

95% Financing

Hello,

My name is Tod Snodgrass, with Creative Transaction Funding (CTF). Welcome to CTF's 95% Financing Program.

Are you an experienced Real Estate Investor Professional (REI Pro)?

Do you have a potential Fix/Flip or Buy/Hold real estate investment which is rich with potential equity, however you lack the cash needed to pull it off?

CTF may be able to help. For deals that meet CTF's standard criteria, we can fund up to 95% of the Purchase Price (PP) for NOO (Non-Owner-Occupied) properties, and CTF pays the closing costs. CTF only requires the REI Pro to bring 5% of the PP as "skin-in-the-game" money.

The good news is that, at close of escrow, CTF credits back the entire 5% to the REI Pro for use with the rehab work on the newly acquired property. Any rehab costs above 5% are born by the REI Pro.

NOTE: CTF's 95% Financing Program is like hard money, but with one important distinction: CTF does not offer loans. Instead, CTF offers Joint Ventures (JVs), a form of equity that includes a 50/50 profit split. The REI Pro brings a deal that meets CTF's funding criteria, and CTF brings the funds to make it happen.

CTF's ARV "sweet spot" are properties ranging from \$200,000-\$800,000. We are open to smaller and larger ARV deals, if they are really right.

Term: Six Months or less

Security: 1st Position note

I. Features & Benefits

A. Creative Transaction Funding (CTF) limits its funding to experienced REI Pros.

B. CTF covers 95% of the PP of the investment property and CTF pays the closing costs; the REI Pro brings the other 5% of the PP.

C. We do not charge any upfront or origination fees to the REI Pro.

D. The 95% Financing Program is available nationwide.

E. CTF only funds deals where the property purchase includes a generous amount of equity, i.e. approximately 40% in total, comprised of the following potential components:

1. 10%-20% discount or more off the current Fair Market Value (FMV) from the seller, because they are in financial distress of some sort and need to move out of the property ASAP. For example, it may be the result of a cash-for-keys/deed-in-lieu transaction between the REI Pro and the current property owner.

2. Value added to the property as the result of cosmetic-only rehab work, undertaken by the REI Pro after the close of escrow, for say a 15%-20% increase in the After Repair Value (ARV).
 3. The REI Pro brings in an equity investor for say 5%-10% of the purchase price.
 4. The REI Pro secures equity-based (NOT a loan), seller carryback financing from the current property owner for say 5%-10% of the purchase price.
 4. A combination of 1., 2, 3. & 4.
- F. Once escrow has closed, the REI Pro owns the property, the JV agreement ends, and CTF leaves with a first position promissory note (6-month term, 14% simple annual interest), that includes CTF's 50% share of the net profit + the amount that CTF originally provided, less any expenses.
- G. CTF is happy to pay a 2% referral fee with full account protection.

II. Case Study

A. What follows are details of a cosmetic-only rehab project undertaken by an experienced REI Pro. Time frames from beginning to end of the average for this type of no-permit project usually takes a few months. The REI Pro had an investment opportunity that he had penciled out as viable; it was ready to go.

B. Situation: The REI Pro had the property under contract, with a lot of potential equity, however his normal funding source recently went out of business.

C. Problem: The REI Pro needed first position funding, and soon

D. Solution: CTF provided the needed funding, on a joint venture (JV) basis, with the REI Pro. CTF provided 95% of the Purchase Price (PP) as well as the closing costs, in the form of an equity/Joint Venture deal, in trade for a share of the net profits (gross profit less all expenses).

The REI Pro covered the other 5% of the purchase price for the NOO (Non-Owner-Occupied) property to be acquired because CTF requires REI Pros to have some "skin-in-the-game" money invested in the deal, i.e. 5% of the purchase price.

At close of escrow, CTF credited back the entire 5% to the REI Pro for use with the rehab work on his newly acquired property. Put another way, CTF put up about 101% of the purchase price (95% + 5% + 1% closing costs), once the dust settled.

The REI Pro was able to pay for all the fixup costs with the 5% credited back because they limited their rehab work to what was known in the industry as a "lipstick rehab"—essentially paint and minor repairs.

E. At closing, CTF monetized its equity position in the deal by accepting a six-month, first position note from the REI Pro with a face value of \$800,00. The details of the deal are as follows:

1. After Repair Value (ARV):	\$800,000
(confirmed by a recent appraisal	
& this was the eventual selling price after rehab)	

2. Fair Market Value (FMV) of the property to be acquired: \$650,000 (confirmed by the same recent appraisal; it was purchased from a financially distressed seller)		
3. Purchase Price: (\$475,000/95%/CTF + \$25,000/5%/REI Pro)		-\$500,000 -----
4. Gross profit (\$800,000/ARV-\$500,000/PP)		\$300,000
5. Total expenses: (Closing fees, rehab, interest and other financial costs mutually agreed to by both parties)	\$150,000	
6. Purchase price	\$500,000 -----	
7. Total costs (\$150,000/expenses + \$500,000/PP)		\$650,000
8. Gross profit (\$800,000-\$650,000)		\$150,000 -----
		\$800,000
9. Net profit to REI Pro, (50% x \$150,000 = his equity in the property)	\$75,000	
9. Net profit to CTF , (50% x \$150,000 = 1 st Position note)	\$75,000 -----	
		\$150,000

Result: By getting a recredit of his initial \$25,000 capital outlay, the REI Pro enjoys a 300% return on this project (\$25,000/outlay vs. \$75,000/profit).

III. Referrals

CTF is happy to offer:

A. To pay you a 2 percent referral fee, based on the amount that CTF funds. For secondary referrals, CTF is happy to pay 1/2-percent; for tertiary referrals, CTF is happy to pay 1/4-percent).

B. Full account protection and referral fees in perpetuity.

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

1. Name
2. Phone number
3. Email address
4. State you want a **95% Financing Info Pack.**

Sincerely,

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