

# C e n t r a l   O h i o   R e a l E s t a t e   I n v e s t m e n t L L C

THE POWER OF PRIVATE MORTGAGE INVESTING



## Central Ohio Real Estate Investment LLC

<http://www.centralohrealestateinvestingsdira.com/>

**1-888-815-5116**



Central Ohio Real Estate Investment LLC pays set monthly cash payments on all private mortgage investments. We listen to the investors goals and taylor fit a investment strategy to the investors needs, wants and goals.

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# The Basics of Private Mortgages

## What is a Private Mortgage?

Private mortgages provide substantial returns to investors while remaining one of the most stable investment vehicles available; due to a hard asset backing it most times.

But isn't the combination of high returns and stability too good to be true?



While home buyers traditionally seek a bank or mortgage company to finance the purchase of new homes, investors targeting investment real estate frequently look for other sources of capital. This is particularly true in this era of post sub-prime free lending, as banks and mortgage companies are refusing more borrowers than ever. Investors are coming in droves to private lenders to find the capital they need to buy properties.

It is completely legitimate for an individual to offer a private mortgage to fund the purchase of a property, giving a property buyer a non-bank option for financing. All the lender needs is enough money to lend to a borrower who is looking to purchase and/or rehab a property.

Private mortgages (also called hard money loans, trust notes, private notes, etc.) are, in our opinion, much safer than paper investments because they are secured by real property. If the mortgage ever goes into default, private mortgage lenders simply sell the property in a quick sale and get their money out of the investment. The collateral property is backed by title insurance and hazard insurance as additional levels of protection. These multiple levels of protection cannot be found in any other investing instrument.

## Why Would Someone Borrow From a Private Individual?

Banks are in the business of making money. Many banks really only want to make long-term loans. They don't want to deal with short-term or rehab lending. Ultimately, a bank wants a constant flow of money that lasts for years, providing it with a regular income stream that requires little additional effort.

This leaves lots of hidden real estate gems for the money partners Central Ohio Real Estate Investment LLC works with.

As banks and mortgage companies turn down potential loans in ever-increasing numbers, Central Ohio Real Estate Investment LLC has the opportunity to pick up some great deals on investment real estate while still making highly secure investments (as we'll demonstrate in a bit).

Banks are also extremely slow to process loans. They have multiple channels and endless red tape they require before completing a loan application. In most cases, the sellers we help are in a hurry to sell their properties, and don't want to wait for a bank mortgage to process a mortgage application. The best deals are fought over and won by cash buyers or investors who have access to quick capital. *Speed of Capital* is why real estate investors pay higher interest rates. Plus there is so much profit that can be stabilized. Often high-interest borrowing is the only path to accessing all the other profit that can't be had any other way.

The properties are usually in need of repair. Banks are not in the construction business and need the assets that secures their loan to be in good shape. The profits that can be stabilized are in forced appreciation. The forced appreciation is realized during the remodel phase, by remodeling the property to what like properties are selling for in the area.

So in order for an investor to buy properties at a discount and realize the profit that can be stabilized. They need access to cash and are willing to pay higher interest rates because of the demand.

### Typical Rates of Return

Every mortgage is unique. The situation, property condition and location all factor into the mortgage structure and affect the rate of return. Central Ohio Real Estate Investment LLC turns down most deals because they simply don't produce strong enough returns for our investors.

However, the flip side is that deals that do qualify for Central Ohio Real Estate Investment LLC turnkey debt investment provide an excellent return for our clients.

Other factors that determine the return an investor will receive from a private mortgage are:

- Term of the note
- Quality of the borrowers
- Quality of the underlying asset
- Quantity of invested holdings
- Loan-to-Value ratio
- Purpose of the loan
- Borrower's exit strategy
- Direct lending, rather than lending through a mortgage pool



These factors make some deals better than others, but private mortgages offer considerably higher returns than traditional loans, and they outperform the stock market over the long term.

Through years of experience, the Central Ohio Real Estate Investment team has identified ways to improve rates of return by adjusting terms of the note and other strategies that are seldom used by other private mortgage companies.

At Central Ohio Real Estate Investment LLC, we pair superior returns with low risk. The interest rate you receive depends on the amount of funding you commit: in short, *The More You Invest, The More You Earn*. Returns are paid quarterly, another advantage over equities, where investors must wait to see most of their returns upon sale of their stock.

