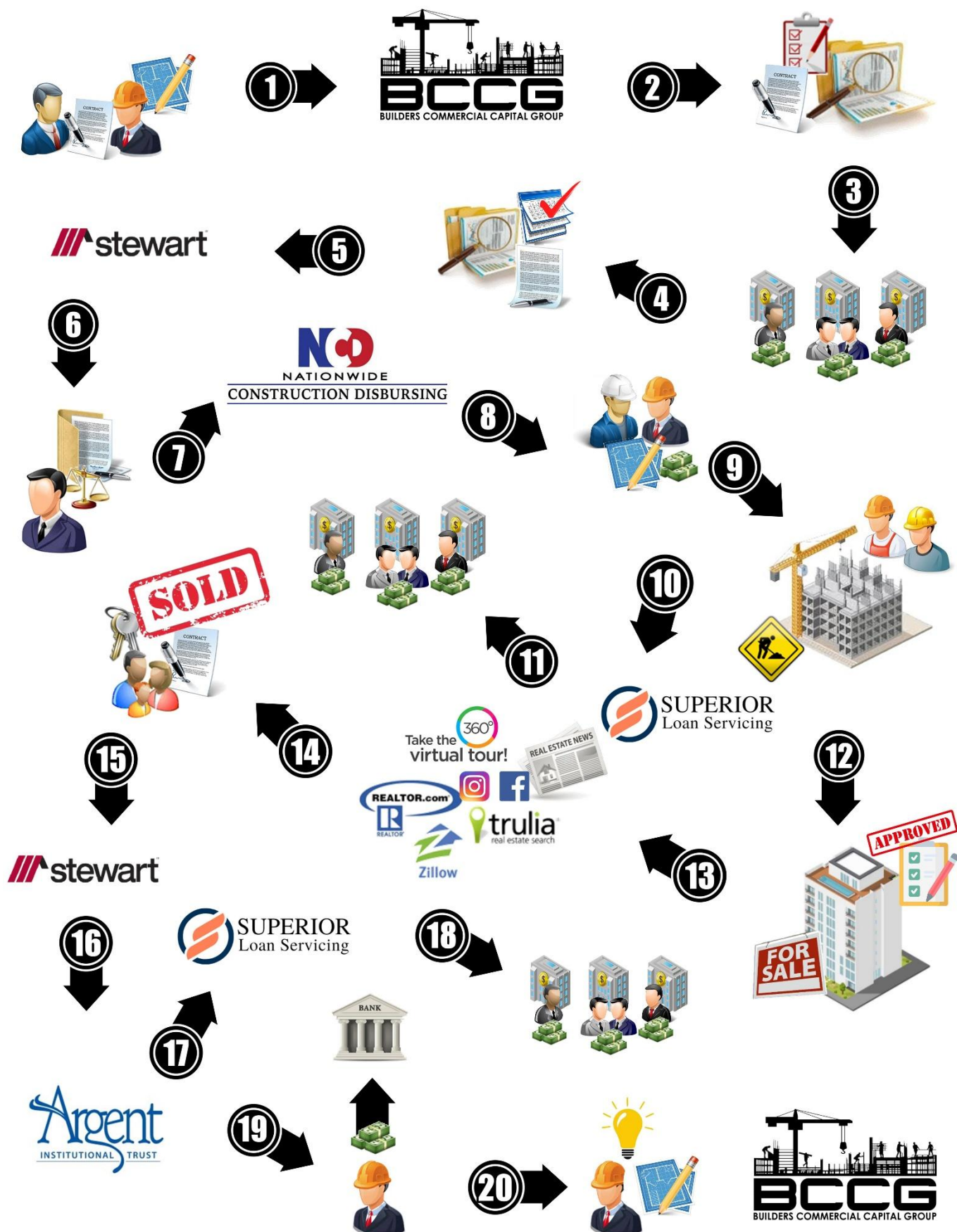


Short-Term Construction Loan Investment Lifecycle (Summarized)

Beginning with a well-conceived project sponsored by a local builder/developer. Once the project has passed through the site selection, design, engineering, construction estimation, and permit approval stages, the following loan investment/funding lifecycle goes into effect:

