



Seven Secrets to Success in

REAL ESTATE CROWDFUNDING

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INTRODUCTION

Thank you for downloading the *Seven Secrets to Success in Real Estate Crowdfunding!* This simple guide is your first step toward borrowing or investing in an entirely new kind of real estate market.

Real estate crowdfunding is one of the easiest, most user-friendly ways for borrowers to quickly and securely raise vital funds for projects and for investors to add real estate to their portfolios. Real estate crowdfunding is designed to benefit both borrowers and investors, making sure that each transaction is the best fit for both parties. Fantastic opportunities await.

Remember, though, that this guide is only a first step. To truly learn and experience the power of crowdfunding, you have to put skin in the game. Are you ready to get your real estate project funded fast? Or, are you ready to invest in a multitude of projects that you believe in? Or both? Getting started is quick and easy. Visit AskZeus.com any time of day or night to begin—we've made crowdfunding simple. Borrowers get fast, flexible, and reliable funding. Investors earn safe, above-market returns on investments in real estate-backed financing. It's a beautiful system: the next evolution in hard money that's going to carry the real estate industry into the next century. Don't get left behind. Sign up for your free account today and get in the game.



“ALONE WE CAN DO SO LITTLE
⚡
TOGETHER WE CAN DO SO MUCH.”

—HELEN KELLER



If you have any questions about real estate crowdfunding, borrowing, or lending that aren't answered by this guide, call **1-800-ASK-ZEUS** to speak to one of our crowdfunding experts. They will help you find exactly what you're looking for.

But before you do, browse this guide to success. The key to your financial dreams may have just appeared in your inbox! Learn these secrets well, and you'll be on your way. Good luck!

Enthusiastically,

A handwritten signature in white ink that reads "Zeus". The signature is stylized and cursive.

Steven Kaufman

Zeus CrowdFunding Founder & Chief Acceleration Officer

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WHAT IS CROWDFUNDING?

The term “crowdfunding” is relatively new, and refers almost exclusively to platforms used to generate funds from a crowd of people online. But the concept of crowdfunding is much older. Did you know that the Statue of Liberty in New York Harbor was the result of crowdfunding? That’s right: the Statue might have never been erected in New York if not for crowdfunding. After the now-famous Statue of Liberty was shipped from France, efforts to raise funds for its pedestal stalled. It took a newspaper campaign and the small donations from thousands of New York residents to fund the base that was eventually built. The campaign raised money from more than 160,000 donors, including young children, businessmen,

street cleaners, and politicians, with more than 75 percent of collected donations amounting to less than a dollar.

If launched today, the Statue of Liberty campaign might well have been a classic crowdfunding project like those run online by popular crowdfunding sites such as Kickstarter and Indiegogo. It used a single collection point, Joseph Pulitzer’s New York World newspaper, to raise money from a large pool of donors who each pledged as little as pocket change.

Successful crowdfunding fundraisers are often very skilled at generating momentum and donations by telling a compelling story and building connections with their

backers through regular, personal insights into their campaigns. You may have participated in a crowdfunding campaign yourself, donating to a band you love that is creating a new album or to a friend or family member who is struggling with medical bills. More and more, thanks to the reach of the Internet, crowdfunding is becoming commonplace around the world.

WHY IS IT SO POPULAR TODAY?

For the same reason that children sent their coins to Joseph Pulitzer back in 1885: Crowdfunding offers nearly everyone a chance to participate and own a piece of something big.



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WHAT IS REAL ESTATE CROWDFUNDING?

Crowdfunding isn't only an option for funding artistic projects or medical bills (or iconic statues). It's a principle that can be applied to many different verticals. Since Congress passed the JOBS Act in 2012, crowdfunding has become a viable way for businesses to solicit individual investors. And with lending institutions making it more challenging to gain approval for loans, especially in the case of multiple home flips occurring simultaneously, crowdfunding can offer a quick and painless way to get the money needed to complete renovations and other real estate projects.

Real estate crowdfunding today offers a unique tool to connect borrowers to capital from accredited investors, often minimizing the previous barriers to secured funds for real estate development projects. The real estate crowdfunding platforms used to streamline this process are potentially the gateway to funding projects, both residential and commercial, big and small.

Here's how it works: The major difference between collective real estate investing of the past and today's real estate crowdfunding is the ability to transact online and the unparalleled access to dealflow by using the Internet as the new distribution platform. Investors can now browse investments online, securely sign legal documents online, transfer funds and have access to investor dashboards to watch how investments are performing, and borrowers can showcase their real estate projects to investors from almost anywhere with an Internet connection.

