



## Fix and Flip loans:

### Document Requirements:

Loan Application for Fix and Flip in Branch drop box folder. Complete pages 1 to 6 with borrower. Leave page 7 alone.

Copy of Driver's License for each member of the business entity is required. We cannot lend to an individual. They must borrow in an entity.

Copy of purchase contract and wholesale assignment contract (if applicable)

Copy of entity docs (Articles of organization, Operating Agreement, EIN Letter, Certificate of good standing)

Rehab budget with draw schedule – Template available in Branch Dropbox

Personal Financial Statement – Template available in Branch Dropbox

Credit Score: We use CIC Credit for Tri score credit pull and background check: CIC Credit, Axe Lending Group Account Executive is Theresa McCoy. (813) 205-1397. Your credit pulls will include all three scores from Transunion, Equifax and Experian. Branch Presidents and Branch Managers will have access and will approve all credit pulls. **Please pull credit first** before ordering an appraisal to make sure the borrower's credit middle credit score is above 600. We can still approve credit if the borrower's score is above 540 with a Letter of Explanation. Credit is pulled through CIC Credit directly or through BLN software. If any of the members of the entity have a credit score below 540, they cannot remain on the entity for the loan. Foreclosures within 5 years for any member will also require removal from the entity.

Appraisal: Choose one based on the particular project type; Appraisal Nation (866) 735-0901

- (ARV) appraisal for all Fix and Flip projects with rehab. Form 1004 ARV Only
- (AS IS & ARV) appraisal if they own the property and need additional funds to complete the project. Mid construction or rehab. Form 1004 ARV and As is
- (AS IS) if they are acquiring the property without rehab. As is If they are funding their fix and flip rehab with their own cash and only looking for a loan to purchase, we will still need both an ARV and As is appraisal. 1004.
- Appraisals can be pulled by Branch Presidents and Branch Managers through Appraisal Nation.

### **Loan costs:**

Appraisal: Cost ranges between \$400 to \$600 on average based on property size and location. Add an additional charge for a RUSH appraisal. (\$150 to \$200 on average) Most appraisals take 5 to 7 work days to complete. A RUSH appraisal can be back in 2 to 4 days on average. Be sure to check the box RUSH on Appraisal Nation website to ensure your appraisal is rushed. Credit Score Report and Background Check are ordered through CIC Credit: \$28 to \$36 from CIC directly. If ordered through BLN, charge is \$50. Client must sign the credit authorization form first.

Underwriting/Legal Fees: \$1,500

Loan Processing \$450

Funding Fee \$495

Plus usual and customary title and closing fees – provided on the HUD at closing by the Title Company.

### **Loan Qualification: Number of completed flips in two years.**

0 to 1 flip 70% LTC, 100% rehab

2 flips 75% LTC, 100% rehab

3 flips 80% LTC, 100% rehab

4 flips 85% LTC, 100% rehab

5 flips 90% LTC, 100% rehab

We don't require the borrower to provide HUD statements as proof of experience unless underwriting specifically asks for them. Please fill out the Fix and Flip loan application with the borrower's experience using the following information: (address, date purchased, purchase amount, rehab cost, date sold and amount sold. If they kept the property after they fixed it and rented it out, then leave the date sold, amount sold blank on the loan application.

### **Loan terms:**

70% LTC to 85% LTC the Interest rate is: 9.9% interest only, no prepayment penalty.

90% LTC the interest rate is 10.25% interest only, no prepayment penalty.

12 month term

Origination points: 2 paid at closing

All transactions must be "arm's length" and second liens or "Seller Wraps" are not allowed.

All borrower funds must be from members of the entity. Gap funding is not permitted.

**Qualified Properties:**

Single family homes

Duplex, Triplex, Quad

Townhomes and Condos (in-fill only - Urban **infill** is defined as new development that is sited on vacant or undeveloped land within an existing community, and that is enclosed by other types of development. )