- 1.** A project presentation package is submitted to BCCG along with a completed construction loan application form. Afterward, BCCG conducts rigorous origination/underwriting due diligence and obtains a satisfactory real estate appraisal supporting the proposed loan amount.
- 2.** BCCG then presents the loan investment to private real estate family offices for loan participation consideration.
- 3.** After the family offices satisfactorily conclude their due diligence review, they will promptly execute a Loan Participation Commitment Letter specifying the instructions and deadline for depositing their loan participation funds into the escrow account of the real estate attorney/closing agent/title company.
- 4.** The family offices deposit their loan participation funds into the escrow account at the bank that serves as the fiscal agent of the title company, which will both close the loan.
- 5.** Having obtained “escrow clearance” from the title company that the loan funding proceeds are in place, BCCG's real estate attorney draws up the loan closing documents and schedules the closing date.
- 6.** On the loan closing date, the loan documents are executed, and the loan participation proceeds are released out of escrow to fund the project according to an approved disbursement schedule and monitored by the title company's construction escrow disbursement agent.
- 7.** Post-closing, and during the construction period the title company (as the escrow agent) administers the disbursement of the loan proceeds to the general contractor, according to a predetermined disbursement schedule agreed upon between BCCG, the title company, the builder/developer, and the general contractor/construction manager.
- 8.** The construction manager oversees the entire project through to completion according to the executed “construction management agreement” with the builder/developer.
- 9.** The completed project passes a rigorous inspection and obtains a certificate of occupancy.
- 10.** Now, the real estate brokerage firm can implement and successfully execute an aggressive advertising and marketing campaign to market the newly built inventory of condominiums and townhomes for sale to “bank-qualified” and/or “cash-ready” potential buyers.
- 11.** The aggressive marketing and promotional campaigns led by the real estate broker were successful, and the entire inventory of condominiums and townhomes is under contract and, therefore, “sold out.”
- 12.** The title company facilitates the sale of each condominium to every buyer.
- 13.** As the sales occur, a fractional loan payment is deducted from each sale (and held in escrow) until the requisite number of sales have occurred to repay the loan plus interest according to the terms of the construction loan agreement and the loan documents.
- 14.** The title company facilitating each sale deposits the proceeds into the Loan Servicing Company's escrow account for prompt remittance to each investor.
- 15.** The participating investors get their pro rata return on investment from the sales of the housing unit inventory of the single-family homes, townhomes, and/or condominiums.

Short-Term Construction Loan Investment Lifecycle (Flowchart)



NOTE: PLEASE REFER TO THE FOLLOWING "NOTE INVESTMENT SCENARIO" ON THE NEXT PAGE.



Example: A \$28M Condominium Loan Note Investment Scenario

The following scenario demonstrates how a successfully funded commercial development and construction loan for a \$70 million condominium project could generate the return on investment according to the terms of the construction loan note executed between BCCG and the developer (which is sold to investors post-closing).

SECTION 1 - Project Overview:

- CTB per Building: \$6,750,000
- Units per Building: 20
- CTB per Unit: \$337,500
- Total Buildings: 3
- Total Condominium Units: 60
- Total Vertical Construction Budget: \$20,250,000
- Site Work + Amenities: \$1,150,000
- Total Project Budget: \$21,400,000

SECTION 2 - Housing Unit Revenue Projection:

- CTB per Unit: \$337,500
- CTB-to-Retail Scale: 2.5
- Initial Retail Price: \$843,750
- Adjusted Retail Price: \$849,000
- Total Units: 60
- Total Gross Revenue per Phase/Project: \$50,940,000

SECTION 3 - Project Financing Structure:

- Primary Loan Term: (in months): 24
- Housing Unit Sell-Off Period (in months): 6
- TOTAL Loan Investment Term: 30
- Project Budget (Vertical Construction + Site Work): \$21,400,000
- LTC Scale: 90%
- Net Construction Loan Proceeds: \$19,260,000
- Developer Fee/Working Capital to Builder (15%): \$2,889,000
- Loan Payoff/Partner Buyout: \$275,000
- Closing Cost Contribution: \$192,600
- Construction Loan Admin/Audit Fees: \$132,000
- Interest Reserves: \$4,271,868
- \$27,020,468
- Origination Fee: \$810,614
- Net Loan Amount: \$27,831,082
- Adjusted/Final Loan Amount: \$27,840,000

