



North Star Finance



DEBT FINANCING OF \$1 TO \$10 MILLION
FOR
SMALL TO MID SIZE BUILDERS



 North Star Finance



CONCEPT



To provide 100% debt financing for small to medium sized home builders that require in acquisition, development and construction loans between of \$1 million to \$10 million dollars.



PROGRAM BENEFITS AND FEATURES



- 100 % debt Financing to the cost to build – includes the purchase of the land. (Lending allows up to 5% in hard cost and up to 4% for supervision costs, not including legal, accounting, vehicle , telephony, model home expenses, office expenses – including staff/salaries, rents, workers compensation and general liability coverings, marketing, advertising, sales commissions, sales taxes, entertainment, signage, postage, computer or related and printing.)
- Non Recourse Loan (NO PERSONAL GUARANTEES.)
 - a) Deferred payment during construction.
 - b) Permanent financing offered once construction is completed or stabilized.
- Non Fico Score Driven.

PROGRAM BENEFITS AND FEATURES



- **\$30,000 refundable Earnest Money and processing fee deposit.**
 - a) Held in Escrow until Term Sheet is acknowledged by both parties.
 - b) Refundable by North Star if Private investor declines the loan as required by Maryland department of real estate.
 - c) Non refundable if Builder defaults on term sheet requirements or fraud by builder is discovered.
 - d) At Builders discretion, can be rolled to the loan balance and refunded to builder at closing.

PROGRAM BENEFITS AND FEATURES



Investor/North Star fee is 6% and paid based on the builder's draw schedule and rolled into the loan balance. North Star Finance has made a provision for a 1% fee for procuring brokers, at the builders discretion. The 1% fee will be added to the final loan amount and featured as a line item in both the term sheet and final loan documents and will be paid at the A, D and C loan closing table.

CONSTRUCTION/ACQUISITION LOAN INTEREST RATE FEATURES



- Interest charged 4.5% fixed
- Interest only charged on actual funds drawn.
- Monthly Payments are accrued and rolled into the loan during construction to conserve builder cash flow based on what has been drawn down (loan acts like a line of credit.)

CONSTRUCTION/ACQUISITION LOAN INTEREST RATE FEATURES



- Construction loan can be rolled over to permanent financing at the end of the construction of project.
 - a) No requirement to re-qualify or re-apply to secure permanent financing – just a modification of the note.
 - b) Financing offered at market rate at the of application.
 - c) Interest Rate on roll over is fixed and amortized over 30 or 40 years and due in 20 years.
 - d) There is No Pre Payment Penalty.
- This loan product is for “for-sale” or “remodeled” residential projects only.

PRODUCTION HOME BUILDER GUIDELINE



- 1). Terms of the loan is 3 years. Interest rate is 4.5% fixed for 3 years. Total points are 6 points based on draw schedule. Will allow one 1 point paid to procuring cause brokerage added to loan amount and paid at loan closing. After completion of construction the 4.5% interest rate may be extended six months to sell any remaining inventory that is without a contract of sales in escrow.
- 2). **Realtor/Brokerage Agreement** must be engaged prior to final loan documents signed and a copy submitted to North Star. Also the **Preferred Mortgage Lender** must be established by the builder/brokerage prior to closing of the loan. The **Broker Sales and Marketing Program** must begin within 30 days of commencement of draw funding.
- 3). **Land Owner** may place their property as a part of the loan request with the issuance of a promissory note and will be paid at the A, D and C loan closing table and added to the loan balance.
- 4). **Partnership between Builder and Land Owner is allowed.** Notarized Partnership agreement between builder and land owner must be presented to **Title Company** at loan closing with any agreed to proceeds, as described in the documents, to be distributed by North Star's Title Company, out of the close of escrow the budget line item regarding construction inspections and verifications management.

PRODUCTION HOME BUILDER GUIDELINE



- 5). Interest reserves, debit to income ratios and contingency not required. Lender will allow up to 10% cost overruns and will be included in final loan amount agreed to by builder and North Star Investors. ***The 10% cost over run must be disclosed in the detailed use of funds schedule.***
- 6). Builders broker will be required to use ***North Stars Taps Technology*** that tracks sales and marketing efforts and progress and compares proforma versus actual and construction draws. The fees for this technology are paid from the budget line item regarding construction inspections and verifications management.
- 7). All potential buyers must be pre approved by the potential buyers mortgage take out lender or the builders /brokers designated lender and a pre approval letter must be issued to the builder's broker and submitted to North Star during construction period. The pre-approval letter must be established prior to the 3rd draw request.
- 8). All building permits and approvals must be secured at least 6 months prior to commencement of draw funding.
- 9). The project must exceed \$1 million dollars in cumulative sales price and must be its own LLC.
Example.

