



USA Mortgage Funding, LLC
USAM 1 Fund, LLC

Private Investor Summary

Lending Outline –

- **Yields** – borrower note rates in the 13.50% to 18% range
- **Major Tenets / Lending Parameters** –
 - **Lend-to-Own** – always lend on something we'd like to own
 - **Fire-Sale Value** – lend as if we've got to sell the property to recoup our funds
 - **Money-where-your-mouth-Is** – lending our own funds
- **Loan Terms** – usually 12 months or less
- **Escrow Security** – initial loan funding goes directly to the escrow or title company
- **Bank Security** – the fiduciary for all involved
 - **Formal Approval** – all loans are approved by USAM and the Bank
 - **Borrower Payments** – investor payments disbursed by the Bank as agreed
 - **Borrower Servicing** – all functions handled by the Bank for a fee
 - **Borrower Collections** – collection calls handled by USAM but all default or foreclosure activity handled by the Bank
- **Asset Disposition** – responsibility of USAM

Transaction Flow – a brief outline of loan flow

- **Transaction** – received, underwritten & approved by USAM
- **Term Sheet** - USAM sends Term Sheet to customer for acceptance of terms
- **Bank Approval** - transaction sent to Bank for approval after Term Sheet is executed, and simultaneously sends to Investor
- **Investor Approval** – transaction sent for Investor for formal approval
- **Documents** – after approval, documents drawn and sent to escrow for execution
- **Deal Funding** – funds wired by Bank, Investor & USAM to escrow
 - **Bank Funding** – documents returned to Bank for funding of a 70% interest in the subject loan directly to escrow – Bank has a senior lien in the note
 - **Investor Funding** – documents returned to investor for funding of a 25% interest in the subject loan directly to escrow – Investor has junior lien in note
 - **USAM Funding** – documents returned, all administration coordinated with escrow and USAM funds 5% interest in the subject loan directly to escrow – USAM has junior lien in note

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Deal Example - \$3 Million 1st Trust Deed Scenario

- 1st Trust Deed Amount - \$3,000,000
- Property Value - \$5.50 million valuation from Bank & USAM acceptable appraiser
- Loan to Value - 55% / may not exceed 70% LTV with Bank or USAM
- Interest Rate - 15%
- Term - 12 months Interest Only
- Bank Funding – after approval, Bank to fund 70% of loan amount or \$2.10 million directly to escrow or title company
- Investor Funding – after approval, investor(s) to fund 25% of loan amount (\$750,000) directly to escrow
- USAM 1 Fund - deal originally approved and we fund 5% of loan amount (\$150,000) directly to escrow

Loan Administration - all loan servicing handled by the Bank

- **Customer Billing** - Bank responsible for all billing and payment collections
- **Investor Payments** - Bank is the fiduciary handling payments for all concerned – the money never touches our hands
- **Collection Calls** - responsibility of USAM / we know the customer best
- **Asset Disposition** – handled by USAM / we know the asset best

Participation Agreements – explanation of cash flows

- **Bank/USAM Participation Agreement** - explains how funds are handled throughout the transaction and that the Bank has a senior interest in the note - receive their funds first
- **Investor/USAM Participation Agreement** - explains how funds are handled and how the deal is administered by the Bank throughout the transaction - Investors shall receive funds senior to USAM but junior to the Bank
- **USAM** - we receive our funds last in the pecking order, but are responsible for collection and disposition of assets in case of calamity or foreclosure