



How To Be A

PRIVATE MONEY LENDER

THE OFFICIAL GUIDE
*TO HELP YOU MULTIPLY YOUR MONEY
BY PUTTING YOUR MONEY TO WORK.*



BRINGING YOU OPPORTUNITIES

"The more your money works for you, the less you have to work for money."

- Idowu Koyenikan

"Save is to put your money to rest. Invest is to put your money to work"

- Warren Buffet



OUR STORY





OUR MISSION

We're professional problem solvers. We provide solutions for homeowners by using creative financing that gets them what they want when traditional methods aren't feasible. We also provide passive income solutions for individuals seeing subpar returns in their investment portfolio. Our mission is to provide access for those left unattended by wall street and big banks.



MEET THE FOUNDERS



Kramer Cruz

After more than a decade in sales, marketing and consulting, Kramer decided to dedicate his energies to the sector that has created more wealthy Americans than any other industry

Winning is boring when you do it alone

Success is most certainly a team sport

Mike Siri

Mike spent many years at sea with the US Coast Guard and got his start in real estate as a wholesaler. His super power is underwriting deals and negotiating contracts.

PROVIDING SOLUTIONS

No matter what challenges a homeowner may be facing, Flipworx is here to help them out of it.

✓ DISTRESSED HOMES

✓ FORECLOSURE SOLUTIONS

✓ TAX LIENS & SHORT SALES

✓ TIRED LANDLORD & INHERITED PROPERTIES



PROVIDING OPPORTUNITIES

Our company provides Passive Investing opportunities to our Private Money Lenders. Passive Investing is where your money works for you without the sweat equity. If you are interested in becoming a Private Money Lender, this guide is essential to your understanding. We'll show you how to put your money to work as a Private Money Lender with short or long-term returns from 8%-12% on your money.



THE BUSINESS MODEL

We provide homeowners with a variety of solutions for their real estate needs while also putting more money in their pockets. Most homeowners are not aware of an alternative option beyond listing their home with a traditional REALTOR®.

We work directly with the seller of the property to acquire the asset and provide a smooth, simple, and easy transaction. We offer to pay sellers' closing costs and charge zero commission, which results in putting more money in the sellers' pocket.

SELLERS BENEFITS

- CASH OFFER
- QUICK CLOSE
- NO COMMISSION
- NO CLOSING COSTS
- NO APPRAISAL
- NO FEES
- WE BUY AS-IS

COMPARISON CHART

TRADITIONAL BUYER

FLIPWORX INVESTMENTS

	TRADITIONAL BUYER	FLIPWORX INVESTMENTS
FINANCING	BANK LOANS	CASH
REPAIRS	1% - 8% OF HOME VALUE	NONE (SOLD AS-IS)
CLOSING TIMEFRAME	45+ DAYS	14 DAYS
COMMISSIONS	6% OF SALES PRICE	NONE
CLOSING COST	SELLER PAYS 1% - 6% OF SALES PRICE	ZERO
APPRAISALS	MANDATORY	NONE
DAYS ON MARKET	150 DAYS	0 DAYS

A photograph of a modern, two-story house with light-colored horizontal siding and dark grey accents. Large windows with dark frames are visible. In the foreground, there is a dark wooden fence and some green plants. The image is overlaid with a large blue and grey geometric shape on the left side.

PRIVATE LENDING



FLIPWORX
— LLC —



PRIVATE LENDING

WHAT IS PRIVATE LENDING?

Private Lending is a private money loan given to a real estate investor, secured by real estate. Private money lenders are given a first or second mortgage that secures their legal interest in the property and secures their investment. When we have selected and contracted a home that is under market value, we give our private lenders an opportunity to fund the purchase and the rehab of the home. Through that process, the lender can yield extremely high-interest rates - 4 or 5 times the rates you can get on a bank CD's and other traditional investment plans.

Essentially, private money lending is your opportunity to become the bank, reaping the profits just like a bank does in today's world. This is a great way to generate cash flow and produce a predictable income stream. While at the same time protect, secure, and insure your principal investment. You can do what the banks have been doing for years... making a profitable return on investments backed by real estate. There is no other investment vehicle like that of real estate investing.

