

Fix and Flip (Our Flagship Program)

12-Month Interest Only Loans for the Purchase and Rehab of 1-4 Unit Properties

Experience	Rate	Purchase / Refi LTV	Rehab	ARV	Min. Fico	Loan Term	Min. Loan Amount	Min. Property Value	Max. Loan Amount	Pre-Payment Penalty
Level 1 – No experience	11.99%	80%	100%	70%						
Leve 2 – (0 -2 Flips or Rentals)	10.99%	80%	100%	70%						
Level 3 – (3-9 Flips or Rentals)	9.99%	85%	100%	75%						
Level 4 – (10+ Flips or Rentals)	8.99%	90%	100%	75%	600	12 months	\$50K	\$75K	\$2.5M	N/A

Program Highlights	<p>5 Star Funding Group is a “fix and flip” lender. Our flagship product is the 80/100 After Repaired Value (ARV) loan. With this loan, we can lend up to 80%* of the purchase price plus 100% of the rehab budget as long as that amount is less than or equal to 65% of the ARV. We now offer a “No Ratio” 30 year fixed loan and a short term bridge loan for rentals we call the “2+1” loan which is for two years with a possible 1 year extension.</p> <p>*85% for an experienced investor (3-10 flips) and even up to 90% for a VERY experienced investor (10+ flips).</p>
The Process	<p>Client or broker submits the deal online. The deal is reviewed for pre approval. If the deal looks like it will work, a pre approval email is sent out with the rate, terms, and documents needed to get the file into process! https://5starfundinggroupplc.com/loan-application/</p>
Turnaround Time (Application to Funding)	<p>Two to three weeks is the present turnaround time from application to funding. The appraisal takes the most time, but during that time, if the borrower or broker submits everything requested from 5 Star Funding Group's processor, the file will go into underwriting within 24 hours of receipt of the appraisal. Underwriting is taking about 72 hours presently, and the Commitment Period is taking about 24 hours (this is the time for 5 Star Funding Group to send out the Commitment Letter and get it back from the borrower), and then Closing/Funding is taking another 48-72 hours. Because the appraisal takes so long, it's critical 5 Star Funding Group receives the purchase agreement, appraisal authorization, and rehab budget expeditiously in order that the appraisal be ordered immediately.</p>
Lending Area	<p>Nationwide except ND, SD, MN, OR & AK (30 year fixed not offered in NV & GA).</p>
Loan Types	<p>5 Star Funding Group makes loans backed by real estate exclusively.</p>
Real Estate Types	<p>We lend on non-owner occupied, 1-4 unit residential real estate, and have an apartment rehab or straight purchase program as well.</p>
After Repair Value (ARV) vs As Is Value	<p>The ARV is determined by the appraiser who gives us both the ARV and the As Is values on the same appraisal. The appraiser cannot determine the ARV without a detailed, itemized rehab budget, so the appraisal will not be ordered until it is provided to 5 Star Funding Group . Also, 5 Star Funding Group will lend on the LOWER of purchase price or appraised value on a purchase or refinance for the first year (with some exceptions).</p>
Borrowers	<p>5 Star Funding Group lends to business entities only, not to individuals, but underwrites ALL OWNERS of the business entity.</p>
Resource	<p>5 Star Funding Group makes full recourse real estate loans to businesses, meaning the owners/sponsors must personally guarantee the loan. We do make one exception and that is when the sponsor(s) money for the down payment and other costs is coming from an IRA.</p>
Auctions	<p>There are two types of actions, those that require immediate payment and those that allow up to 30 days or more. If it's the former, the investor has to pay cash and then refinance with 5 Star Funding Group. We will usually put the same loan on it that we would have if it was a purchase.</p>
Blanket Loans	<p>Yes, we offer blanket loans. The two most common are using an owned property with equity to use toward the down payment and closing costs on a new purchase, and getting cash out on a rental portfolio.</p>
Loan Amounts	<p>Generally our minimum loan amount is \$75,000 on an ARV loan and \$50,000 on a cash out refinance. Our maximum loan amount is \$5,000,000 on a 5+ multifamily or \$2,500,000 on a 1-4 unit residential property.</p>
Minimum Property Value/Purchase Price	<p>Generally \$75,000 with some exceptions. On refinances, we have a soft minimum of \$100,000.</p>
Exit Strategy	<p>The exit strategy is how the borrower intends to pay back the loan such as sell, refinance, or pay off with cash.</p>
Qualifying	<p>5 Star Funding Group looks at the entire scenario, such as – but not just – the credit, income, debt ratios, experience, cash, exit strategy, location of the property, property type, etc. If you think the deal makes sense and you'd lend them your own money, then send it to us.</p>
