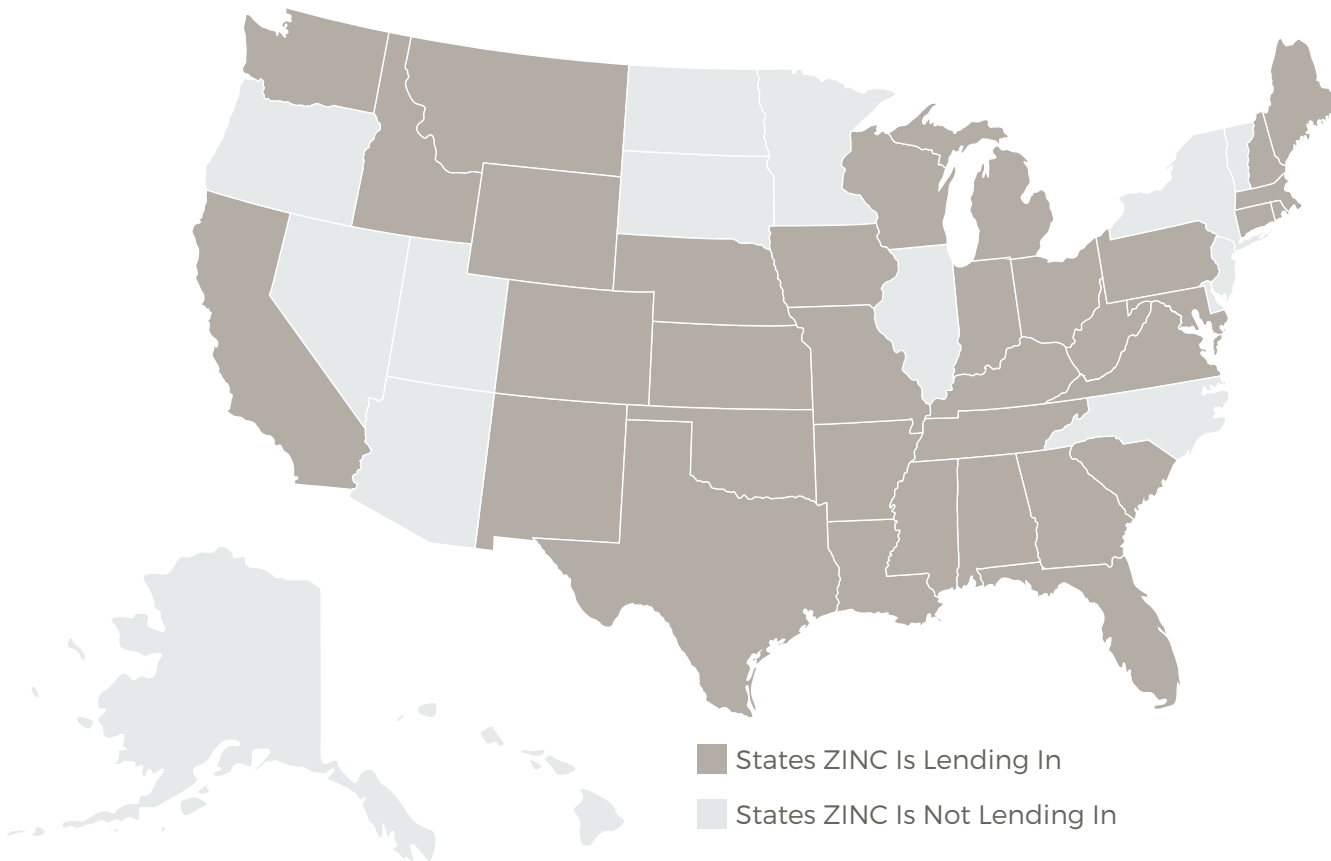


**INVESTMENT  
SUMMARY**

**ZINC  
INCOME  
FUND**

## EXECUTIVE SUMMARY

ZINC Income Fund II, LLC is a California limited liability company. The Fund has been organized to conduct the following business: to make, purchase, originate, fund, acquire and/or otherwise sell loans secured by interests in real or personal property located across the United States with a primary focus in the below states.



### Investment Objectives

- Provide monthly cash distributions
- Protect and preserve investor principal
- Mitigate and manage investment risk
- Provide favorable tax benefits
- Provide the potential for inflation protection

Note: Please see the Fund's confidential private placement memorandum for all the terms and conditions of the offering.

