



# FIVESTARS CAPITAL GROUP

CREATIVE FINANCING AT ITS PEAK

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

2030 Main Street, Irvine, California 92614

## BUSINESS LOAN TERMS AND CONDITIONS

*V6. 01-2024*

This overview will provide you with an in-depth understanding of the various components of our Terms & Conditions.

Read and retain this document for future reference.

1. Purpose  
The Loan is to be used for the purpose set out in the Letter of approval.
2. Loan Amount  
Up to \$7,000,000  
  
Up to \$10,000,000 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 Capital Group at least thirty (30) days in advance of the intended repayment date.

## 6. Security

We accept the following as Security for our Business Loans

- ✓ Real Estate
- ✓ Credit Protection Insurance
- ✓ Personal Guarantee.
- ✓ Bank Guarantee Letter
- ✓ Business Assets
- ✓ Inventory

6.1 In the event of Real Estate being the proposed security, Fivestars Capital Group will take a first lien over the subject property, with a clear report and certificate of good marketable title attached.

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.

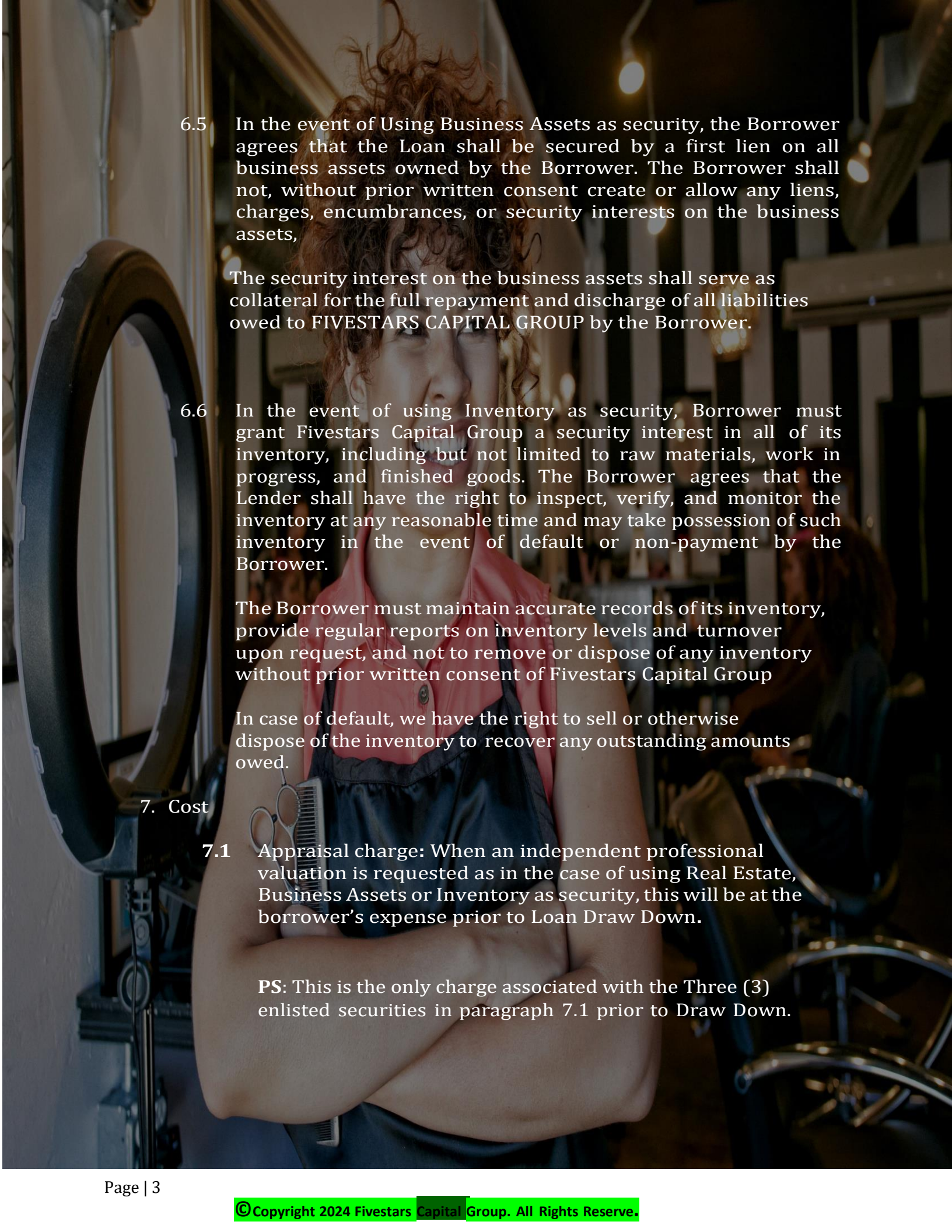
Borrower can purchase this cover from our Insurance Department as a master policy at a low premium or from any third party insurer.

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, Terminal illness or Disability.

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

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 CAPITAL GROUP by the Borrower.

6.6 In the event of using Inventory as security, Borrower must grant Fivestars Capital Group 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.

