



Capital Alliance

A Private Mortgage Bank



**\$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 an existing operating company that originates all types of residential loans throughout California and other western states. Loan types are: Agency, Non-Agency (also known as "Non-QM") and Portfolio.
- CAL *emphasizes* the origination of Portfolio and Non-Agency loans. A Portfolio or Non-Agency loan is used when a property or a borrower does not qualify under Agency guidelines.
- CAL typically holds the Portfolio loan in its own inventory until maturity & sells the Non-Agency loans into the secondary market.
- CAL currently has \$5 Million+ in Member's Equity. Its existing Class B Equity Units.
- Class A Preferred Units ("Class A") are *senior* to the existing Class B Equity Units & would triple total Member's Equity to \$15 Million.

OFFERING TERMS

Security Type	\$10 Million in Class A Preferred Equity Units; \$50k Minimum
Regular Cash Distribution	7% Preferred Return
Special Cash Distribution	75% of Net Income less Regular Distributions already paid. Target 2%-4% per annum 25% of Net Income not distributed builds Net Asset Value
Layers of Safety	Build \$50 Million+ Loan Inventory with 75% of Offering proceeds: Short Term Loans < 25 Months Primarily First Trust Deeds Geographically Diversified Weighted Average Loan to Value of 65% Class B Equity Units are subordinate to Class A Units as to Distributions, Redemptions, and Liquidation
Liquidity/Exit Strategy	Initiate Annual Redemption Option and/or Convert to a Tradable Security Within 5 Years
Suitable for	Self Directed IRA's and Pension Plans; Approved on Schwab's Alternative Platform

There is no guarantee that any specific objective will be achieved. Investments may be illiquid, highly speculative and there is risk of the total loss of your investment.

This is not a solicitation or offer to buy or sell securities. See offering documents for further disclosures and risks.

BUSINESS PLAN – Infuse Capital Into CAL Two Business Lines

CAL's Portfolio loan inventory can potentially provide recurring income.

Non-Agency Loans potentially provide CAL with economic upside.

Portfolio Loans Sold/Held	
Property Value	\$950,000
Loan Amount @ 65% LTV	\$615,000
Less: Bank Advance @ 67.5%	<u>\$415,000</u>
Equity Needed	\$200,000
Origination Income @ 2.5%	\$15,375
Interest Income @ 8.5% I/O	\$52,275
Less: Interest Expense @ 5.5%	\$22,825
Less: Allocated Overhead	\$18,312
Net Return on Equity per year	\$26,513
<i>ROE is \$26,513/\$200,000 or 13.2% per annum</i>	

Non-Agency Loans Sold	
Property Value	\$950,000
Loan Amount @ 65% LTV	\$615,000
Less: Bank Advance @ 90%	<u>\$553,500</u>
Equity Needed	\$61,500
Sell Loan @ 102% of UPB	\$12,300
Less: Allocated Overhead	\$10,502
Net Return if Equity is turned 8 times per year	\$1,798 X 8 = \$14,384
<i>ROE is \$14,384/\$61,500 or 23.4% per annum</i>	

EXECUTIVE TEAM – Track Record (as of June 2020)

- Capital Alliance, LLC executive team has originated, underwritten, serviced, and sold over \$1 Billion of all loan types during the last 25 years.
- Since 2009, CAL and its affiliates have issued long term Bonds secured by a pool of loans. These Bonds were *senior* to the existing Equity Unit holders, not unlike the Class A Units being offered.

Number of Investors	Amount of Debt Issued	Amount of Debt Repaid	Amount of Debt Outstanding	Weighted Avg. Distribution Rate
213	\$9,413,157	\$7,454,480	\$1,958,677	8.79%

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