



# **CARDINAL HOMES**

## **D E S I G N   G R O U P**

A Residential Redevelopment Company



**“Everyone deserves a place to call HOME”**

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## *Important Facts About Cardinal Homes Design Group, LLC*

- Experienced in solving real estate problems and helping homeowners find solutions to their real estate needs
- Ability to make cash offers for houses and create fast, hassle-free transactions, closing in as little as 10 days
- Network of National Real Estate Investors
- All information kept private and confidential

**Cardinal Homes Design Group, LLC** is the area's premiere real estate solutions company, and since our inception our Network of National Real Estate Investors have been helping homeowners along with improving communities in each and every city we work in. Through our **extensive knowledge** of the business, network of resources, and years of **expertise**, we are able to assist homeowners with a wide variety of real estate problems.

***With the ability to directly purchase homes and make cash offers, we can create an extremely fast and hassle-free transaction.***

In addition, we re-develop a large number of single family and multi-family properties throughout the United States with the intention of **revitalizing communities** and encouraging home ownership. **Our mission** is to rejuvenate neighborhoods and increase the standard of living by improving the overall quality of housing for the residents. **Call us today and let's see how we can work together!**

We not only purchase property but we also sell homes, many of which are completely renovated and in move-in condition. Whether you are dreaming of becoming a first time home buyer or looking to upgrade your current home, **we can help.**

Cardinal Homes Design Group, LLC is truly committed to helping each individual customer. **We focus on fast response, integrity and over-delivering on customer service. By putting the customer's needs first, whether selling or buying a home, we can help you realize your real estate goals.**

## **WE WILL BUY YOUR HOUSE FAST!**

Our real estate specialties include:

- Foreclosure Avoidance
- Bank Owned Properties & REOs
- Vacant Properties
- Houses in Major Disrepair
- Bankruptcy
- Clearing up Judgments or Outside Liens
- Credit Repair
- Selling Your Property Without Realtor Commissions
- Debt Removal or Renegotiation
- Solving Title Issues
- Relocation Assistance
- Environmental or Structural Problems
- Overleveraged Properties
- First Time Homebuyer Programs
- Apartment & House Rentals

**Cardinal Homes Design Group, LLC** is a professional, full service real estate solutions firm that buys and sells properties throughout the Detroit Metropolitan area. We specialize in buying distressed homes at a significant discount, and renovate and resell them to retail home buyers and landlords.

Founded in 2019 by Scott Adkin, Cardinal Homes Design Group is excited to be part of the area's renaissance and we aspire to continue contributing to the economic rejuvenation of the Detroit Metropolitan area and its neighborhoods.

In addition, we re-develop single family and multi-family properties throughout the state with the intention of revitalizing communities and encouraging home ownership. Our mission is to rejuvenate neighborhoods and increase the standard of living by improving the overall quality of housing for the residents.

### *Important Facts About:*

#### *Cardinal Homes Design Group*

- Leading full service real estate solutions company in the Detroit Metropolitan area, specialized in buying and selling property
- We provide solutions for homeowners and value for investors and buyers by locating and renovating distressed properties.
- Our goal is to provide the absolute highest level of service to our clients

## National Network of Real Estate Investors



## CARDINAL HOMES DESIGN GROUP TODAY



Cardinal Homes Design Group, LLC is based on a fusion of intense passion and continuous education. Scott Adkin continues to train under Fortune Builders, Inc. which has been ranked for three consecutive years in Inc. Magazine's prestigious Inc500 list. He continually strives to improve the Company, the community and the lives of others. He leads by example, lives by the Company's values, takes pride in the challenging work, shares knowledge with his investor family and inspires everyone to achieve success for themselves and their families. Investing with Cardinal Homes Design Group, LLC and taking advantage of its endless resources will drive continued success.

At Cardinal Homes Design Group, LLC, 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.

