

**Partnering To Invest in Real Estate**

**With**

**Bi-Coastal Development, Inc.**

Contact: Michael Schneider

(617)-390-5016

## **Welcome**

Congratulations on your decision to explore investing in real estate. This is the beginning of your journey to financial freedom as you will learn the power of having your money and credit earn you more through the best use of leverage possible.

Financial freedom is a goal that is attainable for anyone given the right guidance. Only when it has been achieved will one truly feel unshackled by the restraints of a job and the inability to create money when needed. Good luck in your journey as we hope to guide you along.

## **About BCD**

Thank you for considering Bi-Coastal Development, Inc. (BCD) as your guide for investing in real estate. We are a full service real estate management company that offers its clients and partners a breadth of experience and knowledge. We specialize in managing all aspects of the real estate investment process from locating and securing deals to construction management, property management and help in guiding the sales process when its time to move on.

Our main focus in real estate investing is in undervalued properties where through our expertise we can add value for instant equity. This can be done in a number of ways from improving existing management, increasing rents, eliminating inefficiencies, rehabbing worn down property or changing use and redeveloping property. With our experience we are astute in finding these types of properties and providing our clients and our partners a great return on their money.

BCD invests in both emerging markets and already established markets. We use various strategies in each type of market thus providing our clients an a la carte investment format where they can choose which type of investment they are the most comfortable with. Currently we are concentrated in the established market of greater Boston, MA and in the emerging market of the Capital Region of New York, namely Troy, NY. Our future regions for growth will be in the established market of San Francisco, CA and in the emerging market of Waterbury, CT.

## **Investment Opportunities**

Bi-Coastal Development, Inc. offers several different formats in which a client can invest in real estate. Investments range in rate of return based on various factors including how much money a client is investing and how good the client's personal credit is. We offer everything from straight returns to equity partnerships, from cash investments to credit partners to business partners. All investments should be reviewed by your accountant and/or attorney for proper tax accounting. Please take a look below and decide if any suit your needs.

### ***“The Rehabber”***

This is for those clients who may be just starting out in the real estate investment world and want to get your hands dirty and build some sweat equity. You may not have the cash on hand nor the good credit.

We offer you wholesale “fixer-upper” properties where you can make the improvements yourself or hire out the work and make a profit from building equity. These properties are typically sold at 60%-70% after repair value.

These properties can either be assigned in the purchase phase for a fee, owner financed, or a split equity partnership. This is for the client who has the skills to do the work themselves or manage the work to completion but needs help finding the deals or with creative financing.

### ***“The Passive Investor”***

This is for those clients who have some cash on hand, want all the tax benefits of ownership and are seeking monthly cash flow with slow equity buildup. You have some cash on hand and may or may not have good credit.

We offer you both single family and multi family properties that have positive cash flow with a down payment. You will take full ownership and title of the property with a down payment and either bank financing or seller financing.

For this client BCD will remain the active management company of the property thus relieving you of the everyday headaches of being a landlord. BCD will provide monthly reports on the status of the property, collect all rents, manage tenants, handle vacancies, handle maintenance and repairs and deposit all monies into your property account. BCD will also help to turn over the property when you are ready to move on and get out of your investment. BCD is paid for these services.

These investments are typically properties BCD has acquired and rented or rehabbed and is selling rather than holding on to for ownership benefits.

These investments can also be done by pooling funds with other investors to come up with down payments for purchasing. When funds are pooled with other investors an entity is formed which you will be a part owner of based on your contribution. If funds are pooled there will be a pre-determined sales date so that each contributor has a clear exit from the investment.

These investments can be done through a self directive IRA account thus further improving your return through tax benefits.

### ***“The Lender”***

This is for those clients who have cash and are looking for a straight return on their money without the hassles of ownership. You either have enough cash to be a first position lien holder thus eliminating a great deal of risk or have enough cash to be a second or third position lien holder and are willing to incur a bit more risk for a larger return.

This program is on a deal by deal basis and can range from a six month commitment to a five year commitment. Rate of return varies by project and lien position but ranges from 10% to 14% per year. Payments can be made anywhere from a monthly basis to a yearly basis and will be interest only until the termination of the contract. The loan is secured by real estate on every deal and clients can always terminate a contract early with the understanding of the time it takes to refinance a property and the loss of future interest. There is no penalty for terminating a contract.

