

# *Get Ready, Invest!*



Presented by:

**Anchor Light Properties, LLC**

Anchor Light Properties, LLC does not provide legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that our information, and your interpretation of it, is appropriate to your situation. You are solely responsible for ensuring that your business practices comply with all applicable, local, state & federal laws.

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# Who Are We?

*Anchor Light Properties, LLC* is a professional, full service real estate solutions firm that buys and sells properties throughout NJ. We specialize in buying distressed homes at a significant discount and renovate and resell them to retail home buyers and landlords. We were Founded in 2021 and we are excited to be part of the area's renaissance and we aspire to continue contributing to the economic rejuvenation of NJ and its communities.

## *Important Facts About CT Homes*

- Leading full-service real estate solutions company in Bergen and Passaic County, specialized in buying and selling property
- Focused on providing solutions for clients and value for investors by locating and renovating distressed properties.
- Our goal is to provide the absolute highest level of service to our clients

Since its inception, they have worked closely and passionately pursued their goal to help hundreds of people in our community find an answer to their real estate needs. We have developed a solid foundation of real estate knowledge with the integrity to follow up on promises and make successful deals happen.

## **OUR MISSION**

When a passion for real estate is combined with talented individuals who have an uncompromising drive to succeed, amazing things will happen. Anchor Light Properties, LLC goal is not to only have a positive effect on ourselves and our families - but also to inspire, motivate and create lasting change in everyone we encounter. We will always treat our clients and team members with respect . One of our motto's is "How you do anything is how you do everything." Our company will dedicate itself to everlasting education and professional growth that will make a ever lasting impression.



# Who Are We?



## **EVELYN C. GARCIA** **Managing Member**

Evelyn is a strategic thinker and tactical planner with business sense and a motivational communication style. In short, she is an entrepreneur who truly believes in integrity.

Coming from a family of builders, contractors and electricians, Evelyn has remodeling of homes in her as her father was a contractor and sister is an electrician, two of her most influential people in her life. Remodeling homes has long been a passion of hers since she was a child and straight out of high school she went straight into building maintenance and property management.

Focused on making purpose out of her passion, she sets her sights on real estate investing and founded her first company ECG Property Solutions, LLC in 2018 which focuses on rehabilitation of homes and Anchor Light Properties, LLC was founded in 2021 which focuses on acquisition of homes. Evelyn brings 19 years of experience in the Moving and Storage industry where she became a successful leader. She managed properties in the New York City areas and has managed 100s of moving services providing the most valuable customer service in the industry. She obtained her Accounting Associate and Business Bachelor degree with the vision of utilizing her business and management background to develop a Real Estate Investment company.

Our team is highly motivated, knowledgeable, ethical and resourceful. Qualified to handle any real estate transaction, our dedicated staff is committed to helping people with their real estate needs and making successful deals happen. Our team of professionals has the integrity to follow up on our promises, and the expertise to navigate any transaction to ensure you're fully informed for making the best decision possible.

*"We're highly motivated, knowledgeable, ethical, and qualified to handle any real estate transaction. We are committed to helping people with their real estate needs and making successful deals happen".*

# Company Credentials

## CERTIFICATIONS & MEMBERSHIPS:

Evelyn is a member of the biggest investment organization in United States Fortune Builders. Evelyn Garcia has a Bachelor's Degree in Business and Associate Degree in Accounting. She is also certified in Building Maintenance.

## REAL ESTATE KNOWLEDGE & EXPERIENCE:

Evelyn invested a great deal of time, energy and capital investment into her real estate education, attending the nation's premier real estate investing education program - Fortune Builders Mastery. However, she came across Charles Kohout which provided a state specific educational program which exceeded her real estate company. She continues her growth with Charles ever since they met. She is now the administrator of Creative Real Estate Club (CREC) and Real Estate Creative Goddesses (RECG). RECG is a group of women with a mission to provide exposure and mentorship program to develop women into being socially conscious Real Estate Investor Leaders. CREC is also administered by Charles Kohout and they both continue to grow the organization to educate everyone. Charles Kohout has been investing in Real Estate for 17 years.



# Company Business Model

## OVERALL INVESTMENT APPROACH

Our overall investment strategy and specialty is to purchase distressed properties at a deep discount usually 30% to 50% below market value and renovate and sell those properties to retail homebuyers and landlords.

