

THE 4X LOAN PROGRAM

INTRODUCTION:

Our private lending group is not a conventional commercial or retail lender – they are a “PRIVATE Wholesale Lender”. They started out as a creative way - to protect investors – acting as a “Safety Net” for their funding and evolved over time to offer other lenders capital at wholesale rates so they could expand their own lending businesses. From there the company branched into a model that offers wholesale capital DIRECT to project and business owners at remarkably attractive interest rates, comfortable terms, and fully mitigated risk.

These lending capabilities are unique, and they can be complicated, but the advantage for the borrower is extremely low interest rates, the lending multiple is high and the risk to the borrower is mitigated because everything in the chain is fully insured. Our lender does not “pool” capital from a stable of investors as most lenders do, instead they are lending their own capital. As a result, their processes are often different from what you may be used to. Despite an unconventional methodology, this lending program has 15 years of repeat borrowers who welcome the model because of the incredible amount of money they save working with this program. Due to the current volatility of the markets and the aggressive stance of Federal Governments to support the economic issues at hand, we are also going to stabilize our own rates. We are now setting our Interest Rates at the **GREATER OF A “Flat 3.5%”, OR “LIBOR+2.**

In most instances, if you have found yourself looking at this 4X Loan Program as a viable option for your financing needs, it is because you have likely already exhausted your desire and/or ability to work with everyone else, including your own Banks, Retail Lenders, VC’s and Angel Investors. In order to offer a unique platform, you must appreciate that the unique processes and protocols facilitate our ability to offer this program and do what we do. For those who follow our steps, the process is fairly simple and seamless. For those who attempt to customize our steps and alter our protocols in order to suit your own way of thinking, this may not be the place for you, because we are under very strict Compliance requirements that do not allow us to stray from the guidelines that we have agreed to abide by, and which also make the terms and conditions of this Loan Facility possible.

It is also important to understand that if your project is on a “time crunch,” or requires all funds at once, then this option is also not the best option for you to utilize because the lending program does not operate like a Bank. There are steps that must be followed and sometimes have delays (usually created on the Borrowers side) that can change all initial timeline expectations, so that is a discussion that we will always have up front so that we can mutually determine if there is a good fit.

Our programs will not fit everyone. Our offering is unique, and you may be better suited to work with a conventional Lender; however, if our Program and Procedures (outlined in detail below) are workable for your project, then feel free to proceed!



The 4X Loan FAQ

PREAMBLE: The lending groups formal FAQ is part of the application intake package and each page of the FAQ must be initialed and the document is also signed and dated. *This serves as an acknowledgement that you have received a detailed outline of our Loan Program, and that you have read it and are in agreement with the 4X Loan process. Neither the FAQ (or the TERM SHEET issued once your project has been accepted for financing) “bind” you to proceeding with the Loan. However there are a number of items regarding procedural expectations (such as Deposits and Legal Expenses) that will become binding once your deal evolves to those stages. These items are clearly outlined in the FAQ, and will be further reiterated by the Term Sheet and the Loan Agreement. Your signature on this document is your first acknowledgement of acceptance of the basic terms and processes.*

Q1. “Where is the 4X Lending Group from?”

A The business is registered and domiciled in the Caribbean.

Q2. “Why are they registered/domiciled there?”

A Strictly for the advantageous corporate structures that are available to global businesses.

Q3. “How long has this lending program been operating?”

A The 4X Loan program has been operating since 2005.

Q4. “What kind of businesses are they willing to lend to?”

A If the business opportunity is determined to be a good one, then they are open to virtually any type of business that is not illegal, or located in a politically sensitive jurisdiction.

Q5. “What are the minimum and maximum amounts needed to participate in the 4X Loan program?”

A The minimum initial deposit amount is \$1M USD. This will result in a credit facility of up to \$4M USD. There is no maximum.

Q6. “Do I need to use the entire credit facility?”

A No. You can use only what you require and you are only charged interest each quarter on the amount that you drew down.



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Q7. “I have a great business idea and need a \$1M investor. Can you lend us that \$1M?”

A This program is structured for the 4X Lending Group to be your “Second Lender”, as the program operates within very specific banking regulations and guidelines. Once you have already raised a minimum of \$1M USD in cash pledged to your project, then they can offer to loan you multiples (up to four times) of your initial funds deposit at the quoted rate.

Q8. “How does it work?”

A Banking regulations require the lender to position your 20% initial funds as the “loan loss reserve”. This does not put any liens or encumbrances on your money, it simply means that your money is required to sit idle on the sidelines, without ever being encumbered or depleted, while the loan funds are spent into your project and until the loan facility is fully funded.

