Fully Financed Fix-Flips

Hello,

My name is Tod Snodgrass, with Creative Transaction Funding (CTF). Welcome to CTF's Fully Financed Fix-Flips (4F) Program.

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

II. Do you have a potential Fix-Flip or Fix-Hold buying opportunity…

A. that is equity rich, i.e. the purchase price is 50% of the ARV, and the total of all costs is no more than 70% of the ARV?

B. you are buying for less than the current Fair Market Value (FMV), from say a distressed seller?

C. is pretty much a cosmetic fix-up, i.e. a lipstick rehab or "wholetailing" opportunity?

D. there is the opportunity for good profit margins on the deal?

E. however, you lack the cash needed to pull it off, including one or more of the following:

1. purchase price, and/or other expenses, such as

a. Cosmetic rehab materials costs, normally up to 10% of the purchase price, including:

b. the rehabber's labor costs (his own and his subs, as needed).

c. other ongoing costs including insurance, utilities, taxes, etc.

2. interest payments that must be paid while the cosmetic rehab is under way (debt service)

3. closing costs

4. reserve fund

5. miscellaneous expenses such as document preparation, etc.

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

IV. CTF's 4F 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 deal that meets CTF's normal funding criteria (purchase price is about 50% of the eventual ARV), and CTF brings the funds to make it happen. Profits are split, after all expenses have been deducted 50/50 between the REI Pro and CTF.

B. Supposing a REI Pro has a good, high-equity deal available, but it does not meet CTF's normal criteria? Usually, CTF requires that the ratio between the purchase price and the ARV equals 50%, and the total all-in costs cannot exceed 70% of the ARV, following our standard criteria.

Potential alternatives, to make up the difference where deals have fallen short by a relatively modest amount--say a few thousand dollars, or a few percentage points--we are prepared to help out, in the following ways, in order to get a deal across the finish line:

1. The seller owns their property free and clear and they are willing to carry owner financing, in second position, until the cosmetic rehab is complete.

2. REI Pro:

a. Brings sufficient money to make up the shortfall, out of their own pocket.

b. Can cross-collateralize off another property, they own free and clear, that possesses substantial equity.

c. Recruits an equity or debt partner, until the cosmetic rehab is complete.

d. Can purchase the property for less than 50% of the ARV.

e. Can cut back the cosmetic rehab budget, i.e. convert it from a full-blown renovation, down to a lipstick rehab.

3. A combination of 1. & 2. above.

V. CTF's "sweet spot"

A. ARVs between $100,000 and $1,000,000. We are open to smaller and larger amounts, for deals that are really, really right.

B. The amounts we fund generally range from $50,000 to $500,000. Again, we are open to smaller and larger amounts, for deals that are really, really right.

C. Term: Six Months or less

D. Security:

1. Normally, CTF creates two each, six-month notes (one each, first and second position), which includes 9.9% prepaid simple interest, with no: prepayment penalty or interest refunds for early payoff.

2. However, at our sole discretion, CTF may opt to create just one (first position), note vs. two separate notes. FYI: The math stays the same as with two notes so there is no impact on the REI Pro.

E. It usually works best if the REI Pro is dealing direct with the seller, as opposed to working through a wholesaler. This avoids daisy chains and should allow the REI Pro to be able to access the interior of the property for inspection purposes. If a wholesaler IS involved, the REI Pro needs to ensure that the seller will allow an inspection of the interior of the property via contact with the seller, as well as all outside areas, etc. In any case an inspection is required, by a licensed inspector, before CTF will fund a deal.

F. We offer funding on individual properties, assuming the deal meets our standard criteria. We do not fund portfolios. That is because, should funding be required for say seven properties, and one or more

fail to qualify, then we would be forced to turn down all seven. If you have multiple properties, then please submit a separate Deal Work Up Form for each property. Our underwriters will evaluate each one as a separate funding request.

VI. Features & Benefits

A. CTF normally limits its funding to REI Pros, i.e. rehabbers who

1. Have experience with the standard

a. 70% ARV Rule for fix-flip deals

b. 70% LTV ratio for the notes themselves.

