

Bail Out Funding: Short Term Bridge Equity Financing

Hello,

My name is Tod Snodgrass, with Creative Transaction Funding. We offer Short Term Bridge Equity Financing (STBEF) secured by real estate. Our joint venture, first position funding is available on a nationwide basis. Our focus is originating creative financing solutions that bridge the void created by banks by providing real estate investors with funding options that are “outside the box”.

Are you working on any deals in need of short-term bridge financing? We are happy to pay for referrals!

Joint Venture Funding Amounts: \$25,000 - \$500,000

Term: Six Months or less

Security: 1st Position or equivalent

A. A partial list of potential scenarios we will consider funding includes:

1. Pre-foreclosures
2. Tax delinquencies
3. Properties in probate
4. Divorce
5. Liens
6. Clouded title
7. Properties in need of upgrades to boost the CAP rate

B. Here are our general funding parameters:

1. We only work with experienced real estate investors (REI Pros)
2. There needs to be a substantial amount of equity and/or profit in the deal for the REI Pro
3. The principal must have already worked out their exit strategy
4. Our normal markup is 50% Thus, if we provide \$50,000, we receive \$75,000 ($\$50,000 + \$25,000$) in return. The markup can go higher if the deal involves more risk.

C. We pay a 2% referral fee with full account protection to loan professionals.

D. Here are some examples of deals we are prepared to fund, where we are dealing a REI Pro i.e. the “principal”:

1. The principal had a small amount due on their rental property mortgage. Some of the units were in disrepair which meant they could not find good renters or charge market rates. They needed funds to upgrade the property. However, since their credit score was low (due to financial overhang from COVID

when some tenants stopped paying rent), they could not get a refi loan. A loan broker referred them to us. We paid off the current mortgage and provided enough funds so they could upgrade the property. Based on a substantially higher CAP rate, once all the units were rented (at higher rental rates), they were able to secure a favorable refi loan and pay us off.

2. Cure (bring current) a NOD (in pre-foreclosure) first position loan. We paid off the overdue balance, thereby preserving the equity in the property. This involved a deed-in-lieu, cash-for-keys transaction because the owner could no longer afford the property. Once the property was sold, our firm was paid in full and the owner walked away with a good amount of money as well.

3. The principal owned their current property free and clear. They wanted to buy a larger property. However, despite having enough income, no lenders would cooperate due to their very low FICO scores. What they needed was a jumbo down payment. One lender had committed to a 50% loan, which meant the principal had to come up with 50% down that they didn't have. Our firm provided the missing 50% down payment money.

4. Seller Carryback Down Payment (DP): We supplied DP funding to the REI Pro because the current owner was highly motivated to sell now. The key was that the seller was willing to temporarily subordinate to a second position, six-month note for 80% of the purchase price, allowing our firm to take a first position note for the down payment amount we provided. Once we were paid off, the second position note automatically assumed first position status.

5. A General Contractor Investor (GCI) owned two acres of prime residential real estate, free and clear, with no loans or liens against the property. The land had already been successfully subdivided, entitlements were all in place, architectural drawings and plans were 100% complete for all the multis he wanted to build. Further, the GCI has already arranged a construction loan with a major bank for all the new houses, to be built, one after another, in a series. The only thing left to do, prior to starting work, was to pay for the (already approved) permits on the first couple of units. The problem is that the GCI's wife recently filed for divorce, tying up all the CGI's assets, including the funds he had previously put aside to pay for the permits. We provided funds for the permits, using the land as collateral. By prearrangement, the bank providing the construction loan had agreed to "overfund" the construction loan to provide payback to our firm.

6. A property was part of an estate. The owner died and the property went into probate. While the commercial property had a lot of equity in it, there was still an outstanding first mortgage with a modest amount still due. The court ruled that the mortgage had to be paid off completely before probate could close. The four heirs to the estate did not get along well. The result is that, because of a total lack of trust, none of them would agree to pay off the amount due on the mortgage. It was a financial standoff. Our firm was referred into the situation by an attorney. We provided sufficient capital to pay off the current loan balance. Probate was able to close; the heirs got their money; our firm was paid off for its investment + standard markup.

7. Ultra short-term funding: The principal in the deal needed \$105,000 for just five (5) business days. They needed the funds for about one month in the future—again for less than one week to close on a very equity-rich acquisition for which they had already worked out an ultra-short term exit strategy to pay back my firm. They were using another property they owned, free and clear, for cross-collateralization purposes. Once the deal was done, our firm was paid off for its investment + standard markup.

E. If you believe you have a deal that meets our standard criteria, please send an email to creativetransactionfunding@gmail.com and request a Deal Work Up Form.

Looking forward to hearing from you soon.

Sincerely,

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Short Term Bridge Equity Financing: Deal Work Up Form

Welcome to Creative Transaction Funding's (CTF) Short Term Bridge Equity Financing (STBEF). We offer joint-venture, first position funding on a nationwide basis. Our specialty is providing "outside the box" creative financing solutions.

I. Overview

We specialize in providing "outside the box" creative financing solutions. A partial list of potential scenarios includes Commercial Earnest Money Deposit Funding, Pre-foreclosures; Tax delinquencies; Properties in probate; Divorce; Liens; Clouded title; Properties in need of upgrades to boost the CAP rate, etc. We are open to other similar funding needs.