Q9. “If my initial funds are the “loan loss reserve”, are they taken in the event of any repayment “default”?”

A No. The lender does not encumber your deposit in any way, and it is not pledged or listed as collateral in the loan contract. This assures that your cash and investors are protected from the risk of your project.

Q10. “I have \$5M, and I need to buy a piece of land upon which to build a \$20M project. Can this program help me?”

A Yes, as long as your purchase agreement can follow the program’s disbursement protocol. The program is designed in such a way that the lender will deploy loan funds on a monthly basis. Since the funds are typically fully disbursed in 9-12 months, your purchase agreement must align with this procedure. The other solution is to have funding begin 6-12 months prior to your purchase date, so that all of the funds are sitting in the bank account when you are ready to close on the deal.

Q11. “How does my initial money “sit idle on the sidelines”?”

A There is a very specific procedure to follow to ensure that your money is subjected to no risk, as well as ensuring that those funds remain non-depleted, and unencumbered during the drawdown of our loan funds. At all material times, your funds will either remain in your



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own Bank Account, or in the Account of an Escrow Agent with specific controls and permissions.

Q12. “What collateral will I need to provide for my loan?”

A The 4X Loan is typically secured ONLY by the project that the loan is being used to finance. The lender will have a “GSA” (General Security Agreement or lien) on the project itself – no further collateral is required. They will not ask for personal or corporate guarantees, will not lien your initial funds, and will not attach any other unrelated assets. If the loan is defaulted on, the claim will be strictly against the project itself.

First Position, Unless there is an Institutional Lender – our lending group typically takes “First Position” on the loan, except when the Borrower already has a loan in place with an Institutional Lender, (because they always demand first position). Beyond that, our lender would expect to be in a first position as Creditor, given that they are usually lending the majority of the budget.

Tax Credits – When our lending group finances a Project that has Tax Credits attached to it (i.e. Film, Technology etc.), they expect that the Government Tax Credits be monetized and used to repay as much of the outstanding Loan as possible. Because they fully insure your Initial Deposit, there is never any reason to use Tax Credits to protect an Initial Deposit.

Q13. “What is the length of the loan term?”

A The length of the term often varies from project to project. The lending group will make every attempt to be flexible with the term to help it fit your project. The default length for a loan contract is 48 months from the time of the first disbursement. The minimum length for any loan is 12 months.

Q14. “Are there any penalties for early repayment?”

A No. You can repay any portion of the principal at any time, without penalty.

Q15. Are there any FEES?

A Yes. The lending group has a one-time, 3% “Lending Fee” due upon closing of the loan (at first disbursement). This fee is paid directly from the credit facility provided, as part of the first disbursement. The fee is calculated as 3% of the total loan amount - your Initial Capital is NOT included in this calculation.



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Q16. “Are there any additional fees or costs?”

A Yes. They are:

a) “**Custodian Fee**”: As with any loan, it is important to have a competent custodian who will oversee the loan disbursements, ensure that the use of funds matches the drawdown schedule that the borrower has provided, monitor the project to ensure it remains on track and to manage the repayment of interest and principal. This custodian is a non-negotiable requirement of the lender’s insurers. In order to do this efficiently, their insurer will assign an independent 3rd party Custodian who will provide oversight on a monthly basis from the time that the funding begins until the loan is repaid in full.

The assigned custodian will levy a flat \$5,000/month Management Fee for their oversight services on the loan, which will be invoiced by them once monthly. This will be paid directly to Price Waterhouse (the lending group does not derive any revenue from this process) and can be taken directly from your loan disbursement every month.

b) **Legal/Closing Fees**: As with any loan, the closing costs are the responsibility of the Borrower. This cost will never exceed 1% of the loan amount, with the high end (1%) only occurring in very complex transactions where appraisals may need to be ordered, multi-jurisdictions, and multiple lawyers becoming involved. In all cases, itemized closing costs will be provided to the borrower.

Most smaller Loan Agreement closing costs are between \$25,000-\$35,000. During the loan setup process, the lending group incurs costs for project assessment and due diligence through Price Waterhouse, and begins to incur legal costs from the point of their Insurance underwriting and the issuance of the Term Sheet. All of these front-end costs are fully borne by them; however, once the Borrower signs the Deposit Agreement and is ready to begin the SafeKeeping/Compliance process, they will ask the borrower to verify in writing (via email), their readiness to proceed with having the Loan Agreement developed. Following this confirmation, the Borrower will automatically become responsible for the associated legal/closing expenses from that point forward.