For many real estate crowdfunding borrowers and investors, speed is the main benefit. Borrowers with enticing projects to offer up can get funded very quickly after being approved. Investors, rather than doing due diligence on hundreds of real estate transactions to find one to invest in, can browse lists of pre-curated investments through crowdfunding companies.

This is why Zeus CrowdFunding prides itself on being the fastest real estate crowdfunding lender in the U.S. **We can fund real estate projects in as few as four days so that you can focus on the project and get started right away.** Our Triple Win Promise guarantees funding of every approved project so that the borrower can get started immediately. It also guarantees that Zeus CrowdFunding earns no income (origination/points) until the investor receives their investment plus the promised return. That means all parties are aligned on the successful completion of the project.

**BEST OF ALL,
ANYONE CAN PARTICIPATE.**

SIGN UP

FOR YOUR FREE

**ZEUS CROWDFUNDING
ACCOUNT TODAY & BEGIN**

BORROWING OR INVESTING!

3

THE ADVANTAGES OF REAL ESTATE CROWDFUNDING VS. TRADITIONAL FINANCING

Now you know a few of the obvious advantages of getting involved in real estate crowdfunding—it's fast, it's flexible, it's available to almost anyone, and opportunities are ready to be browsed 24/7 online. But real estate crowdfunding also has some very real advantages over more traditional forms of real estate investment financing that you may not have considered.

CROWDFUNDING VS. REIT

Using Zeus CrowdFunding and other platforms, an individual with as little as \$ 5,000 can own part of a residential or commercial property using a crowdfunding platform. But an affordable investment amount is not the only attraction for investors. A top-tier platform will attract users by offering a range of properties that have been vetted and checked to ensure that the person who is putting money into it has a very clear idea about the merits and risks of the transaction. This saves the investor time. For the borrower, the advantage is that there are almost always plenty of crowdfunding investors lined up, ready to put their money into worthy projects that can be completed (and paid off) quickly and reliably.

For all intents and purposes, the only other way that a small investor can invest in the real estate market is through a real estate investment trust (REIT).

Crowdfunding enjoys several some distinct advantages over REITs, however. A REIT is essentially a company that owns properties. By investing in such a company, the individual investor is indirectly buying into a pool of residential or commercial properties. But there is no ownership established over any of the real estate assets that the REIT owns. Crowdfunding platforms such as Zeus CrowdFunding, on the other hand, back each investment with a specific real estate asset.

Additionally, of course, crowdfunding offers the convenience of completing everything online. Projects are tracked online. Borrowers get to fund their projects quickly without dealing with a bank. Investors get all the benefits of real estate investment without having to be real estate experts.



THE ADVANTAGES OF REAL ESTATE CROWDFUNDING VS. TRADITIONAL FINANCING CONTINUED

CROWDFUNDING VS. HARD MONEY

The term “hard money” is typically associated with high-interest-rate, asset-based lenders. Hard money lending involves a company offering a loan to a borrower while using the borrower’s real estate as collateral for the loan. Obtaining a hard money loan is typically a very fast process, and it often does not require the same level of qualification criteria associated with traditional bank loans. Instead, hard money lenders are focused on the value of the collateral and the interest rate.

One of the advantages to a hard money loan is that checkered credit histories typically do not factor into the lending process. Borrowers strapped for cash or in financial difficulty can often more easily secure a hard money loan. Borrowers have to provide information on the collateral, along with some other basic information, to complete the lending process.

Here at Zeus, we like to think of crowdfunding as the next evolution of Hard Money. There are some significant differences between the two, however. Typically, this includes the ability to solicit funds from accredited investors via the Internet for various projects, such as new construction or rehabilitation. Zeus CrowdFunding accepts investments as low as \$5,000 from members, and many

different investors can participate in the same loan. While the criteria for individual crowdfunding campaigns is different, generally once funds are raised using an online platform, borrowers can quickly use the new financing to start building or complete their renovation project. In the case of Zeus CrowdFunding, a project is pre-funded immediately after it is approved. Borrowers don’t have to wait on investors to start their project.

Unlike some crowdfunding platforms, the debt the borrower takes on at Zeus CrowdFunding is always secured with the hard-asset collateral of real estate. That’s why we consider crowdfunding the next generation of hard money! Finding lenders fast with crowdfunding can effectively make cash flow problems disappear, and many investors prefer crowdfunding deals due to the greater transparency and increased flexibility over more traditional lending methods.