These investments are typically on either wholesale properties that need rehabbing, where your investment is financing the rehab of the property or the purchase and rehab of the property, or properties in pre-foreclosure or foreclosure, where your investment is financing the short sale with the bank. The ability to close quickly using client investments allows for a larger pool of highly equitable deals.

These investments can be done through a self directive IRA account thus further improving your return through tax benefits.

### ***“The Equity Partner”***

This is for those clients who have cash on hand and are willing to take a little more risk for a larger payoff. This is typically for a development project or condo conversion project where the profits can be significant and a large cash sum is needed to secure bank financing. You are investing the cash to be a silent partial owner of the project where you will get a percentage of the profits or lose money if the project fails. You take on the complete risk of ownership.

On this investment you invest cash to obtain an equity stake in the project and do not receive any return on your investment until the project is complete. The amount of cash needed varies on a project by project basis and partnership is terminated upon the completion of each project.

This investment can be done through a self directive IRA account thus further improving your return through tax benefits.

### ***“The Business Partner”***

This is for those clients who have great credit or a large sum of cash to invest. You are actively pursuing financial freedom or have already attained it and are looking to aggressively grow your nest egg. This is a longer term investment lasting at least 5 years, though the term can be altered, where you become a passive partner in a new LLC or corporation that invests in all types of real estate with a mix of rehab projects and rental properties. BCD will be hired to manage all projects and properties.

In this investment a new company is formed where you will be a 30%-49% owner depending on how much cash is raised for your position. You will have approval on a per project basis but will not take part in any day to day operation. You will be kept in the loop through monthly reports, website access and intermittent conference calls.

The objective of this partnership is to build a portfolio of rental properties to maximize monthly cash flow. In addition there will be some rehab projects to raise capital and provide owner draws. Investment dollars will continue to be leveraged to build the portfolio aggressively. Six months before the due date for termination of the company all properties within the portfolio will be put up for sale and upon the sale of all properties the partnership will be dissolved. If at that time the partnership is extended mutually then it will continue for the agreed upon duration.

Step one of this process is forming an entity together with a partnership agreement that states your role as passive partner and our role as active managing partner. The next step consists of applying for several unsecured lines of credit under the business entity so that your personal credit is not affected. Two unsecured lines of credit per month will be

applied for until the agreed upon contribution has been made. As the unsecured lines of credit are attained cash will be withdrawn from them and deposited into the company bank account to be seasoned to further improve leveragability with the bank.

Once enough cash has been obtained from the lines of credit, the first property will be purchased at a large discount for purchasing with cash. The property will be purchased in the entity name thus providing for liability and tax protection. Once the rehab of the building is complete it will either be sold and the partners will split the profits accordingly or it will be rented out and refinanced with profits being split accordingly. The original lines will be paid back and the process will continue to repeat itself. The monthly interest on the lines of credit will be paid by taking out enough money for the rehab of the property that contingency and carrying costs are included in the project budget.

Cash on hand is a major advantage in the real estate investing world to get large amounts of equity or to purchase those properties non cash buyers are unable to buy. This method of leverage provides that cash and the ability to move quickly and minimize carrying costs.

## Sample Project

### *Property Description*

- 2 - Residential Units, 1 - Commercial Storefront
- 1 - 3 Bedroom Unit, 1 - 4 Bedroom Unit, 1 - Storefront with rear Studio
- \$2400/mo estimated rent roll

### *Construction Costs*

#### Rehab Costs:

Electrical:	\$7,500.00
Plumbing:	\$9,000.00
Demo:	\$4,620.00
Framing:	\$2,240.00
Drywall/Tape:	\$7,840.00
Windows:	\$1,680.00
Doors:	\$1,120.00
Woodwork:	\$2,240.00
Paint:	\$4,480.00
Tile:	\$3,920.00
Cabinets:	\$1,120.00
Miscellaneous:	\$1,680.00
Rear Stairway:	\$6,500.00
General Materials:	\$21,540.00
<u>Appliances:</u>	<u>\$3,000.00</u>
Total Rehab Costs:	\$78,480.00

### *Total Projections*

Purchase Price:	\$49,000.00
Rehab Costs:	\$78,480.00
Carrying Costs:	\$10,600.00
<u>Contingency:</u>	<u>\$13,800.00</u>
Total Cost:	\$151,880.00

After Rehab Market Value \$189K - \$249K

Equity Spread \$37,120 - \$97,120

- Leases for units will be signed before construction is complete
- Banking relationships will be established before construction is complete with the intent of a quicker payoff time to investor
- Refinance will be based on market comps and on rental cash flow
- Projected rents of \$2400/month yield a theoretical market value of \$240K

## **Geographical Locations**

### ***“Troy”***

The capital region of New York is going through a period of attracting new businesses and investment dollars. There have been new announcements on a regular basis focusing on building the next “Silicon Valley”. It was recently announced that AMD, Intel’s largest competitor, will be building a manufacturing plant in the area providing several thousand new jobs. RPI has announced a partnership with IBM on a super computer project that will provide hundreds of new jobs. GE has announced that it will be starting a new health care division in the Technology Park providing several hundred more new jobs.