Because there have been a number of Borrowers step away from the deal AFTER depositing their funds and formally requesting their Final Loan Agreements be developed, and who later were unwilling to pay those incurred legal fees, the lending group has been forced to put a safeguard in place (to assure their Lawyers that they won’t be forced to take the Borrowers to court in order to be paid their fees). This safeguard means that we now require the Borrower to escrow \$25,000 USD into the lawyer’s IOLTA Account as a deposit for the closing costs. This amount will cover all/most/part of the legal costs for their Final Loan Agreement, (depending on complexity), and the Law Firm will furnish a complete invoice showing their



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allocated time and charges. Depending on the actual final cost, there may be resulting “credit” or a balance still owing above the \$25,000, which can be settled up after the close of the loan. If the \$25,000 is not deposited into the Lawyers IOLTA Account, then the Lending Group will NOT have the Loan Agreements developed until they are in place.

METHODS OF SAFEKEEPING

A) BORROWERS “INITIAL FUNDS” ARE \$10M USD OR MORE

The preferred method for borrowers to position their “Initial Funds Deposit” is moving it into their own designated account at the US Federal Reserve Bank. This account is 100% insured. You will be contacted by the pre-arranged Investment Bank in the US to handle the setting up of the account when the loan deal reaches that point in the process. There is also an option for holding the funds in your own account with a top 25 standard bank but this method has strict requirements that must be met.

PROCESS STEPS FOR \$10M+

1. Borrower submits Application Package and POF
2. If Loan is Approved, then a TERM SHEET will be issued
3. Term Sheet is signed, and countersigned
4. Borrower will sign a DEPOSIT AGREEMENT with CLOSING AGENT
5. 4X Lender EITHER;
 - a) Arranges for a new bank account to be opened in the **Borrower’s Name** with a designated US Investment Bank which will be housed at the US Federal Reserve Bank. The Lending Group will arrange for the Borrower to work directly with Bank to achieve this, **OR**
 - b) If the Borrower is banking at a Top 25 Bank in a good jurisdiction, they MAY be permitted to hold their funds in an account with their bank but a strict protocol (outlined below) must be followed to exercise this option. (*Note: Removal, depletion or encumbrance of the funds in any manner will result in a “*Default*” situation, and the loan will be deemed immediately payable)
6. If using a standard bank rather than the preferred Investment Bank option, per 5 b) above, then the lender’s Compliance Officer must be ADDED to the Borrower’s Bank Account using a Corporate Resolution. The objective is for this Officer to possess limited permissions to view and confirm the account directly with the bank (but no permissions to withdraw or encumber funds). Since most US banks do not allow for “view only” signatories, by setting up the account as a multi-signatory account (more



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than one signatory required to withdraw of encumber funds) the borrower's bank will confirm that there is no chance any single signatory can do anything with the account other than view/confirm it.

7. Borrowers outside North America may escrow deposits with HSBC London.
8. Borrower moves their initial funds into the designated bank account.
9. Borrower Wires \$25,000 USD to the Lawyer's IOLTA Account, as a Services Deposit for the development of the Final Loan Agreement.
10. The loan begins the 60-day Compliance Period.
11. The Final Loan Agreements are formally requested by the Borrower via email to the Lending Group.
11. Final Loan Agreements are negotiated and signed.
12. Funding begins.

B) BORROWERS "INITIAL FUNDS" ARE LESS THAN \$10M USD

For any Borrowers who have an "Initial Deposit" that is below \$10M USD only the preferred method is available. Your deposit will be held in your own designated account at the US Federal Reserve Bank. This account is 100% insured. You will be contacted by the designated US Investment Bank to handle the setting up of the account when the loan deal reaches that point in the process.

PROCESS STEPS FOR INITIAL AMOUNTS LESS THAN \$10M

1. Borrower submits Application Package
2. If project is approved, then a TERM SHEET is issued
3. Term Sheet is signed, and countersigned
4. Borrower signs a DEPOSIT AGREEMENT with the 4X Lender. The agreement stipulates that the Borrower's Initial Funds cannot be depleted or encumbered, and must remain on deposit for the 12-month funding period.
5. The Lending Group arranges for a new bank account to be opened in the Borrower's Name housed at the US Federal Reserve Bank. They will arrange for the Borrower to work directly with the bank to achieve this.
6. Borrowers outside North Americas may escrow deposits at HSBC London.



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7. Borrower moves their initial funds into the designated bank account.
8. Borrower Wires \$25,000 USD to the Lawyer's IOLTA Account, as a Services Deposit for the development of the Final Loan Agreement.
9. The loan begins the 60-day Compliance Period.
10. The Final Loan Agreements are formally requested by the Borrower via email to the Lending Group.
11. Final Loan Agreements are negotiated and signed.
12. Funding begins.