# Mission Statement

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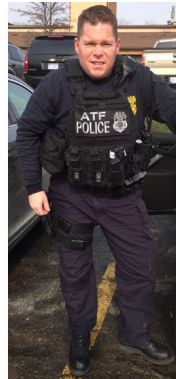
The Mindset at Cardinal Homes Design Group is, "Everyone deserves a place to call HOME," and that is exactly what we strive to deliver, from the affluent to the homeless and everybody in between. The representation of Cardinal Homes is twofold, the first being personal, as a tribute to my mother who is in Heaven; and the second being very basic in definition:

cardinal adjective  
car\*di\*nal \ 'kard-nel  
: of basic importance  
: fundamental

homes noun  
homes \ 'homs  
: a familiar or usual setting  
: congenial environment

When a passion for real estate is combined with talented individuals who have an uncompromising drive to succeed, amazing things will happen. At Cardinal Homes Design Group, it's our goal to not 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 treat our clients and team members with respect at all times. Our company will dedicate itself to everlasting education and professional growth that will make the leaders of tomorrow.





**Scott Adkin,  
Owner**

## THE STORY OF CARDINAL HOMES DESIGN GROUP, LLC

Cardinal Homes Design Group, LLC was founded on August 26, 2019 as a real estate purchase, renovation and sales business and will begin to purchase investment properties after the requested transactional capital financing has been obtained. It operates on a for-profit basis, is legally structured as a privately held Limited Liability Company (LLC), and was founded and is owned by Scott Adkin - Owner/Manager (100%). Scott Adkin is responsible for the day-to-day business operations.

Cardinal Homes Design Group, LLC (CHDG) is a veteran owned company. The Owner of CHDG, Scott Adkin, served 28 years in the United States Air Force, Michigan Air National Guard, 127<sup>th</sup> Security Forces Squadron where he rose to the rank of Senior Master Sergeant. SMSgt Adkin developed his leadership style as he rose through the ranks and deployed to various foreign destinations in support of US wartime operations. Additionally, SMSgt Adkin served domestically on a special assignment with the Federal Bureau of Investigation in Detroit, Michigan with the Violent Gang Task Force helping to make the streets safer for the residents of Detroit and surrounding communities.

Scott Adkin also served his community as a Special Agent with the Bureau of Alcohol, Tobacco, Firearms & Explosives where he investigated criminal acts committed by violent felons.

Scott Adkin received a Bachelor of Science in Architecture degree in 1995 from Lawrence Technological University in Southfield, Michigan, preparing him in all aspects of design and construction.

Upon graduation from Lawrence Technological University, Scott Adkin served as a Project Manager with Integrated Construction Services in Birmingham, Michigan where he oversaw such projects as a movie theatre, ice arena, and several retail food service establishments.

As you can see, Scott Adkin has dedicated the majority of his life to serving his country and his community, as a worker and as a leader he ensures that safety, justice, and human decency for all people is upheld.

# Company Credentials

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## WHY WORK WITH CARDINAL HOMES DESIGN GROUP HOMES?

Most buyers are aware of the fact that numerous buying opportunities exist in today's real estate market. The problem is they don't know how to identify and then analyze them to ensure they are actually getting a good value. That's where we come in. We use the same techniques to analyze a property for our buyer clients that we personally use on our own investments. Cardinal Homes Design Group is constantly on the hunt for the next great buying opportunity.

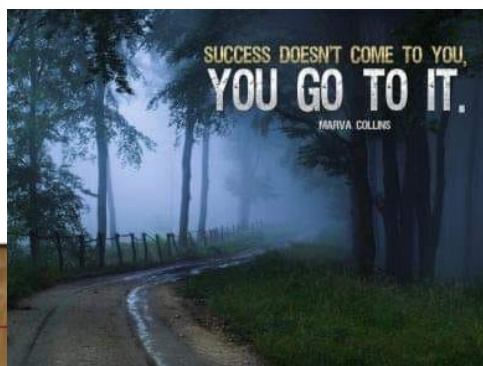
## CERTIFICATIONS & MEMBERSHIPS:

Fortune Builders, Connected Investors, Oakland REIA, REIA of Macomb, Veteran Owned Business, Bachelor of Science in Architecture from LTU, Former Special Agent with ATF, Habitat of Humanity Michigan, Michigan Coalition Against Homelissness



## REAL ESTATE KNOWLEDGE & EXPERIENCE:


We have invested a great deal of time, energy and capital investment into our real estate education, attending the nation's premier real estate investing education program - FortuneBuilders Mastery. Beyond the principles of sound investing, we were trained on how to build a successful business based on systems and predictability. Having completed over 1,000 real estate deals, FortuneBuilders coaches and systems have allowed us to strategically invest in real estate, grow and expand our business, and they are available for us to leverage when analyzing our real estate deals.