Low risk investments providing such superior returns are rare. Central Ohio Real Estate Investment LLC rewards our clients with our *Returns Policy* on both total holdings with us and a part, of the yearly depreciation the properties realize.

## Central Ohio Real Estate Investment LLC's Office



# The Advantages of Private Mortgage Lending

## Advantages of Private Mortgage Notes as an Investment Vehicle

Central Ohio Real Estate Investment LLC

creates private mortgage notes for one reason: their advantages far surpass paper investments.

- More predictable than the stock market -
- Easier to understand than other investing vehicles - everything is in the mortgage/ note
- Real estate is a tangible asset, unlike paper investments - there is always some value
- Less fluctuation than the stock market - aren't big swings slow moving
- Greater control over when and how much you invest

When done correctly all returns are tax free. May be a UBIT tax, consult a tax professional.

The first reason is the most important. Central Ohio Real Estate Investment LLC believes so strongly in private mortgages because, unlike paper investments, private mortgages are backed by tangible assets that will always have value. If an investor owns stock in a company and that company folds, they're out of luck. Sure, if they own preferred stock they'll get a place in line to get paid ahead of common stock holders. That is if there's any money left after liquidating the company's assets and paying off its debts.

But should a borrower default on a private mortgage, the note holder can liquidate the property through a quick sale. They can then roll their money into another private mortgage note quickly and start earning returns once again.

All of the private mortgages Central Ohio Real Estate Investment LLC writes; Have a 20% equity position in the property. That means the real estate is worth 20% more than what the fund paid for the note.

## Stability of Private Mortgages

Despite the upheavals in the real estate marketplace during 2008 based on Columbus Realtors statistics, the average sale price of a Central Ohio Home before the real estate crash was \$172,531 in 2007. The number dropped to \$163,732 in 2008 and bottomed out in 2011 at \$156,271. Which is roughly a 10% drop.

Using an example from arguably one of the worst financial disasters of our time. The fact that Central Ohio Real Estate Investment LLC provides 20% equity in every note you are up roughly 10%. There weren't too many investments that were up 10% in 2008 to 2011. That is the kind of stability note investments can provide.



In summary, Properties backing private mortgages can be sold quickly and usually above their previous selling prices. This stability is great protection for an investor's nest egg. This stability is caused by the equity position Central Ohio Real Estate Investment builds into every note we sell.

The stability of property value isn't the only reason why private mortgages backed by property are such a valuable investment.

Columbus Ohio housing experts are saying "Quality affordable housing also is a building block for strong neighborhoods, economic development and a sustainable community." The lack of adequate stable, affordable housing has costs and negative impacts for families, employers, schools and the broader community."

- Demand for housing is increasing at an astounding rate. Yet the supply of housing available is not keeping up with this growing demand. Every new child born will need housing.

In short, if properties are well maintained and kept in good condition, their value will continue to rise. Of course, some factors can cause real estate value to decline. A property in need of repair, for instance, will have a lower value than that same property in good condition.

Central Ohio Real Estate Investment LLC privately mortgaged properties are carefully identified, rehabbed and rented or sold with seller financing; to a end user. All the properties are self managed, so our money is right along side every investors. Central Ohio Real Estate Investment LLC has quality contractors on call to rehabilitate properties. They make the necessary improvements and repairs to bring the value of the property up to what other properties in the area are selling for. The properties are stabilized, and then the values continue to rise, while the property consistently produces cash flow. A renting family gets a home that has been substantially improved, while the investor gets a solid return backed by a valuable property.

Everyone wins.

Having the knowledge, experience and resources to offer both sides of the equation is a unique and enormous competitive advantage in the industry that reduces risk even further. The partnership between Central Ohio Real Estate Investment LLC acting as the operator and RAL Enterprises LLC acting as the syndicator creates an advantage for our investors from the very start. This is accomplished with thorough underwriting to ensure the deal has the best prospect for success. If a deal does not have 20% equity; Central Ohio Real Estate Investment LLC will not present it to our clients. We are a client advocate; building life-long relationships to create turn-key solutions that consistently deliver double-digit returns and improve neighborhoods we invest in.

## Keeping Risk Under Control

The fact that private mortgages are an incredibly stable investment doesn't completely negate all risk. It is important to remember that any investment carries some risk. Borrowers sometimes default on loans due to loss of employment, the value of the property cannot be assured, a title may be defective, and private mortgages are not insured by any government agency.