NOTE** - If a Borrower takes it upon him/herself to contact any of the Lending Group's Banking or Legal Partners without first obtaining the permission to do so from them, your Term Sheet/Deal Offer will be **TERMINATED**. The Lending Group CANNOT have Borrowers or their Affiliates contacting their Bankers or Lawyers without them arranging it, as this can create a deluge of calls and interruptions for these professionals, and ultimately frustrate these important business relationships.

C) SBLC or BANK GUARANTEE – MINIMUM \$10M USD or GREATER (initial funds remain in borrower's bank account, and a SBLC or BG is issued by their bank)

Using this method your initial funds remain in your account, and your bank would issue a "bank instrument" - a "SBLC" (Standby Letter of Credit) or a "BG" (Bank Guarantee).

However unless your instrument has a face value of \$10M or more banks are very reluctant to accept them. Banks receive fees based on volume and it takes considerably more time/effort to receive and value a small SBLC, than a large one. Additionally, your bank will charge you substantial fees for setting up the instrument and executing the transfer of the instrument to another banking institution. As a result, the lender **strongly** suggests using the "Primary Methods" noted above for most deals, as these options are smoother, more expedient, and have no cost to the borrower. ***This SBLC option is to be discussed ONLY when necessary.***

NOTE FOR ALL DEPOSIT METHODS** Once the Deposit Agreement is signed, the funds must be in the deposit account within 3-5 business days.



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If they are not, the Lender will assume that the Borrower will not be proceeding, and they could excuse themselves from the deal.

60 DAY COMPLIANCE / CLOSING PROCESS

Once your “Initial Funds” are in place, the loan is then put through the rigorous “compliance process with the Bank of England (as the lender’s primary bank is in the United Kingdom), the Eastern Caribbean Central Bank (as the lending group is a registered business in their jurisdiction), the US Federal Reserve System (if they are issuing the loan in USD), and their Insurers. This process takes roughly **60 days**.

Upon completion of the compliance process, with the loan having cleared all money laundering and anti-terrorist protocols, your credit facility is released and disbursements commence. Additionally, a “**History of Funds Report**” is issued to your bank via the SWIFT System, to fully inform them that the incoming money has cleared all banking compliance protocols.

Your initial funds will remain in “safekeeping” until the end of the term (12 months) of the Deposit Agreement. Upon completion of the deposit's timing requirements those initial funds are again “available” to you. If they are not already held in your own account they will be wired back to your bank “account of origin”, or if using a “SBLC” the bank instrument will be returned to your originating bank.

Q17. “How Do I Apply to the program, and what are the steps?”

A Once weLLcome capital has received your Loan Request Summary and reviewed your materials with the lending group, we will verify that the project is a good fit for the program, and if the lender likes the deal, they will issue a Letter of Interest (LOI) to fund the loan. After the borrower receives and accepts the LOI, the borrower must have executed weLLcome capital’s NC/NDA and Finder’s and Financial agreements and paid the \$5,000 USD engagement fee invoice. Upon receipt of the fee, the full loan application and intake package is released to the borrower to prepare the formal submission. Once the intake package is completed and submitted to the lending group, PWC will perform a full risk assessment and if the application passes risk assessment and is approved, a Term Sheet is issued and will outline the terms of the loan.

Upon initiating the application process, the time required to complete a standard deal and begin disbursing funds is approximately 90 – 100 days from application submission through to the end of full compliance.



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The information required for the intake package is as follows:

1. An acceptable Proof of Funds (showing initial funds are ready to deploy)
 - i) Account Statement of the borrower (current)
 - ii) If an investor is providing the POF for the borrower's application, we need the investor's Account Statement and a letter from them on their corporate or personal letterhead pledging their funds for the deposit in support of the loan application. We will also need a copy of their passport for compliance if it ends up being their funds that are positioned in their own account.
 - iii) If a lender is offering providing the borrower a loan that will serve as their initial deposit, then the lender's term sheet may be able to serve as the POF
2. Project Business Plan and any supporting documentation that will help strengthen the project and improve the outcome of the risk assessment.
3. Use of Funds outlining how the funds will be spent into the project
4. Drawdown Schedule (the proposed drawdown schedule must fit our parameters of a "start smaller and slowly escalate" model to match program requirements.
5. Lender's Loan Application Form:
 - i. If the applicant is a Corporation or LLC, a copy of the "Articles of Incorporation" must be included.
 - ii. If the applicant is a Corporation or LLC, a "Board Resolution" (stating that the signatory has the authority to act on behalf of the corporation) must be provided.
6. The Lender's FAQ document, initialized and signed.
7. Copy of Passport of Application Signatory

The processes that will be followed from the time of application through to submitting to compliance will depend on the amount of the borrower's initial funds. Those processes are outlined above in the "METHODS OF SAFEKEEPING"



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Q18. “If I am Accepted for a Loan, how do I Proceed?”