At Anchor Light Properties we pride ourselves on having a strong foundation of real estate knowledge and training. Our focus is on providing SOLUTIONS for our clients and finding VALUE for our investors by locating ugly, vacant homes that are eye sores and we put them back into use after renovation.

### *Our Business Strategy*

- We purchase distressed residential properties 30%-50% below current market value
- We purchase, renovate and sell these properties to retail buyers and landlords

Our core business lies within our systems, education and knowledge of the real estate industry. We did not just buy a CD off the Internet and become a real estate investor overnight. We have spent thousands of dollars to learn how to be successful in this business and do it the right way the first time. Through our affiliation, we relate to a national network of investors that provide continual support and weekly trainings on changes throughout our industry. This process has allowed us to circumvent many pitfalls most novice investors would make. Learning the hard way is not a phrase in our vocabulary, and we certainly would not ask anyone to invest with us if we weren't confident enough to invest ourselves!

### *We Follow A Strict Due Diligence Process*

We have a systematic and disciplined approach when purchasing investment properties, putting each potential investment through a strict due diligence process. This rigorous set of criteria includes, but is not limited to, the following:

- Comparable property analysis and examination by a certified, independent appraiser
- An economic study of the neighborhood, city planning and development
- Demographics of area, marketability, and growth potential
- Statistics on the crime rate
- Public transportation and schools
- Overall condition of the property, including heating and air, plumbing, electrical, roof and structural condition

# Company Business Model

## WHAT'S OUR COMPETITIVE ADVANTAGE?

Our company can acquire great deals on properties because we can act quickly and can close with CASH on the seller's timeline. Therefore we can buy properties at such a discount. Obtaining loans through private money lenders gives us this competitive advantage over other investors who sometimes take weeks to go through the time-consuming bank approval process in order to purchase properties.

We have an aggressive TEAM approach, and a top-notch ability to expand our client base through our knowledge of deal structuring and advanced real estate techniques.

We also employ marketing strategies as soon as we purchase a home – giving us a fair advantage over a realtor. Typically, most realtors don't spend time or money on marketing or lead generation strategies. As a result, it can sometimes take months to attract potential buyers. Often, we can find our own buyers allowing us to secure a strong sales price and save on sales commissions. Our renovation process is also down to a science with handpicked and proven construction crews who know we are not retail clients. We pay wholesale prices to all contractors and typically get bulk discounts on all materials.

### *Advantages to Working With Us*

- We have the experience, business systems and knowledge to purchase properties QUICKLY and with CASH
- We create value by finding ugly, vacant homes and putting them back in use after renovation
- We pay wholesale prices to all contractors and typically get bulk discounts on all materials
- We have a creative marketing system to find and purchase properties before they're ever listed
- We find our own buyers allowing us to secure a strong sales price and save on sales commissions

Investing with us also provides a win-win for the homeowner as well. With your cash funding, we can offer homeowners something that very few buyers can. We are helping sellers by purchasing their homes in their timeline - in as little as 10-14 days. Knowing that we're going to renovate the home and we are buying in as-is condition is a very important factor to sellers who live in older, outdated homes, or those needing repairs. These sellers will also not be required to pay any attorney fees, closing costs, home warranties, inspection fees, realtor commissions, etc. We are not the perfect fit for everyone; but for the seller with the right motivation, these features are a necessity.

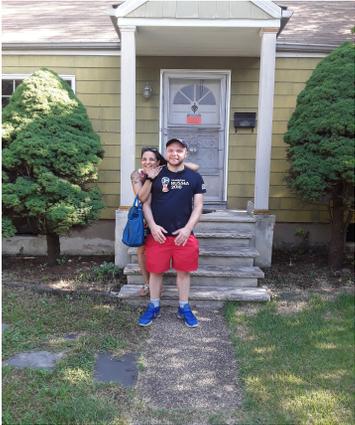


# Company Business Model

## ANCHOR LIGHT PROPERTIES VS. TRADITIONAL BUYER

Here are just a few benefits sellers have of working with Anchor Light Properties

- ✓ **CASH OFFER**
- ✓ **NO COMMISSION**
- ✓ **QUICK CLOSE**
- ✓ **NO FEES**
- ✓ **PAY NO CLOSING COSTS**
- ✓ **WE BUY THE HOUSE AS IS**
- ✓ **NO APPRAISAL**
- ✓ **NO LENDING RESTRICTIONS**



Most homeowners have no idea what options are available to them beyond listing a house with a Realtor or trying to sell the house on their own and just hoping for the best. We provide a unique alternative to listing their house on their own or with a Realtor.