## WHY WORK WITH CARDINAL HOMES DESIGN GROUP?

SECRETARY OF STATE

  
THE GREAT SEAL OF THE STATE OF  
NEVADA  
CALL FOR OUR COUNTRY  
STATE OF NEVADA

**DOMESTIC LIMITED-LIABILITY COMPANY (86) CHARTER**

I, BARBARA K. CEGAVSKE, the duly qualified and elected Nevada Secretary of State, do hereby certify that **CARDINAL HOMES DESIGN GROUP, LLC** did, on 08/26/2019, file in this office the original Articles of Organization that said document is now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said document contains all the provisions required by the law of the State of Nevada.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on 08/26/2019.

*Barbara K. Cegavske*

BARBARA K. CEGAVSKE  
Secretary of State

Certificate Number: B20190826173530  
You may verify this certificate  
online at <http://www.nvsos.gov>

## WHY WORK WITH CARDINAL HOMES DESIGN GROUP?



This is to Certify That

**CARDINAL HOMES DESIGN GROUP, LLC**

a FOREIGN LIMITED LIABILITY COMPANY existing under the laws of the state of Nevada

was validly authorized to transact business in Michigan on the 24 day of September, 2019 in conformity with 1993 PA 23.

Said company is authorized to transact in this state any business of the character set forth in its application which a domestic company formed under this act may lawfully conduct. The authority shall continue as long as the company retains its authority to transact such business in the jurisdiction of its organization, its authority to transact business in this state has not been suspended or revoked, and the company has not surrendered its authority to transact business in this state.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.



In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 25th day of September, 2019.

A handwritten signature in black ink, appearing to read "Julia Dale".

Julia Dale, Director

Corporations, Securities & Commercial Licensing Bureau

GOLD SEAL APPEARS ONLY ON ORIGINAL

## WHY WORK WITH CARDINAL HOMES DESIGN GROUP?





The Meaning Behind the Cardinal Homes Design Group Crest:

**The Shield** - represents strength and security to battle any situation that may confront us

**The Gold background** - a symbol of the badge entrusted to me as a Special Agent, represents integrity, honor, and the duty to serve

**The Blue background** - as like the sky, represents new beginnings and endless opportunities, for us and the clients we help

**The Cardinal** - Cardinal by definition means “of basic importance” and there is nothing more important than every person having a place to call Home, where they can feel safe and secure. The Cardinal was also my late mother’s favorite bird, and they say “When a cardinal appears in your yard it’s a visitor from heaven.” I like to think that she is watching out for us from the heavens.

## 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 Cardinal Homes Design Group, we pride ourselves on having a strong foundation of real estate knowledge and training. Our focus is on providing SOLUTIONS for homeowners and finding VALUE for our buyers and 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 are connected with 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

## WHAT'S OUR COMPETITIVE ADVANTAGE?

Our company can acquire great deals on properties because we have the ability to act quickly and can close with CASH on the seller's timeline. This is why 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 real estate agent. Typically, many agents 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 times, we are able to 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.

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.

### *Advantages to Working With Us*

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



## CARDINAL HOMES DESIGN GROUP VS. TRADITIONAL BUYER

Here are just a few benefits sellers have of working with CT Homes to sell a home:

- ✓ **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?

	<b>Traditional Buyer</b>	<b>CT HOMES</b>
Method of Payment	Bank Financing	CASH
Repairs	1-8% of Homes Value	None (Sold AS-IS)
Closing Timeframe	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 (San Diego Average)	0 Days

## INVESTMENT BUYING CRITERIA

Our goal is to purchase 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. We are able to target distressed properties and breathe new life back into them with highly-skilled renovations and improvements. By doing so, we are able to 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. Our goal is to be in business for many years and brand a company that will be respected by all, which cannot be accomplished by taking uncalculated risks.