"BEING A PRIVATE MONEY LENDER GIVES YOU THE OPPORTUNITY TO BECOME THE BANK"

HOW THE PROCESS WORKS

The process is simple! Our team finds undervalued properties to purchase and we notify all private money lenders via email with a Property Analysis Packet. The Property Analysis Packet will display the entire investment, numbers, and any other important information needed for you to give us the green light. At closing, you will receive a promissory note with other important documents. Then, it is time for our team to put the capital to work through a property renovation. Once the renovations are complete (typically 4-9 months depending on the scope of the project), we'll market and sell the property. When it's time for closing the sale, you'll receive your principal plus your interest payment. It's just that simple! Our goal is to keep your money working for you, and keep you making substantial profits so you keep coming back to us. Consequently building a long-term, mutually beneficial relationship.



THE PRIVATE LENDING PROCESS OVERVIEW

Receive
Property Analysis Packet



Home is
SOLD!



Lender Receives Documents
Securing the Loan



Property is being
Renovated



Private Lender Funds
the Deal



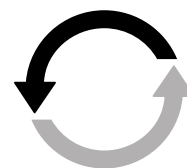
Purchase
Property



Lender Receives
Principle + Interest



Repeat the
Process



HOW PRIVATE MONEY HELPS OUR COMPANY

Private money lenders bring speed and efficiency to our transactions, and our leverage is far greater when we purchase using private funds. Many properties we purchase are in need of a quick sale within 14-30 days. A traditional bank requires 30-45 days to close a loan. Many traditional home sales fall out of the contract because of financing. Using quick cash as leverage allows us to negotiate a much lower purchase price and reduce our risk.

Being able to offer a fast closing with private funds motivates sellers to accept our offer over others, and entices them to take a much lower price than they would from a conventional buyer. Lending guidelines are also continuously changing and are requiring applications, approvals, junk fees, and strict investor guidelines. They also limit the number of investment properties that can be purchased by one company. On a new home purchase that requires renovations, private lender funds will be allocated to the purchase price, renovations, carrying costs, cost to resell, and a small buffer for unexpected expenses.



WHY IS PRIVATE LENDING SO DESIREABLE?

As a private money lender, you benefit from investing your capital. A real estate mortgage, deed of trust, and promissory note provide you with security instruments not able to be obtained with other investments. You have added layers of protection due to the structure of the deal and you have resources available to you in the event of default on the loan.

Our company provides 4-5 times what a typical bank CD will return. Our rates will fluctuate very little depending on the purchase price and rehab involved. Private lending means you can relax while the money is in a truly safe place and working for you. Those are some of the benefits of being a private money lender.

WHAT'S IN IT FOR YOU?

- Investment secured by real estate
- High Returns on your money
- A predictable income stream
- No management costs
- No headaches managing contractors

**"IT'S A WIN-WIN OPPORTUNITY FOR BOTH
THE LENDER AND THE BORROWER"**

It's important to note, that equity is built into the purchase. Because our company buys 30-50% below retail value, this creates instant equity at purchase. Also, in a typical transaction, the middleman cost, such as commissions, mortgage broker fees, loan fees, and our escrow/closing costs are also lower because we are purchasing many of our deals directly from the seller. Because of our buying strategy, we are able to offer our buyers a fully renovated home at or below comparable properties in the neighborhood. We simply won't buy the property unless it makes sense for everyone involved.