2. Specifically, we need deals that include a generous amount of equity at the outset, i.e. where the purchase price is approximately 20% less than the current FMV, confirmed by a recent appraisal.

3. The total cost (purchase price + all expenses) should not exceed 70% of the ARV. We need strict adherence to the two following requirements. No matter what:

a. The purchase price should be 50% or less of the ARV/appraised value

b. Cosmetic ("lipstick") rehab costs should not exceed 10% of the purchase price.

B. Once the escrow has closed, the REI Pro owns the property, the JV agreement ends, and CTF leaves with two promissory notes (first and second position).

C. We limit our funding to U.S. properties, purchased with U.S. dollars, via a U.S. LLC or Corporation.

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, based on the purchase price of the property.

D. Deal-related expenses are subsequently deducted from the gross profit before the 50/50 profit split between the REI Pro and CTF. Deal-related expenses include title and related closing (escrow) expenses (including preparation of two promissory notes), recording all docs, initial document preparation by a Professional Document Preparer or PDP, the result being a full and complete package that meets all the requirements of CTF's underwriters and investors, prior to funding.

E. The cosmetic rehab upgrades to the property, i.e. the anticipated Scope of Work (SOW), needs to be limited to cosmetic fixups: no building permits required, no added square footage, no serious structural flaws etc. The SOW should include the rehabber's labor costs (his own and his subs, as needed).

The result is what most in the industry refer to as a "lipstick rehab": cleaning, painting, minor repairs, etc. Normally, the budget for most cosmetic rehabs we fund comes in at about 10% of the purchase price. In other words, the entire cosmetic rehab is estimated to be completed, the property listed and sold (or refinanced), in six months maximum--sooner if possible.

F. Fund Administration. CTF requires that an experienced Fund Administrator (FA) oversee any funds (provided by CTF) to be distributed as draws, as different phases of the job are successfully completed, for the cosmetic rehab work. The vast majority of experienced real estate investors usually have previous experience with FAs (specialized third-party service providers). The REI Pro is responsible for identifying which FA they wish to use. The FA must be an independent entity, with no ties to any other businesses, etc.

FAs are normally retained to oversee the following key functions:

1. Process funding disbursements; managing the release of funds to the rehabber in stages, known as "draws," based on the progress of renovation work; ensuring compliance; reviewing documentation, coordinating with all parties; keeping accurate financial records, etc.

2. Processing monthly interest payment disbursements to the appropriate note holders, unless the interest is held back by CTF in reserve and not sent to the FA in the first place, at CTF's sole discretion.

3. The Fund Administrator is required to provide the following. (Failure to do may be construed as a breach of the Joint Venture Agreement.)

a. Mandatory, automatic weekly progress reports, via email, to the holder(s) of the note(s), commencing one week after the close, and continuing each week until the cosmetic rehab is finished and the property is either sold or refinanced.

b. Receipts for all expenditures by the rehabber.

c. Copies of the checks provided to the rehabber by the FA as work continues on a draw payment basis.

d. Photos of the progress of the cosmetic rehab work, from before it begins, as it continues, and finally when it is completed.

e. Final report when the cosmetic rehab is complete, to the holder(s) of the note(s).

4. The fee for the FA is provided to them in two separate payouts:

1. At closing, 50% of their fee

2. When the cosmetic rehab is complete, and CTF has approved the final report, they receive the last 50% of their fee

G. The REI Pro is responsible for the Earnest Money Deposit (EMD) funds that are needed. The EMD is to be refunded to the REI Pro, once all contingencies have been met, at close of escrow. The EMD is not to be used as part of the purchase price, i.e. it cannot be allowed to "go hard".

H. To reiterate, the 4F 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.

I. Once escrow has closed on the property purchase, the JVA between the REI Pro and CTF is dissolved.

J. CTF's exit strategy at closing: CTF leaves with two separate, six-month, 9.9% simple (annual) interest, business-to-business, non-recourse, commercial promissory notes (one each first position and

second position), with no prepayment penalty, interest is payable monthly. Simply put, CTF monetizes the (JV) equity into two commercial notes (debt).