WHY CHOOSE CROWDFUNDING OVER HARD MONEY?

Crowdfunding is the next evolution of hard money. Both types of financing can be used by borrowers to accomplish financial objectives and make money using hard assets as collateral, but only crowdfunding has this level of speed and transparency. Crowdfunding is different

in that it allows many different investors to combine their resources into a single, transparent loan.

REAL ESTATE CROWDFUNDING VS. MORTGAGE LOANS

In some cases, real estate crowdfunding can be a better option for borrowers than a traditional mortgage loan. Crucially, real estate crowdfunding platforms such as Zeus CrowdFunding are much faster and have more flexible underwriting standards than traditional lending institutions. Interest rates for the flippers, builders, and developers seeking funding through our platform and others are typically higher, too, but since these loans are typically paid off quickly, the higher interest rates often cost these borrowers less than a long-term mortgage loan would.

On occasion, real estate crowdfunding may be solicited in addition to a bank loan. Maybe the loan wasn’t enough, and the builder needs to fill the rest of the bucket. Or a flipper might need a “bridge” loan – one that allows him or her to rehab a property before it’s in shape to qualify for a traditional mortgage. In this way, real estate crowdfunding can actually complement a mortgage loan, rather than competing with one.



4 HOW TO GET STARTED WITH REAL ESTATE CROWDFUNDING TODAY

Getting educated about real estate crowdfunding is the first step toward getting started. You've already made your first step by downloading this guide! The next step is to create a free Zeus CrowdFunding account by visiting AskZeus.com.

The next step toward crowdfunding success is to determine whether you plan to borrow or invest. If you are borrowing, the process works like this:

- 1. APPLICATION SUBMISSION:** Users submit an application for financing.
- 2. PREQUALIFICATION:** Applicants are pre-qualified based on track record, financial strength, and expertise.
- 3. DUE DILIGENCE:** Our detailed underwriting includes review of investment strategy, financials, legal standing, and property condition and location.
- 4. PROJECT FUNDING:** Approved projects are pre-funded by Zeus CrowdFunding and then listed for investment on the Zeus CrowdFunding platform.

Before approving, pre-funding, and listing your project on our platform, Zeus CrowdFunding reviews all pertinent aspects of a proposed transaction for its general suitability on our platform. We make every effort to gain an understanding of the borrower's track record and experience. We also perform background and credit checks. If need be, we also review other transaction-specific data, including the borrower's pro forma financial projections, the market area in which the subject property is located, the apparent quality of the property, and the proposed investment structure.

For the investor, Zeus CrowdFunding reviews investment opportunities to confirm that they meet our criteria for listings on our online platform. Once the

investment is listed, the listing will include general information about the particular opportunity as well as legal documents that contain detailed risk factors that investors should review carefully before making any investment.

Zeus CrowdFunding strives to keep minimum investment requirements as low as possible. We have a minimum investment amount of \$5,000. There is no maximum investment amount, and investors can (and often do) invest the full amount being sought.



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REAL ESTATE CROWDFUNDING TIPS FOR BORROWERS

Real estate crowdfunding is popular with borrowers because it offers certain rewards quickly for those who need funding to complete a development project. Crowdfunding platforms such as Zeus CrowdFunding provide exposure to new investors and access to capital with fewer hurdles within a shorter time frame.

Borrowers also enjoy an advantage in terms of cost. Zeus CrowdFunding and other platforms typically have lower overhead costs compared to a bank, which translate to lower fees and interest rates for users. Perhaps most importantly, Zeus CrowdFunding and other real estate crowdfunding platforms can be more flexible in terms of the types of properties we are able to fund as well as the kinds of financing we offer.

HOW TO RAISE CROWDFUNDING CAPITAL



1. SIGN UP

Signing up for your free account at Zeus CrowdFunding is Step 1. You can't begin your crowdfunding journey until you [Join the Crowd](#).



2. FILL OUT YOUR PROFILE

Provide Zeus CrowdFunding with important personal and financial information in your profile.



3. SUBMIT A PROJECT

Provide Zeus CrowdFunding with information about your real estate project using our online form. We will then be able to review the opportunity and quickly begin the approval and listing process.



4. GAIN APPROVAL

We will do our due diligence: a background and credit check will be run. Information such as the renovation plan and budget will be requested along with any other needed documents.



