

Private Lending 103: Funding the Deal

Immaculate Enterprises, LLC

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Please enjoy with our compliments. This is a short overview of how we can keep your money in the gap between deals, and you will still earn interest.

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Money in the Gap

Your money can never be held in a bank account by Immaculate Enterprises, LLC between deals. This would be considered holding the money in the gap. Your agreement with us is to have your funds secured by real estate. But, frankly speaking, why would you want us to hold onto your money while we look for another deal which fits your criteria?

If we held the money in our bank account you would not have:

- ❖ Control over your money
- ❖ Would not earn a dime in interest
- ❖ Would have to wait for another funding opportunity which fits your criteria

To us this seems counterproductive for your money. You would go from earning interest on your investment, to money at rest not earning any interest or being put to good use. But this scenario does not seem to bother many of the people we encounter.

Why??

You have been conditioned to take your money to the bank, barely earn interest if it is a savings account, not to mention the fees of a checking account. You have placed your money in a vehicle which will not give you a very good yield.

We understand the why, but there is a remedy for this low to no interest on money you have already earned. Make a better investment for money you intend to readily use. Place it in a CD may leave you with a long term investment which can be low risk with a low return.

Leaving the money in a savings account is possibly the low risk and lowest return on investment, but with the added perk of being able to touch your money whenever you chose and in the amount you chose without penalties.

When we sign agreements with our lenders, we can only guarantee that your money is secured by real estate. So, keeping the money in the gap would also have to fall under that same rule, secured by real estate.

Property Tax: *A property tax (or millage tax) is a levy on property that the owner is required to pay. The tax is levied by the governing authority of the jurisdiction in which the property is located; it may be paid to a national government, a federated state, a county/geographical region, or a municipality. Multiple jurisdictions may tax the same property.*

There are four broad types of property: land, improvements to land (immovable man-made objects, such as buildings), personal property (movable man-made objects), and intangible property. Real property (also called real estate or realty) means the combination of land and improvements. Under a property tax system, the government requires and/or performs an appraisal of the monetary value of each property, and tax is assessed in proportion to that value. Forms of property tax used vary among countries and jurisdictions.

A special assessment tax is sometimes confused with property tax. These are two distinct forms of taxation: one (ad valorem tax) relies upon the fair market value of the property being taxed for justification, and the other (special assessment) relies upon a special enhancement called a "benefit" for its justification. ¹

Yes, you read it correctly, tax liens. This is the only way we can keep your money in the “gap”. In essence, we remove the gap with property liens and replace it with an actual investment. Many states vary with the percent interest and how they conduct their business with tax liens. But, when you want us to keep the money in the “gap” we will place the funds into a tax lien investment. Lenders will still have a negotiable instrument.

¹ Definition courtesy of Wikipedia

Tax Lien Guarantee

Tax liens percent payout varies by state, so the only amount we can guarantee is a 3% interest on your investment.

Will we keep your investment in tax liens only?

The short answer, no.

We will use your funds for the purchasing, rehabbing, holding real estate. This is what we offer and can be more lucrative an investment than placing it in a tax lien.

Can you request that we only place your lender funds in a tax lien?

Yes, you can request that your funds go to tax liens only, and we will look for the best return on investment for a tax lien.

But understand occasionally people do not pay their property taxes. We will also try to acquire all outstanding tax liens on said property. Once the tax lien has past the redemption period, we will initiate the steps to acquire the property.

As a lender to Immaculate Enterprises, LLC you will not own the property, Immaculate Enterprises, LLC will be the owner, as with all the property deals we will make in any other lender situation.

The difference on the “gap” money is the interest is 3% on investment funds plus 2% on the net profit from the holding or flipping of the property. This does **not** mean you will earn 5% interest on your funds.

You are paid at 3% on the initial investment into the tax lien. If and when we acquire the property due to the default of the tax lien, then if we hold or flip the property the lender will receive 2% on the **net profit**.

For Example:

Lender Name	Tax Lien ID	Amount	Property status	3% of funds	Net profit from sale of property	2% of net profit
John Doe	100500	10,000	Lien Paid	300	0	0
Jane Doe	100501	10,000	Lien Default	300	20000	400

In the above example you will notice the 2% net profit has a calculated number from the net profit of the tax lien defaulted property. For a detailed explanation of how that number can be acquired please refer to Private Lending 102 for commercial property and residential property. Although the reference material is the estimate of profit, the final is calculated in the same way with the actual numbers of actual cost.

Pooling Money

Gap funds are just like funds attached to a lender deal; it will still be in one name only. The name can represent either an entity, person, or syndicate.

Pooling is legal, and can be done in a variety of ways. Money can be pooled in the same state and across state lines; and can be a mixture of accredited and non- accredited investors.

Although with pooling of funds with multiple lenders , Immaculate Enterprises, LLC will have to do a filing with the SEC, which we handle the paperwork for the pooling of funds.

The entity types which can be used are LLC or Corporation. Lenders may also form their own LLC or Corporation if they chose to. In the case of lenders forming their own entity then the entity structure and payout will be what the lenders agree to in their LLC agreement. Immaculate Enterprises, LLC will payout to the LLC as one entity and the involved lenders will appropriate profit according to their own agreement.

We hope you have enjoyed our lender educational series. If you have any feedback or further questions please feel free to email or call to ask your questions.

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