

**EMD / Double Close Fees**

# Earnest Money Fees

AMOUNT BORROWED	FEE	DEPOSIT (% of Amt Borrowed)
\$0 - \$5000	\$2,000	\$250
\$5001 - \$15,000	\$4,000	5%
\$15,001 - \$25,000	\$8,000	5%
\$25,001 - \$50,000	\$20,000	5%
\$50,001 - \$75,000	\$38,000	5%
\$75,001 - \$100,000	\$50,000	5%
Any EMD over 30 days will incur double fees.		

# EMD Notes

## Key Points:

- This is not a loan—instead, I joint venture with you and bring EMD to the deal for a fee. Typically this is for the seller to wholesaler portion of the deal and not the wholesaler to end buyer portion (A to B, not B to C). The return of my money and my fee is normally paid out of wholesaler's assignment fee.
- Time is of the essence. The sooner you reach out for EMD the more likely, I can help you. I can't fund if you are already more than halfway into your inspection period with no buyer.
- I always use a Transaction Coordinator (may be an extra fee unless I am working with my partner who has their own TC on staff).
- I structure our agreement so that I do not lose money even if your deal falls through. Paperwork is required to ensure I get my funds back.
- Non-refundable deposit (\$250 min) covers wires, other fees and the opportunity cost of having my money tied up in your deal. If the deal closes, the deposit goes toward my fee. The deposit can be wired or sent via Zelle.
- I want to help you, so communication is critical. I will need information from you like the purchase contract in order to underwrite the opportunity. Without necessary information, I cannot fund.
- There will be additional documents needed, like our JV agreement as well as escrow instructions related to repayment of my EMD + fee.
- 30 days max is the usual timeframe. Longer than this can be discussed and will incur additional fees.
- Other than the 5% deposit, all funds must go through a title company or closing attorney (depending on the state).

# Transactional Lending

## Key Points:

- 2% for 24 hour transactional loan (minimum return of \$2000 or 2% whichever is higher).
- 0.2% per day for additional days money is held in escrow.
- If there are two separate companies involved in a double close, the fee is 3%
- Deals over \$500k for double close and \$100k emd need to be discussed over the phone.

# Borrowers can also expect to incur the following costs:

## Key Points:

- Administration Fees
- Appraisal Fees
- Escrow Fees
- Loan Origination Fees
- Notary Fees
- Tital Policy Fees

# Gap Funding:

## Gap Funding Structures:

There are three primary structures for gap funding. The first involves annualized interest, functioning much like a traditional loan. In this scenario, an interest rate is applied to the loan balance, and the borrower pays it monthly. Alternatively, the interest can accrue and be paid at the time of sale.

The second structure is a flat return, wherein a fixed percentage return on investment is applied. For instance, with \$100,000 in gap funding and a 25% flat return, the borrower would repay \$125,000 upon property sale.

The third common structure is participation, where the gap investor becomes akin to an equity partner, sharing in the project's profits. For example, with \$100,000 in gap funding and 50% participation on a \$50,000 profit, the repayment would be \$125,000 (\$100,000 principal plus 50% of the profit).

It's not uncommon for a combination of these structures in a gap loan. For instance, with \$100,000 in gap funding, a 12% annualized interest, and 20% participation on a 6-month project with a \$50,000 profit, the total cost would be \$16,000 (\$6,000 in interest plus \$10,000, 20% of the profit).

Gap funding offers a way to leverage other people's money for mutual benefit in profitable projects, providing opportunities for collaboration with willing gap investors.

# Private Money

If you need a private money loan. Please submit your deal to me via email - [info@thevisionalchemistry.com](mailto:info@thevisionalchemistry.com)

I have a network of friends who are always looking to fund deals.