Assets	<p>The formula to determine how much cash is needed is the following: 30% of the purchase price plus \$10,000. This because 5 Star Funding Group requires 20% down, another 10% for closing costs, reserves and contingencies and at least \$10,000 for the first phase of the renovation. So to determine quickly the maximum purchase price you would qualify for, simply take 30% of a purchase price and add \$10,000 to that. If you have that amount of money or more, and a 600 or greater FICO score, you're probably good to go. For example, let's say you are looking at houses priced around \$300,000. Thirty (30%) percent of that equals \$90,000. Adding \$10,000 to that brings the total to an even \$100,000. If you have that or more available in cash, you're pre approved. If less, you've either got to find a cheaper house or get more cash or credit lines to get up to that \$100,000 mark.</p>
Credit	<p>5 Star Funding Group's minimum credit score is 600 for the 1 year fix and flip loan and 660 for the 2+1 bridge and 620 for the 30 year fixed. If the exit strategy is to refinance on the 1 year, we look more closely at the credit to make sure the strategy is feasible. The target highest mid-FICO of all guarantors in that case is 660.</p>
Tax Liens/Judgements	<p>Tax liens are not allowed, unless a payment plan is in place and at least 6 payments have been made. Judgements are generally not allowed.</p>
Bank Ruptcy	<p>5 Star Funding Group will not do loans for sponsors currently in BK. The minimum time period since discharge is two (2) years.</p>
Terms	<p>Generally 5 Star Funding Group charges 1% a month for 1 year with an Origination Fee of 2-5% and no prepayment penalty. Experienced investors can expect rates in the 9's on the fix and flip and our 2+1 generally prices out with rates in the 8's followed by the 30 year fixed with rates in the 6's.</p>
Minimum Documentation Requirements	<p>2 months bank statements, Company docs; the Articles, Operating Agreement, EIN Letter.</p>
Reserves	<p>5 Star Funding Group requires three (3) months of the expected mortgage payment left in the bank AFTER closing. For the 30 year fixed, we require six (6) months in reserves.</p>
Experience	<p>Unlike many lenders, 5 Star Funding Group will lend to inexperienced flippers. However, if a borrower can prove ownership of three (3) flips or rentals in the last three (3) years, we can provide up to 85% LTV financing and rates between 8-10%. For an investor who does ten (10) or more flips a year, we can provide 90% LTV financing.</p>
Refinance	<p>The maximum LTV is generally 65% for cash out, but many approvals go out at a lower LTV.</p>
Appraisals	<p>5 Star Funding Group uses multiple nationwide AMC's and but focuses on the one that generally provides the best combination of quality, service, and turnaround time. They have thousands of appraisers on their board and can always find a local appraiser to do the valuation. Currently appraisals are taking 7-10 business days. The fees are \$495 for SFRs, \$650 for 2-4 units, and \$3-5,000 for Apartments \$150k to \$5,000,000.</p>
Feasibility Studies	<p>5 Star Funding Group does not require a contractor on every rehab, but we do hire a construction control company to perform a Feasibility Study (FS) on each rehab. The Feasibility Study analyzes the scope of work and budget provided for a renovation to make sure it's complete and accurate. Since 5 Star Funding Group finances 100% of the rehab budget, this benefits the borrower as well as 5 Star Funding Group, because if the FS determines the borrower needs more money, we can set it aside at closing rather than coming up short in the middle of the project. A full FS costs \$500, but sometimes we can get away with a less robust report called a Cost to Complete Report for \$225.</p>
Upfront Fees	<p>The only upfront fees would be for the appraisal(s) and the feasibility study(ies). That's it.</p>
Second Mortgages/Seller Carrybacks	<p>5 Star Funding Group does not allow second mortgages/liens at this time.</p>
Monthly Interest Payments	<p>5 Star Funding Group does require monthly, interest only payments on the outstanding balance paid via ACH or auto draft except on our 30 year fixed which includes principal as well.</p>
Cash Partner/Joint Ventures/Gifts/Gap Funders	<p>We generally allow gifts from relatives and we MAY allow a third party to provide cash for the down payment, closing costs, rehab, etc. on a case-by-case basis, as long as no second lien is recorded. In the case of Gap Funders the max LTV will be reduced by 20%.</p>
Draws/Disbursements	<p>After the loan closes we send a welcome package to the borrower explaining the process. Simply put, the sponsor submits a one page document called a Draw Request to 5 Star Funding Group along with a copy of the rehab budget marked with the items that have been completed. Within 48 hours usually, we'll have an inspector out there to take pictures and create a report. Once it's back and the rehab has been verified, we send a wire to the client, minus a \$179 fee, for the amount requested. The minimum draw amount is \$10,000.</p>