



CASE STUDY

How we brought 12%+ in returns to
our investor in 5 Months



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HOW WE INVEST

Being informed and transparent in real estate is key to a thriving relationship with all our partners.

01 .

PURCHASE

We purchase homes as is, in any location, in any condition, as foreclosures, and even to take over payments. We heavily analyze these deals before we purchase to ensure they fit our criteria for ROI.

02 .

MANAGE AND GROW

We have project managers to help add value to properties during renovation and make sure everything goes smoothly. Our property managers also aid in keeping up-to-date with all our rental units across the country.

03 .

DISTRIBUTE

Depending on the current local economy surrounding a property, we will decide to either sell it or rent it out. This part in our investment process is when we start to see the returns.

OVERVIEW

A house beaming with potential...



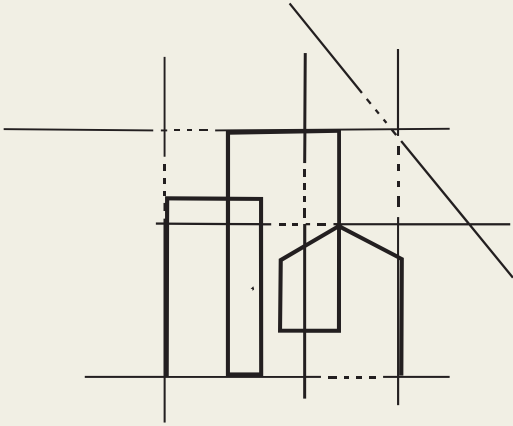
BEFORE

3347 A Anoaï place was initially brought to me by a realtor that I've been working with for a long time. We had found it on the MLS. MLS stands for Multiple Listing Service. It is a database that real estate professionals use to share information about properties for sale.

As soon as we toured the property, I knew there was a lot of potential Ohana spaces for families to gather. The next step was to find our private money lender (PML) so we could secure the deal and do MORE for the property/future home buyers.

We found our PML through networking with fellow investors, family and friend relationships. Here in Hawaii, word travels fast when you let your community know what you're up to. Once they saw we were fixing up this old house, they wanted to be a part of it too.

REHAB PROCESS



Our Home Investments boasts one of the biggest private construction teams on O'ahu. My team and I have done over 150+ flips so this one, although it was a quite large, was nothing out of the ordinary for my crew.

I've assembled my construction crew slowly but surely across my 10 years of being in the business. Some have come to me through applications, some through networking, even some through simple Home Depot chit chat. They are all hardworking and determined. Sometimes I'll have to deny them working on the weekends just to give them rest.

CREATING SPACES WITH OHANA IN MIND

This space was rehabbed and permitted in 9 weeks. What was once a shady, moist, muddy back of house has become an inviting place for keiki to play and enjoy the aina safely. We opened up the 1 acre lot to enjoy the property, built new decks and steps for entertainment. Then, we put in a full landscaping filled with native trees, shrubbery, and plants that will thrive in the area. Now that we've got this great backyard, we built staircases, railings, and windows to enjoy it fully.



RENOVATION PROCESS



CREATING SPACES WITH OHANA IN MIND

We imagined a place where the family could sit and catch up, read books, lounge, maybe even bbq and host get togethers. We've added grass pathways, sitting benches, native palms, red ti leaves, rock walls, and cleared open this backyard. We hope the memories they make in this space last a lifetime.



EXTERIOR COSTS

Labor	\$ 90
Roof	\$ 4.5
Electical	\$ 3
Plumbing	\$ 6
Landscaping	\$ 20
Cabs and Couter	\$ 18
Rent a Can	\$ 3
Tile	\$ 6
Roof Credit	\$ 6
Material	\$ 25
MISC	\$ 5
Total Cost	\$ 186,500

Paint	\$10
Flooring	\$ 8
Appliances	\$ 4
Electrical	\$ 3
Plumbing	\$ 1
Windows/Doors	\$ 2
Landscaping	\$ 20
Cabs and Counter	\$ 18
Rent-A-Can	\$ 2
Roof	\$ 5
Tile	\$ 4
Material	\$ 20
Total Cost	\$ 96,500

These are all potential costs that could occur.

All current rehab costs are always shared with our investors.

INTERIOR REHAB

KITCHEN

A night and day difference! Out with the boring dark tan cabinets and exposed sink. We've added an open floor plan to brighten up the space, high-end appliances, LED soft white lighting, waterfall quartz counter tops.

Additionally, we've installed a drinks fridge and wine rack to utilize this space fully. As well as, exposed and traditional cabinets to show off the future owner's prized dishes.

FAMILY ROOM

Created an inviting open space by taking down fireplace and kitchen walls. When you live in the mountains you have to admire that view everyday! So we added a glass wall to soak in the view. Upgraded to Waterfall Countertops for a stylish and seamless transition from the living room to the kitchen. Plus, added a third bathroom for guests during back deck entertaining.