YOUR TEN SOURCES OF PRIVATE MONEY

401K

**SELF-DIRECTED
IRA**

**HOME EQUITY
LINE OF CREDIT
(HELOC)**

TRUST FUND

**PERSONAL
SAVINGS**

**PERSONAL &
BUSINESS
LINE OF CREDIT**

**INHERITANCE
FUNDS**

**LIFE INSURANCE
& HSA**

**PERSONAL &
BUSINESS
CREDIT CARDS**

**LAW SUIT
SETTLEMENT**



20 REASONS WHY **PRIVATE LENDING** IS SO COMPELLING

1. **PASSIVE INCOME (MINIMAL TIME INVOLVED)**
2. **NO DEALING WITH TENANTS**
3. **NO MANUAL LABOR RENOVATING PROPERTIES**
4. **NO DEALING WITH UNSCRUPULOUS CONTRACTORS**
5. **SHORT-TERM LOANS**
6. **NO NEED TO LEARN ALL THAT IS NEEDED TO INVEST IN REAL ESTATE**
7. **SECURE COLLATERAL IN MARKETABLE AND TANGIBLE ASSET**
8. **BORROWERS DO THE HARD WORK OF FINDING THE PROPERTIES**
9. **BORROWERS NEGOTIATE WITH SELLERS ON PURCHASE PRICE**
10. **BORROWERS PUT THEIR TIME AND LABOR INTO LENDER'S COLLATERAL**
11. **BORROWERS TAKE MAJORITY OF THE RISK**
12. **IF LENDER MUST FORECLOSE, LENDER MAKES EVEN MORE MONEY**
13. **MULTIPLE LOANS CAN BE MADE AT ONE TIME**
14. **BUILD LONG-TERM RELATIONSHIPS THAT CONTINUE PROFITS**
15. **HUGE ANNUAL INDUSTRY BUSINESS LOAN VOLUME**
16. **YOU MAKE MONEY WHILE YOU ARE SLEEPING**
17. **IT IMPROVES THE LENDER'S GOLF GAME BY ALLOWING MORE PLAY TIME**
18. **PROFITS CAN BE TAX FREE**
19. **IT IS PROFITABLE WITH NO CAP ON EARNINGS**
20. **LENDER'S CAN EARN FINDER'S FEES BY REFERRING OTHER LENDERS**



RISKS VS. REWARDS

Below is an example of Risk Vs. Reward if you were to place your savings of **\$100,000** into a High-Yield Savings account such as MARCUS: By Goldman Sachs®.

SITTING IN THE BANK	REAL ESTATE PRIVATE LENDING
\$100,000 X 1% INTEREST	\$100,000 X 10% INTEREST
12 MONTH TERM = \$1,000 ROI	12 MONTH TERM = <u>\$10,000 ROI</u>

YOU ARE MAKING A 10X GREATER RETURN ON YOUR MONEY BY LENDING ON REAL ESTATE TRANSACTIONS!

HOW WE COMPARE TO TRADITIONAL INVESTING

STOCK MARKET	REAL ESTATE PRIVATE LENDING
COMPLETELY UNSECURED	SECURED BY MORTGAGE DEED
COMPLETELY UNINSURED	COLLATERAL IS FULLY INSURED
INVEST AT MARKET PRICE	PURCHASED BELOW MARKET VALUE
RETURNS ARE UNKNOWN	FIXED, KNOWN RETURNS

PROTECTING OUR LENDERS



Mortgages offer the banks solid, long-term, and fixed returns. With Flipworx, you can put yourself in the bank's position by directing your investment capital (including retirement funds) to well-secured real estate mortgages. Mortgages have ultimate safety because if a default occurs, the bank can recover its investment as the first lien holder on the property.

Each property we acquire is put through a strict evaluation process in order to assess the profitability before the property is ever purchased. Integrity is an essential part of our business, and we only make sound investment decisions. Additionally, for your protection, you are provided with these documents to secure your investment capital:

PROMISSORY NOTE:

Collateral for your investment capital in the project.

DEED OF TRUST & MORTGAGE:

A document that is recorded with the county clerk and recorder to publicly secure your investment against the real property that we are providing as collateral.

HAZARD INSURANCE POLICY:

An insurance policy that lists you as the lender and "Mortgagee" for your protection in case of a fire or natural disaster, etc.

LENDER
FUNDS
GO INTO
ESCROW

TITLE
COMPANY
FINALIZE
CLOSING
DOCUMENTS

MORTGAGE
& DEED OF
TRUST
RECORDED
IN COUNTY

LENDER
RECEIVES
ALL DOCS.
(DEED, NOTE,
INSURANCE)



PROMISSORY NOTE



PROMISSORY NOTE

Loan Amount: _____
Interest Rate/Flat Fee: _____
Origination Points/Fee: _____

Date: _____, 20____
Maturity Date: _____, 20____

FOR VALUE RECEIVED, the undersigned, _____, with a mailing address of _____ ("Borrower") hereby promises to pay to the order of _____ with a mailing address of _____ ("Lender"), or such other place as Lender may designate by written notice to Borrower, in lawful money of the United States of America, the principal sum of _____ (\$ _____) plus interest with an annualized interest rate or _____ of _____, after the subject property sells from the day said funds are disbursed, together with the costs of collection, including a reasonable attorney's fee, if:

- (a) This Note shall be referred after default to an attorney at law for collection, or if
- (b) An action of foreclosure shall be instituted after default on this Note or any mortgage securing this Note.

1. **Balloon Payment.** The undersigned promises to pay the principal and interest sum as follows:
A balloon payment of Principal and Interest shall be due upon completion of the project securing this note or on _____ whichever occurs first.
2. **Early Prepayment.** The privilege of paying the whole or any part of this obligation any time before maturity is hereby reserved by the undersigned, at which point the amount shall be prorated to reflect the interest accrued during the time money was borrowed.
3. **Late Payment.** If any payment owed hereunder shall not have been paid within thirty (30) days of the due date thereof, the undersigned agree(s) to pay an option to renew fee of \$1,000 and continue borrowing the determined loan agreement and terms stated above.