K. The REI Pro must have an exit strategy already worked out. Once cosmetic rehab work is complete, they can either:

1. Sell the property to a new owner (fix and flip) that

a. You have (hopefully) already lined up in advance

b. Are qualified to buy the property (loan pre-approval, non-refundable Earnest Money Deposit), etc.

2. Refinance as a fix and hold, say via a local DSCR lender that you have hopefully already lined up in advance. The DSCR lender will need to provide funding as follows:

a. 85% of the appraised value (ARV)

b. No seasoning required (assuming the renovation is complete and you have a rent schedule in place)

L. At the initial close, an accounting is prepared detailing the anticipated:

1. Gross profit

2. All the expenses involved, which may include, but are not limited to:

a. Deal related expenses: closing costs (escrow and title fees), document preparation, etc.

b. Cosmetic rehab costs

c. Taxes and insurance: Both are prepaid at closing, using the funds provided by CTF, for the six-month duration of the project.

d. Monthly utility bills during the six-month duration of the project are handled as follows: CTF provides the funds to cover the utilities at closing. Those utility-dedicated funds are disbursed to the REI Pro at closing so that they can pay those bills during the duration of the deal, up to six months.

e. Interest only payments: 9.9% annual simple interest rate = 4.95% for 6 months for both the first and second position notes. CTF is willing to cover these costs as well, again assuming the deal meets our standard criteria.

f. Miscellaneous costs. See the Deal Work Up Form generic example below for more details.

g. An 8% discount off the face value of the two notes that CTF takes back. These modest discounts off face value are 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. Net profit is determined by deducting all expenses from the gross profit.

4.The net profit/equity that both parties agree to before closing, is split 50/50 between the REI Pro and CTF at closing.

M. Once the initial escrow closes:

1. CTF is not involved in, nor do we intend to interfere with, the cosmetic rehab portion of the project; all of that is accomplished by the REI Pro after escrow closes.

2. Once CTF departs with two commercial notes (first and second position), that effectively ends CTF's direct involvement with the property and the JV Agreement.

N. It is strongly suggested that the REI Pro already have THEIR exit strategy worked out in advance, so that once the cosmetic rehab work on the property is completed, one of two outcomes can reasonably be expected:

1. A pre-qualified buyer (that the REI Pro previously secured and vetted) is ready to open escrow and buy the property, forthwith.

2. The REI Pro plans on keeping the property as a fix-and-hold investment, and has already lined up permanent, long-term (refi) funding to pay off both promissory notes.

O. REI Pro's responsibilities include:

1. Provide a mandatory, weekly Progress Report to the holders of the promissory notes, summarizing work completed to date. The Reports are to commence one week after the close, and continue each week until the cosmetic rehab is finished and the property is either sold or refinanced.

2. For Refinancing, the REI Pro needs to secure a DSCR or similar loan that includes the following

a. No seasoning required

b. 85% of the ARV

c. Conditional pre-approval letter from the lender

3. For Fix-Flips, please indicate who you are planning on selling the property to.

P. 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 Professional Document Preparer (that CTF retains, and the Joint Venture pays for), to then oversee all the final documents that will eventually go to the closing agent.

Q. CTF normally assigns (sells) the notes we receive at closing, at a discount to the face value of note that secures the funding CTF provided to make the deal happen. 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.

R. There must be a minimum of $25,000 profit in any deal: $12,500/REI Pro, $12,500/CTF.

S. Funding and operational details

1. CTF normally runs the (wire transfer) funding for all deals 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.

T. The REI Pro must have previously and successfully completed three or more real estate deals like the deal being contemplated now. For those who have NOT successfully finished three deals on their own, CTF strongly suggests that they partner up with a mentor, such as General Contractor (GC), who HAS the prerequisite experience…three or more completed deals). They can, for example, form a joint venture partnership where both parties benefit from the involvement of the other.

U. The choice of which Closing Agent (Escrow Officer, Closing Attorney) and which title company to use are at the sole discretion of the REI Pro and/or CTF.