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

At Cardinal Homes Design Group, 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 real estate agent 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
Twitter	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	Drive for \$\$\$
Google Ad Words	Expired Listings	A-Team Van
You Tube	Non Owner Occupied	Zbuyer



## 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 are aware of the fact that 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 actually 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 May Use to Sell Properties*

- Bandit signs & Guerilla Marketing
- Realtor/List on MLS (Multiple Listing Service)
- Internet/ Listing Websites
- Pre-Listing Walkthroughs

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

- Retail
- Landlord
- Rehabber



## 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 principle 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

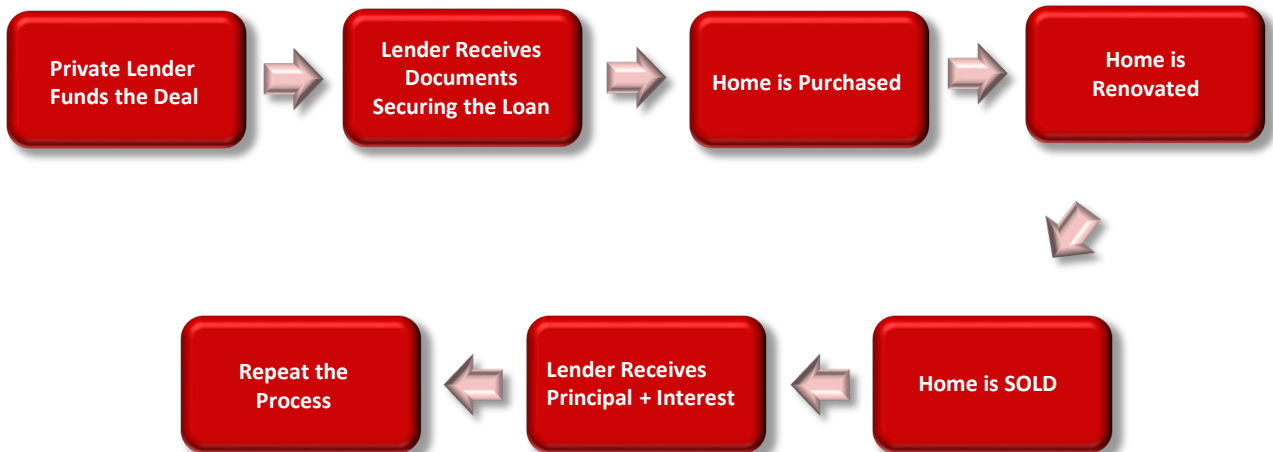
The process is simple. We find an extremely undervalued property we want to purchase - and once you give us the green light, we borrow the funds from you to purchase and renovate the property. At closing, you receive a mortgage on the home along with other important documents. Next stage is the property 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 principle 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*

## 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 month hold (including rehab & re-sell time) with a private lender return of 10%.

Purchase Price:	\$ 95,000
Repair Cost:	\$ 68,000
Total Invested: (6 Month Hold)	\$163,000
<u>Sales Price:</u>	<u>\$250,000</u>
<b>Lender Potential Return on Investment:</b>	<b>\$8,150</b>



## 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

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 are able to 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**