A Upon verification that the project is a good fit for the program, a draft “**Term Sheet**” is prepared that outlines the terms of the loan. This document is a non-binding outline which gives us a track to run on. This Term Sheet will be sent over to you so you can review it with your lawyer, and sign it back if you are comfortable.

If you need some adjustments, the parties can get on a call to outline those changes and get the Term Sheet to where both sides are ready to proceed. While small, reasonable changes are acceptable, understand that this is not a negotiation, and the lender is not going to accept wholesale “rewrites” of their Loan Terms. If their terms are not suited to you, then we understand that we are likely not the right Lender for your purpose.

Q19. “What is the process for the final loan agreements?”

A During the 60-day Compliance period, the lender’s lawyers will draft the Final Loan Agreements and any ancillary documents necessary, to incorporate all of the information in the Term Sheet as well as any additional final details.

Q20. “Can we do the Final Loan Agreement immediately following the signing of the Term Sheet instead of after our Deposit is made?”

A Yes; however if the Agreements are created prior to the beginning of the banking compliance process, the cost of the legals must be paid *UPFRONT* by the Borrower. In order to have our lending group’s legal team develop these agreements, they must be certain that they will not be stuck with the cost to do so if the Borrower decides to step away from the deal. The cost of the Legals is covered in this FAQ at Q16(b). The Loan Agreement is typically handled during the 60 days of downtime that we have during the compliance phase because most Borrowers do not want to pay for these costs upfront.

Q21. “How long does the compliance confirmation take?”

A 60 days from the time that your “Initial Deposit” is deposited and confirmed. Understand that the current state of international banking (ie: Brexit, COVID19, US Foreign Relations, etc.) have had an impact on settlement times recently, as we are currently in the middle of a “force majeure” situation.

Q22. “Can I use the loan funds to take out my initial, more expensive, “hard money lender”?”



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A Yes. What is advised here is that you post an Initial Funds amount of 25% instead of the usual 20%, so that the 4X credit facility is now equivalent to 100% of your capital. Then you can structure your hard money lender into your drawdown, so you can repay that lender over a prescribed time period, using the extra multiple.

Q23. Can I take money that I have borrowed from the 4X Lending Group, and put it into their “ETN” program?

A No. Money that is lent to you cannot be recycled into this Interest bearing investment product.

Q24. What kind of “investment” is the “ETN” Program?

A The “ETN” (Exchange Traded Note) Program is a fully FCA Regulated Security that is Listed on the Frankfurt Stock Exchange (BOERSE), and is exclusively offered through a fully regulated Investment House/Capital Management Company in the UK. This Product is regulated as a “Tier 1 Security”, and has FOI Insurance offered by Lloyds of London to fully insure your principal. The assigned Bankers are from Citibank and Goldman Sachs, and the Fund Administrator manages 1,078 Different Funds, totaling \$190B Euros under management. The expected Return is 20% per annum for this product and the minimum buy in is one million British Pounds (£1,000,000.00)

Q25. “Is there any solution if I do NOT have my 20% Initial Deposit?”

A Yes, potentially. In the event that the Borrower has a Banker or Private Company/Individual who is able to take in a SBLC (Standby Letter of Credit) issued by HSBC or Barclays or another Top Tier Bank, then we can potentially finance 100% of your Project. This process is very stringent and requires that the entity that is going to accept the SBLC be able to follow our process to the letter. Contact weLLcome capital for a description of how your project could make use of this SBLC process.

Q26. “Can I borrow my Initial Deposit from a Third Party, OR have that Third Party deposit funds on my behalf?”

A Yes; however, there are specific documents that must be submitted as part of your Application package which clearly state that this is the situation. Further, and most importantly, the Borrower MUST have an agreement between himself and the Deposit provider, that confirms that those funds will be committed to the Deal until the full term of the deposit agreement is reached.



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Q27. “How long does it take until the loan funds are fully disbursed?”

A Our typical disbursement schedule would see the entire credit facility released over **10 months, in monthly deposits to your designated account**. When you first submit your project for assessment you will provide your “Preferred Drawdown Schedule” and “Use of Funds” outline. The Lending Group will try to accommodate that timing as much as possible; however, **the final drawdown schedule will be determined by the lending group’s insurer**, and will rely heavily on the level of risk that is conveyed by the “Risk Assessment Report” on each project from the information that you initially supply in your application intake package. The drawdown process is monitored by the “Custodian”, who will maintain oversight on the loan deal, and make sure that your actual spending matches your submitted “Use of Funds” outline.