II. Features, Benefits

- A. Creative Transaction Funding (CTF) limits its funding to experienced REI Pros.
- B. We do not charge any upfront or origination fees.
- C. We don't do loans: Instead, the Program functions as a JV Agreement (JVA) between CTF and the REI Pro.
- D. We provide funding nationwide.
- E. We specialize in funding amounts from \$25,000-\$250,000, though we will consider larger amounts for the right deal

III. Explanation, Details

- A. Closing-related expenses are borne entirely by the REI Pro (including but not limited to): title and related closing (escrow) expenses, doc prep by a Professional Document Preparer or PDP (the result being a full and complete package that meets all the requirements of CTF prior to funding).
- B. Documents you should potentially have ready in case they are requested by our underwriters include: current appraisal, recent title report, scope of work (if rehab is involved), exit strategy plan, etc.

C. Deal Details

1. Wording for the closing instructions and the joint venture agreement are both provided by CTF.
2. If the deal calls for it, CTF leaves with a six-month, business-to-business, first position, non-recourse, commercial promissory note with no prepayment penalty. Simply put, we monetize the (JV) equity into a commercial note (debt). The note is comprised of the following components:
 - a. Return of the amount that CTF initially provided
 - b. Equity profit (markup that CTF receives from the deal).
 - c. The annual simple interest rate on the commercial note is 14%. However, since the note is due and payable in six months, the note calls for a total of 7% interest for the six-month term of the note.
- D. For deals that involve rehab work, CTF is not involved in, nor do we intend to interfere with the fixup portion of the project.
- E. To reiterate, CTF will supply the text for the JVA, closing instructions, promissory note, and other documents as required, etc. It is the job of a Professional Document Preparer (that CTF retains, and the REI Pro pays for), to oversee all appropriate documents that eventually go to the closing agent.
- F. CTF reserves the right, at any time and without restriction (for any notes they take possession of), to pre-sell, assign (sell), hypothecate (borrow against) or pledge the deed and note from this transaction to any other party of its choosing, and the note will be assigned without recourse.
- G. There must be a minimum of \$12,500 net profit in the project for CTF.

H. Funding details

1. We normally run the (wire transfer) funding for all deals through our LLC, however the final decision about whether we opt to fund via our LLC or from our funding arm, The Edith Capps Trust (TECT), is at our sole discretion.
2. We wire-transfer the funds needed by the REI Pro into escrow, from TECT for example, when we are instructed to do so by the closing agent.

IV. Requested Information

- A. So, assuming you have a property investment that you feel meets our criteria, see below a filled-out, generic Deal Work Up Form; and below that is a blank Deal Work Up Form for you to fill out and submit to us so we can vet your deal.
- B. If this form is not fully filled out, with all required details, it WILL NOT be processed. Do not leave any items unanswered. If you feel something does not apply, then please type in N/A.
- C. A brief description of the situation, problems involved, your solution proposal, etc.

D. Complete address of the subject property

1. Street address:
2. City:
3. State:
4. Zip code:

E. If you are using another property you own free and clear, for cross-collateralization purposes, please provide the complete address of THAT property as well.

1. Street address:
2. City:
3. State:
4. Zip code:

F. Please provide the following (your) personal information:

1. Your name:
2. Street address:
3. City:
4. State:
5. Zip code:
6. Phone number:
7. Email address:

V. Deal Work Up Form: Generic Example, Math details

Here is an example of a generic JVP investment scenario.

A. Amount of funding the REI Pro is requesting	\$100,000
B. 50% markup equals	\$ 50,000 -----
C. Total owed to CTF	\$150,000

VI. Deal Work Up Form about YOUR transaction

A. Amount of funding the REI Pro is requesting	\$ _____
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B. 50% markup equals \$ _____

C. Total owed to CTF \$ _____

VII. Is there any other important information or details that we should know about? Please explain.

VIII. Detail Summary

A. We normally need a few days to vet and then approve a deal once we have received 100% of the requested documents, etc. from the REI Pro. Subsequently, in most cases, escrow requires a few more working days to prepare all their paperwork, etc. leading up to the opening of escrow.

B. If you have any questions or concerns, please advise.

IX. Nondisclosure/Noncompete

A. I understand that all the information contained in this, and other documents, etc. received from CTF are strictly proprietary and confidential. I agree to not disclose any of CTF's information, etc. to any third parties without CTF's express, written consent in advance. I further agree to not compete against CTF in any capacity.

B. By submitting this Deal Work Up Form to CTF, I agree to all terms and conditions found within all the info, documents, etc. that have been previously provided to me by CTF, including this document.

X. Referrals

We are happy to offer:

A. To pay you a 2.0% referral fee, based on the amount we fund. For secondary referrals, we are happy to pay .5% (1/2 percent); for tertiary referrals, we are happy to pay .25% (1/4 percent).

B. Full account protection and referral fees in perpetuity.

C. Free info pack. If you would like us to send a Deal Work Up Form, Instructions, etc. about this program to someone else, please EMAIL their information to: creativetransactionfunding@gmail.com.

1. Name
2. Phone number
3. Email address

XI. Before you send in the Deal Work Up Form

A. Please send it to us as a Word file—NOT a PDF—and include the ENTIRE Word file.

B. PLEASE DO NOT SEND a hand-written Deal Work Up Form, we can only process a computer-generated Word file.

C. Initially all we need is the Deal Work Up Form. Please do NOT send any other supporting documents unless and until our underwriters have tentatively approved the Deal Work Up Form you previously submitted.

Any questions, please advise.

Sincerely,

Tod Snodgrass

President

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