SECTION 4 - Interim Interest Payment Schedule:

- Interest Reserve Term (Years/Months): 2
- Interest Reserve Term (Months): 24
- Total Interim Interest Payable: \$4,271,868
- Prorated Monthly Interest-Reserve Payment: \$177,995

SECTION 5 - Loan Repayment Schedule:

- Principal Loan Repayment: \$27,840,000
- Due-On-Sale Profit Participation Interest Scale: 14.50%
- Due-On-Sale Profit Participation Interest Payment: \$4,035,507
- Total Principal Loan Repayment PLUS Interest: \$31,875,507

SECTION 6 - Appraisal Guidelines:

- Appraised Value Requirement: \$37,120,000
- LTV: 75%

SECTION 7 - Loan Repayment Scenario:

- Total Sales Revenue: \$50,940,000
- Loan Repayment: \$31,875,507
- Total Condominium Units: 60
- Fractional Loan Repayment per Condo Sold (NET): \$531,258

SECTION 8 - Developer's Per Unit Profit Potential:

- Average Sales Price per Condo: \$849,000
- Sales Brokerage Commission: \$25,470
- Closing Costs: \$16,980
- Fractional Loan Repayment: \$531,258
- Total Deductions from Sales Proceeds: \$573,708
- Net Proceeds to Developer per Condo Sold: \$275,292
- Total Units Sold: 60
- Total Overall Project Revenue to Builder: \$16,517,493



Primary Third-Party Engagements in Every Loan Investment

The services rendered by these third parties are mission-critical and pivotal to the success of BCCG's loan origination and underwriting operations. To ensure overall investment performance and bolster investor confidence, BCCG has implemented a strategic relationship at every stage of the loan investment lifecycle to optimize our loan investments for private investor participation.

BCCG realizes it has several fiduciary responsibilities to our participating note investors; to safeguard investment capital, to secure the underlying collateral from depreciation, to protect the construction loan proceeds from mismanagement, and to deliver a premium return on investment in every loan investment. Therefore, the following parties and their respective engagements, collaborations and contributions will be present and apparent in every loan investment opportunity presented to our investor base.

- **REAL ESTATE APPRAISAL FIRM** - BCCG will engage the services of a local commercial/residential real estate appraisal company to offer comprehensive certified commercial real estate valuations of every residential development and/or construction project that BCCG is underwriting.
- **TITLE COMPANY/LOAN CLOSING AGENT** - Depending on any project's immediate local/geographic market, the title coordinator, closing coordinator, or real estate attorney may differ. Nonetheless, the title company engaged by BCCG will be able to obtain and deliver title reports, issue whole coverage title insurance policies, and coordinate lien waivers and releases as construction disbursements are advanced to each construction project.
- **ESCROW AGENT** - The title company above will also serve as the escrow agent for all loan participation funds on every residential/commercial construction and development loan originated and underwritten by BCCG. Each loan originated and underwritten by BCCG will have an individual "loan participation escrow account" set up with a unique accounting and routing number. The participating loan investors will be directed to deposit their loan participation funds into escrow. All loan participants will be required to deposit all loan participation funds into escrow no later than 7 to 10 business days before the scheduled loan closing date as set by BCCG. Once the loan participation funds clear escrow, the title company (as escrow agent) will be able to issue a "clear to close memorandum" to BCCG, the builder (borrowing entity, real estate counsel representing both parties, and all participating investors. This will allow us to engage our commercial real estate attorney to draw up the final loan closing documents for execution on the loan closing date.
- **CONSTRUCTION SITE/DRAW INSPECTION COMPANY** - BCCG will engage an experienced construction site/draw inspector who will be responsible for conducting routine site visits to each construction project in between scheduled disbursements to provide BCCG and the loan participants with detailed reports, photos, and videos on the progress of project, and the accurate and appropriate disbursement proceeds that were previously advanced to the project. It will be their job to recommend to BCCG, the title company, and the loan disbursement agent (see below) whether the next disbursement should be advanced.
- **CONSTRUCTION PROCEEDS DISBURSEMENT AGENT** - BCCG will engage an independent "Loan Disbursement Agent" to be the party responsible for dispersing loan proceeds to the construction manager of each project according to the construction loan agreement and the disbursement schedule executed between BCCG, the title company and the builder.
- **TRUST COMPANY** - BCCG has requested that the title company overseeing each transaction open a specialized trust/escrow account with an independent corporate trust financial institution. The trust Company will be the "custodian" for the impounded withholdings from the sale of every finished lot, single-family home, condominium, or townhome as encumbered for loan repayment of principal and interest. Once the requisite proceeds from every sale have been deposited into escrow with the trust Company, the trust Company is contractually instructed to remit the entire lump sum of collected monies to the loan servicing agent within 5 to 7 business days before the maturity date.
- **LOAN SERVICING COMPANY** - The Loan Servicing company is an investor remittance agent. It is their fiduciary responsibility to disperse all monies that comprise both the principal and interest repayment at maturity, in addition to the monthly disbursement of the "interest reserve" remittances. A "Registry of Loan Participants" is compiled according to the parties named in each respective assignment of mortgage agreement executed between BCCG and the participating investors. Forms.



