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

<u>Situation:</u> 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

<u>Solution:</u> 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% pf 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: Case Study: Seller-Carryback Down-Payment Assistance Program

<u>Situation/Problem</u>: a real estate investor found a property he wanted to buy for a fix-flip. The property needed some cosmetic-only upgrades (paint, minor repairs). The seller owned the property free and clear. The investor discovered that the seller's health was failing; as a result, he was highly motivated to sell the property quickly so he could move in with his daughter who lived in another city. Since the investor was short of cash, his offer was contingent on the property owner providing a substantial amount of seller-carryback financing for the short period of time it was going to take to rehab and sell the property. The property owner agreed to finance 75% of the purchase price in the form of a, six-month, <u>second-position</u> promissory note. The investor needed to come up with the other 25% down payment money + rehab costs.

<u>Solution</u>: The investor had enough funds to cover 5% of the purchase price. Also, by doing the rehab work himself and drawing upon some leftover paint, etc. he already had in his storage facility, he was confident he could financially handle the rehab work. However, in terms of the down payment money, he was still 20% shy of the purchase price. The investor was referred to our firm by a loan broker. We agreed to provide the missing 20% of the purchase price he was missing. We accepted a six-month, <u>first-position</u> promissory note from the investor. A few months later, the now-fixed-up SFR sold for a handsome sum. The investor was able to pay off both the seller and our firm, in full, and the investor earned a nice profit for himself in the bargain.

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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