Lender's Initial _____ / _____

Borrower's Initial _____ / _____



RECORDED DEED

After Recording Return To:

_____ [Space Above This Line For Recording Data] _____

SHORT FORM DEED OF TRUST

DEFINITIONS

Words used in multiple sections of this Security Instrument are defined below, in the "Definitions" Section of the Fictitious Deed of Trust, and in Sections 3, 11, 13, 18, 20 and 21 of the Fictitious Deed of Trust. Certain rules regarding the usage of words used in this Security Instrument are also provided in Section 16 of the Fictitious Deed of Trust.

"Fictitious Deed of Trust" means that certain Fictitious Deed of Trust recorded in the Office of the Recorder on _____, 20____, in Book/Volume _____, beginning at Page ____, for land situate in the county of _____
[Name of Recording Jurisdiction]

(A) "Security Instrument" means this document, which is dated _____, _____, together with all Riders to this document.

(B) "Borrower" is _____.
Borrower is the trustor under this Security Instrument.

(C) "Lender" is _____.
Lender is a _____ organized and existing under the laws of _____.
Lender's address is _____.
Lender is the beneficiary under this Security Instrument.

(D) "Trustee" is _____.

(E) "Note" means the promissory note signed by Borrower and dated _____, _____.
The Note states that Borrower owes Lender _____ Dollars.
(U.S. \$ _____) plus interest. Borrower has promised to pay this debt in regular Periodic Payments (as defined in the Fictitious Deed of Trust) and to pay the debt in full not later than _____.

(F) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(G) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

FIVE COMMON WAYS

PRIVATE LENDERS

FUND THE DEALS

1 CASH

Cash held in most types of bank accounts can be accessed quickly and can fund your deals in minutes, instead of hours or days. Fees are generally minimal for wire transfers and cashier's checks.

2 HOME EQUITY LINE OF CREDIT

A home equity line of credit is a very powerful source of funding that many people have and don't even think of. Unleveraged equity is dead money and it's not making any interest. You can easily tap into that money. It's a way to make sure you're in the first position when you're ready to pull the trigger and buy a property.

3 PERSONAL & BUSINESS LINE OF CREDIT

Personal loans and "signature lines of credit" can be obtained from most banks or credit unions by anyone with good credit and a stable income.

4 RETIREMENT ACCOUNTS

Private money lenders are increasing their IRA funds to invest in real estate. A self-directed IRA is essentially the same as a traditional IRA, but allows you to purchase a broader range of investments, including real estate.

5 LIQUIDATED SECURITIES & INVESTMENTS

Investments are a way to put your savings to work earning more money. However, if your stocks and investments have not performed as you had expected, it might be time to consider other investments. As you know, stocks can be liquidated when you wish to withdraw. Sometimes you need to liquidate your investments because you need the money for something you want to purchase such as real estate.



PRIVATE LENDING INVESTMENT TERMS & CONDITIONS

Minimum Investment

To become a private lender, \$50,000 is the minimum standard investment. When first investing with our company, a lower initial investment may be appropriate to ensure you're confident in the return of your capital when working with Flipworx.

Mortgage Terms

The majority of our loans are set up on an 6-12 month note. However, it depends on the size of the project. If we are doing a teardown and rebuild, we will have to wait on inspectors for approvals which may delay the projects. We account for this within the transaction and will give you an estimated time frame for the return on your investment.

Payment Schedule

Flipworx pays one large lump sum at closing on a note of less than 12 months. This is a simple way to fund and repay the note, especially when working out of a retirement account. Longer term notes may receive monthly interest payments.

First and Second Lien Position

The Investor, as "mortgagor" or borrower, has the right of first lien holder and Power of Sale on the property. The second mortgage is a junior lien simply because it's in the second position. The senior lien or first mortgage must be paid prior to the second lien.

