F STREET INVESTMENTS

MILWAUKEE HARD MONEY

F STREET INVESTMENTS
HARD MONEY LENDING

Lending money to real estate investment companies to help them finance acquisition and renovation projects to achieve higher returns.

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WHO WE ARE

Milwaukee Hard Money, powered by F Street Investments, is a Milwaukee-based hard money lender. Our lending program is a vehicle through which real estate investors can realize their investment goals and be competitive in their market.

MISSION
To be the premier hard money lender in south-eastern Wisconsin and beyond, by helping investors achieve superior market returns by leveraging our hard money loans, while supporting the real estate investment community.

WHAT WE DO

Focus on lending to investors who perform rehabs to single family, multi-family, or commercial real estate for investment purposes only. We have processes and infrastructure in place to provide timely financing options where all collateral is secured by a first lien position by our company.

WHAT IS A HARD MONEY LOAN?
A hard money loan is a short-term, asset-based loan that provides funding for acquisition and repairs on investment properties. As hard money lenders, we are more concerned with collateral and equity protection, than borrower credit scores.



HELPING TO INVEST

Clients use our funds to leverage their cash to acquire investment properties. The money we provide allows investors to close on the transaction quickly. Our loan is typically paid off through conventional financing or through a sale.

The main criteria for qualification is the evaluation of the property, including acquisition costs, repairs, and the After-Repair Value (ARV) using comparable sales data. We ensure the borrower has cash upfront for down payment, closing costs and fees, but also cash reserves and/or collateral to support monthly interest payments and possible refinance costs.

We don't focus on your credit score or other documents requested by a conventional lender.

WHY WORK WITH US

- Simple qualification process
- Competitive offer
- Quicker closings
- Secure property faster and more efficiently
- Enablement of multiple purchases
- Leverage to increase buying power

THE INVESTMENTS TEAM



SCOTT LURIE

FOUNDER AND PRESIDENT

Scott is the founder of F Street Group, an investment company that includes a number of industry vertical investments, including real estate, hospitality, lending, and emerging markets.

After graduating from George Washington University, Scott returned home to Milwaukee in 2004 and began investing in real estate. Since then, he's created a number of investment-specific portfolios using the "F Street" brand, including Development, Hospitality, and Investments.



SARAH FLOYD

VICE PRESIDENT

Sarah has been with F Street Investments since 2013 and has had a pivotal role in growing our lending operations. Sarah has over 10 years of experience in real estate sales and investments and she holds a current WI Real Estate Broker's License, as well as a Bachelor's Degree in Interior Design.

She manages the day-to-day operations, including new business generation, underwriting loan requests, coordinating closings, facilitating repair draws, and more.



MICHELLE AYALA

SENIOR ACCOUNTANT

Michelle joined our group in early 2017 and is a highly-skilled accounting professional with nearly 15 years of experience.

She manages all of our day-to-day financing activities, as well as our client relations initiatives with each of our partners, and ensures our books always balance.



TANIA NIGH

EXECUTIVE ASSISTANT

Tania has worked directly with Scott for over three years, helping to manage and facilitate all of the day-to-day tasks required to run our lending busines.

With a Bachelor's Degree in Business and Spanish from UW-Milwaukee, Tania has helped significantly to drive further expansion of our investments and portfolio assets.

THE BASICS OF HARD MONEY LENDING

We currently lend in the state of Wisconsin to business entities for investment purposes only.

WHAT IS A HARD MONEY LOAN?

Hard money is an asset-based loan which typically comes with a short maturity, as well as higher interest rates and fees.

WHY DO OUR CLIENTS USE US?

Hard money is an excellent real estate tool, as long as our clients understand how to take advantage of what it offers in order to profit from it. Hard money loans can be used for acquisition and/or renovation financing, new construction, or refinance and can vary depending on each unique situation.

WHAT AND WHERE DO WE LOAN?

Real estate non-owner-occupied property only (residential or commercial) that is owned by a business or LLC, located in Milwaukee County or the surrounding area. We prefer to lend locally, to help support the local investment community and neighborhood revitalization efforts.

HOW DO YOU QUALIFY?