PRODUCTION HOME BUILDER GUIDELINE



10. Project must be located in an area where there is ***strong demand and limited new home for sale inventory or in an area of strong growth for housing due to adequate employment***. This information will be required as a part of the ***CMA produced by the engaged Brokerage/ Sales and Marketing Firm***.
- 11). Investor will allow up to 3 model homes to be built and up to three additional spec homes, one of each floor plan with the initial draws. When a pre-approved buyer has signed a contract of sale for each home, two additional spec homes will be authorized for construction.
- 13.) This program is not Fico score driven, however the builders credit report will be pulled and reviewed as part of our due diligence to check for active CH 7, 11, & 13's, Judgments
- 14). All other provisions of the loan product as outlined in the program and power point presentation are in effect.
- 15). Builder is authorized to sell the completed models, at any time, to an investor with a lease back provision for the construction life of the project, not to exceed 3 years. Investor may sell the models only after the last production home in the project is sold and closed.

CUSTOM BUILDER & REMODELER GUIDELINE



- 1). Terms of the loan is 3 years. Interest rate is 4.5% fixed for 3 years. Total points are 6 points based on draw schedule. Will allow one 1 point paid to procuring cause brokerage added to loan amount and paid at loan closing. After completion of construction and the issuance of the certificate of occupancy, the 4.5% interest rate will be extended six months if the home is without a contract of sales in escrow. Afterward the interest rate will be modified to 8% on the unpaid balance and additional 1 point will be charged to the builder and added into the loan balance.
- 2). **Realtor/Brokerage Agreement** must be engaged prior to final loan documents signed and a copy submitted to North Star. Also the **Preferred Mortgage Lender** must be established by the builder/brokerage prior to closing of the loan. The **Broker Sales and Marketing Program** must begin within 30 days of commencement of draw funding.
- 3). **Land Owner/Existing Home Owner** may place their property as a part of the loan request with the issuance of a promissory note and will be paid at the A, D and C loan closing table and added to the loan balance.
- 4). **Partnership between Builder and Home Owner/Land Owner is allowed.** Notarized Partnership agreement between builder and homeowner/land owner must be presented to the **Title Company** at loan closing with any agreed to proceeds, as described in the documents, to be distributed by North Star's Title Company, out of the close of escrow of new home to the new buyer.

CUSTOM BUILDER & REMODELER GUIDELINE



- 5). Interest reserves, debit to income ratios and contingency not required. Lender will allow up to 10% cost overruns and will be included in final loan amount agreed to by builder and North Star Investors. ***The 10% cost over run must be disclosed in the detailed use of funds schedule.***
- 6). Builders broker will be required to use ***North Stars Taps Technology*** that tracks sales and marketing efforts and progress and compares proforma versus actual and construction draws. The fees for this technology are paid from the budget line item regarding construction inspections and verifications management.
- 7). All potential buyers must be pre approved by the potential buyers mortgage take out lender or the builders /brokers designated lender and a pre approval letter must be issued to the builder's broker and submitted to North prior to the 3rd draw request. It would be advantageous to have at least 3 pre-approvals in place as soon as possible.
- 8). All building permits and approvals must be secured at least 6 months after lot/existing home is acquired by builder. Acquisition of lot and home will be refunded to the builder at the A, D & C loan closing.

CUSTOM BUILDER & REMODELER GUIDELINE



- 9). Each custom/remodeled home must exceed \$1 million dollars in sales price and must be its own LLC and must have its own loan.
- 10). Minor cosmetic renovations remodeling projects, with the intention of turning and flipping the home is not eligible for this loan.
- 11). House must be located in an area where there is ***high demand and limited new home for sale inventory***. This information will be required as a part of the ***CMA produced by the engaged Brokerage/ Sales and Marketing Firm***.
- 12). Minimum loan amount, which includes purchase, fill in, and building new home, is \$1Million.
- 13). This program is not Fico score driven, however the builders credit report will be pulled and reviewed as part of our due diligence to check for active CH 7, 11, & 13's, Judgments