When we work directly with a home seller, what we provide can not only make for a smooth transaction, but it can also add up to thousands upon thousands of dollars in savings as compared to selling a home through traditional means. Our “out of the box” creative approach to real estate investing is a cut above the rest.

### How Do We Compare to a Traditional Buyer?

	Traditional Buyer	Daye and ECG
Method of Payment	Bank Financing	CASH
Repairs	1-8% of Homes Value	None (Sold AS-IS)
Closing Time Frame	45+ Days	10-14 Days
Commissions	6% of Sale Price	None
Seller Paid Closing Costs	1-6% of the Purchase Price	Zero
Appraisal	Mandatory	None
Length of Time on Market	150 Days on the Market (NJ Average)	0 Days

# Company Business Model

## INVESTMENT BUYING CRITERIA

Our goal is to buy distressed homes in stable areas where there is still strong buying demand. Part of our grand vision is to improve the overall quality of living in both urban and suburban neighborhoods. In addition to improving overall quality of life, we are committed to increasing the value of real estate in our community. Our company builds value by rehabilitating properties that are in significant need of repairs. We can target distressed properties and breathe new life back into them by renovating and improving the condition of the property. By doing so, we can create beautiful homes and encourage home ownership.

### *Types of Properties We Target*

- Distressed properties in significant need of repairs
- Properties where sellers need to sell quickly
- Properties owned free and clear

The ability to identify a wise real estate investment is certainly a learned skill. We have been thoroughly trained and possess this skill - along with the intuition to spot these great investment opportunities in today's market.

Not every opportunity is a "good deal", and we have built our company on a stable foundation knowing our numbers. If the numbers don't make sense to us it certainly won't make sense to our investors. Our goal is to be in business for many years and brand a company that will be passed down to our children, which cannot be accomplished by taking uncalculated risks.



# Company Business Model

## HOW DO WE BUY HOMES SO FAR BELOW MARKET VALUE?

At Anchor Light Properties, LLC, we have created a marketing machine that produces a consistent flow of high-quality leads. We are very different from our competitors because we don't just put in offers on MLS properties – we take it to the next level. Our creative marketing strategies allow us to reach the homeowner directly, before the property even goes to a Realtor to be listed on the MLS; whereas, the purchase price would escalate.

These are some of the marketing strategies we use to locate great deals way below market value:

Internet	Direct Mail	Other Strategies
Facebook/Instagram	Probate	Bandit Signs
Buyer Squeeze Pages	Pre-Foreclosure	Networking Events
Seller Squeeze Pages	Back Tax	Door Hangers
Primary Websites	Free n Clear	Other Wholesalers
Facebook Business	Code Violations	House Banners
Google Business Listings	Divorce	Bird Dogs
Google Ad Words	Expired Listings	Car
You Tube	Non Owner Occupied	RVMs

**We can help!**

**Any situation. Any home. Any condition.**

Hi, we are a local professional Real Estate Solution Company, and we are dedicated in helping people like you out of difficult situations. However, the faster you act the more options there are to solve your real estate problems.

**Call us now: 973-937-7ECG(324)**

**If we can't solve it, we will buy it!**

- Get a no-obligation offer in 24-48 hours
- Get paid in cash
- No sales commission or listing expense
- No need to make expensive repairs

- ❖ Facing Foreclosure?
- ❖ Unwanted Inheritance?
- ❖ Problem Tenants?
- ❖ House Needs Repairs?

- ❖ Recently Divorced?
- ❖ Relocating?
- ❖ Death?
- ❖ Giving up?

Hablamos  
español!

**www.ecgproperties.com**

# Company Business Model

## HOW WE SELL PROPERTIES QUICKLY

There are many methods we use to sell properties very quickly. We invest a lot of time and money into marketing to build a strong list of buyer clients for our homes. Despite what the media says, there are tons of buyers out there who know numerous buying opportunities exist in today's real estate market. The problem is: they just don't know how to identify and analyze them to ensure they are getting a good value. That's where we come in. We are constantly on the hunt for the next great buying opportunity and use proven techniques to analyze investment properties.