The main criteria for qualification is the evaluation of the property, repairs, and the ARV using comparable sales data. We finance up to 65% of the After-Repair Value (ARV), which allows for additional leverage. We make sure the borrower has cash upfront for down payment, closing costs and fees, but also look at cash reserves and/or collateral to support monthly interest payments and possible refinance costs. We don't focus on your credit score or other documents typically requested by a conventional lender.

HARD MONEY VS. CONVENTIONAL LOAN

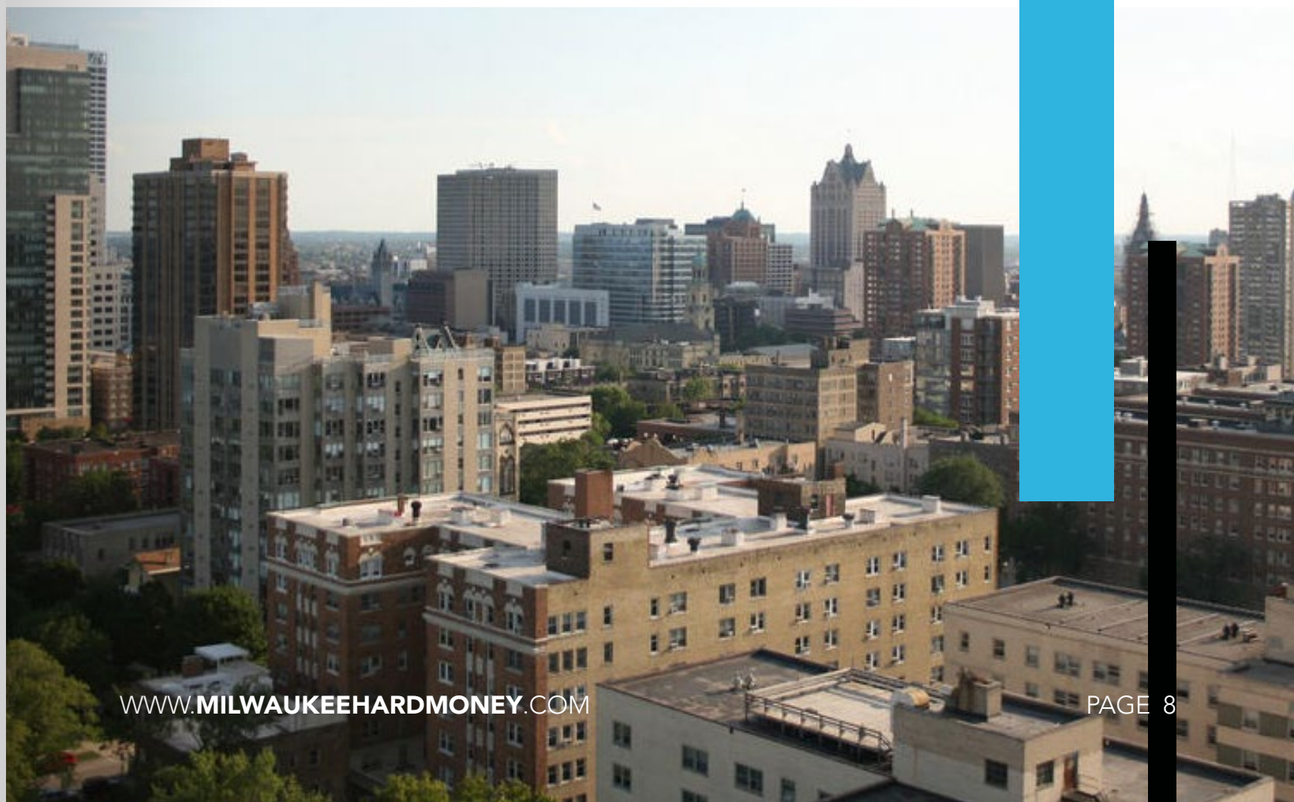
A hard money loan is generally based on the after-repair value (ARV) of the asset, in contrast to a conventional loan, which is typically based on the actual value (AV) of the asset which is the value of the asset "as is" at the time the loan is made. The ARV is calculated based on the value of the real estate asset after repairs are made to the property.

THE BASICS OF HARD MONEY LENDING

Typically hard money loans are meant to be short-term, with a quick turnaround through a sale or refinance. Rates are typically higher than conventional financing, however, funding times are usually much faster and the loan criteria and repayment terms can be structured to that specific deal. Conventional financing is best used for your traditional rentals and long-term hold scenarios. Many investors use hard money as way to secure the property in a short period of time, then refinance into conventional financing.