** It is important to note that the lending group strives to push the funds out to you quickly as they are permitted, but we also need to stress that the drawdown schedules lean towards being a **gradually increasing slope** in the sense that they will NOT have “balloon payments” in any given month. The **typical drawdown** would see **the first draw being the smallest, with each subsequent draw increasing over time**, until the full credit facility is pushed out in the typical 9-12 month timeframe (large commercial real estate deals usually have an extended draw schedule). If your project requires a “balloon”, you could always start early and have the lender “stockpile” a few disbursements for you, and then you can take a larger “balloon” sum. If you are trying to purchase a property or asset in one payment, then are best to arrange other financing that can provide a single payment, and then use the 4X structure and low interest rates to pay out the other lender over 9-12 months.

This program is designed to provide you the capital that you require without having to secure the lender’s position with “Personal or Corporate Guarantees”. The result of not carrying any other liability beyond the project is that the funding schedule must meet the requirements of the Insurer that is ultimately assuming the risk. Since there are no other assets being collateralized other than the project itself, drawdowns will almost invariably be between 9 and 12 months to push out the full facility, and distributions will be at a fairly consistent and rising level. Also note in the event that the Custodian finds any variances in the spending, or if they are not accommodated in their task of accurately monitoring the numbers, the loan could experience an interruption in disbursement until the borrower returns to a compliant methodology.

Q28. “What is the Interest rate charged on the 4X Loan?”

A Interest will be the **GREATER of 3.5% or the US 12 month LIBOR rate plus two hundred (200) basis points** (the “Interest”) unless otherwise stated, and is determined



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when the Project is assessed. Interest will accrue and be paid or capitalized quarterly on the outstanding principal, and must be kept up to date. For convenience interest payments can be budgeted to be made from the credit facility itself. There is also a reduced “Sovereign Rate” for Government Borrowers as well as borrower’s who are wholly owned Government entities.

Q29. “Will I be paying interest on the full amount from day 1?”

A Interest is only charged on the principal amounts that have already been drawn down from the credit facility.

Q30. “How do I repay the loan?”

A Our lending group offers a variety of options for repayment of the loan, which you will choose from before the end of the loan term. The repayment method you choose is entirely up to you, so you may select the method that best suits your business needs:

- (i) Balloon Payment
- (ii) Convert to permanent financing with a short or long term mortgage, which the lender can assume
- (iii) Equity, or Debt-Equity hybrid model
- (iv) A set loan repayment schedule
- (v) If at the end of the term you are not yet prepared to repay the loan, you have the opportunity to extend the interest only loan term for another 12 months.

Q31. “What are the RISKS? Everything has risk and this sounds “too good to be true.”

A First and foremost, this program is built around your initial deposit funds being **fully secured at all times**. Regardless of whether your deposit is “Under \$10M”, or “Over \$10M”, your funds are always in a Bank Account that is in your name, and fully under your control.

Q32. “Is there anything that could potentially interfere with us receiving the loan?”

A As long as your funds are not from illicit sources and will clear compliance without incident, if the lender has accepted the project for funding, then you are good to go. After the Loan disbursements begin, if you breach the contract in some manner, it could cause the loan to be temporarily delayed, or possibly stopped, depending on the severity of the breach.



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There is a “Force Majeure” clause in effect for all loans to address any possible interruptions that could occur due to forces beyond the Lender’s control. In the event that this occurs, they will do everything in their power to look for alternative solutions to try and circumvent any delays.

Q33. “What if sometime within the deal timeframe, I do not like the direction that the project is taking, and I would rather exit it than potentially suffer a loss?”

A Each loan includes an “Exit Option”, and in such a case you would simply execute this option. No matter what portion of the loan has been spent into the project, you can abandon the project at any time should you desire to. Even if you have spent all of the loan funds into the project and none of your deposit funds into the project, this option remains available to you. If your funds still sit in Safekeeping, you can remove them. However, in such cases, the Lending Group requires that you provide them 30-60 days advance notice that you will be abandoning the project. They will need adequate time to unwind their own positions so as not to cause them undue aggravation. Note that you will completely forfeit the project upon exit.

Q34. “What Currency can I use for my initial funds?”

A USD, Euros or Sterling are all acceptable currencies and additionally because the lending group banks at HSBC in Mumbai and Dubai, they also are able to transact the deposit in both Indian “Rupees”, and Dubai “Dirham”.

Q35. “Are there any limitations to my using a Bank Guarantee or Standby Letter of Credit?”