## 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

## 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.





## 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:

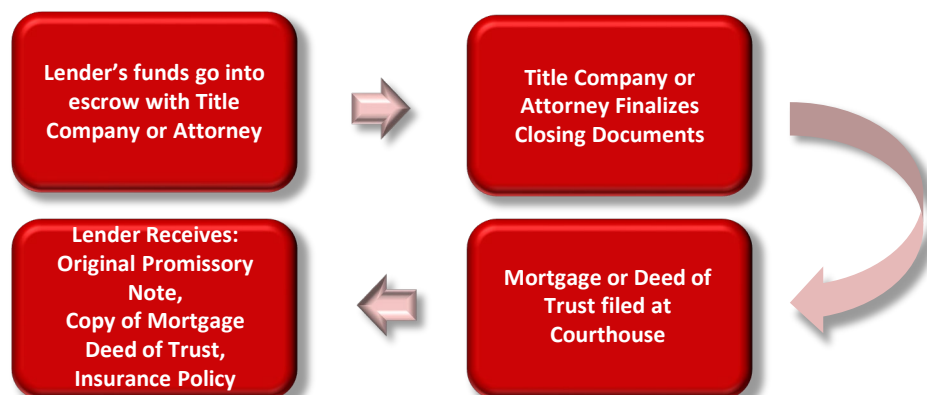
**Promissory Note:** This is your collateral for your investment capital

**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 causalities. 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.

## Overview of the Closing Process



# Common Ways Private Lenders Fund Deals

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## 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.

## 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. Unleveraged 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

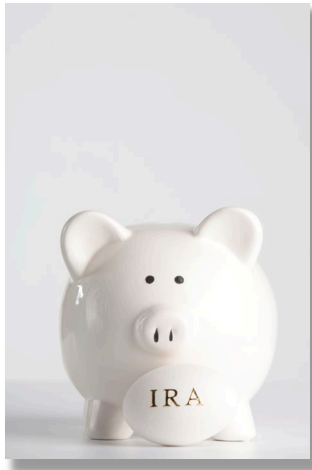
Investments are a way to put your savings to work earning more money. However, if your stocks and investments have not performed as you had expected, it might be time to consider other investments. As you know, stocks can be liquidated as and when you wish. Sometimes you need to liquidate your investments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

### Common Sources of Funding

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



# 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, in order 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*

## Minimum Investment:

When working with private lenders, \$50,000 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:

The majority 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 of 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



# Sample Property Showcase \* 29

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## CARDINAL HOMES DESIGN GROUP RENOVATION PROJECTS

\* Here are a few sample rehab projects completed by CT Homes. Cardinal Homes Design Group utilizes the same systems utilized as CT Homes as part of Fortune Builders, a National Network of Real Estate Investors.

**BEFORE**



**AFTER**



# Sample Property Showcase \* 30

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## CARDINAL HOMES DESIGN GROUP RENOVATION PROJECTS

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**BEFORE**



**AFTER**



## Scope of Work - Single Family, San Diego, CA

### PROJECT INTRODUCTION & INTERVIEW:

Gorgeous renovation in the central neighborhood of El Cajon. This 3BR, 2 BA 1 story home is located near Granite Hills High and Wells Park.

### REHAB OVERVIEW:

The home needed a few cosmetic repairs and updates throughout including kitchen and master bath. Electrical plumbing upgrades were completed as needed to comply with close regulations.

### CONTRACTOR OVERVIEW:

Licensed contractors were hired to complete all renovations.

### DEMO (EXTERIOR):

1. Remove all debris in front and back yard
2. Remove roof from covered patio (use structure to create pergola)
3. Remove temporary roof over side yard
4. Remove lighting from covered patio

### GENERAL (EXTERIOR):

1. Construct 4' fence around pool equipment
2. Build pergola off of existing covered patio structure
3. Paint entire house per color scheme

COLOR	LOCATION	COLOR CODE	FINISH
Valspar/Lowes Stone Manor	Exterior	6006-2A	Flat
Extra White Sherwin Williams	Exterior Trim	7006	Flat
Black	Front Door/Pergola		
Extra White (Sherwin Williams)	All ceilings	7006	Flat
Navajo White (Sherwin Williams)	Bathrooms	SW 6126	Semi Gloss
Navajo White (Sherwin Williams)	Living/Dining/Halls, Laundry, Kitchen, Bedrooms	SW 6126	Flat



## **ROOF:**

1. Remove existing roof
2. Replace any damaged sheeting or starter board
3. Install new 15 lbs felt paper
4. Install new dimensional composite shingle roof (charcoal color)
5. Paint all roof penetrations black