WHAT ARE THE COSTS?

There is no standard rate, since each deal is unique. Our terms are based on the individual needs of our clients and the specific nature of each lending transaction.. However, costs do include closing costs ($1,900), an origination fee (5-10 points), and monthly interest-only payments (typically 15% APR).



CLIENT INVESTMENT STRATEGIES

In all scenarios and investment strategies utilized by clients of Milwaukee Hard Money, the funds provided help investors leverage multiple transactions, while conserving their cash flow. We finance based on the After-Repair Value (ARV), up to 65%, which allows for additional leverage.

RENTAL PROPERTY INVESTMENTS

Acquiring rental properties provides an opportunity to earn great cash flow, residual income, and wealth accumulation. This opportunity is increased when an investor is able to source a distressed asset in need of repairs and improvements, which are the result of previously neglected properties, foreclosed assets, fire damaged assets, estate assets or other similar scenarios.

FIX & FLIP

Fix and flip through conventional financing typically doesn't work because the bank won't finance the distressed asset. It also takes longer to close and banks typically do not include financing for repairs. When sellers are looking to sell a property, cash is always king, and hard money lending can provide you with the funding required to acquire the property within days and includes funds for repairs with the intent to renovate and resell.

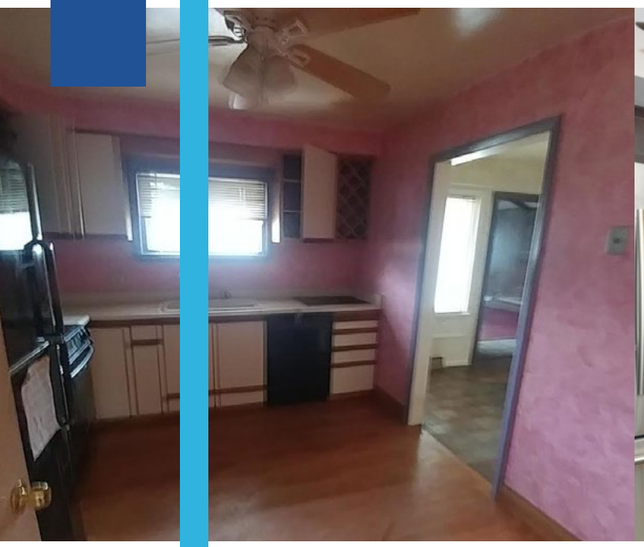
WHOLETAILING

Wholetailing provides investors with an opportunity to capitalize on a below market-value purchase price for an asset, with the intent to perform minimal updates or changes before selling the property for a profit. In most instances, ownership of these assets is intended for a short period of time, with a quick purchase and sale timeframe.





RENTAL PROPERTY





FIX & FLIP



WHOLETAILING

HARD MONEY LENDING EXAMPLES

RENTAL PROPERTY | 3829 W NORTH AVE

The property is a commercial building with first floor commercial space and 5 apartments on upper level. It was purchased on 8/5/2015 for $40,000 as a foreclosure with extensive repairs needed. The buyer used a loan from Milwaukee Hard Money of $135,000, which included $95,000 in repairs. After remodeling the building, the buyer leased out commercial space to a daycare at $4,000/mo. and rented the apartments at $625/mo. per unit. Borrower refinanced out of our loan with conventional financing and the property has a current value of over $300,000.

FIX & FLIP | 4229 N 88TH ST

The property is a single-family home with 3 bedrooms, 2.5 baths, 2-car garage, and 1,600 sq. ft. It was purchased on 5/8/18 for $85,000 as a foreclosure. The client used a Milwaukee Hard Money loan of $97,500 with intentions to fix & flip. The property sold on 10/5/18 for $189,000.

