



# Overview Of The Fund

## FUND OVERVIEW

The Red Oak Capital Fund (“the Fund”) is a unique fund oriented towards securitized senior lien debt instruments on quality commercial real estate assets which are experiencing short-term distress situations, and the acquisition of discounted commercial securitized performing notes. These assets yield a premium capitalization rate compared to those of traditional lending institutions due to the Funds’ underwriting flexibility and the speed of execution.

## COMPETITIVE EDGE

The Fund targets a specific market segment for investors and developers within the commercial real estate arena, focusing on making direct senior loans secured by quality assets that have been undervalued due to the limited availability of regular institutional capital or unusual property transaction circumstances – and in which the borrower has a clearly defined short-term exit strategy.

With an experienced team of industry veterans with vast real estate investment and lending backgrounds, Red Oak differentiates itself from its competitors with its ability to act quickly on transactions, harness its substantial existing network of investor/broker deal flow, and systems which increase the velocity of capital.

## FIRM OVERVIEW

The Principals have over 50 years in collective experience in the real estate investment, development and finance industries. This experience includes oversight of other real estate investment hedge funds, development projects, and licensed lending operations.

With their background including syndication, crowdfunding, commercial property management and underwriting, the Principals have a unique perspective of the investor and borrower alignment of interests and how to capitalize on the market opportunities.

## OUR PROCESS IN PRACTICE

The Fund’s approach to investing is highly focused on principal protection and yield generation, which, as outlined below, it strives to achieve in multiple ways.

Investment Basis	Capital Structure	Leverage
<ul style="list-style-type: none"> <li>Utilize proprietary models and conservative assumptions.</li> <li>Stress-test assumptions to ensure recoverability of principal.</li> </ul>	<ul style="list-style-type: none"> <li>Secured first-lien positions with reasonable LTV’s</li> <li>Short-term structure with a defined exit strategy</li> </ul>	<ul style="list-style-type: none"> <li>Judiciously utilize private investment leverage to insulate all investors from capital market shocks, wavering banking sentiment and regulatory issues.</li> <li>Fractionalize notes to mitigate risk and increase investment returns</li> </ul>

## GOALS OF THE FUND

### Common-sense Lending Decisions

- Understanding unique transactional situations and opportunities while limiting downside risk through careful and complete due diligence.

### Stability, Suitability & Security

- Focus on stable, predictable returns on investment
- Focus on suitable investments within the identified markets
- Maintain security of investment principal through conservative asset valuation

## FUND TERMS

<b>Structure:</b> Limited Liability Company
<b>Return Target:</b> 10% - 12%+ (net of fees)
<b>Targeted Equity:</b> \$30 million
<b>Minimum Initial Close:</b> \$1 million
<b>Minimum Investment:</b> \$100,000
<b>Commitment Period:</b> 3 years from initial close
<b>Term:</b> 6-8 years from inception <sup>1</sup>
<b>Distribution Frequency:</b> Quarterly

## FEES AND INCENTIVES

<b>Fund Management Fee:</b> 2% on committed capital paid annually
<b>Profit Split:</b> 20% on net returns over 12% to Red Oak Mgmt.
<b>Acquisition/Disposition/Finance:</b> 2-8% to qualified placement agents if applicable

**Development & Asset Management:** None

**Asset Type:** Commercial secured senior lien debt instruments

## PREMIER ADVISORY PROVIDERS

<b>Legal:</b> Kuiper Orlebeke PC
<b>Tax Consultant:</b> DeHoek & Company PLLC
<b>Real Estate Valuation:</b> CBRE Advisory Services & MAI Certified Appraisers

## CONTACT INFORMATION

Red Oak Capital Fund, LLC  
115 E 57th St., 11th Floor  
New York, NY 10022  
T: (212) 457-4004

**Senior Partners:**  
Chip Cummings, CMC, CFE  
Jesse Clem  
Joseph Elias

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RELATED DISCLAIMERS: <sup>1</sup>Term: Red Oak Capital reserves the right for two extensions of two years each.



### **Chip Cummings, CMC, CFE – Senior Partner**

Chip is the CEO and a Senior Partner with Northwind Financial Corporation, as well as a Managing Director for Bankers Capital in New York. He has more than 30 years of experience in the lending arena, and has managed a real estate capital fund for the past 5 years.

As a licensed broker and lender, he has overseen several billions of dollars in transactions, and is a Certified Mortgage Consultant and a Certified Fraud Examiner. Chip has been recognized in federal and state courts as a mortgage finance expert, and developed and administered several programs for the U.S. Department of Housing and Urban Development.

Chip has served on many Boards and national committees, is a #1 best-selling author of several books, and has appeared on numerous radio and television programs including as a financial expert for FOX News and the Neil Cavuto Show.

### **Jesse Clem – Senior Partner**

Jesse is the co-founder and CEO of Loquidity, an online investment marketplace that specializes in debt and equity offerings, bringing almost 10 years of real estate experience as an investor, underwriter and evaluator. In addition, Jesse also has 10 years of experience as a senior leader at Fortune 25 corporations within the IT industry.

Jesse has a unique ability to blend business, real estate and technology into his ventures, having launched and sold numerous successful enterprises. In addition to his extensive personal real estate portfolio, he also created a hard money lending capital company to provide debt financing for numerous projects in the West Michigan area. He received his Bachelors of Science in Computer Science from Taylor University and also holds an MBA from the Ross School of Business at the University of Michigan.



### **Joe Elias – Senior Partner**

Joe is the co-founder and COO of Loquidity, possessing more than 14 years of executive operations experience with Fortune 50 companies and 15 years' experience in real estate development in the Midwest. An accomplished operations manager, he has spent his career leading corporate transformation and achieving significant operational efficiencies by successfully integrating new technologies. His expertise in lean transformation, acquisitions and real estate investing, combined with an entrepreneurial spirit, inspired him to develop innovative, scalable solutions to help transform the real estate investing landscape through Loquidity.

Previously, Joe served as a senior director at Comcast, managing a \$1 billion portfolio program where he and his team worked to implement new technology into existing processes, realizing an estimated \$300 million in cost savings. Prior to Comcast, he was a project manager at General Motors, devising solutions to achieve large-scale efficiencies. Joe has also owned and operated multiple successful family businesses, managing millions of dollars' worth of real estate assets in major Midwestern markets. He earned his Bachelor of Science in Management Information Systems from Wayne State University and holds an MBA from the Ross School of Business at the University of Michigan.