VIII. Document Checklist

Does YOUR deal meet CTF's criteria? Let's see! Please find below discussion about the documents that you need to eventually send to CTF AFTER our underwriters have given tentative approval to this Deal Work Up Form (DWUF). Please do NOT send any documents to CTF until our underwriters have approved of the DWUF. There will subsequently be more document requests and preparation, but for now these four are important for you to have ready for when the time comes.

A. Property title report showing all liens or loans = Clear title

B. Current appraisal (90 days or less) which shows both the current Fair Market Value (FMV) and the After Repair Value (ARV), assuming you plan to cosmetically rehab the property after escrow closes and by then you own the property.

C. Copy of the Purchase Contract you have with the seller.

D. Copy of the Scope of Work for the cosmetic rehab portion of the job

F. If you are seeking funding, specifically:

1. Carefully read over this ENTIRE (DWUF) file

2. Open a new Word document, then copy and paste the entire file into the new Word document with today's date and your name.

3. Fill out the new Word document in its entirety

4. Submit the filled-out Word document as an enclosed attachment and email it to us

5. Our underwriters will vet the deal.

G. Do NOT send in the four docs quite yet (A-D above). Wait for us to vet the DWUF first.

H. If you do NOT yet have all four of the above ready to go now, but you feel very strongly that you WILL have all four soon AND that your deal meets CTF's standard criteria, then you may want to go ahead and fill out the DWUF below.

I. Vetting time frames explained

Fourteen days, total time, is typical for how long it takes for us to fund a deal. However, sometimes it is less, and yes sometimes it takes longer. We retain independent underwriters. They handle all vetting. Longer time frames *can* happen if a transaction hits common speed bumps. You can help keep time frames to a minimum by addressing the primary bottlenecks in advance:

1. Paperwork delays: Traditional full appraisals, for example, take 1-3 weeks—sometimes longer when there are complications. The good news is that we don't require an appraisal for our underwriters to provide you with an initial and tentative green light for a deal that looks sound, just based on the Deal Work Up Form (DWUF), and only the DWUF.

However, and **this is important**: The vetting time clock does not actually start until the underwriters have received ALL the other required paperwork: appraisal, title report, scope of work, copy of the purchase contract, etc. Once the underwriters have received ALL the required paperwork, then they undertake the due diligence process. Assuming they like what they see, the underwriters provide THEIR approval of the deal. It then goes to our investors for final approval.

2. Missing or incorrect documents: Our underwriters evaluate deals based on collateral. Delays happen when funding requesters provide incomplete scope of work budgets, vague exit strategies, or lack a clean title. For example, having a clean title report and an ALTA survey ready accelerates the process.

3. Underwriting Backlogs: Our underwriters are required to provide us with a thorough vetting of your deal. If you submit a Deal Work Up Form during peak market seasons, there CAN be delays.

4. Legal & Escrow: Title searches, escrow paperwork preparation, drafting appropriate documents, and final sign off by our investors, all of these steps take time.

Again, we endeavor to process deals in an expeditious fashion, 14 days is what we strive for, assuming no roadblocks or bottlenecks.

IX. Deal Work-Up Form, generic example

A. What follows are details for a generic JV deal with a $500,000 ARV. It includes all the cost breakdowns, predicted profit, etc. that ultimately resulted in

1. Two promissory notes with a total face value of $425,000, the Percentage of $500,000 ARV = 85%

a. First position note for $350,000, the Percentage of ARV = 70%

b. Second position note for $75,000, the Percentage of ARV = 15%

c. The balance of $75,000 is the rehabber's equity/profit, the Percentage of ARV = 15%. ($350,000 + $75,000 + $75,000 = $500,000 ARV).

B. It is based on a cosmetic-only rehab project undertaken by an experienced REI Pro. Average time frames from beginning to end for this type of no-permit project usually take a few weeks to a few months. The REI Pro has an investment opportunity that he has penciled out as viable; it is ready to go. He is dealing with a distressed property owner who is highly motivated to sell ASAP.