Expenses:
- Repairs $21,000
- Loan Origination Fee $4,875
- Closing Costs $1,900
- Interest $6,175
- Insurance/Utilities $1,045
- Property Tax $1,555
- Commission $9,450
- Title Charges $2,000

Final Amounts:
Purchase Price $85,000
Sale Price: $189,000
Profit: $56,000

WHOLETAILING | 2130 W TRIPOLI AVE

This is a smaller 2-bedroom ranch on the south side that had good structure, but was outdated. It was purchased on 8/2/17 for $55,000 and sold to buyer on 11/15/18 for $99,900. The property could still use updating, but the strategy was to clean it up with minimal repairs and list for sale. The investor was in and out of the deal in approx. 3 months. The buyer was able to purchase at a reduced price and earn sweat equity in doing future cosmetic and/or structural updates.

Expenses:
- Minor Repairs: $4,150
- Loan Fee & Interest: $6,640
- Holding and Closing Costs: $7,100
- Closing Cost Credit: $3,700

Final Amounts:
Purchase Price: $55,000
Sale Price: $99,900
Profit: $23,300



LENDING PROCESS
CHECKLIST

CONTACT US ☑
We want to know what type of investment you are looking to acquire, your experience level, and financial picture. We can explain our fee structure to you as well at this time.

SUBMIT AN OFFER ☐
We will provide you a Pre-Approval Letter to include with your offer upon request. We also have a licensed real estate agent in-house that can draft the offer if needed.

GET YOUR OFFER ACCEPTED ☐
Apply online by filling out our Loan Application and upload your executed offer, scope of work, and other documentation if applicable.

DETERMINE THE LOAN AMOUNT ☐
If you would like to include repair costs with the loan, we will need to see a scope of work and repair estimate. We look at the purchase price and repair estimate to determine your loan amount. We like the Loan-to-Value (LTV) amount not to exceed 65% After-Repair Value (ARV).

ORDER TITLE COMMITMENT ☐
We order the loan policy through Land Title, who will coordinate with seller's choice title company, as long as they are local. Once we receive the title commitment letter insuring property is clear from all liens and encumbrances, we can close within three (3) days.

ORDER PROPERTY INSURANCE ☐
We ask that you request the insurance agent to place our company, F Street Investments LLC, as the mortgagee. Please provide proof of insurance, along with paid receipt of permium, prior to closing.

CLOSE THE DEAL ☐
We provide our mortgage documents to the title company for you to sign at closing. We fund the purchase and set aside money for repairs in an escrow account that you make withdrawals from. Be prepared for closing costs to be right around $1,900 as well as origination fees (5-10 points).

COMPLETE REPAIRS ☐
We will fund $3,000 out of your repair escrow upon closing to start repair work. After that, you will complete a repair draw request online, based on completed work. There is a $200 fee per draw. Once we receive your request, we will contact you to schedule an inspection of the completed work based on your scope and provide funding within 24-48 hours.

PAY YOUR MONTHLY INTEREST AND PROPERTY TAX ESCROW PAYMENTS ☐
We will email you a monthly invoice which typically includes 15% interest-only payment with tax escrow. We setup direct debit of your monthly payment on your preferred date, between the 1st and 10th of each month based on the loan term.

