

Two Short-Term Equity Financing Programs

What follows are two examples of the type of Short-Term Equity Financing (STEF) offered by Creative Transaction Funding (CTF). Our funding is available for six months or less and is used to “grease the financial skids” to make more deals happen successfully, and/or prevent financial losses from occurring in the first place.

No 1: 97% Financing

Situation: A REI Pro had a property under contract, with a lot of potential equity, however his hard money/private lender recently went out of business.

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

Solution: CTF provided the needed funding, on a joint venture (JV) basis with the REI Pro. CTF provided 97% of the purchase price, in the form of an equity/JV deal, in trade for a share of the profits. The REI Pro covered the other 3% of the purchase price as well as closing costs and a modest interest reserve fund. The fixup costs, paid for by the REI Pro, were very low since this was what is known in the industry as a “lipstick rehab”—essentially paint and minor repairs. At closing, CTF monetized its equity in the deal by accepting a six-month, first position note from the REI Pro.

No 2: Short Term Bridge Financing Program: First Position

Situation/Problem

A. A REI Pro (or an equity partner of theirs) owns a property free and clear.

B. The REI Pro is short of cash and need funds, for example, to:

1. Fix up a rental property to boost rental income or prepare it for sale

2. Cover "soft costs: for a new build

a. architectural plans

b. building permits

c. “junk” fees: city, county, school, utilities, etc.

C. The goal is to use CTFs. bridge financing (that most banks will not provide) to take the project from “horizontal to vertical”.

Solution: CTF provided the needed funding, on a joint venture (JV) equity basis with the REI Pro. The REI Pro covered the closing costs as well as a modest interest reserve fund. CTF was provided with a modest equity share of the profits. At closing, CTF monetized its equity in the deal by accepting a six-month, first position note from the REI Pro.

For more detailed information about both of our Short-Term Equity Financing (STEF) programs, please email your contact information:

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Sincerely,

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