Short-Term Construction Loan Investment Documentation

- **INVESTMENT SUMMARY & DUE DILIGENCE REVIEW** - The Investment Firm introductory packet- First time Investment Firm or Investment Firm that are new to working with BCCG are introduced to both BCCG and current loan investment opportunities in the "Investment Firm introductory packet". The Investment Firm summarizes the investment opportunity into concise bullet points on investment consideration. BCCG provides download links (via Box.com) for a comprehensive set of due diligence documentation that all Family offices are advised to review. The due diligence documentation includes loan applications, appraisals, title reports, construction estimates, sales contracts, project information, etc.
- **LOAN INVESTMENT PARTICIPATION LETTER OF INTENT** - BCCG provides a blank loan participation "Letter of Intent" form at the end of every due diligence packet to those Family offices that are willing to specify their willingness, capacity, and preferences concerning their desired participation in the multifamily development loan in question. This helps BCCG obtain an initial "headcount" of the requisite number of loan participants to confirm the loan closing date.
- **LOAN INVESTMENT PARTICIPATION AGREEMENT** - Once BCCG receives a completed and executed letter of intent form, BCCG immediately submits a Loan Participation Agreement for execution by the Individual investor. Each family office executes a Loan Participation Agreement whereby they agree on how much of a "stake" in the loan investment they are willing to take. Each loan is divided into a maximum of one hundred (100) smaller "Loan Participation Notes (LPNs)" for easy distribution among the participating family offices. The Loan participation agreement sets forth how many Loan Participation Notes (LPNs) a participating family office is willing to purchase. *NOTE: A minimum of TWO (2) family offices are required to participate in the loan investment to qualify as a "Tenants-In-Common/Participation Loan".* The loan participation agreement also provides "escrow deposit instructions" that instructs loan participants to safely deposit their funds DIRECTLY into the title company's escrow account, facilitating the loan's closing.
- **LOAN PARTICIPATION CERTIFICATE**—Once the Investment Firm executes a loan participation agreement by depositing their funds into escrow, BCCG issues a loan participation certificate that formally acknowledges their investment in the loan. The loan participation certificate is issued in both actual certificate format and a Loan Participation Acknowledgment letter that provides the Investment Firm with the tracking numbers assigned to them and their loan Participation Notes (LPNs) purchased.
- **ASSIGNMENT OF MORTGAGE AGREEMENT** - The document that legally assigns, conveys, and irrevocably transfers equitable and beneficial rights to each loan participant as a lien holder and creditor to the builder according to the loan participant's capital contribution to the loan made to the builder/developer. The assignment of mortgage agreement assigns the loan participant their requisite share in the underlying collateral, security instruments, repayment of principal and interest schedule according to their pro rata share in the mortgage investment amount. **PLEASE NOTE:** A specimen copy on the due diligence checklist is available for review. A first lien position on title secures the investors' loan investment capital, encumbering the entire inventory of townhomes/condominiums that secure the loan repayment amount under a fractional "due-on-sale release and remittance schedule." This allows the loan to be fractionally repaid as every townhome/condominium is sold off. Please see the following page entitled "Syndicated Construction Loan Repayment Scenario" for more details.
- **SATISFACTION OF MORTGAGE NOTIFICATION AND REMITTANCE AGREEMENT** - this document is issued to all respective participating loan investors upon the sale of the finish line or housing unit that encumbers a loan participation unit for repayment. This document notifies the investor that the monies collected from the sale proceeds will be deposited into escrow for prompt remittance to the investors on the loan maturity date specified in the Loan Participation Agreement. The agreement will confirm and/or select all the details regarding contact persons, banking institutions, responsible parties, and representatives that will be involved on the "receiving end" of the remittances to be released and dispersed from the title company/escrow agent as facilitated by Metro's loan servicing agent. **PLEASE NOTE:** as each finished lot, home, townhome, or condominium has been sold to fulfill the investor payback/remittance of principal plus interest, the respective proceeds withheld from each sale will be transferred from the special trust/escrow account set up by the title company and moved to the investor remittance escrow account of the loan servicing agent, who will then administer the disbursement to all investors respectively. Ideally, this should occur no later than 2-3 days before the loan maturity date.



