

## UNDERWRITING POLICIES

5/23/03

- 1) We will always require an OSL ordered New Appraisal or Field Review of all collateral considered as necessary for the loan. (This excludes only that collateral taken as an "abundance of caution".) We will always require a detailed budget, reviewed and approved by us, prior to ordering the appraisal on any loan with any significant engineering, entitlement, or construction component.
- 2) We will always require background checks on borrowers and guarantors.
- 3) We will always complete on-site inspections of collateral for loans over \$1,000,000 and complete a written evaluation. Sample form is available.
- 4) We will order Economic Reports from Milken Institute and other sources, as appropriate, as quickly in the process as feasible, after receipt of the deposit.
- 5) We will always obtain an Entitlement Review of all collateral. Underwriting shall determine the appropriate level.
- 6) We will always require a "lock box" agreement any all income producing properties.
- 7) We will not make a loan to any borrower or guarantor who is involved in a bankruptcy of any kind or in any way at the time the loan would be closed.