C. Once CTF has committed to finance an approved funding deal, here is how the process unfolds, using the Deal Work Up Form (DWUF), $500,000 ARV example (below), broken down as follows:

1. $350,000 to cover

(Percentage of ARV = 70%)

a. Purchase price: $250,000
(Percentage of ARV = 50%)

b. All costs, inclusive: $100,000
(Percentage of ARV = 20%)

2. Estimated profit: $150,000
(Percentage of ARV = 30%)

$500,000

3. At closing, CTF leaves with two trust/mortgage notes, totaling $425,000:
(Percentage of ARV = 85%)

a. $350,000/first position
(Percentage of ARV = 70%)

b. $75,000/second position
(Percentage of ARV = 15%)

4. After closing, CTF has no more involvement with the deal. The disbursement of funds for cosmetic rehab, etc. (out of the $100,000 allocated for this purpose) are all handled by the Funding Administrator from funds that CTF previously provided to them, which in turn was based on the approved DWUF, and included:

a. Appraisal & Scope of Work submitted by the REI Pro

b. Other supporting documents, etc. (Title Report, eventual Joint Venture Agreement)

D. The amount of money that CTF provides for any deal is based on how much CTF previously committed to spend when the DWUF was initially approved, not the amount that eventually actually gets spent by the REI Pro. Once CTF commits to funding a deal, we are unable to use those funds, in this case $350,000, for any other investments.

E. If your estimated cost numbers, as a percentage of the ARV, exceed the percentages in this example, then be prepared to make up the difference by:

a. Lowering costs (selling price, cosmetic rehab funding, etc.)

b. Employing one or more of the additional options found at IV. B. above.

c. A combination of a. & b. above.

F. The numbers that follow may or may not reflect current expenses in your area, due to regional variations in the costs for labor, supplies, loan rates, etc. The following are just "ballpark" estimates and are not intended to reflect current market conditions and may not include all fees, costs and expenses. Some math below has been rounded, slightly, either up or down. Due to changing market conditions over time, please only use the following as a rough guide about how to fill out the actual form below (XI).

1. After Repair Value (ARV): $500,000
(confirmed by a recent appraisal & this was
the eventual selling price after cosmetic rehab for this fix-flip)

2. Fair Market Value (FMV) of the property to be
acquired (confirmed by the same recent appraisal): $300,000
(Percentage of ARV = 60.0%)

3. Purchase Price: $250,000
(Percentage of ARV = 50.0%)

4. Other expenses

a. Cosmetic Rehab costs, 10% of the purchase price $ 25,000
(Percentage of ARV = 5.0%)

b. Paperwork preparation, closing
costs, attorney's fees, etc. $ 5,000
(Percentage of ARV = 1.0%)

c. Fund Administrator fees $ 4,000
(Percentage of ARV = 0.8%)

d. utilities, taxes, insurance, misc.,
etc., for six months $ 6,675
(Percentage of ARV = 1.335%)

Subtotal, #4 a.-d. $ 40,675
($25,000 + $5,000 + $4,000 + $6,675)
(Percentage of ARV = 8.135%)

e. REI Pro interest to be paid over
six months, first position note,
4.95% x $350,000 $ 17,325
(Percentage of ARV = 3.465%)

f. REI Pro interest to be paid over
six months, second position note,
4.95% x $75,000 $ 3,710
(Percentage of ARV = 0.742%)

g. Note discount, 8% x $350,000,
CTF must pay to quickly sell the
first position note $ 28,000
(Percentage of ARV = 5.6%)

h. Note discount, 8% x $75,000,
CTF must pay to quickly sell the
second position note $ 6,000
(Percentage of ARV = 1.2%)

i. Reserve fund $ 4,290
(Percentage of ARV = 0.858%)

Subtotal, #4 e.-i: $ 59,325
($17,325 + $3,710 + $28,000 + $6,000 + $4,290)
(Percentage of ARV = 11.865%)

---

5. Total other costs paid by CTF, #1-#4 above $100,000
(Percentage of ARV = 20.0%)

---

6. Total, Purchase Price & Costs
($250,000/PP + $100,000/costs) $350,000
(Percentage of ARV = 70.0%)

7. Grand total
($250,000 + $46,675 + $59,325 + $100,000)

Dollars $500,000

Percentages: 100%

8. Gross profit
($500,000/ARV-$350,000) $150,000
(Percentage of ARV = 30.0%)

9. $150,000 gross profit breakdown

a. REI Pro = profit/equity in the property $ 75,000
(50% x $150,000)
(Percentage of ARV = 15.0%)

b. CTF profit = $ 75,000
(50% x $150,000)
(Percentage of ARV = 15.0%)