### *Methods We Use to Sell Properties*

- Shotgun Marketing
- RVMs
- Internet/ Listing Websites
- Pre-Listing Walkthroughs

Our ability to locate a great real estate deal covers all types of real estate investments. We can identify great buying opportunities for the following types of buyers:

- Retail
- Landlord
- Rehabber



# Private Lending

## WHAT IS PRIVATE LENDING?

A private money loan is a loan that is given to a real estate investor, secured by real estate. Private money investors are given a first or second mortgage that secures their legal interest in the property and secures their investment. When we have isolated a home that is well under market value, we give our private lenders an opportunity to fund the purchase and rehab of the home. Through that process, the lender can yield extremely high interest rates – 4 or 5 times the rates you can get on bank CD's and other traditional investment plans.

### *Sources of Private Money*

- 401k
- Self-Directed IRA
- Profit Sharing
- Personal Savings, Trust Fund, or any other money sitting around...
- Many are TAX DEFERRED PROFITS

Essentially, private money lending is your opportunity to become the bank, reaping the profits just like a bank would. It's a great way to generate cash flow and produce a predictable income stream - while at the same time, provide excellent security and safety for your principal investment. You can do what the banks have been doing for years...make a profitable return on investments backed by real estate. There is no other investment vehicle like it.

*Through private money lending, you have the opportunity to become the bank*

## HOW THE PROCESS WORKS

The process is simple. We find an extremely undervalued property we want to purchase - and once you give us the green light, we borrow the funds from you to purchase and renovate the property. At closing, you receive a mortgage on the home along with other important documents. Next stage is the property renovation. Once the renovations are complete (typically 3-6 months depending on the size of the project), we'll list and sell the property. When it's time for closing, you'll receive your principal plus 10% interest payment. It's just that simple! The goal is to keep turning that money for you and keep you making substantial profits, so you keep coming back to us – building a long term mutually beneficial relationship.

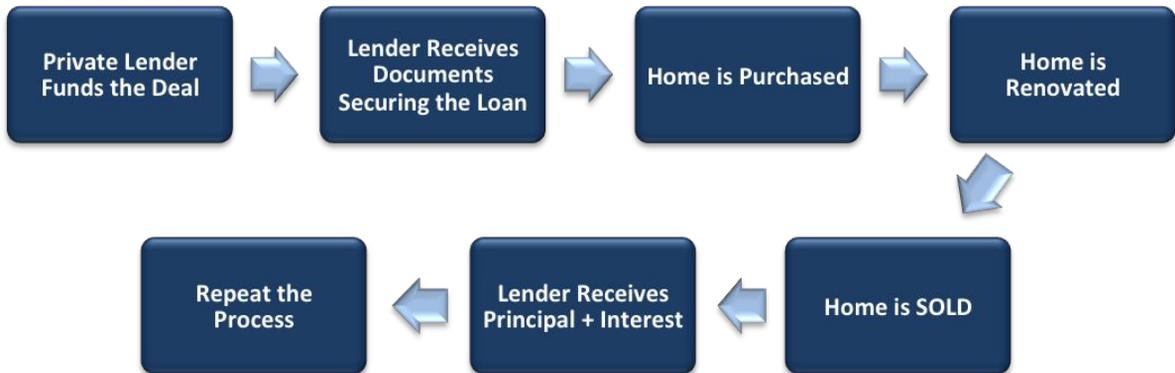
### *Typical Hold Time:*

*Rehab Flip: 3-6 months*

*Wholesale Flip: 3-15 days*

# Private Lending

## OVERVIEW OF THE PRIVATE LENDING PROCESS



## INVESTMENT DEAL SCENARIO

Here's what the numbers would look like on a typical renovation project, with a 6 months hold (including rehab & re-sell time) with a private lender return of 10%.

Purchase Price:	\$ 95,000
Repair Cost:	\$ 68,000
Total Invested: <i>(6 Month Hold)</i>	\$163,000
<u>Sales Price:</u>	<u>\$250,000</u>

**Lender Potential Return on Investment: \$8,150**

# Private Lending

## HOW YOU BENEFIT FROM PRIVATE LENDING

You, as the private money lender can benefit greatly from investing your capital. A real estate mortgage/ deed of trust provides you with security instruments you would not get with other investments. You also have added layers of protection because of how we buy, and because you have recourse available to you in case we were to default on the loan.

We currently pay 4-5 times what a typical bank CD is paying. Our rates will fluctuate very little all depending on the purchase price and rehab involved. The lower the price we pay for a home, we can pay a little higher rate to make sure our lenders make it worth their time. Private lending means you can relax while the money is in a truly safe place, working for you.



