

Commercial Earnest Money Deposit Option Funding

Are you working on any deals in need of a Commercial Earnest Money Deposit (CEMD)? We are happy to pay for referrals!

CEMD is for Commercial Property Buyers (CPBs).

NOTE: We have a separate CEMD program for commercial real estate **wholesalers**.

Please feel free to send a request for the “Wholesalers” CEMD program.

Are you an experienced CPB?

Do you have a potential, high quality commercial purchase that is ready to go, however you lack the cash needed for the CEMD?

We may be able to help. For deals that meet our standard criteria, we can fund the CEMD via a Joint Venture (JV)--a form of equity.

Executive CEMD summary:

1. Designed for commercial properties purchases.
2. CEMD is different from residential EMD because:
 - a. The (CMED) amounts are usually a lot higher;
 - b. Escrow time frames are usually longer, i.e. to allow extra time needed for due diligence;
 - c. They include a Termination Option.
3. Funding Amounts: \$25,000 - \$500,000, though we are open to higher amounts if the deal is right.

Case Study: Commercial Earnest Money Deposit Option Funding Program--Buyers

A Commercial Property Buyer (CPB) was seeking to buy a commercial property, i.e. an industrial building. He was buying the property for \$5,000,000.

The CPB had the seller under contract (via a Purchase Agreement), which included a 30-day commercial Termination Option. The TP fee (for 30 days) was \$15 per day = \$450.00, paid out-of-pocket by the CPB.

The CEMD was 0.01% (one percent) x \$5,000,000 = \$50,000. Since all the CPB's cash was tied up in other deals, they came to our firm (CTF) for the CEMD. Once CTF confirmed that the CPB's deal met our standard criteria, we agreed to fund the \$50,000 CMED funding amount.

B. Once escrow had opened, two separate trust accounts were opened by the escrow officer:

1. The first trust account is where the escrow officer placed the CEMD monies that had previously been wired in from CTF.
2. The second trust account is where the purchase money funds (say 20% down payment, 80% commercial loan) were eventually placed.

C. Simultaneously, with the opening of escrow, the CPB wrote a check to the seller for \$450 to cover the option.

D. After 30 days, the TO was exercised, and the escrow went forward.

E. The CPB wired 20% of the purchase price (\$1,000,000) to escrow, who placed those funds in the second trust account. Since these were “first dollars in the door”, escrow wired the CEMD funds and CTF’s 50% markup to CTF since the CEMD funds are no longer needed. The first trust account was closed.

F. A couple of months later, once all the DD was complete, and all parties agreed to proceed, the CPB’s commercial lender wired \$4,000,000 into escrow.

F. Once escrow closed

1. The deed was recorded.

2. Escrow officer wired \$5,000,000 to the seller

b. Seller received \$5,000,000 via wire transfer.

E. If you believe you have a deal that meets our standard criteria, please hit the “Learn More” button, fill out the form and submit it and we will send you our information.

Looking forward to hearing from you soon.

Sincerely,

Tod Snodgrass

President

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