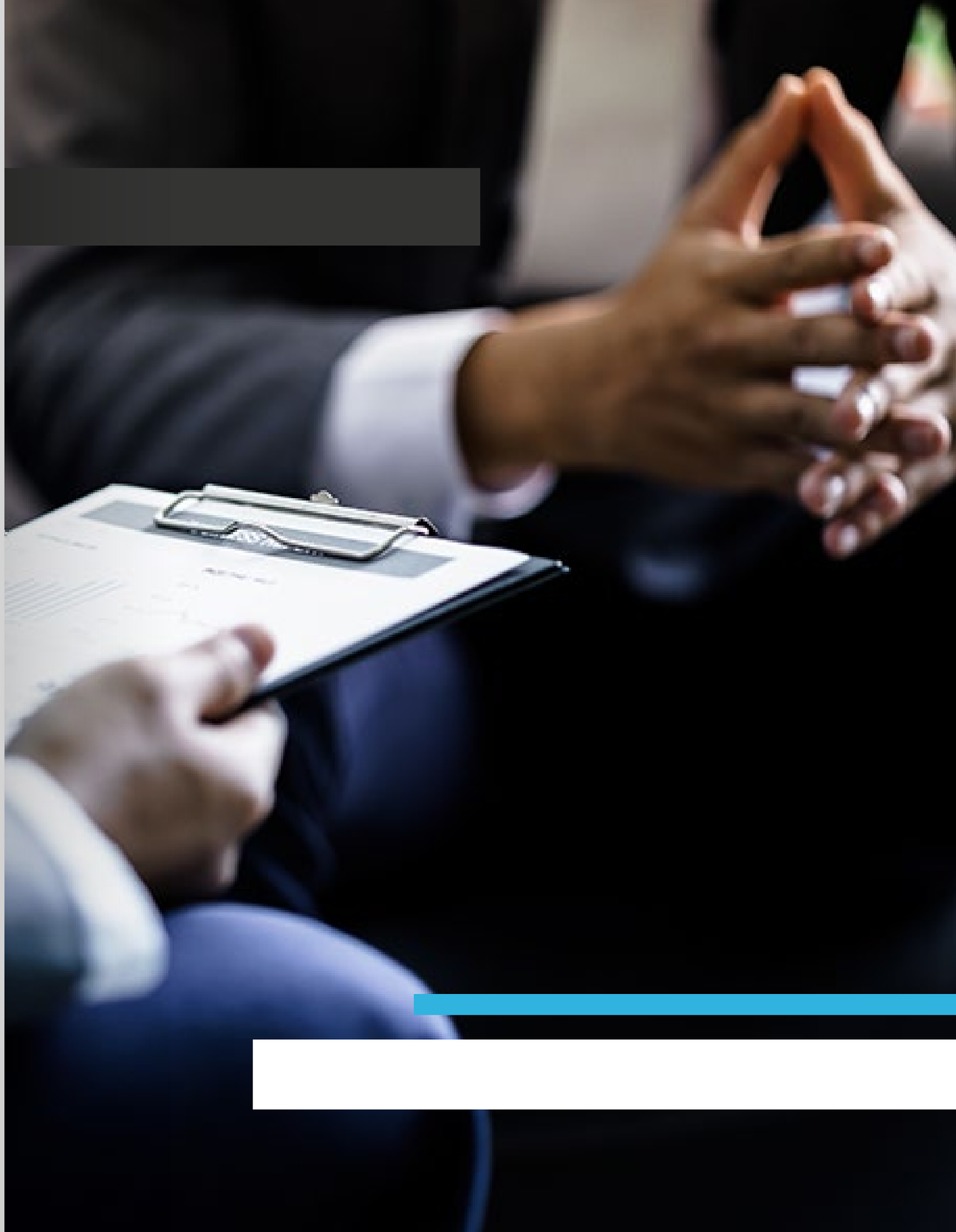
REQUEST PAYOFF OF YOUR LOAN ☐
At some point, you will be responsible for paying off this short-term loan, either by refinancing the property with another lender or reselling to an end-buyer. We offer a 6-month loan term, with an option to extend the loan up to an additional year after the first 6 months (with refinance fees). There is no prepayment penalty.

CLOSE YOUR LOAN ☐
We will provide your lender or title company your payoff request and wire instructions to pay off your loan. Once we receive your payment and it has cleared, we will record a Satisfaction of Mortgage and the lien will be removed.

HARD MONEY TERMS & REQUIREMENTS

LENDING DETAILS

- We lend to business entities for investment purposes only, such as an LLC or corporation
- We lend on both residential and commercial assets
- We can close in 7-10 days (even sooner if necessary)
- We can lend on traditional purchases, REOs, online auctions, sheriff's sales
- We provide preapproval letters upon request
- Loans up to 65% ARV (for purchase and/or repairs)
- Loans up to 50% value on cash-out refinance
- 10% down payment on purchase price (or we will consider any free and clear assets borrower may have as collateral in lieu of down payment and could also roll the fees into the loan amount)
- Typical lender fees include 5% origination fee (or minimum $2,500) and $1,900 closing costs
- 6-month term, no prepayment penalty
- Option to extend the loan at 5% refinance fee (1st extension 6 months; 2nd and proceeding extensions 3 months)
- 15% Annual Interest Rate
- Interest-only payments made during loan term along with property tax escrow
- If borrower would like a repair escrow as part of loan, we require a scope of work. We advance $3,000 at closing to get started, then Borrower will make a draw request based on completed work. Inspection and funding will be done within 24-48 hours of request. There is a $200 draw fee per request.





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