## **LANDSCAPE:**

1. Removal all debris in front and back yard
2. Removal all weeds in front and back yard
3. Install sod in the front and back yard
4. Cut in planter boxes next to house and fence in front and back yard and plant drought tolerant plants
5. Test irrigation system and repair where needed or install one in front yard

## **WINDOWS:**

1. Replace all windows with retro fit insert windows
2. Replace all sliders with retro fit

## **DEMO (INTERIOR):**

1. Remove all trash in house
2. Demo kitchen and remove cabinets
3. Demo existing bathroom toilet, vanity, tile floor and shower surround
4. Remove all tile flooring
5. Scrape popcorn ceiling
6. Remove all window coverings
7. Do not damage wood floor as we are keeping it (install rosin paper to protect flooring)



## **GENERAL (INTERIOR):**

1. Construct new bathroom where existing bedroom is (see layout)
2. Construct new stackable laundry closet in hallway (see layout)
3. Change all door hinges and hardware with brush nickel
4. Retexture ceiling
5. Install new ceiling fans in all bedrooms
6. Combine both back bedrooms to create large master suite (see layout)
7. Close off door to existing bathroom and construct new door going into master suite (see layout)
8. Change front door hardware - Home Depot #640-064 \$169



## KITCHEN:

1. Install backsplash - DalTile Travertine 3"x6" honed \$6.11/sq ft #T711361U (installed subway style and to the bottom of the cabinets)
2. Install backsplash accent tile 4" strip – DalTile American Olean Legacy Glass Celedon 2"x2" LG03
3. Install new stainless steel appliances
  - A. Frigidaire FFFTR2126LS 21 CF Top Freezer Refrigerator - \$625.00
  - B. Frigidaire FFFMV162LS 1.6 CF 1,000 Watt Range Microwave - \$269.00
  - C. Frigidaire FFFBD2406NS 24" Built in Dishwasher - \$295.00
  - D. Frigidaire FFFGF3047LS 30" Free Standing Gas Range - \$556.00
4. Install new faucet - Proflo PFXC8011BN Single Handle Kitchen Faucet w/ Pullout Spray (Low Lead Compliant) - \$180.65
5. Install new countertops – Rainbow Stone "New Venetian Gold" Granite
6. Install new cabinets – Home Depot American Classics Harvest Finish
7. Install 4 recessed lights
8. Paint as per color scheme



## HALL BATH:

1. Install new vanity (espresso finish)
2. New Faucet - Grohe G20209002 "Eurostyle Cosmopolitan" 8" Widespread Bathroom Sink Faucet - \$160.10
3. New toilet (Elongated Bowl)
4. New tub - Sterling S610411100 "ALL Pro" 60" Soaking Tub – 128.90
5. Shower head and trim kit - Grohe G26017000 " BauLoop" Tub & Shower Faucet Trim - \$130.95
6. New shower valve - Grohe G35015000 Tub & Shower Valve - \$67.50
7. Install Tile surround – DalTile Rittenhouse Square 3"x6" Matte Almond \$2.70/sq ft #X735 (installed subway style, tile to ceiling)
8. Accent Tile 12" Strip – DalTile Stone Radiance Whisper Green Blend (installed roughly 5" up the wall)
9. Tile floor – DalTile Travertine 18" x18" Honed \$1.99/sq ft (installed subway style)

## MASTER BATH:

1. New toilet (Elongated Bowl)
2. New tub – Home Depot #693-952 \$209
3. Install new vanity (espresso finish)
4. Tub spout - Grohe G13611000  
“Eurodisc” Tub Spout - \$14.65
5. New Faucet - Grohe G20209002  
“Eurostyle Cosmopolitan” 8” Widespread Bathroom Sink Faucet -\$160.10
6. Install Rain shower head and regular showerhead - Moen MS6360 2.5 GPM Flat Rain Showerhead - \$125.10 & Grohe G19595000 “ BauLoop” Shower Head with Trim Kit - \$47.25
7. Install 2 new shower valves - Grohe G35015000 Tub & Shower Valve - \$67.50
8. Install Tile Surround - DalTile Fabric 12”x24” \$3.70/sq ft #P687 (Installed subway style, tile to ceiling and tile ceiling)
9. Accent Tile on control wall – DalTile Class Reflections Subway Mint Jubilee 3”x6” 9.06/sq ft #GR15 (installed subway style)
10. Tile back splash behind mirror to ceiling - DalTile Class Reflections Subway Mint Jubilee 3”x6” \$9.06/sq ft #GR15 (installed subway style)
11. Tile floor- DalTile Veranda 13”x13” Dune \$3.70/sq ft (installed subway style)



