Investor Funding
Hard Money Lenders of Kansas City

124 Missouri Ave, Ste 201
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Capital Partnership Program

Objective

To provide our capital partners solid, consistent returns in the private money lending space, specifically for short-term bridge and rehab projects

The Demand

There is a huge gap in the private lending space of relationship-based lending for real estate investors

What We Do

We provide funding to real estate investors for “Fix & Flip,” “Fix & Rent,” and short-term/bridge needs in the residential RE market

How We Do It

We are a boutique, relationship-based lender with a common sense and methodical approach to underwriting.

Our Philosophy

What does the phrase, “relationship-based” lender, actually mean? Well, for a potential borrower, it gives them the warm, fuzzy feeling of having a lender who wants to grow with them and will be a consistent, reliable source of funding for the borrower to grow their business tenfold. However, there is more to it than just that. We look at “relationship-based” lending also as “performance-based” lending. We explain to our potential customers that relationships are built on trust, which is developed over time, and as they prove, through their actions, that they are a good, trustworthy borrower, we will then provide them with more favorable loan terms. Once a borrower has went full circle on a project with us (meaning they have bought, fixed, and exited/satisfied the loan successfully), we know if this is someone we want to lend to again or not. At this point, we will have learned so much about the borrower: 1) The quality of their work 2) the timeliness of payments 3) the timeliness of the rehab 4) the quantity of rehab draws they request 5) the accuracy of their draw requests 6) did they satisfy the loan as promised, 7) overall how business functions, and so much more. Our experience with that borrower in the first loan determines how we structure the next loan, or if we even want to do another loan with them again.

Although we offer more favorable terms to the borrower on their future deals, we still require updated due diligence items, such as application, bank statements, credit report, and background check to ensure circumstances in that person’s life hasn’t changed. Obviously, if there are any significant changes in circumstance (ie. A bankruptcy, foreclosure, lawsuit, criminal activity, etc), this could prevent us from continuing the relationship.

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Borrower Qualifications

We are not necessarily a lender for the masses. At KC Investor Funding, we believe in giving deserving people opportunities to grow and succeed in real estate investing. However, a prospect must meet certain qualifications to work with us, specifically related to financials, experience, and credit.

Financials. If the prospect will be a first-time borrower of KC Investor Funding, we consider financials, more specifically, liquid assets, the most important factor. On all first-time borrowers, we typically require them to make a down payment on the purchase price, plus pay their closing costs and fees at the purchase closing. They need to have a minimum of 20% of the loan amount in liquid assets.

Credit. We aren't as concerned with credit score, as we are with what is on the credit report. It is common for a real estate investor to leverage credit cards and lines of credit at 0% or low interest rates for their real estate projects, which, inherently, as you use more debt, scores go down. This isn't as much of a concern to us as someone who has a history of late pays, judgments, foreclosure, or bankruptcy. For many people, there are isolated events that might create blemishes on credit (ie 2008 downturn), but to see a repetitive history of derogatory marks raises our concern. Additionally, we don't want to see really any derogatory marks, such as foreclosure, bankruptcy, mortgage late pays, NODs, in the most recent 2 years. With that said, derogatory marks on credit wouldn't necessarily disqualify someone from qualifying for a loan, if they have sufficient liquid assets to provide a larger down payment.

Experience. We do not have a set requirement on experience level. Everyone has to start somewhere, but if the prospect has no experience, we are going to rely more heavily on financials and credit. If we do not work with "newbies," we would be doing a huge dis-service to our company, as there are still very capable people who can turn in to the good, long-time, repeat customer that KC Investor Funding strives to create. Experience does, however, become more important when they have larger rehab projects they are wanting to do. A "newbie" should never do a large rehab project. They should stick to a home that is 1960's construction or newer, primarily cosmetic work needed, and have a huge potential profit margin. If a "newbie" ever says they don't care how much money they make on their first deal because they just want the experience, that is an automatic "decline." That thought is an instant recipe for disaster.

Entity-Only Loans. We only lend to entities that have a separate EINs, specifically LLCs and Corporations.