Typical Short-Term Loan Investment Risk Mitigation Methods

Specific risks associated with construction and development projects add to their “speculative” nature. However, as outlined below, BCCG’s approach to mitigating those risks demonstrates prudent and diligent fiduciary responsibility to all loan participants. Thus, it ensures the delivery of a truly passive, direct participation private real estate investment with every measure of protection of investor funds.

- **FUNDS MISAPPROPRIATION RISK MITIGATION** - Several measures will be taken to mitigate this particular risk (of the money to finance the project being misappropriated). Firstly, there will be NO one-time, lump-sum payments made to the project manager or subcontractors during the project's construction phase. The construction budget will be advanced according to a “phased” disbursement schedule. Secondly, all disbursements will be subject to interim cost accounting reports, on-site inspections, and random construction site auditing that will be handled by an independent construction site inspection company that BCCG has engaged. The construction site inspector/auditor will provide real-time accounting of all disbursements advanced to the project along with documented compliance/adherence to the draw schedule.
- **NON-COMPLETION RISK MITIGATION** - To mitigate this particular risk (of the project running out of materials and/or labor), BCCG will require that the Builder, the general contractor, and subcontractors to provide an onsite, secured stockpile of all building materials and equipment for the entire buildout to avoid shortages of materials needed to complete the project. Additionally, BCCG will require that the builder, general contractor, and subcontractors maintain active crewmembers and laborers - with reserve crewmembers, foremen, supervisors on standby to fill-in when/if a worker needs to be replaced.
- **LOAN DEFAULT RISK MITIGATION** - To mitigate this particular risk (of the loan not being repaid), BCCG has incorporated a monthly “interest-only” remittance schedule (referred to as “interest reserves”) that will serve to provide uninterrupted cashflow to the participating investors. This pre-funded balance of interest reserves will be held in escrow and collected by an independent loan servicing company that will promptly remit those monthly interest-only payments to all participating loan investors. Additionally, BCCG has implemented a “due on sale” remittance schedule for both principals with a return on investment (usually up to an additional 8-12%) that each house will encumber in the buildout. The entire loan repayment of principal and interest will be divided by the total number of homes financed and encumbered by the loan investment capital provided by the investors.
- **MARKET NON-PERFORMANCE RISK MITIGATION** - To mitigate this particular risk (of the homes not selling), BCCG requires an implementable aggressive marketing strategy to be implemented and managed by an experienced local real estate brokerage firm. The purpose is to market, furnish, decorate, stage, and promote the first home to be built out as a fully functional promotional model. This will be used in social media, direct mail, newspaper, radio, and television advertisements to generate virtual tours and other proven marketing methods to create and boost pre-sales.
- **INSURANCE HAZARD RISK MITIGATION** - To mitigate this risk (of the homes being destroyed by various hazards and threats) that will result in a loss of inventory to the Builder and the capital invested by the loan participants, BCCG has coordinated a comprehensive “blanket insurance coverage” arrangement with Builder’s Insurance Group to provide an end-to-end policy on the homes to be built. In contrast, they are being constructed, after they are built, and until they are sold, the loan participants will name the loan participants as assignees of BCCG as “loss payees”. The properties will be insured for their fully appraised market value instead of their wholesale cost to be built. Therefore, in the event of vandalism, theft, burglary, storm damage, fire damage, earthquake, flooding, mudslides, sinkholes, and/or other acts of God or nature, the loan participants will have an immediate remedy by the insurance coverage.
- **DEPRECIATION OF COLLATERAL RISK MITIGATION** - To mitigate this particular risk (of the homes failing to be appraised and sold at or above fair market value), BCCG has underwritten under conservative appraisal guidelines, based on a “weighted” ratio between the builder’s cost to buy the finished lot from the developer, to construct the new home there on, and the margin between that figure, and the highest feasible retail price under which the real estate brokerage firm can sell the house for. Therefore, due to the diligence of recent comps from the immediate local area of the project, family offices will show steady, vertical growth trends of property valuations in the immediate vicinity. The home will not be “underwater”, or “upside down”. Thus, the homes can be sold off, refinanced, or liquidated without discounting the investors’ return of principal and interest.



