

Defiance Capital's Lending Guidelines

Target Borrowers

Investors that are working on flips and rentals. Ideally, the properties would be located in areas that have a blend of investor and homeowner properties. Ideal borrowers would be the actual GC or would have a GC that can be verified as experienced and competent. The borrower ideally would have successfully completed at least 5 projects.

Target Properties

Ideally, the houses would have an ARV over \$100,000 and would be over 1,000 SF. 3/2 or larger. Rent potential of \$900 or more per month. Larger flip deals would not be eligible unless the LTV was lowered to offset risk. Borrowers may pledge other properties as collateral to help support a loan in some cases.

Interest Rates

Rates range between 10 and 14 percent depending on loan size, loan to value, loan to cost, and borrower experience.

Terms

Maximum of 12 months. 2 to 4 points origination fee depending on loan size and specifics. Minimum \$1,000.

Loan Size

The borrower must have real cash into the deal. LTC max is 90% of the purchase price and rehab costs. ARV LTV max of 70%.

Construction Management

For rehab budgets over \$10,000 an independent third-party inspection company would be used to visit the project and take pictures. The borrower must provide budget and receipts. Funds only provided after work has been completed.

Title and Insurance Requirements

A lender title policy is required. Insurance coverage must be 120% of the loan amount. Builders risk insurance is required for rehab projects that involve demo to the studs.