F. To reiterate, if your estimated cost numbers, as a percentage of the ARV, exceed the percentages in this example, 58.135% of the ARV, then be prepared to make up the difference.

a. Lowering costs (selling price, cosmetic rehab funding, etc.)

b. By employing one or more of the additional options found at IV. B. above.

c. A combination of a. & b. above.

Do your estimated numbers exceed 58.135% of the ARV? If so, please briefly indicate how you plan to make up the difference. _____

G. REI Pro potential results based on the details above, including 58.135% of the ARV:

1. The REI Pro is not required to put any money into the deal, only the earnest money deposit, which we will request be refunded back to the REI Pro at close of escrow.

2. Again, these numbers are rough estimates since every deal is different. For example, the REI Pro may wind up with less net profit than originally estimated, or in a best-case scenario, their net profits could be higher than initially predicted due to overall market appreciation while the cosmetic rehab is underway.

G. Here are the potential results based on the details above, at closing (of the initial escrow when the property is first acquired)

1. The seller receives $250,000
Percentage of ARV = 50%

2. The REI Pro is rewarded with:

a. ownership of the property

b. no out-of-pocket costs

c. $75,000 profit/equity
Percentage of ARV = 15%

d. A salary for himself and his subs, accounted for in the previously approved Scope of Work.

e. Even more potential equity via appreciation during the six-month cosmetic rehab time frame.

3. CTF leaves with two notes, totaling $425,000
Percentage of ARV = 85%

a. First position note for $350,000
Percentage of ARV = 70%

b. Second position note for $75,000
Percentage of ARV = 15%

1. Return total investment capital: $350,000 ($250,000 + $100,000)
Percentage of ARV = 70%

2. CTF's 50% share of the $150,000 profit = $75,000
Percentage of ARV = 15%

X. Requested Information

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.

A. Type of transaction: Fix & Flip, Buy & Hold, or?

_____

B. Estimated After Repair Value (ARV) of the property, confirmed by a recent appraisal?

$_____

C. Current FMV of the property, confirmed by the same appraisal

$_____

D. Purchase Price of the property?

$_____

E. Confirm that you (the REI Pro) have lined up the following:

1. Signed Purchase & Sale Contract with the seller?

Yes or No? _____

2. Current appraisal that shows BOTH the FMV and the ARV?

Yes or No? _____

3. Title Report?

Yes or No? _____

4. Scope of Work?

Yes or No? _____

5. Regarding the cosmetic rehab work:

a. A brief description of the work you will be doing, using the math figures from the Scope of Work

b. The total estimated cost for the cosmetic rehab work (taken from the Scope of Work)?

$_____

c. How long do you believe it will take to complete the cosmetic rehab work?

d. Just to confirm: This is a cosmetic-only project for which no permits are required, no added square footage, no major work, correct?

Yes or No? _____

e. Just to confirm: The total cosmetic rehab costs are 10% or less of the purchase price?

Yes or No? _____

F. For clarification:

1. Are you dealing direct with the seller? Or, are you dealing with a wholesaler or other third party? If a wholesaler IS involved, the REI Pro needs to ensure that the seller will allow an inspection of the interior of the property via contact with the seller, as well as all outside areas, etc.

Please clarify _____

2. Just to confirm, you are an experienced REI Pro, correct?

Yes or No? _____

3. If we undertake a background and credit check, we will see a clean bill of health, correct?

Yes or No? _____

4. Your deal meets CTF's normal financing

a. The purchase price is 50% or less of the ARV?

Yes or No? _____

b. The grand total all the costs involved does not exceed 70% of the ARV?

Yes or No? _____

5. Please list the dollar amounts for all current liens and loans against the property.

6. Please confirm that an inspection has been successfully undertaken of the property in question, by a licensed inspector, and you have report from that inspector in your possession.