Central Ohio Real Estate Investment LLC is constantly looking for ways to reduce the risk of private mortgages. Each mortgage is unique, which is why private lending through Central Ohio Real Estate Investment LLC is much safer than trying to do it yourself. Our trained professional underwriters analyze each property in great detail to find the risks, and then determine how those risks can be minimized through our plug and play, process mapped business model. **See addendum A.**

On the other hand, some standard risks are common to private mortgages, and the Central Ohio Real Estate Investment LLC Finance team has a system of due diligence with thirteen years of Central Ohio Real Estate Experience; that removes as many risks as possible from the private mortgage.

First, we make sure the underlying property meets our qualifying criteria - [80% of ARV all in on any property] . We have to be able to sell that property at a profit regardless of how well the borrower handles the loan, and do so quickly. We first engage a team of licensed assessors to thoroughly investigate the property. This team is not only looking for the minor repairs that identify a sleeper property, but also for structural conditions that might be a deal breaker. In the end, we only consider a property if we know we can turn it around quickly and get our clients a profit.

Once we've ensured that the property qualifies as a great deal. We investigate the borrower for red flags. A private mortgage lender is acting as a private banker, and as such, we investigate borrowers with the same scrutiny a large national bank would; to included under writing them according to Dod Frank Standars when required . However, because Central Ohio Real Estate Investment LLC's finance's docket of mortgage requests is much smaller than a national bank's, we can get far more detailed in our investigations than a large bank does. Borrowers cease to be just numbers; they become an opportunity for us to introduce a highly qualified borrower to an investor looking for a substantial return on investment.

The third way Central Ohio Real Estate Investment LLC minimizes risk is by creating airtight loan packages. Since your money is secured by the property, we first need to ensure that the title is clear. We run a title search on every property, unlike some private lenders who try to cut costs by forgoing the title search in hopes that nothing will turn up. Title search fees can be stiff, and they reduce the amount of money an investor is able to offer on a private mortgage. But, rather than cut corners, we simply link the service fees to the mortgage. Investor costs are minimized, as well as the risk.



In addition to ensuring that the title is clear, we also want to protect against the possibility that the property might be damaged or destroyed. The seller will, of course, have insurance on the property, but their policy will be cancelled as soon as the property is sold. So, we set up a hazard insurance policy to protect the property against natural and other disasters.

Finally, we require the borrower to sign a personal guarantee. This, along with our extensive investigation into the borrower's ability to handle the mortgage payments, gives us one final level of security against our investors losing money.

This multi-layer approach means that Central Ohio Real Estate Investment LLC is able to help a qualified buyer purchase a great property while giving private investors a considerable return on their investment. Everyone wins.

Minimizing the risks with the property is only half the battle when investing in private mortgages. The company you are doing business with and their vendors are the other half of the equation. These two together will either make or break any note investment.

So if you are just getting started or an old pro wanting to check on processes " How do you research someone doing an offering?" The short answer is you will just know. You will feel it.

Now there is research that you can and should do like check on google, facebook and linkedin for a company online presents. Check with the Better Business Bureau and local Chamber of Commerce. Also ask around, go to local investor meetings, on line groups, or professionals in the business. Ask questions about the company offering the note. See if anyone has done business or heard of the company. Then meet with a representative from the company to ask questions you have from your research.

Central Ohio Real Estate Investment LLC does things a little different. We have spent the time money, and did the research for you. We have created a 30 day series that builds a relationship with our clients and explains Central Ohio Real Estate Investment processes. [The Securities Exchange Commission requires us to build a 30 day relationship, with every non accredited investor that invests into Central Ohio Real Estate Investment LLC Debt Investment Bond Fund.] We have provided the links, showed you the right places to go; to get the information you need to make an intelligent investment decision. To get more information go [centralohrealestateinvestingsdila.com](http://centralohrealestateinvestingsdila.com)

We have processed mapped every step of our real estate business. We looked for all the road blocks of past experiences, and built systems and procedures to eliminate them. We have systems, processes, and procedures for every task written down in what we call our playbook. The business is built on plug and play systems created from thirteen years of Central Ohio Real Estate Experience from Roger Loesel.

# Getting Started in Private Mortgages

## Two Main Lending Strategies

There are two methods of getting started in private mortgages: direct lending and mortgage pools or funds.