*It's a win/win opportunity for both the lender and borrower*

### *What's in it for you?*

- Safe investment secured by real estate
- High returns on your money
- A predictable income stream because rates fluctuate very little
- No management costs
- No daily headaches with managing contractors

# Private Lending

## HOW DO WE BENEFIT FROM OUR DEALS

Our equity is built in the purchase of the home, where we are buying 30-40% below a retail buyer – that creates instant equity at purchase. Also, in a typical transaction, we cut out the middleman cost, such as: commissions, mortgage broker fees, loan fees; and our attorney costs are also lower because there is less work for them to review.

Because of our buying strategy, we can offer our buyers a fully renovated home at or below everything else in the neighborhood. We walk

away from hundreds of “close” deals that do not meet our specific buying criteria, and simply won’t buy unless it makes sense for everyone involved.



### *Why Private Lending is So Compelling*

- Passive income (minimal time involved)
- No dealing with tenants
- No manual labor renovating properties
- No dealing with unscrupulous contractors
- Short-term use of lenders money
- Sense of security that money will be coming back soon
- Secure collateral position in marketable and liquid real estate
- Borrowers do the HARD WORK of finding the collateral
- Borrowers put THEIR MONEY into lender's collateral
- Borrowers put THEIR TIME and LABOR into lender's collateral
- Borrower takes majority of the risk
- If lender must foreclose, lender makes even more money
- Multiple loans can be made at one time
- It is easy and clean work
- Huge annual industry business loan volume
- You make money while you are sleeping
- It improves the golf game by allowing more play time
- Profits can be tax free
- It is PROFITABLE with no cap on earnings

# Private Lending

## RISKS VS. REWARDS

Sitting in Bank	Real Estate Private Lending
\$100,000 x 1% interest	\$100,000 x 10% interest
12 Month Term = \$1,000 ROI	12 Month Term = \$10,000 ROI
	<i>*Backed by Real Estate Private Lending</i>



*You are making a 10x greater return  
on your money!*

Stock Market	Real Estate Private Lending
Completely Unsecured	Secured by Deed of Trust or Mortgage Deed
Completely Uninsured	Collateral is Fully Insured
Invest at Market Price	Collateralized Below Market Value
Returns Are Unknown	Returns Are Fixed and Agreed Upon Term
	Tangible Asset

# Private Lending

## HOW PRIVATE MONEY HELPS OUR COMPANY

Private money lenders bring speed and efficiency to our transactions, and our leverage is far greater when we purchase using private cash funds. Many of the homes we are purchasing are in need of quick sale within 10-14 days. *A traditional bank requires 30-45 days to close a loan.* Many traditional home sales fall out of contract because of financing issues. Using quick cash as leverage allows us to negotiate a much lower purchase price and reduce our risk.

### *Our Benefits of Using Private Money*

- We won't have to deal with banks, applications, approvals, etc.
- We can buy at deeper discounts
- Gives us a competitive advantage above the rest
- Allows us to buy with cash - Cash is King

Being able to offer a fast closing with private funds motivates sellers to take our offer over the competition and entices them to take a much lower price than they would from a conventional buyer. Also, lending guidelines are also continually changing and are requiring applications, approvals, junk fees and strict investor guidelines. They also limit the number of investment properties that can be purchased by one company.

On a new home purchase requiring renovations, private lender funds will be allocated to the purchase price, renovations, carrying costs, cost to resell and a small buffer for unexpected expenses.



# Private Lending

## WE PROTECT OUR LENDERS

Mortgages offer the banks solid, long-term, fixed returns. You can put yourself in the position of the bank by directing your investment capital, including retirement funds to well-secured real estate mortgages. Mortgages have ultimate safety because if default occurs, the bank can recover its investment as the first lien holder on the property.