Yes or No? _____

G. You are an experienced real estate investor who is used to working with a local third-party Fund Administrator regarding draws, payments, etc.

Yes or No? _____

H. It is understood and agreed that mandatory progress reports are to be sent to CTF, on a weekly basis, from:

1. The REI Pro

2. Funding Administrator

Yes or No? _____

I. I am aware of and am OK with the fact that CTF may opt to create just one (first position), note vs. two separate notes.

Yes or No? _____

J. Which type of property are you acquiring?

1. Residential

2. How many doors? _____

3. Commercial?

a. multifamily

b. industrial _____

4. Or?

K. Please confirm (below) which exit strategy you have chosen to use, once the cosmetic rehab work is complete. Are you planning on:

1. Selling the property to a new owner (fix and flip) that

a. You have (hopefully) already lined up in advance

b. Are qualified to buy the property (loan pre-approval, non-refundable Earnest Money Deposit), etc.

2. Refinancing the property as a fix and hold, say via a local DSCR lender that you have hopefully already lined up in advance, which will require you to get a preapproval from a DSCR lender who will provide the funding as follows:

a. 85% of the appraised value (ARV)

b. No seasoning required (assuming the renovation is complete and you have a rent schedule in place)

Please indicate below, by typing in **YES** on the appropriate line, which exit strategy you are planning to use once the rehab is finished:

Fix-Flip multifamily _____
Or
Fix-Flip multifamily _____

J. Which type of property are you acquiring?

L. Complete address of the property you are purchasing for which you need CTF's funding:

1. Street address:

2. City:

3. State:

4. Zip code:

M. Please provide the following personal information:

1. Your name:

2. Street address:

3. City:

4. State:

5. Zip code:

6. Phone number:

7. Email address:

N. Mentor and/or General Contractor (GC) information. For those who choose to partner up with a mentor and/or a GC, who HAS the prerequisite experience, please provide the following information for one or both of them:

1. Their name:

2. Street address:

3. City:

4. State:

5. Zip code:

6. Phone number:

7. Email address:

XI. Deal Work-Up Form:

A. What follows are details for YOUR deal.

B. It is based on 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 has an investment opportunity that he has penciled out as viable; it is ready to go.

C. Please be sure to fill in all the blank information areas below. Then email this whole form as a Word file attachment to CTF.

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

2. Fair Market Value (FMV) of the property to be
acquired (confirmed by the same recent appraisal): $_____
Percentage of ARV = %

3. Purchase Price: $_____
Percentage of ARV = %

4. Other expenses

a. Cosmetic rehab costs, 10% of the purchase price $_____

b. Paperwork preparation, closing costs, attorney's fees, etc. $_____

c. Fund Administrator fees $_____

d. utilities, taxes, insurance, misc., etc., for six months $_____

Subtotal, #4 a.-d. $_____
($_____+ $____+ $_____+ $_____)
(Percentage of ARV =_____%)

e. REI Pro interest to be paid over six months, first position note, 4.95% x $_____ $_____

f. REI Pro interest to be paid over six months, second position note, 4.95% x $_____ $_____

g. Note discount, 8% x $_____, CTF must pay to quickly sell the first position note $_____

h. Note discount, 8% x$_____, CTF must pay to quickly sell the second position note $_____

i. Reserve fund $_____

Subtotal, #4 e.-i: $_____
($_____+ $____+ $_____+ $_____+ $_____)
(Percentage of ARV = $_____)

---

5. Total other costs paid by CTF, #1-#4 above $_____
(Percentage of ARV =_____%)

---

6. Total, Purchase Price & Costs
($_____/PP + $_____/costs) $_____
(Percentage of ARV =____%)

7. Grand total
($_____+ $____+ $_____+ $_____+)

Dollars $_____

Percentages: 100%

8. Gross profit

($_____/ARV-$_____) $_____
Percentage of ARV = %

9. $_____ gross profit breakdown

a. REI Pro = profit/equity in the property $_____
(50% x $_____)
Percentage of ARV = %

b. CTF profit = $_____
(50% x $_____)
Percentage of ARV = %

F. To reiterate, if your estimated cost numbers, as a percentage of the ARV, exceed the percentages in this example, 58.135% of the ARV, then be prepared to make up the difference.

a. Lowering costs (selling price, cosmetic rehab funding, etc.)

b. By employing one or more of the additional options found at IV. B. above.

c. A combination of a. & b. above.

