



## Creative Financing — Agent Overview

We tailor our financing structure to what works best for the seller. Below are two options we offer.

### OPTION A — LARGER DOWN PAYMENT, DEFERRED PAYMENTS

This option uses a **two-stage close**, both handled through a licensed title company and a state-approved PSA.

#### Stage One — Large Down Payment at COE

We close with a large down payment in cash, contingent on appraisal. You receive a **40–60% down payment** at close of escrow. The title company holds the remaining balance in escrow while we complete Stage Two. Title transfers to the buyer, a title policy is issued, and we cover all closing costs and premiums.

#### Stage Two — Seller Equity Agreement

Once Stage One is complete, the remaining balance is secured by naming you as a minority equity partner in the buyer's LLC — the entity that holds title to the property. **There are no monthly payments.** All payments and interest are deferred until the balloon matures, at which point you receive a lump sum covering the remaining principal plus all deferred interest. A second title policy is issued at the buyer's expense. Because this is structured as an installment sale, you may be able to spread your gains across multiple tax years instead of recognizing everything at once.

#### Seller Protection

Because you hold a minority equity interest in the LLC that owns the property, if the buyer defaults on any obligation you automatically assume full ownership of the LLC — and the property — **without foreclosure.**

### OPTION B — TRADITIONAL SELLER FINANCE, MONTHLY PAYMENTS

A straightforward seller-financed transaction. The seller receives a **5–20% down payment** at close of escrow, secured by a recorded Deed of Trust/Mortgage and Promissory Note. The seller then receives **monthly payments** for the life of the note. At the maturity of the balloon, the seller receives a lump sum for the remaining balance. Buyer covers all closing costs and premiums.

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## Applies to Both Options

**Tax Benefits:** Both options are structured as installment sales, allowing the seller to spread gains across multiple tax years instead of recognizing everything at once (per IRS Publication 537). We recommend the seller consult their own tax advisor.

**Costs:** Buyer pays all closing costs, title insurance, and transaction fees. Seller's only expense is their listing agent commission. After closing, buyer is responsible for all carrying costs.

- **As-is purchase** — no repairs, credits, or concessions from the seller
- **Due diligence period** — buyer inspects, reviews title, confirms zoning; may terminate if unsatisfied
- **Buyer assumes all existing tenancies** at closing
- **Balloon payment** — balance due at a specified term, with extension options by mutual agreement
- **No prepayment penalty**
- **Seller provides** standard disclosures and property documentation during due diligence

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*Questions? Happy to walk through the process anytime.*

**K&A; Creative Investments LLC**