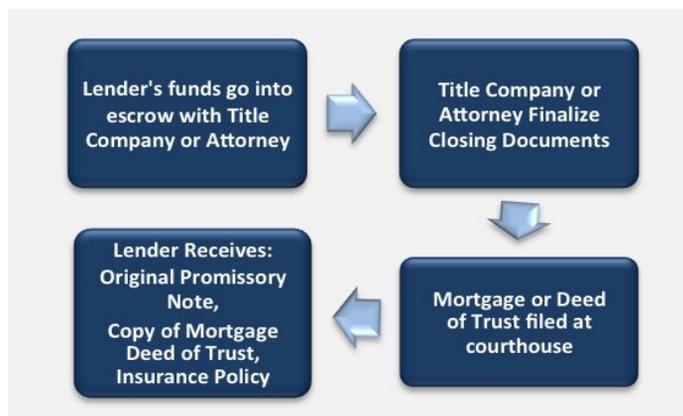
Each property we acquire is put through a rigorous evaluation process in order to assess the profitability before the property is ever purchased. "Integrity" is an essential part of our business, and we only make sound investment decisions. Also, for your protection, you are also provided these documents to secure your investment capital:

**Promissory Note:** This is your collateral for your investment capital

**Deed of Trust/Mortgage:** This is the document that is recorded with the county clerk and recorder to publicly secure your investment against the real property that we are providing as collateral

**Hazard Insurance Policy:** This is where you as the private lender would be listed as the "Mortgagee" for your protection in case of fire or natural disaster, etc.

We do pay for a title search as well as a title policy on the home just as we would in a typical transaction. For a rental investment with a long-term note, we always keep a valid hazard insurance policy on the property to protect against casualties. You'll be named as a mortgagee and notified if the insurance was not kept current. In the event of any damage to the property, insurance distributions would be used to rebuild or repair the property or used to repay you.



# Common Ways Private Lenders Fund Deals

## CASH

Cash held in most types of bank accounts can be accessed quickly and can fund your deals in minutes, instead of hours or days. Fees are generally minimal for wire transfers and cashier's checks.

## *Common Sources of Funding*

- Cash
- Home Equity Line
- Personal & Business Lines of Credit
- Retirement Accounts
- Liquidated Securities & Investments

## HOME EQUITY LINE OF CREDIT

A home equity line of credit is a very powerful source of funding that many people have and don't even think of. Un-leveraged equity is dead money and it's not making any interest. You can easily tap into that money. It's a way to make sure you're in first position when we're ready to pull the trigger and buy a property.

## PERSONAL & BUSINESS LINES OF CREDIT

Personal loans and "signature lines of credit" can be obtained from most banks or credit unions by anyone with good credit and a stable income.

## RETIREMENT ACCOUNTS

More and more private money lenders are using their IRA funds to invest in real estate. A self-directed IRA is essentially the same as a traditional IRA but allows you to purchase a broader range of investments, including real estate.

## LIQUIDATED SECURITIES & INVESTMENTS

Investments are a way to put your savings to work earning more money. However, if your stocks and investments have not performed as you had expected, it might be time to consider other investments. As you know, stocks can be liquidated as and when you wish. Sometimes you need to liquidate your investments because you need the money for something you want to purchase such as real estate.



# Investing With a Self-Directed IRA Account

Most people think that an IRA can only be used to purchase investments, like stocks and mutual funds. But that's not true! You can get private mortgage loans using the funds which are already in your IRA'S and other retirement plans.

As it pertains to lending for real estate investments, enter the Self-Directed IRA. The IRS has set forth guidelines on what you can and cannot invest in with your IRA. Many people are surprised at the scope of options available. From tax liens, gold, real estate investments and real estate notes, IRA'S are much more powerful than most people ever realized. If you add to that power of a Roth IRA which allows you to enjoy your earnings tax-free or deferred, and you've got a fast road to an easy retirement!



However, for you to use retirement accounts for loans, they must first be administered by a third-party custodian. After selecting your custodian, you simply send a transfer form to them and they'll do all the work for you, once you've done that you are ready to make private mortgage loans. We would be happy to recommend a local custodian we've worked with in the past who can assist you with setting up your account.

## *Retirement Accounts That Can Be Self-Directed*

- Roth IRA's
- Traditional IRA's
- SEP IRA's
- SIMPLE IRA's
- 401k (solo)
- 401k (qualified plan)
- Educational Savings Accounts
- Health Savings Accounts

*\*Profits can be tax free or tax deferred when you invest with one of these vehicles*

# Investment Terms & Conditions

## Minimum Investment:

When working with private lenders, \$20,000 is our minimum standard investment. When first investing with us, a lower initial investment amount may be agreed upon to ensure you're confident when working with our company.

## Mortgage Terms:

Most of our loans are set up on an 8-12 month note; however, it depends on the size of the project. If we are doing a teardown and rebuild, we will have to wait on the county inspectors for many

approvals - thus causing delays. We account for all those details upfront and will give you estimated time frame for the return on your investment. Also, we do not pool funds – your funding will be tied to one piece of property secured by a deed of trust.

