

## **A Brief Overview of TMI and Partners Ltd.'s 20/80/100 Funding Program Investor Procedures**

1. The Investor group has the option to pick and choose from any of the projects presented to them.
2. The Investor funds are completely secured through the lender's system. At the end of the loan distribution, the investor funds are returned in full. If the investor provided 20% of the budget, their funds would be needed to be spent into the project to complete it (as the final 20% of the funding requirement). If the investor provided 25%, their investment is simply returned to them in full. As a condition of their investment, the project owner may need to offer additional interest payments to the investor, and/or an equity position in the project.
3. As an Investor, any project you invest in can yield an excellent return, equity sharing and a 100% guarantee of their principal. Due to strong due diligence procedures, each investor will meet Project Owner, review the project and work together to help get it fully funded. Acceptable forms of Proof of Funds:
  1. Bank Statement showing the required level of funds. This statement must show the name of the account holder and the banking institution.
  2. Investment portfolio showing the required level of funds in cash or highly liquid investments.
    - 2a. If the bank statement or portfolio is held by any person other than the signatory for the borrower, a letter from that person will be required stating they will be providing the initial funds to the project for the purposes of procuring the loan.
  3. Letter from registered investment house or wealth management company, on the company letterhead and signed by an authorized representative, stating that project owner or investor has cash or liquid, marketable securities with a market value in excess of the initial funds amount.
    - 3a. If the letter represents funds held by anyone other than the person who is the signatory for the loan, a letter from that person will be required stating they will be providing the initial funds to the project for the purposes of procuring the loan.
4. A formal term sheet from an institutional or private lender stating that the client company has been approved for a loan in the amount of the required initial funds amount.
5. Statement of credit lines for the borrower showing enough available credit on those lines to be able to provide the required initial funds amount.

## Loan Terms

1. Interest Rate – “LIBOR + 2” of total loan. Paid quarterly.

### 2. FEES

a. One-time 3% “Lending Fee” due upon closing of the loan (At first disbursement). This fee is paid directly from the credit facility we provide you, as part of the first disbursement. This fee is calculated as 3% of the total loan amount - your Initial Capital is NOT included in this calculation.

b. “Custodian Fee”: As with any loan, it is important to have a competent Custodian who will oversee the loan disbursements, as well as ensure that the use of funds matches the drawdown schedule that the borrower has provided to us. Our Insurer makes this a requirement that must also remain in place to track that the project remains on track and interest repayments are also being satisfied. In order to do this effectively and efficiently, our insurer will assign an independent 3rd party Custodian who will provide oversight on a Monthly basis from the time that the funding starts 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 (lender does not derive any revenue from this process).

c. Legal/Closing Fees: The closing costs of any loan are always 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, and multiple lawyers becoming involved. In all cases, itemized closing costs will be provided to the borrower - most of our Loan Agreements are handled for under ½%, which typically translates to \$15,000-\$30,000.