A In these cases, the lender will **ONLY** deal **DIRECTLY** with your issuing bank, and for them to be able to use that instrument with relative ease, then that bank **MUST** be a “Top Tier” Bank, located in a “good jurisdiction”. If it is NOT, they cannot guarantee you that your SBLC/BG will be of any value.

Since the receiving Bank will discount the face value of the instrument, it must be **“grossed up”** appropriately to yield the full initial deposit amount of 20% or 25% required for the loan that you are requesting. Additionally, any banking fees from your banking institution for the issuance of these instruments will be borne solely by the borrower. As stated above in the Safekeeping Options section, Bank Instruments are becoming more difficult to work with, therefore must be a **minimum face value \$10M USD**.



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Q36. “Can I use liquid assets like GIC’s, T-Bills, Bonds, Mutual Funds, or pledge my land as collateral to establish my initial deposit for the “loan loss reserve”?”

A NO. “Near-Cash” instruments are not permitted. Any instrument that you possess must be first turned into CASH and placed in a bank account in your corporate name, in order to serve as your initial 20% deposit.

Q37. “Can we keep our money in multiple bank accounts?”

A NO. Capital must be amalgamated into one bank account to avoid confusion and/or a slowdown in the system. The lender recommends that if you have your money in multiple accounts, or have several “investors” in your project and the money is scattered, that you utilize the escrow/trust account of a trusted lawyer, and compile it into a single account. This ensures that the deal remains simple and moves along expeditiously.

Q38. “When using a Bank Instrument, my money will be kept in a daily interest account. Can I still earn interest on that money?”

A YES. You can earn whatever interest your bank offers you for a cash account.

Q39. Once I have been provided a “Term Sheet” for my loan, how much time do I have to act on it?

A The Term Sheet expires after **30 days**. When the lender issues a term sheet they set the loan funds aside with the expectation that the deal will close in a timely fashion. If you are not advancing your deal before the term sheet expires, you will then need to reapply to the program if you wish to revisit the option, and subsequently pay a **“Resubmission Fee”**. This fee will cover all of the costs they incurred structuring your deal the first time around, which can include Legal Fees, Due Diligence Fees, cost of issuing insurance, and the time that is committed to your file from the outset. This fee begins at \$25,000, and can be higher based on the complexity of the deal.

Q40. “What should I do if my timing happens to coincide with a timeframe that could create a delay?”

A As our Lending Group only deals with banking partners at the highest levels, certain times of year may see delays in the processing of Loan deals due to holidays. If your deal drifts into a time of the year that might be an issue for processing in a normal timeframe, they make



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concessions to make that delay more palatable. This will typically happen if your deal is not **settled before May 31**, when the summer vacation bug hits and Banks close entirely in Europe for extended periods; only returning after the **first weekend in September**.

Another period is **between American Thanksgiving and the First Week in January**. Again, this is another long holiday season that will see deal processing through the system stop entirely, due to vacations and closures.

YOUR PERSONAL DUE DILIGENCE

Q41. “Before I go any further, I need to know the names of the principals, their backgrounds and obtain a “Proof of Funds” so I know they can perform on the loan, to visit their offices and talk to other clients etc. etc.”

A This would be “traditional” due diligence for a retail lender, and it makes perfect sense in any traditional business deal where your capital is subjected to “RISK”, and your key concern is risk mitigation.

In a normal arrangement, you would **spend your money** into your project, and look for a loan to complete it (50% loan or less is typical). That Lender would undoubtedly take collateral on every asset they could locate, and expect guarantees from you both personally, and corporately. Further, as is common in the industry, they would charge substantial, non-refundable upfront fees for “submission”, “due diligence”, “travel/site visits” and more, which could amount to tens or hundreds of thousands of dollars, with no guarantee that they would accept or fund the deal.

They often expect that your capital be wired **to them** for safekeeping instead of to a 3rd party Bank, Escrow Agent or held within your own account. That is the standard business model when you are risking large money.

The reality is that our lending group does not “Audition” for business.

Within the 4X Loan format, the 4X Lending Group never has any control over your funds and they ensure that you are never exposed to any risk of loss. The most important issue for them (and what makes this program work) is the safety of the borrower’s initial capital, and the complete mitigation of risk to you and your investors throughout your deal. Since the **ONLY** money that is at risk is the lending group’s money, they no longer entertain endless costly hours of satisfying traditional due diligence requests.



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Your funds are always 100% secured in your own bank account, or by directly depositing your funds to the US Federal Reserve Bank, which provides 100% insurance on all deposit amounts. Your loan is then up to 4x your “Initial Deposit,” at a Wholesale Interest Rate, and the lender’s money is always the first money put at risk in the field.

