

## Frequently Asked Questions

Below are several of Noble Capital's (Noble) most Frequently Asked Questions. The answers listed below are abbreviated, more in depth analysis and information can be found within the contents of the PLN overview. If you have a question or concern that has not been sufficiently addressed herein, as always, Noble Capital would love to hear from you.

### **How long has noble Capital been in business?**

Noble opened for business in March of 2002.

### **Has an lender ever lost money with noble Capital?**

No, a lender has *never* lost money investing with Noble Capital.

### **Has noble Capital ever had a complaint filed against them by an lender?**

No, Noble has *never* had a lawsuit or complaint filed by a lender.

### **What is the minimum investment required from lenders?**

Currently it is \$250,000 minimum, however, if you are a new Investor that wants to get comfortable with the program before reaching our minimum investment we will consider an amount less than \$250,000.

### **Can lenders receive monthly income from these investments?**

Yes, lenders can receive monthly income, however, in many cases it makes better tax sense to receive returns annually for investors that are not dependent on the monthly income. See the next question about taxation.

### **How are the lenders returns taxed?**

In regards to all of Noble Mortgage Lending related offerings, lenders will pay their ordinary income tax rate on interest income received. Noble does have other offerings which allow Investors to take advantage of long term capital gains tax treatment (15% currently in 2008) on distributions received.

### **How does noble Capital make money?**

Noble Capital's wholly owned subsidiary, Streamline Funding received a loan origination commission from the Borrower and Noble also receives income from fund mgmt & investment servicing fees. None of Noble's fees are charged to the lenders.

**What kind of person borrows money at the high interest rates charged by noble Capital?**

Our Borrowers are not consumers and one should not compare our rates with market rates for consumers. Our Borrowers are real estate investors ranging from experienced developers with excellent credit to novice “we buy ugly houses” rehabbers with below average credit. The Borrowers are career Real Estate Investors, Realtors, Home Builders, General Contractors, and Developers.

**How does the real estate market and economy affect noble Capital’s business?**

The business thrives in an up or a down market. Down markets seem to bring even more loan opportunities, because the occasions increase for Borrowers to capitalize on distressed properties that have tremendous upside. As capital markets tighten up, Borrowers are driven to look for alternative financing and that is right between our goal posts.

**How can a person afford to pay such high interest rates and remain profitable with their project?**

This question speaks to the heart of the matter in terms of why this type of investment works. When evaluating whether or not one can afford to pay a certain interest rate for their capital in order to make their business or project a success, a simple “Cost of Money” analysis should be prepared. This is carried out by calculating interest rates, equity share value, origination fees, and other cost of borrowing money. Done properly, this analysis will not only tell a person how profitable their project should be, it will also allow them to choose the method of raising capital that is the “lowest cost of money” option. In any case, the economics of the project (the numbers) have to make sense on paper first. Noble requires this kind of analysis on every project that is considered for financing, and because of this, Noble turns down about 75% of all requests that are presented. The top reason that deals get turned down by Noble is because the numbers simply do not make sense. The top reason the numbers do not make sense, is because the Borrower/ Developer paid too much for the property. The old adage, “you make your money when you buy it, not when you sell it” applies here. The bottom line is, “a deal is a deal”. In other words, if the Borrower/Developer has a good project that is going to yield acceptable returns, they will pay the cost of money and consider it just another cost involved in the project.

**Why don’t the Borrowers just go to the bank to borrow their money?**

Banks are generally difficult to deal with, and they make the Borrowers do the “dog and pony show” to get deals done. Many times, the Borrowers find great deals and need to move quickly with a lender that can execute quickly and come through for them. They want a fast yes or a fast no. Banks take 2-3 weeks just to make a decision, and then another 3-4 weeks to get the deal closed. Hard Money loans can close in 1/3 of the time that banks can. Banks get caught up in red tape and bureaucracy. Noble is aggressive and is willing to get in the trenches with the Borrowers.

The banks like to do deals they can do from their desk. Noble can beat the “starch shirts” in so many categories; Borrowers are willing to pay almost double the cost of money because they know that Noble will come through.

**Does noble provide 100% financing or is there a requirement for Borrower’s to invest their own cash into the project financed?**

Noble does not offer 100% financing. Our strict underwriting guidelines require that Borrowers bring in their own capital on every project. We believe that the Borrower must have “skin in the game”. Furthermore, the Borrower’s main objective for doing the projects is to sell the project for profit, or refinance the property and add a nice real estate asset to their portfolio. Neither of these can happen until the lender is paid off in full.