Do your estimated numbers exceed 58.135% of the ARV? If so, please briefly indicate how you plan to make up the difference.

G. REI Pro potential results based on the details above, including 58.135% of the ARV:

1. The REI Pro is not required to put any money into the deal, only the earnest money deposit, which we will request be refunded back to the REI Pro at close of escrow.

2. Again, these numbers are rough estimates since every deal is different. For example, the REI Pro may wind up with less net profit than originally estimated, or in a best-case scenario, their net profits could be higher than initially predicted due to overall market appreciation while the cosmetic rehab is underway.

G. Here are the potential results based on the details above, at closing (of the initial escrow when the property is first acquired)

1. The seller receives $_____
Percentage of ARV = %

2. The REI Pro is rewarded with:

a. ownership of the property

b. no out-of-pocket costs

c. $_____ profit/equity
Percentage of ARV = %

d. A salary for himself and his subs, accounted for in the previously approved Scope of Work.

e. Even more potential equity via appreciation during the six-month cosmetic rehab time frame.

3. CTF leaves with two notes, totaling $_____
Percentage of ARV = %

a. First position note for $_____
Percentage of ARV = %

a. Second position note for $_____
Percentage of ARV = %

1. Return total investment capital: $_____ ($_____ + $_____)
Percentage of ARV = %

2. CTF's 50% share of the $_____ profit = $_____
Percentage of ARV = %

XII. Is there any other important information or details that CTF should know about. Please explain.

XIII. Detail Summary

A. CTF normally needs 5-8 working days to vet and approve a deal once CTF has received 100% of the requested documents, etc. from the REI Pro.

B. Subsequently, in most cases, CTF requires approximately three more working days to prepare all the paperwork, arrange the funding, etc. leading up to the opening of escrow.

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

XIV. 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.

XV. Review: Before sending in this Deal Work Up Form

1. Please do NOT send any extra documents to CTF at this time, Please limit what you send now to this Form.

2. Please do not leave any information areas blank.

3. Be sure to email the entire Word file (all 20 pages) to CTF for our underwriters to vet.

4. Please send this Form to CTF as a Word file—NOT a PDF.

XVI. Creative Transaction Funding (CTF) offers:

A. Fully Financed Fix-Flips: This program is for rehabbers who have a potential opportunity that is equity rich: you are buying for less than FMV and can also add a good amount of value via a "lipstick rehab" ARV. However, they lack the cash needed to pull it off. If their deal meets our standard criteria, we cover 100% of the following expenses: purchase price, cosmetic rehab expenses, including the rehabber's labor costs--his own and his subs, as needed; ongoing costs during the cosmetic rehab: insurance, utilities, taxes, interest payments; as well as closing costs, document preparation; reserve fund if needed, etc. In other words, EVERYTHING.

B. Mortgage Note Investor (MNI) Opportunities. CTF actively funds real estate rehabbers on a joint venture basis, for six months or less, by providing the money they need to purchase and renovate a property. At closing, we take back a first position note which we sometimes assign (sell) to experienced investors to free up our cash so we can fund more rehabber deals. We offer the following features and benefits, nationwide: **16% annual yield, 64% Loan To Value, full documentation including title insurance, current appraisal, etc.** All escrow and assignment transactions are facilitated by experienced, independent closing and title professionals Note face values range from $150,000-$1,500,000. If you would like to be put on our mailing list, to be notified when a note becomes available for assignment, please send us an EMAIL (see below).

C. We are happy to pay a 2% Referral Fee with full account protection

D. Free info pack. If you would like CTF to send you free, detailed information, instructions, etc. about our Fully Financed Fix-Flips program, Mortgage Note Investor program and Referral Program, please send us an email and include your:

1. Full name
2. Phone number
3. Email address

to creativetransactionfunding@gmail.com

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
© ™

11-21-26