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Risk Mitigators

There are a number of mitigating factors that have allowed us to have such a strong track record since 2017, funding over 1000 loans and only having 3 loans go to foreclosure, and 1 other that resulted in a deed in lieu of foreclosure (as of 4/16/2025):

Real Estate Back Loans. Every loan we do is collateralized by real estate. Unlike investing in the stock market where you can lose all of your investment, it is highly unlikely to lose all of an investment when lending on real estate. These loans are protected with a deed of trust or mortgage and a promissory note to secure and protect the investment.

Repeat Customers. As we do more transactions with one borrower, we get to understand their processes, and how they are as a borrower, and only continue doing business with the “good” borrowers. Not that we don’t take on new customers, we have to in order to grow, but with new customers, we may do 1 transaction with them and if they don’t fit the criteria of a “good” borrower, then we may not continue lending to them. This approach allows us to do more quality deals with quality repeat borrowers, thus minimizing the risk of a loan going bad.

Due Diligence on Every Deal. We gather bank statements, credit reports, background reports, application, photo identification, and entity docs on every borrower. We require an as-is and arv appraisal on every property, contracts, itemized scope of work with budget. We review the appraisal for quality control, analyze the SOW & budget to ensure it is accurate and sufficient, and we run calculations to ensure the deal is a profitable deal/makes sense for the borrower. We don’t want to fund a deal that logically doesn’t make sense for the borrower.

Learn From Our Mistakes. We know exactly why the 3 bad deals we did went bad. Our practice has been to never allow for subordinate liens on properties and to never loan on a deal that logically doesn’t make sense for the borrower. The first loan we allowed a borrower to have a 2nd lien on a property is the first loan that went sour. The borrower then proceeded to obtain a 3rd loan, which took all of the equity out of the deal for the borrower. Essentially, their profit was in the 3rd loan, so they had no major incentive to see the project through to the end. The loan we had that went to a deed in lieu of foreclosure had thin margins to begin with, but they were willing to put the money down necessary to do the loan. They ended up running out of money to finish the project, and ultimately decided to give us back the property.

Never Being a Subordinate Lender & Never Allowing Subordinate Lenders. We will never lend in a subordinate loan position, meaning another lender has the first lien position. Additionally, we do not allow for 2nd lien positions or other subordinate liens

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on a property we are lending on as those subordinate lenders can cause delays in a foreclosure, and for the reasons stated in "Learn From Our Mistakes."

Communication with the Borrower. We are communicating with the borrower on a regular basis before, during, and after the loan. It is our belief that if we are regularly in communication with the borrower asking them how the project is progressing, talking to them about any challenges or even wins they are having with the project, that it grows a deeper bond with the borrower, and if something goes awry, we are on the forefront of the situation, and can solve it sooner versus it being too late.

Customer Service. Having a live person within our company answering the phone is one of the biggest things that sets us apart from most of our competitors. We also provide borrowers with cell numbers, so if they ever need something, we are just a call away. In our business, the turn around time for draw requests is vital to a real estate investor. We strive to have rehab funds disbursed within 24 hours from the time of the draw inspection.

Rehab Funds Heldback. As a common practice in our industry, rehab funds are heldback from the borrower and disbursed only after the borrower has completed a percentage of the work on the SOW/Budget they provided initially. Essentially, the rehab portion of the loan is setup as reimbursement instead of an advance. Advancing rehab funds is where a lender can get into a lot of trouble. By holding back funds, this ensures that the actual funds/Loan to After Repair Value is never compromised, relatively speaking.

Draw Inspections. We hire a 3rd party inspection service who inspects the property for every draw request, takes pictures and evaluates the SOW/Budget, prepares a report with pictures, and provides us with their recommendation. We then review and approve their report. This step ensures that the work is being done and done correctly.