## Payment Schedule:

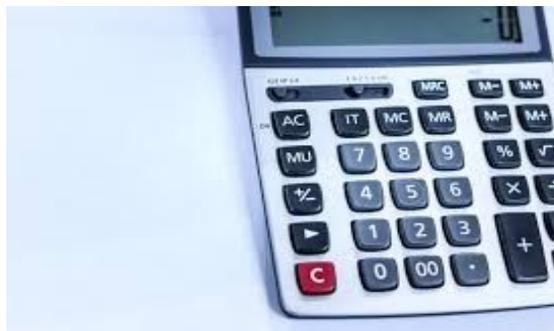
Typically, we pay one large lump sum at closing on a short-term note. This is much easier to manage for both of us, especially if we're working out of a retirement account. On a longer note, we will pay monthly just like a typical mortgage.

## 1st or 2nd Lien Position:

The Investor, as "mortgagor," has the right of first lien holder and Power of Sale on the property. The 1<sup>st</sup> lien position is placed behind a senior mortgage. You are probably used to hearing the term first and second mortgage. The second mortgage is a junior lien because it's in 2<sup>nd</sup> position. The senior lien or first mortgage must be paid prior to the 2<sup>nd</sup> lien.

## *Investment Terms & Conditions*

- Minimum Investment - \$50,000
- Interest Rate – 10% on average
- Payment Schedule – paid monthly on the 1<sup>st</sup> of the month
- Mortgage Terms – 12 months (*projects usually completed in 3 to 6 months*)
- Return of Principal and Interest – paid back at closing
- 1<sup>st</sup> or 2<sup>nd</sup> Lien position
- Option to renew
- All documents recorded



# Property Showcase

## ANCHOR LIGHT PROPERTIES RENOVATION PROJECTS

Here are just a few of our past rehab projects:

**BEFORE**



**AFTER**



# Property Showcase

## ANCHOR LIGHT PROPERTIES RENOVATION PROJECTS

Here are just a few of our past rehab projects:

**BEFORE**



**AFTER**



# Taking the Next Steps

## GETTING STARTED WITH US

If we haven't already, it's important to sit down and discuss all these details in person. We will need a clear definition of what your goals are, i.e. long-term investment or short term, and the amount you are comfortable initially investing. At that point, we will present you with any current opportunities that fit that criteria or contact you as soon as we have one that fits.

If you have any interest in this opportunity, please send us an email: [info@anchorlightproperties.com](mailto:info@anchorlightproperties.com) or call us at **888-423-0174**



## REFERRAL PROGRAM

Word of mouth is typically how we can work with private lenders like you. It would be greatly appreciated if you passed our information on to anyone that may be interested in the opportunity to be a lender. In our business, it's always important that we have a steady stream of lenders. Once you've done a few deals with us and you've learned how we're purchasing so low, you may attempt to do it on your own. If that's your goal, we're happy to help you any way we can.

# Frequently Asked Questions

## **WHAT IS PRIVATE LENDING?**

When we have isolated a home priced well under market value, we give our private lenders an opportunity to fund the purchase and rehab of the home. Lenders can also earn high interest rates - generally 4 or 5 times the rates you can get on bank CDs and other Traditional Investment Plans.

## **HOW IS THE MONEY USED?**

On a new home purchase requiring renovations. The cost will be allocated to the purchase price, renovations, carrying costs, cost to resell, and a small buffer for unexpected expenses.

## **WHY DON'T YOU GET A TRADITIONAL LOAN?**

There are many reasons, but the primary reason is: time and negotiation leverage. Many of the homes we are purchasing need a quick sale within 10-14 days. A traditional bank requires 30-45 days to close a loan. Also, our leverage is far greater when we purchase using cash instead of financing. Many traditional home sales fall out of contract because of financing issues; and this allows us to negotiate a much lower purchase price and reduce our risk.

Lending guidelines are also continually changing. Most new requirements include applications, approvals, junk fees, and strict investor guidelines. They also limit the number of investment properties that can be purchased by one company.

## **HOW CAN YOU AFFORD TO PAY SUCH HIGH RETURNS?**

We make our money on the purchase, and this allows us to purchase 20-30% below a retail purchaser. This instantly creates thousands of dollars in equity. Typically, we also cut out the middleman in a transaction, i.e., commissions, mortgage broker fees, loan fees. Our attorney costs are usually also lower, because there is less paperwork to review.