## ZINC INCOME FUND - HIGHLIGHTS

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### High Current Yield

- Average 8% cash distributions to investors since inception, paid monthly
- Rates to borrowers range from 9% to 12%

### Protection of Principal

- 1st position lien on underlying collateral
- The Fund Manager will absorb up to the first \$500,000 in any loss applied to capital accounts for the life of the Fund pro-rata to all members' capital accounts.
- Liquidity available after 12-month lock up period

Note: Please see Fund's confidential private placement memorandum for all the Terms and conditions of the offering. For any inconsistent remarks, the private placement memorandum governs.



# ZINC INCOME FUND - HIGHLIGHTS

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## Mitigation of Risk

- Loan maturity average of 7- to 9-months
- Prime credit borrowers with average FICO of over 700
- Average loan to purchase price of 80.70%
- Average loan to repaired value of 61.51%
- Fund's investment is spread across multiple loans
- ZINC Principal is invested alongside fund investors

## Tax Benefits

- Investors receive a 20% federal tax deduction on all distributions
- Investors are taxed in their state of residence, not in the state the fund operates
- No UBIT for tax exempt vehicle investments

Note: Please see Fund's confidential private placement memorandum for all the Terms and conditions of the offering. For any inconsistent remarks, the private placement memorandum governs.



## ZINC TRACK RECORD\*

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**8.11%**

Distribution Yield  
Since Inception

**1,500+**

Loans  
Funded

**≈\$1 Billion**

Total Amount  
Funded

**\$300K**

Average  
Loan Size

**< 3%**

Default  
Rate

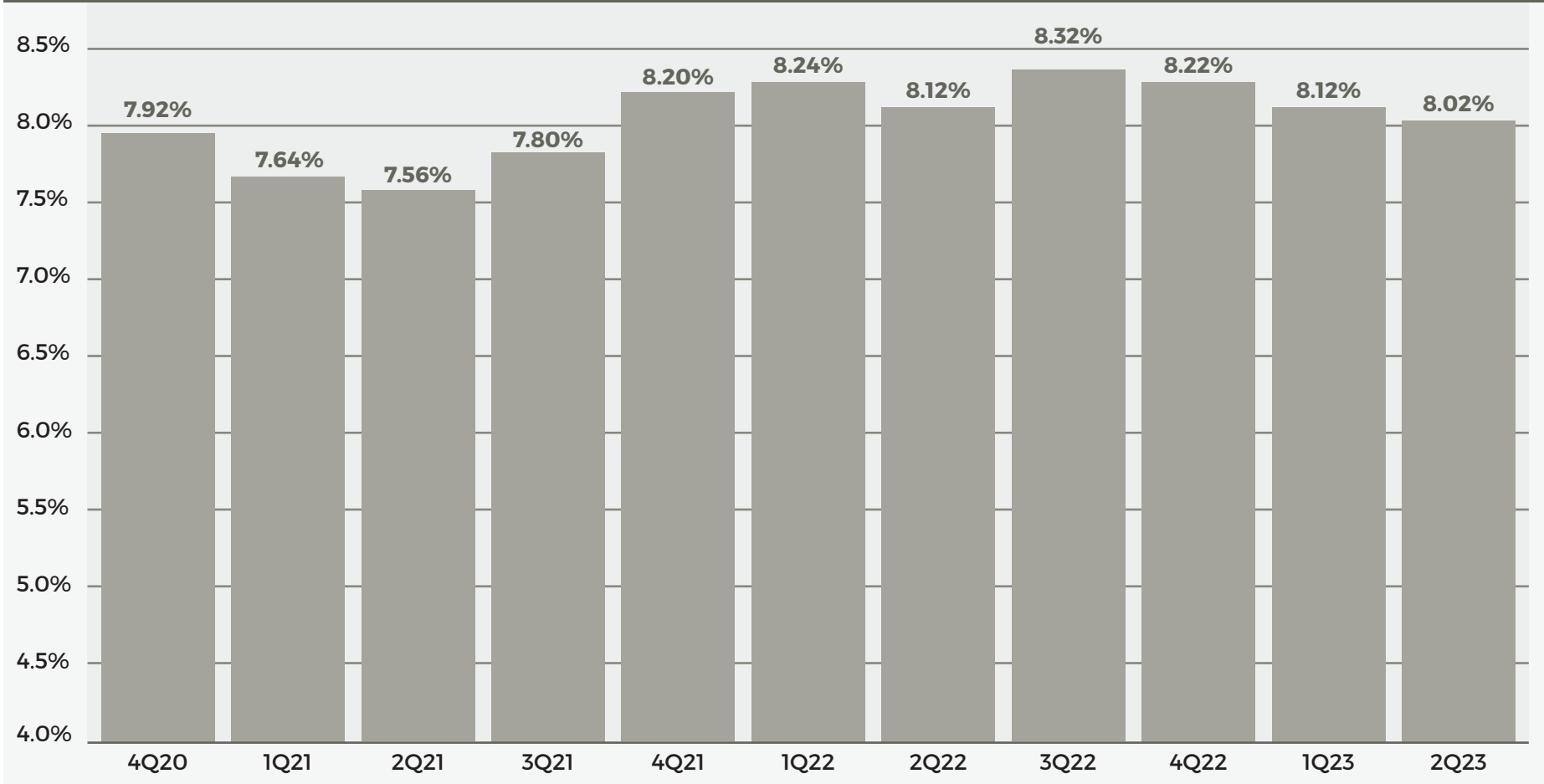
**75%**

Of Loan Volume  
in California

\*As of June 30, 2023, all experienced default events have been cured successfully.  
Note: The facts and figures contained herein are representative of ZINC Financial, Inc.  
Past performance is not a guarantee of future results.

# RATE OF RETURN FOR ZINC INCOME FUND BY QUARTER

## ANNUALIZED FUND RETURNS BY QUARTER



Note: For illustrative purposes only. Past performance is not a guarantee of future results. Please see the Fund's confidential private placement memorandum for all the terms and conditions of the offering.

## ZINC FINANCIAL OVERVIEW

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Founded in 2006, ZINC Financial (“ZINC”) is a California-based specialty licensed lender that originates private money loans to individuals in the real estate rehab & resale business. ZINC also manages an investment platform that provides exposure to these underlying private money loans.