Loan To Value. Until a borrower has fully completed one loan with us, we will typically require a down payment on the purchase price. This could be 5% to 20% based on the risk of the file. At no time, will the total loan amount (Advance of purchase price plus rehab) ever exceed 68% of the After Repair Value. Once a borrower has done a loan full circle with us, we can then potentially do 0% down payment on the project, again, never exceeding 68% of the After Repair Value. In addition to this, we generally require fees and closing costs to be paid out of pocket by the borrower, so they have some skin in the game, although there can be extenuating circumstances where fees can be rolled in to the loan or a portion thereof.

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Length of Loan Term. The length of the term on a loan with any given borrower can be adjusted depending on the timeline to complete the rehab, and the average days on market for comparables. Typically, we offer a 6-month term, but can do a 12 month term if it is a larger project. We can offer 3-month extensions for a fee, but we are usually encouraging the borrower throughout the loan to stay on schedule. By having a 6 to 12-month loan term, from an economic standpoint, the risk of a downturn in the real estate market is nominal, if we are looking at historical data. A downturn in the market usually happens over years, not months. So, realistically, there could be a single digit correction over the course of a year, but unlikely to be double digits.

Personal Guarantees. Any member with 5% or more ownership in the borrowing entity is required to sign a personal guarantee, which means that should the entity be unable to repay the debt on the loan, the members of the entity will personally be liable for fulfilling the obligations of said loan. Our loans are considered full "recourse loans."

Due Diligence Items Collected

1. **Trimerge Credit Report**
2. **Application** (Includes borrower details, experience, financial statement, property details, and declarations)
3. **2 Months of Bank Statements**
4. **Photo IDs**
5. **Entity Documentation** (Articles of Organization/Incorporation, Operating Agreement, EIN Letter from IRS, Certificate of Good Standing/Existence)
6. **Purchase Contract with any Amendments &/or Addendums**
7. **Detailed Scope of Work** (provides an itemized list of the rehab budget)
8. **Appraisal by licensed 3rd party appraiser** (Typically, an "As-Is" & "After Repair" Valuation is required)
9. **Property Insurance** (Lender listed as mortgagee)
10. **Liability Insurance** (Lender listed as additional insured)

Loan Servicing and Management of Funds & Draws

Handling of Funds. KC Investor Funding does not handle any of our capital partner's funds, unless there is an extenuating circumstance where written permission and detailed instructions are provided by the capital partner.

Loan Servicing. KC Investor Funding hires, at our expense, a 3rd party, FCI Lender Services to service loans. The typical duties they handle are payment collections and disbursement to lender and capital partner, managing and disbursement of rehab funds, satisfaction of mortgaged/deeds of releases, etc.

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Rehab Draw Inspections. If the loan is in the Kansas City Metro, KC Investor Funding will use an internal inspector to inspect for draw requests. Outside of the Kansas City Metro, KC Investor Funding hires, at the borrower's expense, a 3rd party, Trinity Inspection Services, to inspect properties for draw requests. Upon inspection, KC Investor Funding requests FCI Lender Services to disburse the appropriate rehab funds to the borrower.

Marketing

At KC Investor Funding, we have been extremely successful at acquiring our customer leads with little to no advertising and marketing costs, while growing our business to date. Here are our current marketing channels:

SEO/Organic Online Presence. Kcinvestorfunding.com is our domain and is regionally ranked (mostly #1) and is gaining national ranking as well for most keyword searches related to hard money lending, private money, or rehab loans. Our website generates 2-3 leads per day on average.

Social Media Private Group Pages. One of our marketing partners created and manages several private groups on linkedin and facebook for real estate investors and developers, that generates 5-6 qualified prospective borrowers each day.

Broker Referrals. We have an ever-growing database of loan brokers who bring potential loans to us. We are selective with the brokers we continue to work with, as not all loan brokers are created equal, and we don't want to work with just any broker who brings us a deal. Brokers are expected to collect the initial loan package and verify the borrower meets our minimum qualifications prior to sending us the deal. We only choose to work with brokers who do this consistently.

Repeat Customers. Because KC Investor Funding is a relationship-based lender, repeat customers are really the crux of our business. As we do more and more loans with a repeat customer, we really get to know them as a person, a borrower, and real estate investor/developer, and we continue to lend to them dependent on those intimate details. The more loans we do with good, reliable, repeat customers, the fewer bad loans we will do.

