Capital Alliance

A Non-Bank Real Estate Lender

$10 Million in Class A Preferred Units
An Overview

$10 Million in Class A Preferred Equity Units

The Class A Units are for investors seeking continuous income with potential economic upside by investing in secured residential debt. Secured debt can diversify an investment portfolio and/or provide a haven during an economic downturn.

EXECUTIVE SUMMARY

Capital Alliance, LLC (CAL) is a non-bank lender originating residential Non-Qualified Mortgage loans (Non-QM) and short-term Bridge or Renovation loans (Portfolio) in California and other Western States. CAL sells these loans in the secondary market or holds loans in inventory until maturity.

Non-QM or Portfolio loans are used when a borrower or property does not qualify under Conventional/Agency guidelines (ie. alternative income documentation/fix & flip properties).

Each member of CAL's senior management has over 25 years' experience in mortgage banking and/or finance and in originating, servicing and selling the loan types described above. The knowledge and insight gained by navigating through the 2008 – 2010 mortgage meltdown, has prepared CAL's senior management to take advantage of the opportunities provided by offering alternative loan products. CAL began operation in 2006.

The West Coast housing shortage and the rise in the number of self-employed borrowers has fostered an increased demand for Portfolio loans while Non-QM loan volume reached $30+ Billion in 2018 and is expected to grow to $50+ Billion in 2019.

$10 Million Class A Preferred Equity Units ("Class A") being offered will be senior to existing Class B Equity ("Class B"). Class A shall have **preference** over the Class B for Distributions, Redemptions, and upon Liquidation. At 3/31/2019, CAL's financial statements reflect $19.6 Million in Assets and $6.1 Million in Class B Equity.

Residential lending is capital intensive. Nearly tripling the total equity of CAL, coupled with maintaining its current debt-to-equity ratio of 2:1, should allow CAL to increase its loans held in inventory to $50+ Million, retire a portion of it's 8% fixed rate debt, and reduce the effective interest rate on its overall financing.

OFFERING TERMS

Cash Distributions	9% to 11% per annum is the target. There are two types of distributions. They are: **Regular Distributions:** 7% per annum to Class A **Special Distributions:** Each year a one-time Special Distribution of 2% to 4% to Class A will be the target. Special Distributions shall not exceed 75% of CAL's Net Income less Regular Distributions already paid.
Economic Upside	25% of CAL's Net Income, that is not distributed annually, would increase the Net Asset Value of Class A
Security Type	$10 Million Class A Preferred Equity Units ("Class A") which have certain preferences over an existing $6 Million Class B Equity Units ("Class B"). These preferences provide a level of safety because: Class A receive their Regular Cash Distributions before Class B Class A have priority over Class B with regard to Redemption and Liquidation Up to 75% of the Offering proceeds will be used to increase CAL's portfolio of secured real estate loans to $50 Million+. A portfolio of secured debt generates continuous income and can provide a haven during an economic downturn
Reinvestment	Class A Preferred Equity Units have an option to reinvest their cash distributions into additional Units
Exit Strategies	Convert into a tradable security and/or mortgage REIT creating a liquidity event within 3 to 5 years and/or Class A will have an option to redeem up to 25% of their Units per year at their Net Asset Value
Liquidation Preference	Class A to receive 100% of their Net Capital Contribution, then Class B to receive up to $4.20 per Unit. Thereafter, the remaining proceeds are distributed based upon the respective ownership percentage of Class A and Class B
Suitability	Accredited or Sophisticated Investors and/or their Retirement Accounts. Minimum Investment: $50,000

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