

## Questions & Answers from Meeting Held on January 10, 2008 - Distributed January 12, 2008

Objective: *To potentially look at an investment opportunity with no money down.*

Introduced Jim McConville – He has more than 40 plus years in real estate. He is an entrepreneur with more than 1000 properties. He has several other businesses as well. He has been equated to Donald Trump.

### Q&As

How does the investment work? Explanation of How Credit Report is utilized. Why is it necessary to use our credit?

**Answer:** I use your credit and your name to assist finance loans on apartment conversions into condos. You receive \$10,000 cash per loan. There is no money paid out of your pocket. I do not believe in acquiring high income deals; therefore, everything that I purchase is between the \$200,000 to \$400,000 ranges. I sell everything for undervalue which targets first-time home buyers and it makes the property much easier to sell. By selling under value, it also gives these first-time buyers immediate equity in their investment. I initially invest 20% on each loan or each unit; and I purchase the entire building. This is absolutely not true who ever gave you this information it is incorrect. It is simply more complex to obtain loans from the bank after 250 units.

Does Automatic Submission of credit report, mean acceptance of anyone? What are the qualifications?

**Answer:** No. The most important aspect is that you have a good fico score which should be more than 650. The higher your score, the better loan rate is obtained and the more you can participate. The minimum is approximately two loans per year which you would be paid \$10,000 per loan for usage of your name.

How does your corporation account for the money to the participants? For example, how does your accountant account for the investors on your taxes?

**Answer:** All investors are reflected as expenses.

1099's – Do you issue 1099's at the end of the year? Have you ever been audited by the IRS? **Answer: No, because all investors are money being paid out – expenses. I have been audited one time and that was because of a CPA calculation error. Not for any other reason.** He added some numbers incorrectly.

What kind of information do we have to provide the lender?

**Answer: A completed loan application and the attached documentation)**

What are the risk factors?

What happens if you should die or go bankrupt?

**Answer: I have several corporations and my sons are intricately involved in the business. When I die I have it legally set up so that business will continue as usual.**

Will you assume a formal release in writing of liability for my loan from the lender that you will make all of the payments as long as my name is on the note and deed of trust so that I am not liable for the payments?

Am I responsible for the loan between the times that the loan document is signed; the grant deed is signed over to you, and the sale of the unit(s)? Or,

Once I deed the property over to Jim, does he then start making the payments on the new loan under my name? A Lender can call in a loan in full because a person that they have approved has not assumed it. What if the Lender does not realize that the loan/property has been sold? Would I have to send in the loan payments each month so the lender would not call in the loan? Or,

If you should default on the loan that I have negotiated, and if it should go into foreclosure, how does this affect my ability to obtain a loan on my own home? Alternatively, how long will it be before any lender will look at me for a loan on my own home?

**Answer: (to last four questions): I will work something out with you. I have more than 1000 properties all of which I initially pay a 20% deposit on so I am well invested. It would be stupid for me to relinquish on any of these loans. I begin making payments immediately. I have never defaulted on a loan and I have never gone into foreclosure.**

**When you first take out the loan it will impair your credit slightly depending upon your financial resources. But, as the loans are paid off, it will increase your fico scores. There is never any money paid out of your pocket and you receive \$10,000 per loan cash.**

How long does the entire process take, if you are accepted? Or, how soon after I sign the grant deed over to you, do I receive the monies due? How is the money issued? – In a cashier's check, check, etc.?

**Answer: The process will take about 90 days to qualify. Up until this year it took 30 days to process on our end for an initial loan, but in 2007, I received incomplete loan applications, so it is important that you reveal any discrepancies about your credit applications since we have no way of knowing. I paid these people \$10,000 per loan; they were disqualified and I never received any money back from any of them. The 90 period will give the banker's a chance to reveal any necessary information to qualify or disqualify an investor. The money is paid by my corporate check.**

If you do not issue 1099s, then how do we list the money received as income or how can we?

**Answer: I am not in a position to tell you how to do your taxes. You will need to consult with your accountant or a good cpa. A good CPA is worth his weight in gold. I will say however, that if you have a business, it is best to have the check made payable to your business or corporation. I can make the check payable anyway that you like – to your mortgage, to a credit card. It is up to you. My accounting department will call you prior to the check being issued.**

Do you have references that we can call?

**Answer: Absolutely. I will be happy to give you names.**

### **Submit with Loan Document:**

1. Do not Complete Section I or II – Begin with Section III
2. Copy of Social Security Card
3. Colored Picture of Drivers' License

4. Past Three Months' Bank Statements
5. Copy of Home Owner's Insurance
6. Copy of property taxes
7. Copy of mortgage statement
8. Copy of business license if own business
9. Copy of W2 Form if employed
10. Copy of 401K, IRA, Stock Options
11. Copy of Life Insurance