



First Position Commercial Mortgages FAQs

1. What is a First Position Commercial Mortgage?

A First Position Commercial Mortgage (FPCM) is a simple, safer, and secured opportunity for individuals to achieve their financial objectives. This private third-party loan to Woodbridge provides higher returns with shorter terms secured by commercial real estate. Private lenders—with expert guidance and insight from us—select a commercial mortgage in Woodbridge’s inventory to serve as collateral for their private loan. They are recorded on title and acquire a first lien position on the mortgage. And every lender is paid monthly interest from the moment they partner with Woodbridge at a fixed annual 5% return with a return of principal at the end of the one-year term.

2. Why are they called First Position Commercial Mortgages?

The phrase “First Position Commercial Mortgage” describes the collateral pledged by Woodbridge as security for the loan you are making. As a private lender, you select a particular commercial mortgage from Woodbridge’s inventory—with expert guidance and insight from us—to serve as collateral for your loan to Woodbridge. A First Position Commercial Mortgage loan is not a mortgage investment pool and it is not a direct investment in real estate. They are also referred to as First Trust Deed Loans or Senior Interest Position Mortgages.

3. What is a first position in a commercial mortgage?

If you have a first position, that means you have priority over any other liens or claims on a property if the property owner defaults. It puts you in control. As a commercial mortgage lender, Woodbridge executes only first mortgage transactions with commercial borrowers ensuring we hold the first lien on the property.

4. With interest rates so low, why do borrowers come to Woodbridge?

In today’s lending environment, real estate developers and commercial borrowers are seeking out alternative

financing that they can receive in 2 to 3 weeks, which Woodbridge provides by partnering with lenders like you. We offer short-term bridge loans to commercial property owners based on the value of their property. The borrowers qualify for our mortgages because they are secured by the high value commercial assets.

5. What types of property are used as collateral in these transactions?

Generally, Woodbridge secures these mortgages with commercial real estate, such as multi-unit apartments, office buildings, retail centers or mixed-use developments; though we will sometimes accept as collateral non-owner occupied, single-family homes that are held as investment properties and owned by a corporation or limited liability company.

6. What are some of the terms of the mortgage given to the borrower?

Our commercial mortgage lending policies dictate that we lend for a maximum loan term of two years and up to only 70% of the value of the real estate. That means the properties that secure the mortgages are worth considerably more than the loans themselves at closing.

7. What type of due diligence does Woodbridge perform on these properties?

Woodbridge performs a rigorous title search to ensure first lien position and thoroughly evaluates each property by conducting a comprehensive appraisal to confirm market value.

8. Are the properties insured?

Woodbridge obtains insurance coverage on the encumbered property. This mitigates the risk of loss to the property’s value due to damage, destruction, natural disasters (earthquake, flood, tornado, hurricane, mudslide), and the like.

9. What is a lender’s collateral?

With loan-to-value ratios averaging 60% or less, the property’s equity is your collateral.



First Position Commercial Mortgages FAQs

10. What is the paperwork required to get started?

When you lend on a First Position Commercial Mortgage, you enter into a Promissory Note and Loan Agreement that set the terms under which Woodbridge repays you.

11. How am I better protected from downside risk?

Your loan is secured by a hard asset collateral—the property itself. And we're so confident in these notes that Woodbridge partners with you by lending our own funds and holding a second lien position behind your first position. That way you can have peace of mind with Woodbridge obligated to make the monthly interest payments and return the principal at the end of the term.

12. How does Woodbridge establish that the property has no additional liens?

Woodbridge conducts a rigorous title search for each property to ensure that the property is free of liens. We pay off any existing lienholders when it enters into a transaction with a borrower so there are no additional liens on the property.

13. How do I verify that I hold a first lien position in the mortgage?

Upon request, Woodbridge will provide you with a copy of the title policy which indicates there are no other liens or claims above you. No exceptions.

14. Will my name appear on the land records of the property?

Yes. Woodbridge executes and delivers the first lien position documents in your name and files the documentation on the land records in the relevant jurisdiction.

15. Does the borrower make payments to me?

No. Woodbridge is contractually obligated to make your monthly interest payments and return the principal at the end of the term, regardless of the status of the underlying loan.

16. What happens if the borrower does not make payments or defaults?

First Position Commercial Mortgage loans are private transactions that are separate and distinct from the pledged collateral. If a commercial borrower does not make its payments to Woodbridge or defaults, Woodbridge remains obligated and shall continue to pay your monthly interest payments and return your principal at the end of the term according to the terms of your Promissory Note and Loan Agreement. We assume the risk.

17. How am I taxed on a First Position Commercial Mortgage?

You should consult a tax advisor or accountant for tax-related questions specific to your situation; however, the IRS typically taxes payments on first lien position interest holdings as ordinary income. Woodbridge will provide a Form 1099 for all lenders.

How do I get started?

If you'd like to get started on purchasing one of our available First Position Commercial Mortgages:

- ▶ Call a Woodbridge Consultant at (866) 815-4431, or
- ▶ Go to www.WoodbridgeWealth.com
 - 1) Click on "Opportunities Available" under "First Position Commercial Mortgages"
 - 2) Follow the instructions on the webpage to secure an online reservation.