Primary Third-Party Engagements In Every Loan Investment

BCCG has a fiduciary responsibility to our participating note investors to safeguard investment capital, secure the underlying collateral from depreciation, protect the construction loan proceeds from mismanagement, and consistently deliver premium return on investment in every note investment opportunity.

Therefore, the following parties and their respective engagements, collaborations, and contributions will be present and apparent in every loan investment opportunity presented to our investor base.

- **INDEPENDENT CONSTRUCTION ESTIMATOR:** BCCG will utilize the services of an independent construction costs estimator to review the construction budget presented to BCCG by the builder during the application process. The purpose of the independent construction budget review is to ensure that the budget submitted to BCCG by the builder does not contain deflated, inflated, or inaccurate numbers for materials and labor. BCCG will adjust the scheduled loan amount accordingly if the construction estimator recommends increasing or decreasing the construction loan proceeds.
- **REAL ESTATE APPRAISAL FIRM:** BCCG will engage the services of a local commercial/residential real estate appraisal company to offer comprehensive certified commercial real estate valuations of every residential development or construction project that BCCG is underwriting.
- **TITLE COMPANY/LOAN CLOSING AGENT:** The title coordinator, closing coordinator, or real estate attorney may differ depending on any project's immediate local/geographic market. Nonetheless, the title company engaged by BCCG will be able to obtain and deliver title reports, issue whole coverage title insurance policies, and coordinate lien waivers and releases as construction disbursements are advanced to each construction project.
- **ESCROW AGENT:** The title company will also serve as the escrow agent for all loan participation funds on every residential/commercial construction and development loan originated and underwritten by BCCG. Each loan originated and underwritten by BCCG will have an individual "loan participation escrow account" set up with a unique accounting and routing number. The participating loan investors will be directed to deposit their loan participation funds into escrow. All loan participants will be required to deposit all loan participation funds into escrow no later than 7 to 10 business days before the scheduled loan closing date as set by BCCG. Once the note investment funds clear escrow, the title company (as closing agent) will be able to issue a "clear to close memorandum" to BCCG, the builder (borrowing entity, real estate counsel representing both parties and all participating investors. This will allow us to engage our commercial real estate attorney to draw up the final loan closing documents for execution on the loan closing date.
- **CONSTRUCTION SITE/DRAW INSPECTION COMPANY:** BCCG will engage an experienced construction site/draw inspector who will be responsible for conducting routine site visits to each construction project in between scheduled disbursements to provide BCCG and the loan participants with detailed reports, photos, and videos on the progress of the project, and the accurate budget of disbursement proceeds that were previously advanced to the project. It will be their job to recommend BCCG, the title company, and the loan disbursement agent (see below) if the next disbursement should be advanced.
- **CONSTRUCTION PROCEEDS DISBURSEMENT AGENT:** BCCG will engage an independent "Loan Disbursement Agent" to be the party responsible for dispersing loan proceeds to the construction manager of each project according to the construction loan agreement and the disbursement schedule executed between BCCG, the title company, and the builder.
- **INDEPENDENT TRUST COMPANY:** BCCG has requested that the title company overseeing each transaction open a specialized trust/escrow account with an independent corporate trust financial institution. The Trust Company will be the "custodian" for the impounded withholdings from the sale of every finished lot, single-family home, condominium, or townhome as encumbered for loan repayment of principal and interest. Once the requisite proceeds from every sale have been deposited into escrow with the trust Company, the trust Company is contractually instructed to remit the entire lump sum of collected monies to the loan servicing agent within 5 to 7 business days before the maturity date.
- **INDEPENDENT LOAN SERVICING COMPANY:** The Loan Servicing company is the investor remittance agent. It is their fiduciary responsibility to disperse all monies that comprise both the principal and interest repayment at maturity, in addition to the monthly disbursement of the "interest reserve" remittances. A "Registry of Loan Participants" is compiled according to the parties named in each respective assignment of mortgage agreement executed between BCCG and the participating investors.



