



# FIVESTARS CAPITAL GROUP

CREATIVE FINANCING AT ITS PEAK

2030 Main Street, Irvine, California 92614, USA

[www.Fivestarscapitalgroup.com](http://www.Fivestarscapitalgroup.com)

## **STARTUP LOAN TERMS AND CONDITIONS**

*V6. 01-2024*

This booklet contains the general terms & conditions. Read and retain this document for future reference.

**1. Purpose**

The Loan is to be used for purpose set out in the Letter of approval.

**2. Maximum Loan Amount**

Up to \$2,000,000

Up to \$3,000,000 for repeat borrowers

**3. Loan Term**

Our Maximum Loan Term is 10 years

**4. Interest Rate**

7.11% - 9% (Fixed).

**5. Repayment**

5.1 The Loan repayment is the Principal +Interest charge on a monthly basis.

5.2 Balloon Payments are accepted.

5.3 The Borrower has the right to repay the loan in full at any time before the maturity date without incurring any prepayment penalties.

- 5.4 If early repayment is made, the Borrower must provide written notice to FIVESTARS at least thirty (30) days in advance of the intended repayment date.

## **6. Security**

We accept Bank Guarantee Letter, Credit Protection Insurance, Inventory, Real Estate, Business Assets and Personal Guarantee as Security for our Business Loans.

- 6.1 In the event of Mortgage being the proposed security, FIVESTARS will take a first lien over the subject property, with a clear report and certificate of good marketable title attached. Additionally, the borrower will have insurance cover the property(s) as security, for the term of the loan[s].

The borrower will ensure that all premiums are paid on time if The borrower does not do so the FIVESTARS may pay the premium and debit the cost to the borrower.

- 6.2 In the event of using Credit Protection Insurance Cover as security, the borrower will ensure that all premiums are paid on time to the insurer to guarantee continuous Loan protection.

Borrower can purchase this cover from our Insurance Department or a 3rd party insurer.

- 6.3 In the event of using a Personal Guarantee, if the Borrower (Business) fails to fulfill any part of their obligations, the Guarantor agrees to pay the outstanding amounts in a timely manner.

This Personal Guarantee remains binding on the Guarantor even in cases of death or Disability.

The Guarantor acknowledges that their individual credit history May be considered in assessing this Personal Guarantee.

- 6.4 In the event of using a Bank Guarantee Letter as security for the loan, The Bank Guarantee Letter shall be irrevocable and unconditional. Ensuring that we will receive payment on demand up to the loan amount + interest. in case of default by the Borrower.

The Borrower acknowledge We only accepts Bank Guarantee via MT760 SWIFT.

- 6.5 In the event of Using Business Assets as security, the Borrower agrees that the loan shall be secured by a first lien on all business assets owned by the Borrower. The Borrower shall not, without prior written consent create or allow any liens, charges, encumbrances, or security interests on the business assets,

The security interest on the business assets shall serve as collateral for the full repayment and discharge of all liabilities owed to FIVESTARS by the Borrower.

- 6.6 In the event of using Inventory as security, Borrower must grant Fivestars a security interest in all of its inventory, including but not limited to raw materials, work in progress, and finished goods. The Borrower agrees that the Lender shall have the right to inspect, verify, and monitor the inventory at any reasonable time and may take possession of such inventory in the event of default or non-payment by the Borrower.

The Borrower must maintain accurate records of its inventory, provide regular reports on inventory levels and turnover upon request, and not to remove or dispose of any inventory without prior written consent of Fivestars

In case of default, we have the right to sell or otherwise dispose of the inventory to recover any outstanding amounts owed.

## **7. Cost**

- 7.1 **Appraisal charge:** When an independent professional valuation is requested as in the case of using Real Estate, Business Assets or Inventory as security, this will be at the borrower's expense prior to loan Draw Down.

This is the only charge associated with the Three (3) enlisted securities prior to Draw Down.

- 7.2 Premium: The cost of purchasing a Credit Protection Insurance from our Insurance Department is determined on case by case basis based on different individual risk factors such as age, health history, Loan Amount etc.

Borrower can select/Purchase a quarterly, Semi-Annual, Annual, and a One-Off payment plan prior to Draw Down. Send an email to request a custom quote via [insurancedepartment@Fivestarscapitalgroup.com](mailto:insurancedepartment@Fivestarscapitalgroup.com)

The Premium is the only cost associated with the Credit Protection Insurance Security.

No cost (\$0) will be billed to the Borrower if the Credit insurance cover is purchased from a 3<sup>rd</sup> party insurer.

- 7.3 Default Prevention Fee: If you intend to use Personal Guarantee as repayment security, we will charge an amount equal to three (3) monthly repayment (Principal +Interest). which is intended to cover three (3) potential defaults.

it demonstrates a commitment from the Guarantor and adds an additional layer of protection for both parties involve.

This is the only cost associated with the Personal Guarantee Security prior to Draw Down.

## **8. Refund Policy**

- 8.1 Borrower is entitled to 100% refund of any unused portion of the “Default Preventive Fee”
- 8.2 In the event that you decide to prepay your loan before the scheduled term, you may be eligible for a refund of a portion of your insurance premium.

This refund would be calculated based on the remaining term of the loan and the specific terms outlined in your insurance policy.

## **9. Annual Review**

All startups (borrower) are offered the option of an annual review in relation to all facilities including security and alternate repayment arrangement.

**10. Draw Down**

When the borrower has accepted the letter of approval, along with complying with the terms & conditions, Security, Loan Agreement, and pre-draw down conditions, then the loan may be drawn.

The borrower will be required to complete drawdown instructions and an ACH Debit Authorization Form.

If a borrower wishes to draw down parts of the loan on different dates, this can be requested.

**11. Joint & Several Liability**

Where any loan is granted to two or more persons the liability & obligation to Fivestars shall be joint and several.

**12. Privacy Law**

Your privacy is important to us. We observe The Gramm-Leach-Bliley Act, also known as GLBA as enacted in 1999.

**13. Appeals/ Complaints**

13.1 Fivestars has a process for appeals and complaints.

The borrower is to submit a written appeal outlining the basis of their appeal for example, a special condition, a lending decision classifying a borrower as not co-operating etc.

The borrower must submit an appeal in writing within 5 working days of the notification of a decision to FIVESTARS, who will review and aim to resolve the appeal.

13.2 Fivestars will make all reasonable efforts to resolve a complaint received. Additionally, a borrower may be able to file a complaint to The Consumer Financial Protection Bureau (CFPB) via [www.consumerfinance.gov](http://www.consumerfinance.gov) over any Unfair practice.

**14. Governing Law**

The validity, meaning, enforceability, and effect of the Loan Agreement and the rights and liabilities of the parties shall be determined in accordance with the laws of the State of California.

## **FREQUENTLY ASKED QUESTIONS (FAQ)**

### **1. How fast can you Fund?**

The key factor in expediting the funding process is the prompt submission of all necessary documents. Once we receive all the required paperwork we can fund as fast as 5 Business Days.

### **2. Do you do Hard Pulls?**

No. However We may require you to submit a copy of your credit report(soft pull ) in most instances.

### **3. Do you Fund Bad Credit?**

Yes we do. We are an Alternative Lender.

### **4. Where does your money come from?**

Our Funds are pooled from High Net-worth Investors.

Each investor contributes a portion of the total amount required, spreading the risk across a broader base

<https://www.Fivestarscapitalgroup.com/investors-portal>

### **5. Do you accept 2<sup>ND</sup> Lien position for Real Estate Security ?**

Yes we do.

### **6. Do you Fund International Deals ?**

Yes we do .Determined on case-by-case basis.