PARLIAMENT
PRIVATE CAPITAL

2095 Hwy 211 NW, Suite 2-F / 303, Braselton, GA, US, 30517
harrison@parliamentpc.com | (770) 846-7186
www.ParliamentPrivateCapital.com

Investor FAQ for Private Lending Fund

Q: What is a private lending fund?
A: A private lending fund provides short-term loans to real estate investors, typically for fix-and-flip projects. These loans are backed by the property itself, offering a secure, income-generating investment.

Q: What types of projects does the fund finance?
A: Our fund primarily finances fix-and-flip residential properties and some light commercial real estate opportunities, focusing on short-term bridge lending.

Q: What is the target return for investors?
A: Our fund aims to provide 10% annual returns through interest payments on loans, with potential upside based on market performance.

Q: How are returns distributed to investors?
A: Preferred returns are distributed monthly, with performance bonuses to be paid periodically with the total target return being 10%

Q: Is there a preferred return?
A: Yes, investors are offered a preferred return depending on the size of their investment, meaning they receive their payout first before we take a share of the profits.

Q: What happens if the fund performs better than expected?
A: You always hit your preferred return before management sees a penny. Periodic performance bonuses will be paid with the target return being 10% annually to investors. This ensures investors share in the upside while we retain a portion for fund management.

Q: What fees are associated with the fund?
A: Our originating entity keeps admin fees paid by the borrower in order to cover the cost of originating and due diligence.

Q: How is my investment protected?
A: Every loan is secured by a lien on the financed property. If a borrower defaults, we can foreclose and recover the loan amount by selling the asset.

Q: Is there a minimum investment amount?
A: Yes, the minimum investment is typically $50,000, although this may vary depending on current fund size and opportunities.

PARLIAMENT
PRIVATE CAPITAL

Q: What types of borrowers does the fund lend to?
A: We focus on real estate investors with solid track records in fix-and-flip projects, good credit and good character. Each borrower and property undergoes thorough underwriting.

Q: What are the typical loan terms?
A: Loan terms range from 6 to 12 months, with typical interest rates of around 12%

Q: How do you evaluate the risk of each loan?
A: We conduct comprehensive due diligence, including desktop appraisals, credit checks, and a review of the borrower’s rehab plan. We also limit our loans loan-to-value (LTV) depending on the borrower's credit and experience to reduce risk.

Q: What are the risks involved with this investment?
A: As with any investment, there are risks, including borrower default or market downturns. However, first-position liens, personal guarantees from borrowers and adhering to our requirement ratios help mitigate these risks.

Q: What happens if a borrower defaults?
A: If a borrower defaults, we pursue foreclosure and sell the property to recover the loan amount. Our conservative underwriting is designed to have the asset value exceed the loan balance.

Q: How does the fund handle market downturns?
A: During downturns, we focus on more conservative lending criteria and properties in stable markets to reduce exposure. Our short loan durations provide flexibility to adapt quickly to market changes.

Q: How liquid is my investment?
A: Our loans are typically short-term (6-12 months), and capital is returned to the fund once loans are repaid. The fund itself is not designed to offer daily liquidity. We recommend investors have a 1 year investment horizon or longer however we offer 90 day liquidity on your first $100,000 invested.

Q: Can I withdraw my investment early?
A: Early withdrawals are generally discouraged due to the nature of the loans, but partial redemptions are possible under certain conditions and full redemptions within 180 days.

Q: How will I be kept informed about my investment?
A: You will be provided monthly statements detailing loan portfolio performance, and fund returns. Additionally, investors receive annual statements for tax purposes.

Q: How will my investment returns be taxed?
A: Interest income from the fund is typically taxed as ordinary income. We recommend consulting with your tax advisor to understand how this affects your specific situation.

Q: Is my investment secured by a legal agreement?
A: Yes, every investor signs a subscription agreement outlining the terms and conditions of their investment. The fund operates under state and federal regulations governing private lending.

Q: How will additional capital affect the fund?
A: As the fund grows, we will use additional capital to finance more loans and diversify the loan portfolio, spreading risk across multiple properties and borrowers. You will not be diluted only diversified.

Q: Do you have plans for future expansion?
A: Yes, we plan to continue expanding into new markets and add more lending products based on demand and investor feedback over time.

Q: How do I invest in the fund?
A: To invest, you'll need to complete our subscription agreement and provide proof of funds. Once approved, you can wire your investment to our fund account.

Q: Is there a deadline to invest?
A: The fund has rolling admissions, meaning you can invest as opportunities become available. However, we encourage early participation to maximize potential returns.