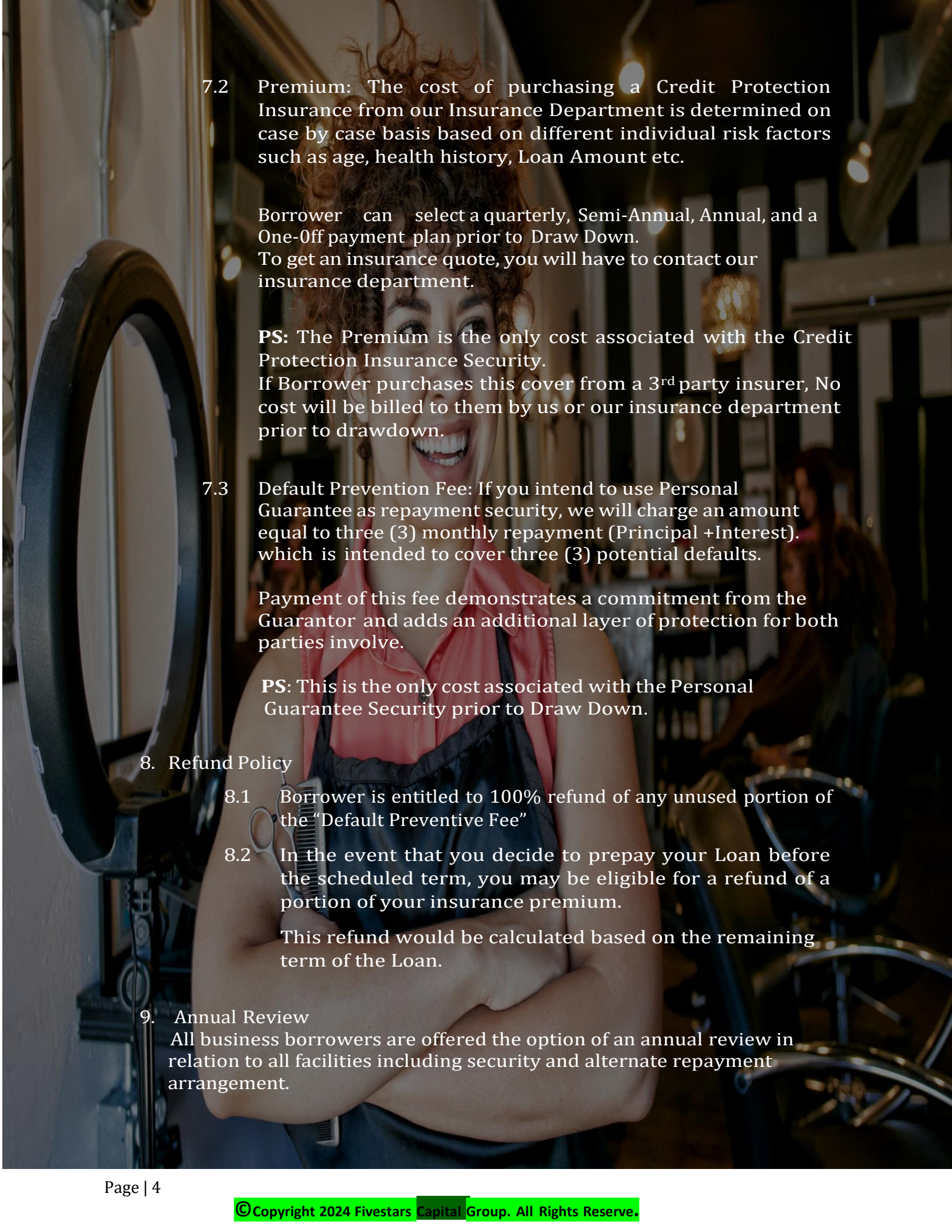
The Borrower must maintain accurate records of its inventory, provide regular reports on inventory levels and turnover upon request, and not to remove or dispose of any inventory without prior written consent of Fivestars Capital Group

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.

**PS:** This is the only charge associated with the Three (3) enlisted securities in paragraph 7.1 prior to Draw Down.

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- 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 a quarterly, Semi-Annual, Annual, and a One-Off payment plan prior to Draw Down. To get an insurance quote, you will have to contact our insurance department.

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

If Borrower purchases this cover from a 3<sup>rd</sup> party insurer, No cost will be billed to them by us or our insurance department prior to drawdown.

- 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.

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

**PS:** 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.

## 9. Annual Review

All business borrowers 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-drawdown conditions, then the Loan will be disbursed on the date specified on the Loan Approval Letter.

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

10.2 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 by two or more persons the liability & obligation to FIVESTARS CAPITAL GROUP shall be joint and several.

12. Privacy Law

We take reasonable measures to protect the security of your personal information, Including Implementing physical, technical, and administrative safeguards to protect against unauthorized access or disclosure of personal information. These safeguards include secure servers, firewalls, data encryption, access control. We will not share your personal information with any third party that is not part of the Loan transaction or servicing.

13. Appeals/ Complaints

13.1 Fivestars Capital Group 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 Capital Group, who will review and aim to resolve the appeal.

13.2 Fivestars Capital Group 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. We may require you to submit a copy of your credit report or do a 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. See the Link [www.fivestarscapitalgroup.com/investors-portal](http://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.