Word of Mouth. As we develop good relationships with our repeat customers, they will naturally want to refer their friends who are also in the real estate business. "Birds of a feather flock together." This way, we are able to grow our customer base with similar quality customers as our repeat customers.

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Structure Between Capital Partners and KC Investor Funding

At this time, KC Investor Funding offers one option for our private capital partners. At no time, does KC Investor Funding have any rights to the capital partner's investment nor physically hold or manage the partner's funds. All funds are either transferred to and from the title company from the capital partner or through the loan servicer. Also, we do not "pool" any of our capital partners funds with other investors. Each loan is funded solely by one capital partner, unless there are specific situations that allow for it, such as 2 capital partners who have a pre-existing relationship and desire a partnership together.

Our current structure offers our partners the ability to have full control over the decision-making process, assumes all of the liabilities/responsibilities associated with the loan, to include costs associated with foreclosure and wants an intermediary, such as KC Investor Funding, to originate, underwrite, process the loans for them, and manage the servicing component of the loan, with the exception of the foreclosure process. We can locate an attorney to proceed with the foreclosure, but once the capital partner hires the attorney, we are eliminated from the communication. This option would be structured where the capital partner or an entity thereof would be the lender, and KC Investor Funding would act in a broker capacity. The capital partner would be required to enter in to a non-compete, non-solicitation agreement with KC Investor Funding with this option.

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Typical Loan Structure and Payouts

Our typical loan structure is a 6-month term with monthly, interest-only payments. The average interest rate is to the borrower is 12%, of which, our capital partner would receive a 9.5% annualized, monthly interest payment until the loan is paid off. For example, if the loan is for $100,000, the capital partner would receive $833.33 per month until the loan is paid off. Here is a breakdown of the payout to our capital partners based on the rate charged to the borrower:

Interest:	Borrower's Rate:	Capital Partner Receives:
	11%	9.75%
	12%	10.5%
	13%	11.25%
	14%	12%
	15%	12.75%

About The Founder/CEO

Rex Rodenbaugh Jr is from Mexico, MO, where he attended Missouri Military Academy, graduating in 1995, and then earned his bachelor's degree in Business Management from the University of Missouri-Columbia in 1999. His professional career started in medical recruiting (physicians and nurses), which he started right out of college for approximately 5 years. In 2004, he was hired as the finance manager for Port Arrowhead/MarineMax at Lake of the Ozarks, where he first learned the finance business, lending on boats, cruisers, and yachts.

Rex got his start in the real estate business in 2009 when he started working for a mid-sized property management company in Columbia, MO. He tackled every project successfully from managing their sales team, marketing and leasing the apartment complexes, to finding and sourcing funding for their purchases and refinances.

Rex's wife, Crystal, completed her Master's Degree in Social Work in 2012, at which time, she was being called to work with inner city youth, so they decided to move to Kansas City, where she eventually started her own counseling practice. Rex obtained his real estate license in Missouri and Kansas in 2012, and concurrently, Rex and Crystal started their real estate investment company, Tenfold Investment Group LLC, which purchases, rehabs, flips and leases residential properties in the Kansas City Metro. On their first 5 flips, Rex and a friend did all of the work themselves, which allowed him the opportunity to really understand the issues that arise in doing a rehab, the costs involved, and what it takes to produce a good final product.

Since 2013, there was an increasing popularity of fixing & flipping real estate and an influx of new investor/rehabbers in to the marketplace, and in 2015, Rex saw a huge opportunity to get in on the

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lending side of the business, so he started Hard Money Lenders of Kansas City, later to become KC Investor Funding. Because of his background, hands-on experience, and passion for finance, Rex has a deep understanding of the industry, and has been able to help a tremendous amount of people successfully grow their own real estate investment business.

Should you have any questions, please contact Rex Rodenbaugh at 816-888-3692 or email info@kcinvestorfunding.com.

Respectfully,

Rex Rodenbaugh Jr.
Managing Partner
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