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REAL ESTATE CROWDFUNDING REGULATIONS

As an industry, crowdfunding is regulated by the JOBS Act (stands for “Jumpstart Our Business Startups Act”) first passed by Congress in 2012. The term “JOBS Act” is informally used to represent Title II, Title III and Title IV of the legislation. Unlike some crowdfunding platforms, Zeus CrowdFunding operates under Title II, which was officially passed in September 2013 with the intent to make it easier for startups and small businesses to raise capital. Title II places some restrictions on who can invest in crowdfunding offerings.

Title II allows crowdfunding platforms such as Zeus CrowdFunding to advertise real estate offerings on the Internet,

provided that they follow the rules and guidelines of Rule 506 of Regulation D. This allows Zeus CrowdFunding borrowers the opportunity to attract a large number of new investors in a short period of time, but regulates the type of investor who can purchase those securities.

Under the Title II exemption, Zeus CrowdFunding and similar platforms can only make an offering to “accredited” investors. The act defines an accredited investor as anyone who has either a net worth of \$1,000,000 (your principal residence cannot be included in this calculation) or made more than \$200,000 per year for the three years leading up to their current securities purchase. Additionally,

Zeus CrowdFunding must verify that each investor is accredited. That means that borrowers can expect only fully vetted, accredited investors on our platform! Additionally, there is no cap to the number of investors or to the amount of money that can be raised under Title II. The number of investors in your real estate project is potentially limitless when you use Zeus CrowdFunding!

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INVESTIGATE YOUR OPTIONS

The best way to learn and familiarize yourself with real estate crowdfunding is to participate. That doesn't mean you have to immediately begin borrowing or investing, of course. Create a free crowdfunding account at AskZeus.com. Next, start browsing. Take a look at what deals are on offer and which investments are the most highly prized. When you feel comfortable, you can get started for real.

If you still feel as though you need more information about crowdfunding, there are a few media sources you may try out. CrowdCrux.com is a good source for information on crowdfunding, including real estate crowdfunding. CrowdFundAttny.com is the place to go with questions about regulations.

Real estate crowdfunding is a highly competitive marketplace. There are hundreds of crowdfunding portals competing for your business. Be sure to ask yourself these questions about the portals you're considering before you sign up:

WHAT'S THEIR FOCUS?

Many crowdfunding sites are primarily focused on investors. You can tell quickly

by a glance at their site who they care most about. Few show a balance between borrowers and investors. Have a look around. Is it easy to find out how to apply for funding? Do they offer tips and resources for borrowers? If it's not immediately clear, they're probably not the site for you.

DO THEY SERVICE YOUR AREA?

Some crowdfunding sites are national. Some are even international. Others are regional, specializing in areas where they have considerable expertise. One of the first questions to answer is which sites service the neighborhood where you operate.

DO THEY FUND YOUR TYPE OF PROJECT?

Do they do primarily commercial? Do they fund residential projects? What about construction? Do they offer refinancing or gap funding? Make sure the site services match your project needs.

DO THEY PRE-FUND?

This is an important consideration. Sites that pre-fund their deals allow you to get funded as soon as you qualify. Qualification in this scenario likely means the site does thorough due diligence and underwriting. It also means there is no managing or waiting on the private investors before you see

your funds. You can get started on your project right away!

ARE THEY FAST?

The speed of closing is often the difference between making your deal or losing it. What kind of timeframes do they offer from application to full funding? What's the process for making draws for renovations? Is it quick and painless?

HOW MUCH OF THE PROJECT WILL THEY FUND?

Does your site offer funding based on the Current Market Value or After Repair Value? Can it fund up to 100 percent of your costs?

WHAT'S THE BOTTOM LINE?

Be clear about your costs. What fees are involved? Are there loyalty programs that provide better terms for repeat business? Do they have any pre-payment penalties? You'll find most sites collect their origination fees up front. But you can also find a site that collects them on the back end, instead. That means less cash is needed to close. It also means they don't get paid until you successfully complete your project and submit your final payoff.





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**WANT TO
LEARN MORE?**

There is no doubt that crowdfunding is revolutionizing the funding of real estate projects. If you're a professional who does multiple projects a year, crowdfunding is a more reliable source because it allows you to tap into a large number of private investors. Finding the right site for you can be like finding the well that never goes dry.

After you check out AskZeus.com, consider trying CarltonCrowdfund.com, FundThatFlip.com, and ShareStates.com to see the difference.

If you have any questions about any aspect of real estate crowdfunding, give our team of experts a call at **1-800-ASK-ZEUS**. They are standing by to help you get the answers that you need.

WE LOOK FORWARD TO HAVING YOU JOIN US IN THE Z-CROWD!



FOLLOW THE CROWD.

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