WHO IS NORTH STAR



Established in 2009
Licensed and Bonded in the State of Maryland



North Star Finance



WHO IS NORTH STAR



List of 10 2013 Closed Bridge Loans

Group	Project Name	Bridge Loan Amount	State	Main Loan Amount	Year	Broker	Project
1	ACM	\$1,200,000	Vietnam	\$20,000,000	2013	n/a	Development
	FNC	\$1,200,000	Texas	\$23,000,000	2013	Gary	Resort Mixed Use
	Habersham	\$1,200,000	Georgia	\$50,000,000	2013	n/a	Development
	VETOPS	\$2,225,000	LA	\$90,000,000	2013	Tony	OIL
2	Cross Point	\$1,200,000	Texas	\$25,000,000	2013	n/a	Mixed Use
	Penn	\$1,200,000	Arizona	\$24,000,000	2013	n/a	Resort
	ET-Solar-NJ	\$1,200,000	New Jersey	\$10,000,000	2013	n/a	Solar
3	Valdera Inn	\$1,200,000	N Dakota	\$25,000,000	2013	Erik	Hotel
	Hawaii Outlet	\$3,600,000	Hawaii	\$75,000,000	2013	n/a	Warehouse
	Terra Firma	\$1,200,000	Calif	\$25,000,000	2013		Resort/Deve

WHO IS NORTH STAR



PR on Hotel and Condominium Project in New York

Details offered on Canandaigua lakefront hotel

With rumors circulating about the estimated \$54 million lakefront hotel project at 205 Lakeshore Drive, those involved with local businessman David Genesco's project are looking to set the record straight. Bob Murphy, of Macdon Excavating and Paving, Inc.; Tom Ellis, a senior partner for Northstar...



Submitted

A rendering of the Canandaigua Finger Lakes Resort by HBT Architects, in Pittsburgh. A hotel proposal at this location has been in the works for 10 years, said Bob Murphy, a project partner with David Genesco, said they're aiming to open in 2015.

By Scott Pokras, staff writer
Posted Jun. 5, 2013 @ 12:01 a.m.
Jun 5, 2013 @ 9:10 a.m.

Canandaigua, N.Y.

With rumors circulating about the estimated \$54 million lakefront hotel project at 205 Lakeshore Drive, those involved with local businessman David Genesco's project are looking to set the record straight.

Bob Murphy, of Macdon Excavating and Paving, Inc.; Tom Ellis, a senior partner for Northstar Finance of Washington D.C.; and Eric Rhodes, of the Rhodes Consulting Group in Rochester, talked about the specifics of the project in a visit to *Wesinger Post Media* on Friday, June 7.

Murphy said both he and Genesco are relieved to see the project finally move forward.

"It's been on the books for 10 years; Dave's had (the property) for six years," Murphy said. "He's been the only one able to bring it to the table. ... Dave's put his whole life savings on the line for this."

The hotel and conference center — to be called the Canandaigua Finger Lakes Resort — will be a five-story, 60-foot structure with 111 rooms and a conference space that will hold up to 400 people.

Additionally, there will be 47 fractional unit rooms — similar to condominiums or time shares — that customers can purchase for one-sixth of the year. It will also have a spa, retail space and 40 boat slips, said Murphy.

They are aiming to open the hotel in spring 2015, Murphy said. He added that — despite rampant rumors — there are no plans to sell the property.

Murphy said asbestos removal will begin at the current Steamboat Landing restaurant in about a week. That process should take about two weeks, and the asbestos will be taken to a licensed landfill.

A company has not yet been hired for the abatement, but it has been put out for bids, Murphy said. He elaborated that the exact location of the asbestos is unknown, but it's believed to be in the tiles.

Murphy added it's not something that should be of concern to those who recently worked at or visited the restaurant, which closed Feb. 2.

The building and demolition permits will be acquired in the next 60 days, Murphy estimated. Canandaigua City Council approved the demolition of the existing restaurant earlier this year.

Ellis said that major funding obstacles have been cleared. Northstar Finance is acting as the bridge lender for the project. A bridge loan is a short-term loan that is used until a person or company secures permanent financing, or removes an existing obligation.

Robert Preber, the president/CEO of the Citywide Landing Group in Los Angeles, Calif., has signed off on the project, Ellis said.

"This is such a strong project our lending group [Citywide Landing] is coming in with \$25 million of its own money, which will ensure the community that we will not use one penny of tax dollars," Ellis added.

He elaborated that this would also remove the federal Housing and Urban Development (HUD) financing that is currently in place, along with any other small-institution loans.