## **ARE YOU REALLY HELPING SELLERS?**

Absolutely. With your cash funding, we can offer something very few buyers can. We are buying within their timeline in as little as 10-14 days. Knowing that we're going to renovate the home and purchase it in as-is condition is a very important factor to most sellers of distressed property. The seller also won't have to pay any additional fees.

# Frequently Asked Questions

## **IS THERE A GUARANTEE ON YOUR INVESTMENT?**

No. There is no government backed guarantee on these privately held real estate notes. You're deriving protection from the equity in the real estate. If at any time we were to default on the note, you have legal right to take the home (essentially foreclose on us). Many investors laugh about this one and say, "I hope you're a day behind on payments - I'd gladly take this one off your hands." You must remember that we plan for the worst, and our homes have thousands of dollars of equity in them. So in a worse case scenario, often we just don't make "as much" profit as we originally hoped for.

## **WHAT IF THE MARKET GETS WORSE AND VALUES GO DOWN?**

This is a great question and valid concern. However, our strategy is not to speculate 3 years down the road. Our goal is to purchase quickly and sell even faster. Most of our projects are complete in 1-2 months and will be sold in 4-5 months. The market doesn't tend to shift that dramatically in a matter of months - it's typically a longer process for an area to decline. Remember, we're buying in strategic areas where inventory is already low, and demand is high; this greater minimizes our risk.

## **WHAT INTEREST RATE DO YOU TYPICALLY PAY YOUR PRIVATE LENDERS?**

Most of our lenders are paid from 10%. Our rates will fluctuate very little all depending on the purchase price and rehab involved. The lower the purchase price, we can sometimes afford to pay a little higher rate to make sure our lenders make it worth their time.

## **HOW LONG WILL MY FUNDS BE HELD?**

Most of our loans are set up on an 8-12 month note, but it depends on the size of the project. If we are doing a teardown and rebuild, we will have to wait on the county inspectors for approvals. This will cause delays. But we account for all those details upfront and will give you estimated time frame for the return on your investment beforehand.

## **WHAT IF I'M ON A SHORT-TERM NOTE AND SELL THE HOME AFTER ONLY 1 MONTH?**

It's extremely important to us that we do not waste your time. However, occasionally, situations may occur where we find a buyer immediately. In this scenario, we provide you with two options: we can either move the note to another property or provide you with a minimum of 3 months interest. Most investors see the strength of our purchase ability at that point, and simply move the note to another property.

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## **WHEN WILL I RECEIVE PAYMENTS?**

Typically, we pay one large lump sum at closing on a short-term note. This is much easier to manage for both of us, especially if we're working out of a retirement account. On a longer note, we will pay monthly, just like a typical mortgage.

## **IS THE IRS APPROVED TO USE RETIREMENT ACCOUNTS IN THIS MANNER?**

Yes, these are established tax guidelines, and it is completely legal. However, we always recommend the services of a custodian to invest retirement funds tax deferred or tax-free.

## **WHO BUYS INSURANCE?**

We do. We pay for a title search and a title policy on the home, just as we would in a typical transaction.

## **WHAT KIND OF INSURANCE POLICY DO YOU GET ON THE HOME?**

If we purchase a renovation, we get a builder's risk policy (Vacant Dwelling Policy). In case of any damage, insurance distributions would be used to rebuild or repair the property or used to pay you off.

## **HOW MUCH IS IT GOING TO COST ME TO LEND TO YOU?**

It is our policy to pay for all the closing costs so that your entire investment goes to work for you. We will pay for the closing agent, document preparation fees, notary fees, overnight mail fees, bank wire fees and recording costs. We do not charge any fees or commissions to our private lenders.

## **WILL MY MONEY BE POOLED WITH OTHER INVESTORS?**

No, we do not pool funds. Your funding will be tied to one piece of property secured by a deed of trust.

## **IF YOU DEFAULT ON THE LOAN, HOW DO I ACQUIRE THE PROPERTY?**

In this unlikely scenario, we would simply transfer ownership of the property to you, if possible. If for any reason we did not (or could not), then you have all the legal rights of a secured lender. The best way to legally protect your interest in case of a default would be to hire an attorney. They normally would seek to retrieve your investment, any unpaid interest, any collection costs, all your attorney fees and maybe even more. An attorney could advise you of whether it makes sense to foreclose on the property or seek ownership to protect or recoup your investment.