### MARKET NICHE IN REHAB FINANCING

Market niche in rehab financing fulfills a much-needed capital source for investors in the real estate space

### TWO DECADES OF EXPERIENCE

Leadership owns two decades of experience in real estate investment and lending, presiding approximately \$1 billion of private money rehab loans

### UNDERWRITING GUIDELINES

Strict valuations, underwriting guidelines, and rigorous fraud protection underpin every transaction

Note: The facts and figures contained herein are representative of ZINC Financial, Inc. Past performance is not a guarantee of future results.

# WHY DOES A BORROWER NOT UTILIZE TRADITIONAL BANK FINANCING?

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Generally, borrowers seek private money lending through ZINC Financial for the following reasons:

## ZINC VS. TRADITIONAL BANK FINANCING

### SPEED AND RELIABILITY

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Borrowers are looking for speed and reliability through a specialty finance provider

### FEDERAL REGULATIONS

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Banks are generally prohibited by federal regulations to loan on distressed assets

### LONGER LOAN

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Banks seek much longer loan durations than ZINC's average 9-month duration

### LACK OF EXPERTISE

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These institutions lack the experience and understanding of the rehab loan product and asset class to achieve quick turnaround time that these loans demand

Unlike banks, ZINC is able to lend in this space and has become a premier choice for real estate entrepreneurs due to speed, reliability and consulting experience.



# ZINC'S TYPICAL LOAN CHARACTERISTICS

## LOAN TYPE

- Bridge financing for real estate investment properties

## PROPERTY TYPE

- Properties with mild to moderate distress that are sold on the conventional market
- Usually single-family residences or smaller income type properties i.e. 1-8 unit apartments

## GEOGRAPHY

- Primarily in non-judicial West Coast states with a mild presence in other favorable states

## BORROWER

- Typically have some element of experience in real estate investment, rehab, or construction
- Understand the basic elements of short term financing, valuations, construction, and local real estate markets

## LOAN-TO-VALUE

- Generally loans up to 90% of the acquisition cost not to exceed 70% of the After Repaired Value ("ARV")

## DOWN PAYMENT

- Mandatory 10-20% cash down payment by the investor

## RATES & FEES

- Fees and origination points range from 1-3% of the loan amount
- Interest rates range from 9% to 12%

## TERM

- Short duration; often written for 9 months with up to 1 (90-day) extension
- Extension not guaranteed
- Monthly payments are required