"Overall financing has been approved," Ellis said. "What's left now is just your standard bank due diligence check-off list, try to make sure all the paperwork is in line, and up to date."

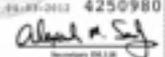
Additional project costs may come in September. That's when Ontario County Judge William Kasper will determine whether or not former lakefront property owner Dan Horak received just compensation following the city of Canandaigua's decision to use **EMERALD BEACH AT 205 LAKESHORE DRIVE**. After the city acquired the 3.4-acre parcel from Horak, it sold 2.4 acres to Genesco for \$1.7 million. That property is scheduled to be part of the hotel and conference center project.

According to the city clerk's office, the total cost to report fees for the case is \$265,124.55. The city is reimbursed for all of those expenses by Genesco.

WHO IS NORTH STAR



North Star's Maryland Bonded Lender License

	LICENSE * REGISTRATION * CERTIFICATION	Marta O'Malley Governor
	STATE OF MARYLAND	Harvey W. Brown Lt. Governor
	DEPARTMENT OF LABOR, LICENSING AND REGULATION	Alexander M. Sauer Secretary
	COMMISSIONER OF FINANCIAL REGULATION	
	CERTIFIES THAT:	
LEGAL NAME: NORTH STAR FINANCE, LLC		
D/B/A:		
10480 LITTLE PATUXENT PARKWAY SUITE 400		
COLUMBIA MD 21044		
IS AN AUTHORIZED: 03- INSTALLMENT LOAN		
LIC./REG./CERT 2189	EXPIRATION 04-03-2014	EFFECTIVE 04-03-2012
		CONTROL NO 4250980
	Signature of Surety	 Secretary DLLR
WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES		
04 03 2189		4,250,980
04 03 2189		
COMMISSIONER OF FINANCIAL REGULATION 500 N. CALVERT STREET, ROOM 402 BALTIMORE, MD 21202-3451		
NORTH STAR FINANCE, LLC 10480 LITTLE PATUXENT PARKWAY SUITE COLUMBIA MD 21044		
		
	STATE OF MARYLAND	
	COMMISSIONER OF FINANCIAL REGULATION	
	NORTH STAR FINANCE, LLC	
	IS AN AUTHORIZED: 03 - INSTALLMENT LOAN	
	LIC./REG./CERT 2189	EXPIRATION 04-03-2014
	EFFECTIVE 04-03-2012	CONTROL NO 4250980
	Signature of Surety	 Secretary DLLR

Why does it take at least 90 +/- days to fund a loan?



North Star Finance LLC is licensed and bonded as a private lender. Even though we are a private lender and have the ability to fund loans faster than banks. We have to follow Federal Reserve Banking and gov't regulations. Some of the requirements and estimated time frames are as follows. Please note, there may be additional requirements that are not listed below.

- **Borrowers** will be required to sign an **IRS Form 4506**. This form has to be complete by the IRS and a document must be provide to us that states you have filed taxes and to make sure that your tax returns match up with what you provide to North Star Finance. This requirement can take up to 6 to 10 weeks.
- **Home Land Security Check/ Patriot Act**--is required to make sure you have not committed any federal crimes that involves money laundering, wanted by the FBI, IRS, etc. This check can take 2 to 3 weeks.
- **Forensics Review**--A 3rd party is required to review all loan doc's, third party reports and information / paperwork supplied by the borrower which include issuance of closing doc's and lender doc's. Most loan closing packages consist of up to 100 pages. This process can take 4 to 6 weeks or longer depending on the number of applications being processed.
- **North Star's Investors** --may be pulling money from one of their overseas accounts to provide financing. This can take 15 to 20 days and the gov't will verify the source, person requesting the money, what the money is being used for, etc.
- **Project Due Diligence**--depending on the type of loan, location, checking land records, verify doc's with the court house, verify permits, site visit, interviewing the principal, county and city requirements, etc. This can take 30 to 45 days. Required written verification that has been added to the file.
- **Title Work**-- completion and review of the attorney title work and closing docs.
- **Appraisal**--an appraisal may need to be ordered or a re-certification. Feasibility study, environmental may need to be ordered.
- **Volume Control**--we can only process so many loans at once.

We understand how important it is to fund as fast as possible. North Star Finance will work as fast as we can to process and fund your loan.



