Short Term Bridge Equity Financing

Greetings

A. Our firm, Creative Transaction Funding (CTF) offers Short Term Bridge Equity Financing (STBEF) joint-venture, first position funding on a nationwide basis. Our specialty is providing “outside the box” creative financing solutions. 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

8. Earnest Money Deposits for commercial properties.

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. If we fund $1,000,000, we have the closing agent wire $20,000 to whoever referred the deal to us.

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

1. Commercial Earnest Money Deposit Funding (CEMDF). A REI Pro was seeking to purchase a commercial property. He was buying it for $10,000,000 from a very distressed owner who needed to sell it ASAP. The property had a Fair Market (appraised) Value of $14,500,000. The REI Pro had the seller under contract. The REI Pro had $2,050,000 ready for use as the down payment for the deal. He had also lined up $8,000,000 he needed from a commercial lender. The REI Pro was required to come up with the CEMDF. The CEMD was 0.01% (one percent of the purchase price) x $10,000,000/selling price = $100,000. Since all the REI Pro’s cash was tied up in other deals, he came to our firm (CTF) for the CEMDF. Once CTF confirmed that the deal met our standard criteria, we agreed to fund the $100,000 CEMDF amount. After escrow was opened, the escrow officer set up two separate trust accounts. The

first trust account is where the escrow officer put the $100,000 that CTF wired in for the CEMDF. After a period of time for appropriate due diligence, the second trust account eventually received two separate wire transfers: $2,050,000 from the REI Pro and $8,000,000 from the commercial lender. Once the escrow officer confirmed that the second trust account had received one or both of the wired fund amounts, the escrow officer wired $100,000 to CTF since the CEMDF was no longer needed in the deal. Once escrow closed, the escrow officer distributed funds and documents to the different parties as follows: The REI Pro received a recorded deed to the property; the seller received $10,000,000; CTF received $50,000 as their 50% markup for the $100,000 they had previously provided for the CEMDF.

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. 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.

6. 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 SFRs 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 SFRs. 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.

7. A property was part of an estate. The owner died and the property went into probate. While the 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.

8. 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. 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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