## REHAB FINANCING

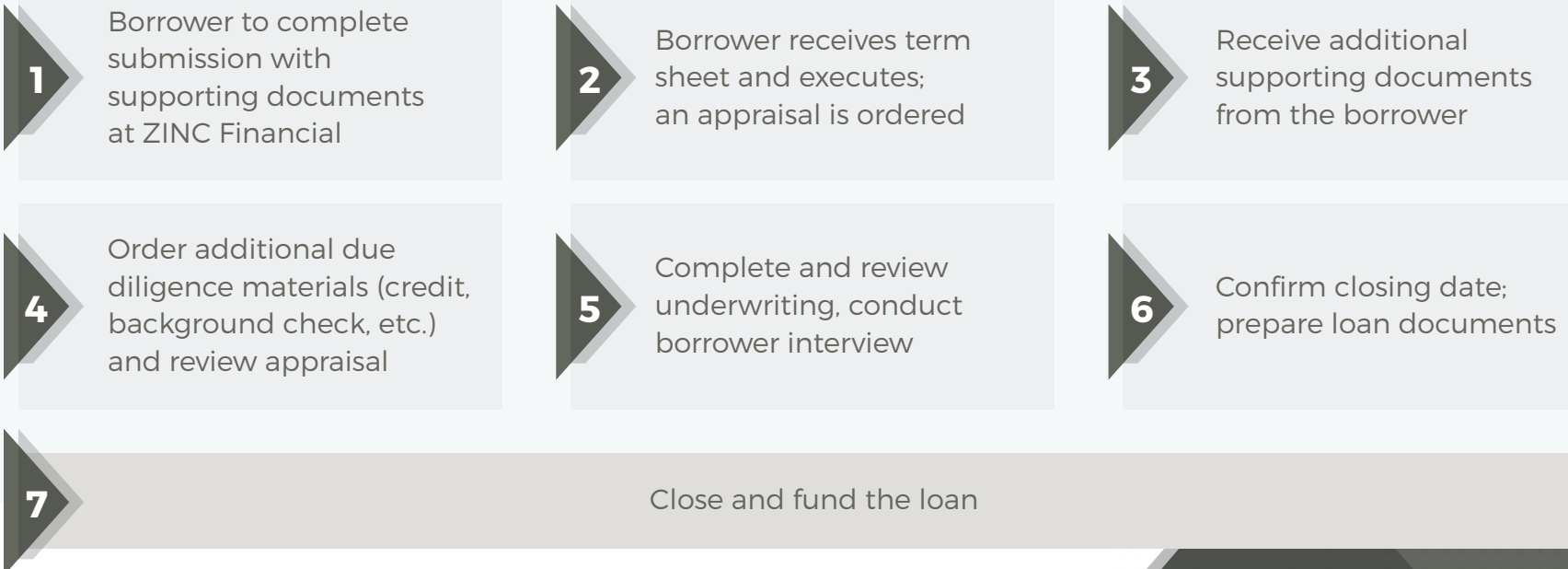
- Option to finance up to 100% of the rehab portion
- If any portion of rehab is financed; the entire rehab budget is escrowed in a "control fund"
- Tight restrictions on when funds are disbursed subject to certain milestone achievements

# TYPICAL LOAN UNDERWRITING & FUNDING PROCESS

Rehab lending requires rigorous due diligence and borrower participation that may exceed the depth of the conventional bank underwriting process.

ZINC is a licensed lender, not a broker, across multiple states. ZINC follows all federal and state licensing requirements on all loans.

## GENERAL PROCESS FOR EACH INDIVIDUAL LOAN<sup>1</sup>



Stages 2-7 typically take 6-10 days

# SERVICING & PORTFOLIO MANAGEMENT

## FULLY IN-HOUSE

- All loan investments are serviced in-house by ZINC Financial
- Utilize premier private money loan servicing software
- All loans are onboarded within 24 hours of funding

## DETAILED TRACKING

- Loans follow contractual timeline requirements to complete the rehab.
- Every 30 days a status update is required
- Field site inspections conducted by 3rd party inspection company

## RISK MANAGEMENT

- Regular correspondence with borrower
- Foreclosure proceedings are generally initiated at 45 days past due
- Foreclosures are typically concluded within a few months; at which time we secure, stabilize and determine the most prudent path to extraction

## BEST-IN-CLASS

ZINC believes through its in-house stringent monitoring and reporting process it provides best-in-class portfolio management capabilities and ultimately protection of investor principal

ZINC forecasts it will initiate default proceedings against 4% of its portfolio and will take back 2% of all properties loaned upon.