YOU'RE IN GOOD COMPANY WITH BCCG!



RE/MAX



Lawyers Title
INSURANCE CORPORATION



Fidelity National Title



Sotheby's
INTERNATIONAL REALTY



GoDOCS





QUICK REVIEW

- Builders Capital Group (BCCG). BCCG specializes in the private placement of Single-Family Residential development and construction loans to the private real estate investor community.
- BCCG only works with experienced, reputable, local home builders with a verifiable track record of successfully creating and selling high-quality new home inventory.
- BCCG structures all note investments as passive, "from-their-armchair", real estate-secured investments.
- Each note investment (per investor) will NOT exceed 15% LTV or 10% of the builder/developer's project budget.
- BCCG's note investment structure provides a FIXED monthly payment until the finished home is sold.
- BCCG's note investments offer Fixed APY (usually starting at the current WSJ prime rate = 7.5% as of March 7, 2025) prorated over monthly interim interest-only payments PLUS a lump sum repayment of principal and interest up to 15.5%.
- BCCG's private mortgage investors capitalize on the margin between the project's wholesale/discounted cost-to-build and the highest possible retail price point at which the newly built/rehabbed home/condo/townhome is sold.
- The BCCG loans are structured as "direct participation private debt investments." This means participating investors agree to participate in the loan directly with the borrower. They are not investing in or through BCCG or the borrower's operating entity in any way whatsoever. There is no stock purchase or JV/partnership with/or between the investors, BCCG, or the builder.
- The minimum LPN investment is \$250,000, and the maximum note investment is \$1,000,000, depending on the size and scope of the project.
- Each construction loan investment is divided into a maximum of twenty (20) smaller "mortgage investment shares" referred to as "Loan Participation Units (LPUs)" for easy distribution among multiple investors. An investor is NOT ELIGIBLE to participate as a sole investor. At least two (2) investors must participate in a mortgage note.
- BCCG DOES ALL WORK. BCCG intakes and processes the builder's loan application (and collects all supporting exhibits), orders title insurance, construction estimate reviews, and real estate appraisals. All underwriting and approval decisions are solely within BCCG's authority and responsibility.
- As the mortgage banker, BCCG performs "full-cycle" due diligence on all borrowers, properties, and projects with complete processing, structuring, underwriting, title, legal counsel, and loan servicing in place.
- BCCG uses one nationwide title/escrow company for all loans.
- BCCG stipulates that in every deal (wherever and whenever feasibly possible), the builder/developer contracts with an experienced local real estate broker professionally engaged to market the property to pre-qualified or "cash-ready" buyers who will buy the property upon completion.
- **NOTE:** To help BCCG present the loan investment opportunities that best align with their real estate investing objectives, prospective investors must complete a questionnaire that will tell BCCG the specific participation time frames, parameters, details, and geographic preferences in which BCCG can present private mortgage loan investment opportunities for consideration.

READY TO GET STARTED? GREAT RETURNS ARE ON THE WAY! Visit <https://BuildersCCG.com/note-investor-registration> to complete a brief questionnaire about your SFH new construction loan investment preferences, and we'll start sending you summaries of what best aligns with them. Our FAQs are [here](#).