

FREQUENTLY ASKED QUESTIONS

LOANS AND INVESTMENTS - URBAN DEVELOPMENT CONCEPTS, LLC AND NEWTOWN LOANS, LLC

What's the maximum amount of money I can borrow for my business or real estate project?

Currently, we do not have a cap amount on our business or real estate programs. Our previous loan amounts range from \$5,000 to \$2 million. The biggest restriction on your loan amount is that you have to prove you can pay back the loan from the cashflow on your project and provide adequate collateral to secure the loan.

What is collateral?

Collateral is property that you own that can be converted into cash to repay the loan in the event your project is unable to do so.

How much do I have to invest myself?

Typically, we require the borrower to invest a minimum of 10% of their own capital into the project.

What if I don't have enough cash or own enough collateral?

Unlike a traditional lender, NewTown can make equity investments or participate in joint ventures. In these partnerships, you give up a portion of the ownership and benefits of your project in exchange for NewTown using its own cash and/or collateral to underwrite the investment.

What will my loan terms and interest rate be?

Loan terms and rates are unique for each individual project based on the risk level. Real estate projects typically have a 15-year term, while business loans rarely exceed 5 years. Real estate rates are normally 6.55% fixed, while business loans normally vary at 3% above the Prime Rate*.

How do you determine if I'm eligible for a business or real estate loan?

The process of considering your loan is called underwriting. We use a combination of trained staff, volunteer loan committees and our Board of Directors to underwrite loans based on the amount requested, investment type, and other parameters. The underwriting process investigates both the project itself and the finances and character of the person requesting the loan.

How long does it take to receive a loan once I submit my application?

The average wait time for loan consideration is one month, although we do not guarantee that timeframe.

Will I receive all my loan funds once my loan is approved?

Loan funds will only be distributed as you incur eligible expenses.

What happens if I default on my loan?

Defaults happen when you violate the terms of your loan, such as missing payments, failing to provide financial reports or any other condition on your particular loan. If you default on your commitments, we have the right to make you pay off the entire loan immediately. If you are unable to do so, we will use your commitments and collateral to repay ourselves.

**The Prime Rate can be found online at: bankrate.com/rates/interest-rates/prime-rate.aspx*