



## Residential Fix & Flip / Fix & Hold Commercial Financing Options

Whether you are looking to acquire a one to four family property to fix & flip or fix & hold, here at Commercial Lending X we have a number of different financing options for you. The general terms for each option are usually very similar, but how each lender approaches it is slightly different.

Below we have highlighted the general way most lenders look at this type of financing with some of the different approaches specific lenders take further highlighted below:

### General Terms:

**Borrower:** Business or Real Estate Entity

**Loan Amount:** The lessor of 75% to 90% of cost / 65% to 75% of the "As-Completed" appraised value

**Term:** 6 to 12 months

**Interest Rate:** Varies from fixed to variable depending on the lender

**Payment:** Interest only during the term

**Costs:** Appraisal, title insurance, documentation costs, other third-party costs and usually an origination fee

**Closing Timeframe:** Varies from 10 to 45 days depending on the lender

**Collateral:** Generally, a first mortgage and assignment of rents on the property

**Guarantors:** Typically, anyone that owns 20% or more of the property

**Advances:** Either paid directly to the contractors or reimbursed to the owner after paid depending on the lender

**Experience:** Lenders typically want to see clients having completed at least one fix & flip

**Minimum Loan Size:** \$75,000

**Prepayment Penalty:** Usually a minimum amount of interest earned

#### Offices In:

Naperville, IL & St. Augustine, FL  
[www.commerciallendingx.com](http://www.commerciallendingx.com)

#### CONTACT US:

888-975-0007  
[info@commerciallendingx.com](mailto:info@commerciallendingx.com)



### **Specific Lender Details:**

**Conventional Bank** – Typically the maximum loan to cost is 75% to 80%. The interest rate is going to be the lowest between Prime + 0.50% to Prime + 2.00%. Borrower must meet standard Bank underwriting criteria and the loan usually takes 30 to 45 days to close.

**Non-Bank Lender / Private Lender** – Loan to cost from 75% to 90% depending on the number of projects completed in the past. Interest rates between 8% and 15% depending on the lender and Borrower experience. Loan is a standard mortgage loan. Underwriting is more flexible and can typically close in 30 days.

**Specialty Lending Program** – Loan to cost typically 75% to 90%, and in some cases even higher. Under this program the property goes into an entity that is controlled by both the lender and borrower. The Borrower is setup as the manager and the loan is made between partners. If there is a default the Lender can step in and finish the project. The Borrowers equity is still somewhat protected in that the lender can only recover the loan amount, costs to finish, interest, and fees. Any other profit then goes back to the original borrower once the property is liquidated. Other benefits are that there is no personal guarantee required, underwriting is quick and flexible, there is no mortgage put on the property (it is all done through ownership), the only prepayment penalty is three months of earned interest, and we can close in as little as ten days. The interest rate is typically between 1% and 1.50% per month depending on Borrower experience.

**Lines of Credit** - We can secure lines of credit for some clients to self-manage their fix & flips / fix & hold. This can be done by leveraging existing assets they have and putting a line of credit in place secured by those assets. We can do that both through traditional banks as well as through some private lenders.

### **Permanent Financing:**

If Borrower is interested in permanent financing for fix & hold loans, we have non-bank lending options where we can secure up to 30-year fixed rate loans with low interest rates and cash-out up to 75% of the current appraised value after as little as six months of holding the property. We also have conventional bank lenders and portfolio products available as well.