Think of mortgage pools as the mutual funds of private mortgages. Each investor's money is pooled with the other investors' funds, and the combined pot of money is used for private lending.

Over the years, pros and cons of investing in a mortgage pool have become evident. The main benefit is that pool managers are able to reduce risk, by diversifying loans over many different properties. However, the trade-off for mortgage pool investors is reduced returns. Because the mortgage pool manager draws pay directly from the pool's profits, it substantially lowers the return. Even so, investors chose the mortgage pool option over direct lending, because it was easier and involved less risk.

Central Ohio Real Estate Investment LLC's strategy of investment overcomes the downside of direct private mortgage lending, giving investors the advantages of mortgage pools, while reducing the challenges associated with direct private mortgages.

Direct lending typically has been reserved for seasoned real estate professionals, due to the level of expertise needed to identify undervalued properties, and go through the appropriate steps to protect their investment and assure a top return. Through Central Ohio Real Estate Investment LLC's bond fund investors are able to gain direct access to above average returns with their investment backed by a hard assets.

Direct lenders typically have a property appraised, analyze its value and the upgrades it will need, work the numbers to determine a break-even point, and then calculate what kind of offer can be made to earn a good return on investment. At that point they find a qualified buyer to purchase the property or rent it out., Finally draw up paperwork that protects them against the possibility of default on the mortgage.

Central Ohio Real Estate Investment LLC has made direct private mortgage lending a real possibility for even the average investor. You don't need any expertise in the real estate market to take advantage of the combination of good returns and stability that private mortgages offer. Central Ohio Real Estate Investment LLC does all the groundwork for you. All you need to do is invest the money. We do the rest according to Federal and Ohio State Security Laws, so you can rest assured your money is working for you, instead of you working for your money.

As a direct investor, you'll receive higher returns than mortgage pools offer, without having to acquire the years of expert knowledge required.

Investing always involves risk, but the Central Ohio Real Estate Investment LLC system is easy to use (since we do the work for you) and takes a multi-tier approach to minimizing the risk involved in private mortgage investing.

### **Lending From Your Retirement Account**

If you're excited about the opportunity of private mortgages, but concerned that you're going to miss out on a chance to invest, we have good news for you.

People can invest their self-directed retirement accounts such as IRAs, 401(k)s and SEPs in private mortgages. Central Ohio Real Estate Investment LLC works with liquid cash investors and self-directed custodians who handle retirement account investments, and we can recommend some to you. The money is invested directly into Central Ohio Real Estate Investment LLC fund account from your retirement account. The process is too complex to cover in a few short paragraphs, but, when handled correctly, the profits from the private mortgage are rolled back into the retirement account tax-free. If the account in question is a Roth IRA, then the money is also tax-free when withdrawn at retirement. There may be a UBIT tax paid, consult a tax professional. [\[Click Here for more information on the SDIRA process\]](#)

Lending from a retirement account can be an outstanding way to get higher returns than your account would otherwise achieve, while still having all the tax benefits of an IRA, 401(k) or SEP.

It is also a great way to diversify your investments. We have investors that use the bond fund as a hedge for their investment portfolio. This is due to the above average interest rate the notes produce and the hard asset that protects their funds. "Remember the example from above on Central Ohio Real Estate Prices from 2007 to 2011; only a 10% drop in prices during one of the worst financial crises our country has encountered. "

Because of the complexity of investing retirement account funds in private mortgages, please contact Roger Loesel with Ditter & Associates at 614-961-0169. He is Central Ohio Real Estate Investment LLC's Realtor and fund manager.

## **Benefits of Working With Central Ohio Real Estate Investment LLC**

Working with Central Ohio Real Estate Investment LLC can be your key to minimizing your risk in private mortgage investing. We have over a decade of experience in Central Ohio Real Estate Investing. We have a solid business plan built with process maps that allow for systems so everyone is on the same page and we get the same outcome. Which enables Central Ohio Real Investment LLC to meet the quarterly waterfall payout liabilities owed to our clients.

We have spent years devising a system that allows average people to invest in solid and secure private mortgages without having to become real estate experts themselves. Now, we're able to offer our turn-key operation to you.

With Central Ohio Real Estate Investment LLC we make investing easy. Call us today at (614) 961- 0169 to find out how you can get started in private mortgage investing.

## **Central Ohio Real Estate Investment LLC Realtor / Fund Manager**



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## Addendum A

