

Bail Out Funding

Hello,

My name is Tod Snodgrass, with Creative Transaction Funding (CTF). Welcome to CTF's Bail Out Funding (BOF) Program.

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

II. Are you in need of bail out funding, where you:

A. Have a property that

1. Is equity rich?

2. You own free and clear, or is there only a small balance due?

B. Only need funding for a relatively short period of time to help solve a temporary financial problem

C. You have already worked out an appropriate exit strategy to pay off CTF in six months or less?

III. CTF limits its funding to NOO (Non-Owner-Occupied) properties. We do not offer funding for situations that include or involve OO (Owner-Occupied) properties.

IV. CTF's BOF 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.

A. REI Pro brings a funding request that meets CTF's normal BOF criteria

B. CTF brings the funds to make it happen. We are direct providers of financing to real estate investors.

C. In return for providing the funding, the REI Pro agrees—as part of the JV Agreement—to reward CTF with a 50% markup.

D. CTF covers all deal-related expenses. That means the investor incurs no out-of-pocket costs.

E. At closing, CTF is paid back for all expenses and leaves with a first position note for the full amount due.

V. CTF's "sweet spot":

A. Funding amounts from \$50,000 to \$500,000. We are open to smaller and larger amounts, for funding requests that are really right.

B. Term: Six Months or less

C. Security: A first position note with no prepayment penalty, 9.9% simple interest

VI. Features & Benefits

A. CTF normally limits its funding to:

1. REI Pros who can demonstrate that they have proven experience in this industry.
2. Funding is 50% of the current Fair Market Value (FMV).
3. The REI Pro can provide:
 - a. Current appraisal confirming the 50% FMV
 - b. Title Report showing clean title

B. CTF's funding is to be used for a relatively short period of time. i.e. six months or less.

VII. Explanation, Details

A. CTF does not charge any upfront or origination fees.

B. CTF's funding is available nationwide.

C. CTF is happy to pay a 2% referral fee with full account protection on the purchase price of the property.

D. At the close of escrow, an accounting is prepared detailing:

1. All funding-related expenses paid by CTF, including: title and related closing (escrow) expenses (including preparation of a promissory note) title insurance, recording all docs, initial document preparation by a Professional Document Preparer (PDP) and/or a Transaction Coordinator (TC), etc. The result of all this is a full and complete package that meets all the requirements of CTF's underwriters and investors, prior to funding. All expenses are paid back at closing.
2. An 8% discount off the face value of the first position note that CTF takes back. This modest discount off face value is necessary for CTF to be able to sell the notes quickly in the secondary note marketplace, then subsequently recycle our investment capital to be able fund your next deal, for example.
3. CTF's 50% markup

E. The BOF program functions as a Joint Venture Agreement (JVA) between CTF's LLC or designated trust account at CTF's sole discretion, and the REI Pro's business entity (LLC or Corp.). Closing Instructions, etc. are also provided by CTF that support the JVA as well.

F. Once escrow has closed on the BOF funding, the JVA between the REI Pro and CTF is dissolved.

G. CTF's exit strategy at closing: CTF leaves with a six-month, 9.9% simple (annual) interest, business-to-business, non-recourse, commercial promissory note, with no prepayment penalty, interest is payable monthly by the REI Pro to the holder of the note. Simply put, CTF monetizes the (JV) equity into a commercial note (debt).

H. The REI Pro must have a previously worked out exit strategy: Already arranged financing to completely pay off CTF in six months or less.

I. Once the initial funding escrow closes:

1. CTF is no longer involved.

2. Once CTF departs with a commercial note, that effectively ends CTF's direct involvement with the REI Pro.

J. CTF will supply the text for the JVA, closing instructions and promissory note, and other documents as required, etc. It is the job of a PDF and/or TC (that CTF retains, and the REI Pro pays for), to then oversee all the final documents that will eventually go to the closing agent.

K. CTF normally assigns (sells) the note we receive at closing, at a discount to the face value of note that secures the funding CTF provided. As a result, 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.

L. There must be a minimum of \$12,500 markup for CTF in any fundings we undertake.

M. Funding and operational details

1. CTF normally runs the (wire transfer) funding for all funding requests through our LLC, however the final decision about whether we opt to fund via CTF's LLC or from CTF's funding arm, The Edith Capps Trust (TECT), is at CTF's sole discretion. CTF (again, at its sole discretion) may assign all responsibility for any funding project to TECT.

2. CTF/TECT wire transfers the funds needed by the REI Pro into escrow, when we are instructed to do so by the closing agent.

VIII. Deal Work-Up Form, generic example

A. What follows are details for a generic JV funding request where CTF funds \$400,000 + \$200,000 (50% markup), which includes paying off a small balance on the current mortgage so that CTF is in first position. Total face value of the note \$600,000, due in six months or less, with a 9.9% simple interest rate.

B. Once CTF has committed to finance an approved funding request, here is how the process unfolds, using the Deal Work Up Form (DWUF), broken down as follows:

1. Funded amount

a. Balance due \$ 20,000

b. Funds you need \$300,000

c. Expenses \$ 80,000
(VII. D. 1.) -----

Total \$400,000

50% Markup \$200,000

Total, Face Value
 1st Position Note -----
 \$600,000

2. Expenses, broken down

a. REI Pro interest to be paid over six months, first position note, 4.95% x \$600,000	\$ 29,700	
b. Note discount, 8% x \$600,000, CTF must pay to quickly sell the first position note	\$ 48,000	
c. Paperwork preparation, closing costs, attorney's fees, etc.	\$ 2,300	

f. Total other costs paid by CTF		\$ 80,000

C. At closing, CTF leaves with a \$600,000 mortgage note.

IX. Referrals

CTF is happy to offer:

A. To pay you a 2 percent referral fee, based on the purchase price of the property in question. For example, if the purchase price is \$250,000: 2% x \$250,000 = \$5,000 paid to the referrer at closing.

For secondary referrals, CTF is happy to pay 1/2-percent; for tertiary (third and subsequent generation 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 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

Sincerely,

Tod Snodgrass
 President
 Creative Transaction Funding LLC
 2464 Rue Le Charlene
 Rancho Palos Verdes, CA 90275
 310 408-7015
<https://creativetransactionfunding.com>
creativetransactionfunding@gmail.com
 © TM