Investment Terms & Conditions

- **Minimum Investment: \$50,000**
- **Interest Rate 10% or better**
- **Mortgage Terms - 6-12 Months**
(projects are completed in 4-9 months)
- **Return of Principle & Interest is**
(paid back at closing)
- **Option to Renew Investment**
- **All documents are recorded**

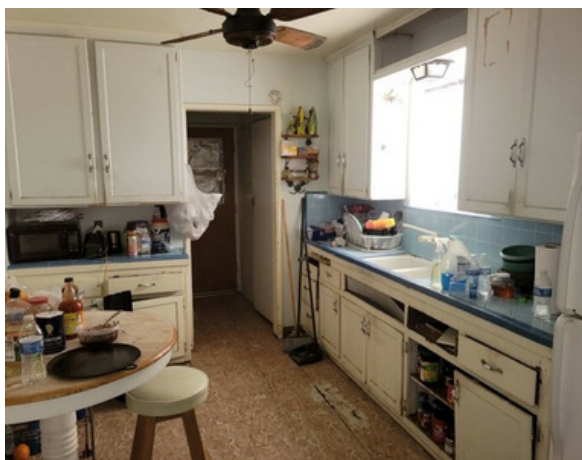
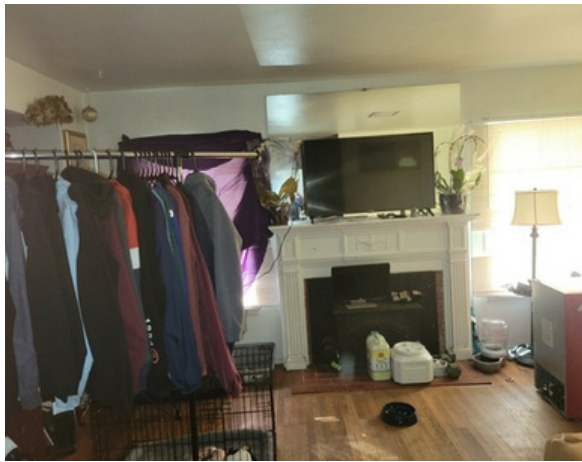
CASE STUDY

1649 CRESTVIEW AVE, SAN BERNARDINO, CA 92404

BEFORE



AFTER



CASE STUDY

1649 CRESTVIEW AVE, SAN BERNARDINO, CA 92404

BEFORE



AFTER



CASE STUDY

1649 CRESTVIEW AVE, SAN BERNARDINO, CA 92404

THE NUMBERS



Purchase Price: \$300,000

Rehab Cost: \$98,000

Timeline: 134 Days

Listed Price: \$498,888

Sold Price: \$543,000

Private Money: \$150,000

ROI: 26.61%

INVESTMENT COMPARISON FOR PRIVATE LENDERS

In this Case Study, see below how much our private money lender has made compared to if they chose to leave their money in a traditional high-yield savings account. They made over \$6,000!!

Private Lending

vs.

Traditional High Yield Savings Account

How Many Lenders?: 1

Borrowed Amount: \$150,000

Interest Rate: 10% annualized

This Private Lender made

**In Less than
5 Months**

\$6,250

Bank:

Marcus: By Goldman Sachs

**Account Balance:
\$150,000**

**APY Rate:
1.20%**

**In five months
they'd make:**

\$661



TAKE THE NEXT STEPS

READY TO GET STARTED WITH US?

If we haven't already, it's important that we meet one on one virtually or in person. During this meeting, we'd aim to understand your investment goals; whether you want a long-term or short-term investment, and the level of investment you're considering starting with.

After we've gathered that data, our team will confer to discuss what opportunities we presently have that will fit your investment profile. If we don't have a good fit at the moment, we'll contact you as soon as we have one that is right for you.

If you're ready to put your capital to work, please email us: flipworxllc@gmail.com or you can visit our [website](#) to schedule a call.



OUR REFERRAL PROGRAM

We love spreading the wealth, and word of mouth is how we're able to work with private lenders like you! It would be greatly appreciated if you were to pass our information on to anyone that may be interested in the opportunity to be a lender. In our business, it's always important that we have a steady stream of investors. Once you've done a few deals with us and you learn how easy (and fun) the process really is you'll want to invest again and again. It's our guarantee. We also pay finder's fees!

CONTACT US TODAY!

FREQUENTLY ASKED QUESTIONS



How do I know this isn't a scam?

The proof is in the paperwork we use to protect, secure and insure each of our private money lender's investments. All of the contracts have been reviewed by our attorney (your attorney can review them as well and we will cover that cost) and the recorded mortgage which secures your lien position will be signed and notarized by the County Clerk, and Time & Date stamped at the time of filing. We would also be happy to connect you with past lenders who can vouch for our professionalism.

How is The Money Used?

On a property purchase requiring renovations, the funds will be allocated to the purchase price, renovations, carrying costs, cost to resell, and also a small buffer for unexpected expenses.

Why Don't You Get a Traditional Loan?

