



Regal Holdings, LLC

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Los Angeles, CA 90020

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Dear Investor or prospective Borrower:

Thank you for taking the time to visit our site and learn more about our services. Regal Holdings was set up to assist real estate clients with bridge loans, refundable earnest money deposits, mezzanine financing and First Trust Deeds to developers and other borrowers for commercial as well as residential real estate projects.

Here is how the process works:

Loan Review - Typically, we need a minimum of 3 to 5 days (from the day we get a complete package) to be able to fund the loan.

- ❖ One to two days for all the paperwork to come in to complete the due diligence. I cannot give you a formal approval until I see everything listed below, signed by the borrower.
- ❖ Then we need one day to review and give our letter of commitment, after I have sign-off on all documents provided and reviewed.
- ❖ Once we give you the commitment we can fund within one to seven days, depending on our ability to free up capital, wires, etc...
- ❖ Typically, the fastest we can go is 3 to 5 days, but it is based on your getting all the info to us. I would prefer a minimum of one week, if possible, as our workload backs up and there is only so much time in a day.

Due Diligence Process - In order to move quickly, I would need the following signed and in my file prior to funding.

1. At least One Current Appraisal within 30 days of funding, done by an approved Appraiser. Approved means, MAI, or an appraisal office that has done appraisals for at least 5 years with reputable banks in the local area. I would also like to have a report from your office or an inspector sent to the property to confirm value and review the condition of the property, if there are any problems which could affect value and act as our "eyes" as we are out of area. I need the report and appraisal for our file.
2. Purchase & Sale Contract and any addendums, signed by both parties and in contract.

3. Needs to be Updated / Amended if expired as the contract would be null & void. Need Buyer and Seller to sign something that allows us the time to get the loan funded, which typically is two to three days in addition to the date of closing.
4. Minimum 5% to 10% down from Buyer. We have to see borrower has something to lose or "at risk" in the transaction. We usually require 10%, but we will look at a min 5% down, if other risk factors are reduced i.e.; great credit, low LTV, history with you on other deals, etc.
 - a. We have to see borrower has something to lose and is at risk on the property; otherwise, they just walk away and we have to clean up the mess.
5. Minimum Three to Five Points to Sky West Real Estate Services, paid up front through closing, when we fund the loan. Points are subject to increase or decrease, subject to the risk, timeframe & urgency to fund and other factors.
6. Minimum 60 days interest, plus 1% late fee for every 30 business days following the due date of the loan. Example, I lend \$1.0M, if the loan is not paid off on time, then a 1% late fee, or \$10,000 is due every 30 business day. If the borrower is 1 day or 9 days late, it is still 1% late fee.
 - a. Interest to accrue until payoff, estimated to be 60 days.
 - b. 60 days minimum guaranteed interest due, whether the loan is for 1 day or 60 days.
7. Deed in Lieu of Foreclosure signed prior to wiring, funding or recording - We typically will give the borrower a short terms grace period. If we are not paid off during the grace period we record and take the property.
8. Signed 1003 Loan Application from Borrower. Signed credit report and ALL the usual loan doc's signed: VOD, VOE, Credit letter of explanation, etc. ALL NEED TO BE SIGNED prior to wire or funding.
9. Personal Guarantees from Borrowers signed at close. Need it on your form or a title form.
10. Income Verification - How is his/her cash flow? I need personal as well as company VOD in many cases where we are looking at self employed. Need to see other assets if something were to go wrong.
11. Lender take-out letter of Approval- I need to know a lender is going to fund and take us out. The stronger the letter, the less the risk to us. Needless to say, as water tight and non-generic is what I am looking for.
12. Signed Note & Deed of Trust – Need to have these signed and in my file prior to sending my approval to fund and record the loan.
13. Credit Letter - Charge off's or credit derogatory's from the collection account? Need signed letters of explanation from Borrowers on any/all matters.
14. Title – Need a copy of the Title Report for our file.
15. Closing Costs – All costs associated with the loan, including closing costs, are paid by borrower. You select the escrow and title company to work with and let us know.

Please be sure to send all of this to me by PDF and do not send until it is signed, otherwise, you are going to have to send it twice.

Escrow & Title Instructions - Closing

Once the borrower has signed all the paperwork at the Title or escrow company, I need a copy of all signed docs faxed to my office. Once we receive it, we will review and if acceptable, send a letter to the title/escrow officer instructing them to fund and record the loan.

Once the loan is recorded, I need the recorded Deed, or a copy thereof, faxed or mailed within 3 business days from recording as proof that we are on title and all is secure.

Other terms and agreements:

Non-Exclusivity - The parties understand and agree that that Regal Holdings engagement is non-exclusive and it is free to engage in other brokerage or service contracts. Furthermore, their performance obligations are limited to those specifically provided for herein. Sky West and Emerald Assets and all other parties named above may have projects and/or other real estate interests and that none of the parties are bound to work exclusively together.

Disclosure - It is agreed and understood that Jeffrey Lowden owns Sky West Real Estate Services, LLC and other entities wholly or is the general partner with other parties in various entities. Neither party is buying any interest in Sky West, Emerald Assets, Regal Holdings or any of his entities. Jeffrey Lowden is the managing director of Sky West who holds a CA Brokers license. All correspondence pertaining to this transaction will be directed to Jeffrey Lowden, Managing Partner for Regal Holdings, to the address listed above (which is subject to change).

Time is of the Essence - It is the responsibility of all parties that time is of the essence and that both parties will do their best to meet timelines, costs and management issues as quickly as possible.

Binding Effect of Agreement -This agreement shall be binding on and inure to the benefit of the respective parties and their respective heirs, legal representatives, successors, and assigns.

Contract Terms to Be Exclusive - This written agreement contains the sole and entire agreement between the parties, and once signed, supersedes any and all other agreements between them. The parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this agreement or any representations inducing the execution and delivery hereof except such representations as are specifically set forth herein, and each party acknowledges that he or it has relied on his or its own judgment in entering into this agreement. The parties further acknowledge that any statements or representations that may have heretofore been made by either of them to the other are void and of no effect and that neither of them has relied thereon in connection with his or its dealings with the other.

Waiver or Modification Ineffective Unless in Writing - No waiver or modification of this agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. Furthermore, no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this agreement, or the rights or obligations

of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. The provisions of this paragraph may not be waived except as herein set forth.

Liquidated Damages - Any disputes between the parties will be settled through the courts in the City of Los Angeles, CA.

Contract Governed by Law - This agreement and performance hereunder and all suits and special proceedings hereunder shall be construed in accordance with the laws of the State of California. The prevailing party in any dispute to enforce the terms of this Agreement shall be entitled to reimbursement for reasonable attorney's fees and costs.

VOID - This agreement shall become null and void if all parties listed below are not signed and this agreement (fax acceptable) to Sky West by _____ at 5 pm PST.

Non-Binding - This LOI is "Non -Binding" until I get final approval from my partner. Once you sign and we agree to terms, I then get my partnership approval and send you a commitment letter, which uses these terms as the outline, along with formal language that goes to the escrow company.

Agreed & Dated



R. Jeffrey Lowden
Managing Director & General Partner

Borrower