## BEDROOMS:

1. Install slab closet doors (make sure they are hollow core interior doors converted to closet doors, install ceiling and floor track as well as hardware)
2. Lighting – Home Depot Hampton Bay 2- Light Flush mount With Opal Glass, #534-435, \$39.97/ea

## PLUMBING:

1. Check all existing plumbing & repair/replace as needed, per code
2. New angle stops on all water lines
3. Check gas lines & repair/replace as needed
4. Check all drain lines & repair/replace as needed

## ELECTRICAL:

1. Replace all outlets & switches
2. Check all wiring & replace where needed, per code
3. Install recessed lighting as per drawing
4. Check panel & repair/replace as needed
5. Install Dead Panel if missing
6. Check for open junction point in attic

## HVAC:

1. Inspect and repair as needed

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## COMPLETION OF FINAL PUNCH LIST:

### **General Contracting Work - \$33,300.00**

All framing, counters, cabinets, paint and patch. fixtures, backsplash, windows and doors.

### **Appliances - \$2,000.00**

Stainless steel refrigerator, free standing range, hood and over the range microwave, dishwasher

### **Electrical - \$2,750.00**

Install new fixtures; add recessed lighting, replace outlets and switches, panel upgrade

### **Plumbing - \$6,500.00**

Install new toilets, facets, shower valves, kitchen sink, garbage disposal, dishwasher, add tub and shower

### **Landscaping - \$2,000.00**

### **Flooring - \$1,850.00**

### **Roofing - \$4,500.00**

### **Staging (2 month minimum contract) - \$1,500.00**

### **Misc. and Permits - \$1,500.00**

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### **TOTAL - \$55,900**

\* This Sample Scope of Work was completed by CT Homes. Cardinal Homes Design Group utilizes the same systems utilized as CT Homes as part of Fortune Builders, a National Network of Real Estate Investors.

I have known Scott Adkin professionally and personally for over 20 years. We served together militarily around the world where I have witnessed firsthand his impressive leadership and project management abilities under the most stressful conditions. He is a skilled and capable leader who succeeds at everything he undertakes. Scott brings a level of direction, attention to detail and performance that goes unmatched. Above all, he has an excellent rapport with all he works with due to his excellent communication skills, honesty and the positive attitude that he brings into everything he undertakes.

— Chris Platz, Maj, U.S. Air Force

I've known Scott Adkin for over 30 years now. Saw him come into the Security Forces squadron as a fresh-faced kid out of high school who performed his duties in an admirable fashion, rising thru the ranks to become a senior leader in the squadron. Scott has consistently exhibited and maintained the highest standards, his integrity is unchallenged. He says what he means and means what he says. Proud to have known him professionally as well as personally. You won't find a more reputable individual.

— Ed Kaminski, CMSgt (ret'd), U.S. Air Force

## **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 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 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.

## **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 greatly 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?**

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 teardown 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 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.

## **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 that we plan for the worst, and our homes have thousands of dollars of equity in them. So in a worse case scenario, often times we just don't make "as much" profit as we originally 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.

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## **WHO BUYS 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.

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

If we purchase a renovation, we get 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.

## **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 or not it makes sense to foreclose on the property or seek ownership to protect or recoup your investment.



## WORKING WITH US

If we haven't already, it's important that we sit down and discuss the potential ways we can work together. Once you give us a clear definition of what your goals are, we can present you with any opportunities that fit that criteria.

Contact us today!

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Phone: 586-879-6877



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## REFERRAL PROGRAM

Word of mouth is typically how we are able to 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.