



## Bellwether Funding, LLC

### Private Investor Lending

Bellwether Funding (BWF) currently facilitates a \$1.3M investment fund for rehab properties in the Milwaukee area for several private investors. The funds are used to finance purchase and rehab of 1 to 4 family residential properties in Southeastern Wisconsin. Terms offered are 6 month balloon notes with 12% annualized interest-only loan payments, and 4% (points) paid at closing. Two points are paid to the investor, and two points to Bellwether Funding for underwriting the loan and file maintenance. Loans offer up to 65% of completed market value of properties, and are collateralized by a title-insured first mortgage, UCC filings and a personal guaranty of the borrower. This fund has been used to finance numerous loans thus far, and funds are repaid and re-deployed into new loans each month as each investor chooses.

Because all of the existing investors' funds have been deployed, BWF is looking to expand the pool of investors to fund these rehab loans. Due to the success of this loan program, we are seeking up to an additional \$2 million to meet the demand for private rehab funding we are currently experiencing.

The investor receives a monthly interest-only payment of 1% of the loan amount (12% annually) as well as 2% of the closing fees for each loan closed. Because these loans fund and pay off typically within 90 days, the funds repaid to the investor may be re-deployed into new rehab loans on a new rehab property at the same terms. Because funds are typically re-deployed at least three times per year, the investor may receive an annual return of up to 18% between monthly interest and closing fees. Because the investor determines which loans it chooses to fund, it controls the properties and rehabbers for which it decides to fund loans. Also, because the investor controls the re-deployment of funds, it may quit at any time with no obligation.

Of interest is the fact that the funds are never in the possession of BWF. As the loans are underwritten and approved by the investor, the funds to close are wired directly to the title company to be disbursed to the borrower for closing costs and the balance retained for disbursement towards the rehab costs. As each draw request is submitted by the borrower, the title company completes inspections and releases escrowed rehab funds as lien waivers and receipts are received. Monthly interest payments and loan payoffs go directly back to the investor as the rehab property is completed and sold.

## Executive Summary

Bellwether Funding, LLC is a commercial loan brokerage firm which offers loan underwriting and placement of challenging commercial loans. Many loans are referred by local banks because they no longer fit current lending guidelines and cannot be offered renewal terms. Also, many borrowers are in classes of business which are no longer acceptable to banks with their new lending requirements. As a result, BWF helps these borrowers get refinanced into either new conventional, SBA or bridge lending opportunities.

In our conventional commercial loan program, borrowers are charged a \$495 application fee, and then are charged a success fee of 1.5% to 2% of the gross loan amount at closing. Loan sizes range from \$100,000 to \$20 million, but our "sweet spot" of loan sizes falls within the \$500,000 to \$2 million range. The firm places an average of 25 loans per year, and has over 80 different lending sources for borrowers to choose from. In addition to underwriting loans for placement, BWF offers borrowers loan structuring and credit consulting to help them become bankable credits once again.

## Mission

The mission of BWF is to provide the best resources for financing commercial loans in the Midwest. By using basic loan underwriting guidelines, an established network of banks and lenders and strong organizational techniques for tracking the loan process, BWF strives to meet the financing needs of credit-challenged borrowers by offering the best funding options available. We provide loan underwriting, consulting and loan placement services for small to mid-sized borrowers which make sense for the borrower's unique circumstances.

## Management

BWF is managed by Bill Frey and his wife, Cindy Tiffany-Frey. They have one other part time employee, Susan Walsh, who assists in loan underwriting and file maintenance. Bill has 9 years of commercial loan origination for several local banks, and another 7 years of commercial loan brokerage experience. He has a Bachelor's degree from the University Wisconsin-Milwaukee in Business Administration, and several post-graduate courses in financial analysis, loan portfolio management and loan underwriting. Because of his banking background, Mr. Frey understands what banks need to make their loans acceptable to loan policy and lending guidelines. He has facilitated and closed several hundred commercial loans both for banks and private lending sources.

Cindy Tiffany-Frey is a licensed school teacher in the Beloit School district and works in the business part time during her summer break and during the school year assisting in file management and document follow-up. She has a Bachelor's degree from the University of Wisconsin-Milwaukee in Elementary Education with an emphasis in English writing and teaching emotionally disturbed children. She has

numerous credits in post-graduate studies in education and administration as part of her teaching licensing requirements for continuing education.

Susan Walsh is a part time underwriter, and prepares the loan write-ups and financial analysis. She has a Bachelor's degree from Lakeland College in accounting and business administration. She also maintains the monthly internal accounting for the business and maintains the budgets and forecasts.

## Summary

BWF is poised for growth by taking advantage of the market opportunities within the banking arena in Southeastern Wisconsin and the Midwest. Our ability to underwrite loans locally and quickly determine which loans have the most likelihood of funding gives us a significant advantage over our competition. Our loan-standing presence and success in placing challenging loans in the market has given us the reputation as the go-to source for banks and financial professionals to refer their commercial lending clientele.