WHO IS NORTH STAR



Principals



Tom Ellis



Yasuo Oda

PROGRAM FUNDING PROCEDURES, REQUIREMENTS & TIMELINE

- **NAHB Exclusivity.**
 - a) This program is for the exclusive use of builder members of the NAHB. Non members will be required to join their local HBA to be eligible to participate in this program. Any real estate broker/ financial brokerage or others representing builder members, must also be a member of their local HBA and Local Sales and Marketing Council to participate in the program. There are no exceptions to these rules, as the investor only wants to work with well established builders due to the high risk associated with this program.
 - b) North Star will sponsor the NSMC for the Sales Central for \$10,000 for the 2014 IBS Show. North Star will also be applying for the NAHB affinity program and will work with NAHB to try to develop a revenue sharing opportunity.
 - c) Any information provided by or obtained from North Star Finance, its parent company, subsidiaries, affiliates, representatives, successors and assigns (collectively, "North Star") regarding its products and services does not constitute or imply an endorsement by NAHB of such products or services, or its producer or provider. The views and opinions expressed by North Star in any document do not necessarily state or reflect those of NAHB. NAHB and its employees do not make any warranty, express or implied, or assume any legal liability for the accuracy, completeness, or usefulness of any information provided by North Star. NAHB and its employees will not be liable to you or anyone else for damages of any kind, including but not limited to direct, consequential, incidental, special or indirect damages that result from any financial transactions with North Star or from information provided by or obtained from North Star. North Star will indemnify and hold NAHB harmless from all losses, liabilities, damages, costs or expenses incurred by NAHB as a result of any claims or suits that anyone may bring against NAHB.

PROGRAM FUNDING PROCEDURES, REQUIREMENTS & TIMELINE

- Builder will be required to provide a three year proforma for the project.
- Due Diligence performed by NAHB/NSMC members only with MCSP or MIRM designations.

Property Pro Forma (Five (5) Year)

	Year 1	Year 2	Year 3	Year 4	Year 5
INCOME:					
Total Potential Rental Income (PI)	\$3,688,688	\$3,762,454	\$ 3,837,703	\$3,914,457	\$ 3,992,746
Other Income	\$ 147,647	\$ 190,498	\$ 153,508	\$ 196,578	\$ 199,710
Gross Potential Income (GPI)	\$3,836,335	\$3,952,952	\$3,991,211	\$4,071,035	\$ 4,192,456
Concessory Collection Loss	\$ (115,087)	\$ (117,389)	\$ (119,736)	\$ (122,131)	\$ (124,574)
Vacancy Loss	\$ (575,434)	\$ (508,684)	\$ (399,121)	\$ (407,183)	\$ (415,246)
Effective Gross Income (EGI)	\$3,145,706	\$3,286,879	\$3,472,353	\$3,541,800	\$3,612,636
EXPENSES:					
Maintenance and Repairs	(\$391,500)	(\$329,085)	(\$338,957)	(\$349,126)	(\$359,600)
Payroll	(\$546,004)	(\$556,204)	(\$572,890)	(\$590,076)	(\$607,779)
Administration	(\$348,328)	(\$350,537)	(\$361,000)	(\$372,000)	(\$383,000)
Marketing/Advertising	(\$ 65,250)	(\$ 67,207)	(\$ 69,223)	(\$ 71,300)	(\$ 73,439)
Utilities	(\$369,750)	(\$380,841)	(\$392,267)	(\$404,000)	(\$416,156)
FIXED EXPENSES:					
Taxes	(\$219,675)	(\$226,265)	(\$233,053)	(\$240,044)	(\$247,246)
Insurance	(\$ 90,480)	(\$ 93,194)	(\$ 95,990)	(\$ 98,889)	(\$101,836)
Management Fee	(\$125,828)	(\$129,602)	(\$133,490)	(\$137,495)	(\$141,620)
TOTAL OPERATING EXPENSE	(\$2,014,037)	(\$2,074,458)	(\$2,136,682)	(\$2,200,793)	\$ (2,266,817)
NET OPERATING INCOME	\$1,131,669	\$1,212,421	\$1,335,661	\$1,341,008	\$ 1,345,820
DEBT SERVICE	\$ (928,664)				
RESERVES	\$ (130,500)				
NET CASH FLOW	\$ 203,005	\$ 283,757	\$ 406,997	\$ 412,344	\$ 417,156

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North Star Finance



DEBT FINANCING OF \$1 TO \$10 MILLION
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SMALL TO MID SIZE BUILDERS



 North Star Finance



Presentation designed by PMA Brethour Vetter