In the region, Troy has been positioning itself as the city for change to attract a great deal of investment dollars. In the last year several large development projects have been proposed and passed with flying colors. The waterfront will be redeveloped along with a major hotel, a convention center, a parking structure and condominiums and retail. The only condominium project that has happened in the city sold out in 4 months proving there is a demand. The latest happening is a high end rental project in downtown that has leased the majority of the building before completion fetching rents as high as \$3,000 per month for a unit.

Troy is experiencing a revitalization led by their aggressive mayor and city council who are determined to turn the city around. With the help of RPI and Russel Sage College they are positioned to attract many of the new high paying technology sector employees to call Troy their home.

Currently Bi-Coastal Development, Inc. has two projects under contract with no zoning changes necessary. One will be a conversion of an old school to high end condominiums. This project has been touted with praise by the mayor and city council of Troy as well as throughout the community and the press as a project that will completely turn around that section of the city and anchor that area for growth.

The second project is the rehab of a mixed use building into higher end rentals. The area this building is in has been marked a rehabilitation zone with several public grants and loans available for rehab projects. This is a busy area with several storefronts and apartments.

Bi-Coastal Development, Inc. is now trying to further mitigate its risk with both the condominium project and the mixed use project by purchasing as many of the surrounding properties as possible. There are currently several neighboring properties available for sale in both areas. BCD is seeking investors to help them take control of the majority of these areas in order to truly create the change that is supported by the city and its expected growth.

Please read the news articles provided to learn more about the activity in the area.

## ***“Boston”***

The area of greater Boston experienced the housing boom at its finest. Appreciation hit historical highs and everyone was in on the buying spree. Money was extremely easy to come by thus allowing several buyers to buy out of their reach in the hopes the appreciation would continue. As a result foreclosures are at an all time high and are predicted to continue to increase.

Due to the high foreclosure rate there is a plethora of properties available at discount prices for those people that have the ability to close quickly. Banks are taking short sales and selling properties they own for major discounts which yields the opportunity to buy many of these properties at 60%-70% of market value.

Condominium sales are also staying strong in the greater Boston region due to the high cost of living. Condominiums are often the only way people can afford to buy around the city. As a result there is still a strong market for converting multi-family properties, bought through foreclosure or at a steep discount, into condominiums.

Please read the news articles provided to learn more about the activity in the area.

## Investment Form

**Please Fill out this Form if you are Interested in Partnering with Bi-Coastal Development, Inc. in Real Estate Investing**

Name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Phone Day \_\_\_\_\_ Eve \_\_\_\_\_ Fax \_\_\_\_\_

Email \_\_\_\_\_

\_\_\_\_ YES! Sign me up and get me started. Please call me when you have a deal for me.  
I'm most interested in the following investment plan:

\_\_\_\_ "The Rehabber"

\_\_\_\_ "The Passive Investor"

\_\_\_\_ "The Lender"

\_\_\_\_ "The Credit Partner"

\_\_\_\_ "The Equity Partner"

\_\_\_\_ "The Business Partner"

\_\_\_\_ YES! I'm interested in partnering with BCD but I have some questions I'd like to discuss in person. Please contact me to schedule a meeting.

I have available for investing at this time:

\_\_\_\_ under \$10,000 (I'm interested in pooling funds)      \_\_\_\_ \$10,000 - \$25,000

\_\_\_\_ \$25,000 - \$50,000      \_\_\_\_ \$50,000 - \$100,000      \_\_\_\_ \$50,000 - \$75,000

\_\_\_\_ \$75,000 - \$100,000      \_\_\_\_ \$100,000 - \$150,000      \_\_\_\_ \$150,000 plus

\_\_\_\_ Part or all of my funds are in an IRA

I have some friends who would like to invest in real estate.

Name \_\_\_\_\_ Phone \_\_\_\_\_

Name \_\_\_\_\_ Phone \_\_\_\_\_

\_\_\_\_ Please tell them I referred you to them.

