100% FUNDING OPTIONS

For potential borrowers that do not have the funds (or would prefer to travel a different path) FundingNet has two Programs that can both offer full 100% financing for projects, without the Project having to bring any initial funds to the table. These two programs have very specific **(and entirely immoveable)** requirements – however, if you are able to follow the procedures for these programs it is possible to receive complete funding without having any initial funds.

INTEREST RATE

FundingNet offers borrowers an industry leading interest rate – not only do they provide you with up to 4X multiples of the amount of your capital as a credit facility, but they do it at the rate of 3.5% per annum, OR "SOFR + 2.5" – WHICHEVER IS HIGHER. The current SOFR rate is linked here:

https://www.sofrrate.com/

THE "SBLC" PROGRAM

Usable for projects with budgets in excess of $25M, the SBLC Program may provide a workable solution. Using this program FundingNet (or one of their affiliate companies) would issue a fully cash-backed Standby Letter of Credit (SBLC) from one of their tier 1 banking partners (HSBC UK or Barclays UK) to the borrower's bank. That bank MUST HAVE the full capability to monetize that bank instrument.

Under this example you (the borrower) would need to have a relationship with a bank, either yourself or through a family office or hedge fund, capable of receiving and monetizing a SBLC from FundingNet. This bank would receive and monetize the cash-backed SBLC, which would need to be of sufficient size to be able to yield a **post-cost** value of at least 2X the size of the project. The bank (or their hedge fund/family office client) would then offer FundingNet one of three possible options:

Option 1: Non-Recourse Payout – cashable. In this case the SBLC would be "cashable" and FundingNet would require 90-95% monetized value for the instrument. For instance, if the bank received a cashable SBLC from FundingNet for $100M, they would expect to be sent $90M or more once they have received and confirmed it. Upon maturity (12 months + 1 day) the bank would cash the SBLC for full-face value ($100M) and have made $10M on their money. Additionally the bank will have had the instrument on their balance sheet for a year, which they can leverage into additional profits by many multiples.

The first funds from the payout from the bank will be used to cover FundingNet's costs of the transaction (which are significant), but once costs are covered up to half the remaining amount received from the bank can be lent to the borrower's project to fully fund its budget. Exact amounts required for the instrument will depend on the bank's offered LTV (loan to value) and the size of the project. FundingNet will determine that instrument's value on a case-by-case basis.

Option 2: Non-Recourse Payout – returnable. In this case the SBLC would be "returnable", which means the borrower's bank would return the instrument, in full value and without encumbrance, upon the 12 months maturity of the instrument. Since the instrument would not be cashed out, FundingNet would be willing to work with a lower LTV%, usually around 70-75%. In these instances, they would require the monetizer or their bank to pay out the non-recourse amount within 10 business days of receipt and confirmation of the instrument. Again, the post-cost amount FundingNet receives would need to be roughly double the amount of the project loan required. Exact amounts required for the instrument will depend on the bank's offered LTV and the size of the project. FundingNet will determine that instrument's value on a case-by-case basis.

Option 3: Bank Line of Credit – returnable. In this case the SBLC would again be "returnable" (in full value and without encumbrance upon the 12 months maturity of the instrument). Here the bank/monetizer would LEND FundingNet the LTV% amount, which they would be expected to repay upon return of the instrument. Since FundingNet will be paying interest on this lent amount and having to repay the principal in full in a year, they will require an LTV% of 80-90% of the face value. Again, the post-cost amount they receive would need to be roughly double the amount of the project loan required. Exact amounts required for the instrument will depend on the bank's offered LTV and the size of the project. FundingNet will determine that instrument's value on a case-by-case basis.

What Else Will Your Bank Need to Know?

Certain departments of banks are used to the SBLC processes, but typically they deal with existing instruments. As a result, they almost always ask you for the "SBLC Verbiage". However, the way FundingNet has structured this program is

that their instruments are all "new issues" – they will be created by their Tier 1 bank specifically for this transaction. As a result, FundingNet will create a new SBLC that can have any verbiage the receiving bank desires. While the SBLC verbiage must always conform to ICC600 standard (International Banking Standard, which these bankers should inherently understand), FundingNet can tailor the SBLC to have any wording they like. In fact, they typically tell them, "Give us your preferred verbiage, that will yield the BEST LTV that they can receive, and that is what it will have."

Once the SBLC has been monetized and the funds wired to FundingNet from the bank/monetizer, the project then goes through the usual intake process. The funds from their bank, becomes the "proof of funds" for the project and FundingNet processes their application to receive a loan from them. Once the project has been accepted for funding, FundingNet would go through the Term Sheet and then contract process – once complete, financing of the project can commence.

If accepted, since FundingNet would be financing 100% of the project, and the borrower/client has no money of their own in the game, they will always take an equity position in the project. That position could range between 20% and 40%, depending on the risk profile of the deal, and the actual number will only be discussed once they confirm that they have a way to monetize the SBLC for the client. The interest rate of the loan will be dependent on the bank's monetization parameters. If the monetization involves FundingNet taking a credit line (which will have an interest rate that they pay for), then the portion of capital being sent to the client for the project will be charged AT THAT SAME INTEREST RATE. If Option 1 is used, where it is Non-Recourse Payout SBLC, and FundingNet does NOT end up owing the bank interest, they would loan to the project at a rate of 3.5% per annum, OR “SOFR + 2.5”, whichever is higher (their normal rate).

The other fees from their regular loan programs also apply – a 3% Lending Fee (due upon close, and drawn from the loan funds themselves), the closing costs of the loan, and the monthly cost of the loan caretaker. No fees are due to be paid until AFTER the project is receiving funding from FundingNet.

The application process will be the same as on their “Multiples Program” under the heading “How to Apply”. The only difference here will be that there is no requirement for a Proof of Funds, as the funding will already be provided by your banking institution through the monetization of the SBLC.

THE “ASSET BACKED LINE OF CREDIT” PROGRAM

Like the SBLC Program, this program does not require the borrower to have already raised any initial funds at all. To participate in this program, the client will instead need to have:

(a) a project ready to execute that requires a minimum of $5M in funding, and

(b) a banking relationship with a lender that can execute a credit line backed by assets.

In this program FundingNet will work with the client and their bank to set up a dedicated credit line that will be underwritten IN FULL by their group's assets. This credit line would be set up in an amount greater than that required to fund the client project, to ensure enough funds will always be available, and to afford funds to FundingNet to be put to work in other programs to fully mitigate their risk in the venture. FundingNet will provide the Client's lender the amount of pledged assets they require to set up the credit line, either through a bank instrument to be issued from the lending group's own corresponding bank in the banking jurisdiction where FundingNet's gold is vaulted, an asset pledge of gold bullion from their gold holdings, or an SKR (safekeeping receipt) issued by Brinks, that is fully backed by their gold holdings with them. FundingNet can pledge the assets to them in whichever of these three methods the bank prefers.

When FundingNet's banking team works with your bank to set up the credit line, they will paper the deal so that it is clear that your project is responsible for servicing only the portion of the credit line the project has used, and FundingNet is responsible for servicing any remaining balance. But it is always FundingNet's assets that entirely back the credit line principal, 100%.

To review how to proceed with either program, under the ***100% Funding Options***, click here to ***Learn More...***