Through the compliance process you have no concern about being involved with illicit funds, because your bank will receive a “History of Funds” report, confirming the origin and safety of the lender’s capital before it is deposited into your account.

“Due Diligence”, when done correctly, is the process of “Following the Money”. The template from which our Lending Group operates is designed to give you the transparency that you need in order to feel safe, because you can always “follow the money”, and you will always maintain complete control over it.

Q42. “I am worried about “money laundering,” so I need to know everyone who is in the deal, in case the funds come from a questionable source.”

A The loan monies that you receive to fund your 4X loan will be paid out to you through a TOP TIER Bank (i.e. HSBC). When **your** bank receives this money, they will also receive a “**History of Funds Report**”, and a full “**KYC**” on the source of funds. The manner in which this program is designed means that there is absolutely **no possible way** that “dirty” money could enter, or circulate through the system. Every transaction is strictly “Bank to Bank” via the SWIFT system, so the onus to perform the requisite due diligence will be between the banks.

Q43. We have proceeded to the point where we have received our Term Sheet or Deposit Agreement, but we have one member of our team that has questions that are unrelated to the stage that we are now at (and are typically early-phase questions that would already have been addressed and answered in the FAQ, or during phone calls and/or emails). How is this handled?”

A If you have signed the lender’s formal “FAQ”, and have received and signed your Term Sheet, then you have confirmed that you are fully comfortable with all of the processes and procedures, and are ready to move forward to complete your Deposit Agreement, and your Final Loan Agreement. We fully expect you to have a number of questions regarding both of these agreements that will be managed as they arise, on a go-forward basis.

However, if after accepting to proceed to the next step in the process you suddenly need to digress and backtrack, your deal will also be sent backwards. If the lender has a **signed “FAQ”** and “**Term Sheet**”, and you find the need to go back to “grassroots” issues that were either resolved at the outset of the deal, or were never raised as an issue in the first place,



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then they will terminate your Term Sheet, and you will start the process over from ground zero.

This approach has been initiated because this has been occurring with Applicants. At each step of the process, the lending group has committed time, resources and capital, which are not charged to the Borrower. When a member of the Borrower's team (often a new party that has never been introduced to the 4X Lender, 4X Program or FAQ) suddenly steps in, changes the dialogue, and reverts forward momentum, it invariably sidelines the deal for an indeterminate amount of time. For this reason, the lender must remove the deal from the queue, and try to resolve the new issues.

When you begin the loan process, the Borrower must determine "who" is material to the deal from your own side, and have them as part of the process **from the outset**. These individuals need to attend calls and be copied on emails so they are constantly in the information loop and can pose questions at the relevant and the appropriate times. For the lender to be preparing to have a Borrower deposit their funds and begin compliance or negotiate the Final Loan Documents, only to then receive an email from a member of the Borrowers team who is unknown to them start asking questions that were discussed on the first phone call, is unnecessary and unproductive.

The message to take from this is that you must bring ALL of your decision-makers and stakeholders to the table from the outset, keep them informed at every step, and if you choose to move to the next step, do not reverse direction.

THE IMPORTANCE OF FOLLOWING THE ESTABLISHED PROCEDURES

In providing lending services since 2005, the lender has developed this program in a way that allows the borrower the ability to move through all "compliance" requirements in a very efficient manner. Additionally, the process provides you with complete protection of your capital and of yourself from becoming involved with any illicit funds. These steps have been established after many years of perfecting these processes and this remains the best method for you to get to the point of receiving the funds expeditiously.

Our Lending Group has found that many clients believe that they have a "better way" of doing things. This always results in the deal becoming mired in unnecessary delays, with the potential outcome of being denied the loan, because the alternate methods do not meet the stringent requirements of their regulatory bodies and/or Insurers.



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The methods they offer that guarantee your money are in use because they work, they offer 100% coverage of your initial capital, and because they will always be accepted by the “Compliance” process.

This is not to suggest that their Term Sheets or Loan Agreements cannot be modified to suit your specific project; they can; however, large-scale rewrites are discouraged. Edits to third party documents such as the “Bank Guarantees”, “Standby Letters of Credit” or “Insurance Documents” are entirely non-negotiable, as they are designed to meet the regulatory requirements of the Banking and Insurance industry. Similarly, because they are so tightly integrated into that same fabric, they must have their procedures and agreements structured in a manner that is congruent with those regulations. What seems like a “simple adjustment” on your part, can amount to a change that will cause our deal package to fail compliance, thus preventing your loan approval.

These processes and protocols are carefully designed to best protect your interests, while moving you successfully through the system of checks and balances that keep you safe, and to allow the Lending Group to do what they do best – guide you to successfully funding your project.

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