There are many reasons, but the primary reason is the time and speed of the transaction. Many of the homes we purchase are in need of a quick sale within 14-30 days. A traditional bank requires 30-45 days to close a loan. The leveraging power is far greater when we purchase using cash instead of financing. Many traditional home sales fall out of the contract because of financing issues, and this allows us to negotiate a lower purchase price and reduce our risk. Lending guidelines are also continually changing and are increasingly becoming more difficult.

How Can You Afford To Pay 8%-12% Returns?

We make our money on the purchase, and this allows us to purchase 30-50% below a retail buyer. This instantly creates equity in the transaction. Ideally, there is no middleman in a transaction, no commissions, mortgage broker fees, etc.

Are You Really Helping Sellers?

Absolutely, we help sellers every day. With our ability to fund a cash transaction, we offer the power of speed and flexibility. We are providing solutions to their problems and buying on their timeline within 14-30 days. Our company is also in a position to renovate the property so we can purchase the deal in as-is condition. The seller also won't pay any additional fees at closing which is a huge benefit.

What Interest Rate Do You Typically Pay Your Private Lenders?

Most of our lenders are paid 8%-12%. Our rates will fluctuate very little all depending on the project and investment amount.

FREQUENTLY ASKED QUESTIONS



What If The Market Gets Worse and Values Go Down?

Our strategy is one that allows us to get in and out of the transaction quickly. We also bake a 10%-25% margin into our estimates to ensure we have a safety net if the market does quickly shift. Most projects are completed in 3-6 months and will be sold in 6-8 months. It's important to note, that we're buying strategically where inventory is already low and demand is high; which minimizes overall risk. Worst case scenario we can always buy you out by having another private lender replace you if need be.

How Long Will My Funds Be Held?

Most short-term loans are set up on a 6-12 month note. However, it depends on the size and scope of the project. We will review all of the details of the project beforehand so that you know exactly what the expectations are and the timeline for all parties involved.

What If The Life of The Note Extends Beyond The Project?

Occasionally, situations may occur where we have a project that clears well before the note is set to be paid. In this scenario, we provide you with two options. Our company can either move the note to another property or provide you with a minimum of 3 months interest. Most investors see the strength in our purchasing power, and simply move the note to another property.

When Will I Receive Payment?

Our company pays one large lump sum at closing on a short-term note. This is much easier to manage for all involved, especially if we're pulling funds from a retirement account.

Is There a Guarantee On Your Investment?

No. There is no government-backed guarantee on these privately held real estate notes. Your protection is from the equity within the real estate being held. If at any time we were to default, you have the legal right to take the home and foreclose on the transaction. It's important to note that we build a solid plan and strategy in place for the "worse case scenarios". Because our properties have thousands of dollars of equity when purchasing, your investment is well protected.

Does The IRS Approve to Use Retirement Accounts in this Manner?

Yes, there are established tax [guidelines](#), and it is legal. However, we always recommend the services of a [custodian](#) to invest retirement funds tax-deferred or tax-free. And, of course, to obtain legal counsel as we are not accountants or attorneys and are not acting as such.

FREQUENTLY ASKED QUESTIONS



Who Buys Insurance?

We provide insurance on all purchased properties. We pay for a title search prior to closing and also provide a title policy on the property, just as we would in a typical transaction.

What Kind of Insurance Policy Do You Get On The Home?

If we purchase a property that requires renovation, we utilize a Builder's Risk Insurance Policy. In the event of any damage, insurance distributions would be used to rebuild or repair the property, or used for payoff.

How Much Is It Going To Cost To Lend To You?

It is our policy to pay for all closing costs so that your investment goes to work for you within the project. We do not charge any fees or commissions to our private lenders.

Will My Money Be Pooled With Other Investors?

No, we do not pool funds. Your funding will be tied to one piece of property secured by a deed of trust.

If You Default, How Do I Acquire The Property?

In this scenario, we would transfer ownership of the property to you. Because of the recorded documents, you have all the legal rights of a secured lender (secured by the collateral of the investment property). If this is truly a concern, it may be wise to sit down and have a conversation as it relates to the process and your options within this scenario. Rest assured, your success is our success and we would never place your funds in an investment vehicle we wouldn't invest ourselves. We value your trust and our business model depends on our private lenders working with us so we would never jeopardize those relationships.





FLIPWORX
— LLC —

THANK YOU!



FLIPWORX
— LLC —

flipworxllc@gmail.com

www.flipworxllc.com

310-910-7390

Cutler Bay, FL.