

How Transactional Funding Works

If you have a signed contract and are wholesaling your deal to an end buyer, then if you are short on cash you might need transactional funding. Transactional funding is perfect for bank owned properties and short sales that you are flipping to an end buyer. Since banks do not allow assignable contracts you are going to need to schedule a double closing with your end buyer. Double closings also known as simultaneous closings allow you to schedule two back to back closings for the same property on the same day. You will need to have a source of funds to pay for the first transaction. This is where transactional funding (also known as same day funds or quick cash or flash funding) is needed.

If you have a deal in Florida that needs transactional funding then we can fund your transaction. However, in order for us to fund your transaction we need to review it and make sure that it meets the following criteria:

We prefer that you use our Title Company for both closings. It is much easier to coordinate a double closing if both closing are at the same title company

But if the bank insists that you have to use the seller's title company for the A to B closing that is fine.

However, you **must** use one of our approved title companies for the second B to C Closing if you want us to fund your deal. The reason is because we need to ensure that everything goes smoothly.

Our preferred title company for the State of Florida is:

Independence Title

2201 W Prospect Rd

Suite 200

Fort Lauderdale FL 33309.

954-335-9305.

www.mytitleco.com

The contact person for transactional funding is either: Kevin Tacher or Tracy Quinn

How does transactional funding work?

If you are looking to flip a bank owned property then you will have two contracts and two closings. The first contract is between the bank (seller) and you (buyer). The second contract is between you (seller) and your end buyer (buyer). The end buyer is the person that will ultimately be the long term owner of the property.

Example of transactional funding for a double closing:

A – Bank
B – You
C – End Buyer

You have a purchase contract with the bank to purchase a bank owned property at \$40,000 (first contract). This is known as the A-B transaction.

You market this property to your cash buyers and you find a buyer at \$50,000. You sign a contract with

this buyer with you being the seller and them being the buyer (second contract). This is known as the B-C transaction.

The difference between the two contracts (after deducting closing costs and transactional funding fees) is your profit which you will walk away with at the closing.

Double Closings

Since there are two contracts there are two closings. This means you will pay double closing costs. Banks used to allow the funds from the end buyer to pay for the purchase of the A to B transaction (dry closing) but increased regulations specifically related to short sales now require all closings to be funded (wet closing). This is where transactional funding comes in to play.

What are the fees for transactional funding?

The transactional funding fee is 2% +\$495 with a minimum fee of \$1,250. For example if you were to request \$40,000 your fee would be $\$800 + \$495 = \$1,295$. Closing costs are not related to transactional funding fees and are charged separately. For amounts greater than \$100,000 the fees will be higher.

What are the closing costs with your preferred title companies?

Closing costs are very reasonable compared to other title companies and attorney's

What if the bank insists on using their title company for the first transaction?

That is fine for the A to B closing but we will only provide transactional funding if you use one of our approved title companies (like Independence Title) for the second B to C closing.

What do I do if I find an end buyer?

You should always take a deposit from your end buyer that is at least twice the amount of your initial deposit with the seller. You should make sure that you specify to your end buyer that their deposit is non refundable and that it is an all cash deal (or hard money). You should always only accept cleared funds like a cashier's check (from a bank only) or a wire directly to our approved title company. Please note that it is possible to place a stop payment on a cashier's check so you should always insist on a wire. It is your responsibility to provide both contracts to our preferred title company and to clearly label all cashier's checks and wires with the property address and your name. It is also your responsibility to communicate with us about the deal well in advance (7 days before closing).

Can you help me find an end buyer?

Yes, if we find a buyer for your transaction then we will split the profit with you 50/50 net of closing costs and transactional funding fees. If we are providing transactional funding you will still be responsible for paying the transactional funding fee. Many of our buyers are looking for rental properties and first time home buyer properties that are valued at less than \$80,000. The highest demand for housing exists at the lower price points of the market since there are first time home buyers and investors looking to buy these properties. We have many cash buyers for these types of properties in South Florida. We are especially looking for deals anywhere between Miami and Port St Lucie.

What areas are best for you?

We will provide transactional funding for properties that are located anywhere in the State of Florida. However if you want us to help you find an end buyer then we will be limited to where most of our buyers are located which is in Miami-Dade County, Broward County, Palm Beach County and St Lucie County. Since we are based in Boca Raton, we prefer properties that are within 30 minutes driving distance. Many of our wholesale deals are in Pompano Beach, Boynton Beach, Delray Beach, Lake

Worth, West Palm Beach, Fort Lauderdale, Margate, Miramar, Coconut Creek, Coral Springs, and Hollywood.

How can I find out more information about the Distressed Real Estate Institute and some of the boot camps and coaching programs that you offer students?

Please visit the following link to learn more about these programs: <http://www.lexlevinrad.com> or call 800-617-2884. You can also submit an email to wholesaledeal@lexlevinrad.com.

If you would like transactional funding for your deal

First speak to us by submitting an email and following the procedures on www.mytransactionalfunding.com since you need to make sure that we are willing to transactional fund your deal. If you do not have the B to C contract with one of our approved title company's then **we will not fund your deal**. If your deal is not in the State of Florida then we will not fund your deal. If you have your B to C contract with our title company and would like us to fund your deal then please submit the documents on the funding request page at www.mytransactionalfunding.com. Please do not call us. The only way that we review files is by reviewing documents attached to emails.

If you have any questions about transactional funding, double closings and funding your wholesale deals please send an email to lex@lexlevinrad.com