# REHAB CASE STUDY - SITUATION OVERVIEW

A real estate investor locates the following property:



## PROPERTY OVERVIEW

- 3 bed/2 bath 1,348 sq. foot property
- 15 years old
- Located in Sacramento, California with proximity to schools and shopping facilities

## PROPERTY CONDITION

- Due to economic challenges, the home was foreclosed and in a state of disrepair property
- Prior to vacating the property, the former owners removed appliances, ultimately causing water damage
- Additionally, the property was in need of numerous repairs

## PROPERTY COMPARABLES

- Overall, homes within the same area were well-kept properties
- 4 comparable properties were located within a 1/8 mile radius, 2 being on the same street (See comps to the right)

## A.R.V. COMPS

TYPE	SIZE (SQ. FT.)
3/2	1,320
4/2	1,670
3/1.75	1,278
3/2	1,470

DISTANCE (MI.)	SALE PRICE
0.2	\$148,500
0.8	\$163,000
0.6	\$146,000
0.3	\$160,000 w/pool

# REHAB CASE STUDY - BREAKDOWN OF THE NUMBERS AND ROI



The real estate investor could not secure a conventional FHA loan because the property was in a state of distress

They utilized a rehab loan with ZINC Financial to purchase the property and make necessary repairs

The investor was willing to pay a higher interest rate for the speed and reliability of available funds

## THE INVESTOR HAS DETERMINED THE FOLLOWING:

<b>+\$150,000:</b>	After Repaired Value
<b>-\$22,000:</b>	Rehab Estimate
<b>-\$6,000:</b>	Estimated closing and selling costs
<b>-\$4,000:</b>	Lender Costs
<b>-\$6,000:</b>	6 Months Interest, PAID TO ZINC INCOME FUND on a monthly basis, on a \$70,000 loan
<b>-\$24,000:</b>	Desired Investor Profit
<b>\$88,000:</b>	Maximum Purchase Price
<b>-\$18,000:</b>	Investor Down Payment
<b>-\$70,000:</b>	ZINC Loan Amount. This amount is funded by ZINC Income Fund II

# SUMMARY OF KEY TERMS

## TERMS OF OFFERING

### TARGET FUND SIZE

\$50,000,000

### MINIMUM SUBSCRIPTION

\$50,000

### FUND TERM

Evergreen

### ASSET MANAGEMENT FEE

0.5% of assets under management calculated and payable monthly

### SERVICING FEE

1.0% servicing fee

### CLASS A SHARES

#### PREFERRED RETURN

6% annualized cumulative non-compounding payable monthly

#### EXCESS CASH DISTRIBUTION

80% / 20% (Class A / Manager)

#### LOCK-UP PERIOD

12 months subject to 60-day notice

### CLASS B-1 SHARES

#### PREFERRED RETURN

6% annualized non-cumulative non-compounding payable monthly

#### LOCK-UP PERIOD

6 months subject to 30-day notice

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# ZINC LEADERSHIP

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**TODD PIGOTT**  
President

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Todd is passionate about his involvement in the private money equity space. Previously, over an 18-year period, Todd held the position of President of one of the largest

interior and exterior maintenance companies in the Central California Valley employing over 400 individuals.

Sold in 2006 to a private equity firm from New York, Todd now devotes his full-time into ZINC Financial and its Affiliates.



**JOHN EVANGELISTA**  
Chief Financial Officer

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John joined ZINC in August 2012. John has over ten years of experience in accounting, financial and data analysis, and oversight of private money real estate loans. He acquired his license as a Certified Public

Accountant in the State of California in February of 2012.

Prior to joining ZINC, he practiced in public accounting for six years at CBIZ & Mayer Hoffman McCann, P.C., a national independent CPA firm, with his primary focus being on litigation and valuation services.



**DAVID SHEETS**  
Director of Investor Relations

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David Sheets joined ZINC in 2022 as Director of Investor Relations where he is responsible for the marketing, equity raising and investor relations for the ZINC Income Fund. He brings more than 25 years of marketing, sales and customer service experience in numerous industries.

Prior to ZINC, David was Vice President of Investor Relations at Avistone for seven years leading the equity raising and investor relations for offerings focused on industrial and hotel properties.

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# PROFESSIONAL REFERENCES

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## LEGAL/OUTSIDE COUNSEL

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Geraci LLP  
949-379-2600

## AUDIT FIRM

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Spiegel Accountancy Corp.  
925-977-4000

## FUND ADMINISTRATOR

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Verivest  
971-222-0288



## CONTACT US

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**ZINC**  
**INCOME**  
**FUND**

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