FUNDING THE DEAL

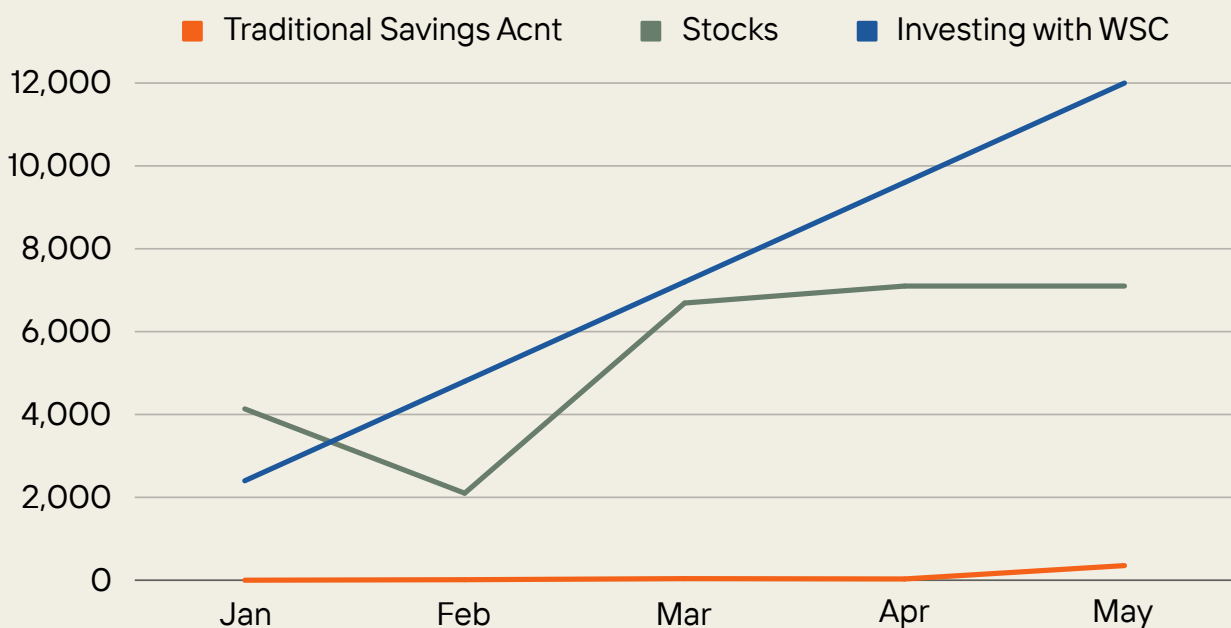
In the process, I made our private investors \$12,000 in 4.5 months.

Our Private Money Lender used \$200,000 at 12% PML got \$12,000 on their investment in 4.5 months. The 12% interest is per year. That being said, why did this investor get 6 months worth in returns even though the project only took 4.5 months? In real estate investment, it's very common for the minimum amount of returns to be valued "per year" and not "per deal" even if the rehab takes a shorter amount of time! We're happy to give our investors more for their money.

I had a total of 4 private investors on the deal. We found our PML through networking with fellow RE investors, family and friend relationships, and people who heard about me through word of mouth. Some were fellow students in Fortune Builders with me, some were friends of friends.

With the PML's funds, we bought the property at \$792k, rehabbed, then sold for \$1.3M.

\$200K AT WORK IN DIFFERENT INVESTMENT OPPORTUNITIES



DIVING DEEPER INTO PRIVATE LENDING

Here are some Frequently Asked Questions by our potential lenders:

WHAT IS PRIVATE LENDING?

When we have isolated a home 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 I INVEST USED?

On a new home purchase requiring renovations. The cost will be allocated to the purchase price, renovations, carrying costs, cost to resell, and also 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 are in need of 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 funds. 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. 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. We may pay very high returns, but it allows us purchase 20-30% below a retail purchaser. That instantly creates thousands of dollars in equity. Also, typically we cut out the middleman in transactions, such as: commissions, mortgage broker fees, loan fees; and our attorney costs are lower because there is less work for them to review.

ARE YOU REALLY HELPING SELLERS?

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

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 2-4 months and will be sold in 6-12 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?

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. Most of our lenders are paid from 12%. 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?

The majority 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 tear down and rebuild, we will have to wait on the county inspectors for approvals. This will cause delays. But, we account for all of those details upfront and will give you estimated time frame for the return on your investment.

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.

**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 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 have to remember we plan for the worst, and our homes have thousands of dollars of equity in them; and worse case scenario, often times is we don't make "as much" as we hoped for.

**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.

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

If we purchase a renovation, we purchase a builders 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.

**WHO BUYS THE
INSURANCE?**

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

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 get your investment back, any unpaid interest, any collection costs, all your attorney fees and maybe even more. A legal representative could advise you if it makes sense to foreclose or seek ownership the property to protect or recoup your investment.



INVESTOR FEEDBACK

TESTIMONIAL

TERESA C.

"The best part of working with Indar is the relationship (he always makes himself available to answer a question when I call or email), now days no one, and I mean no one tends to their business with such a personal touch. They say never to put all your eggs in one basket, but if I had to pick one basket it would definitely be Indar. I truly believe he is as committed to my success as I am to his."

DEBRA L.

"I have thoroughly enjoyed working with Indar Lange for many years. As a real estate investor, I find that Indar Lange has a great wealth of knowledge and experience in residential redevelopment and I can call on him anytime for advice."

BENHAM PROPERTIES

"They have been able to secure one great investment after another. As a matter of fact, these guys are on the verge of growing a pretty nice sized company...just by being faithful & generous investors."

THANK YOU!

Interested in growing your money securely and passively with us?
We can't wait to work with you!



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