

Are You Profiting from the Credit Crunch?

**SPECIAL
REPORT
INSIDE!**

**"YOU can Be the BANK in Today's
TIGHT Lending Environment."**



SPECIAL REPORT INSIDE BY:

Texas Investor Homes

Turn-Key Properties for Investors

*Ron Black, Investor, Texas Real Estate Broker
and President of Texas Investor Homes*



Texas is the #1 Growth Market

Investors are Needed to Fund Housing Projects

Provide Short-Term Financing to Builders for High Potential Returns and Cash Flow

By Ron Black

If you've been looking for an easier way to invest in real estate then you may find the answer in this report. Many years of experience in real estate has taken me from the traditional "buy a fixer upper and rent it" to foreclosure and REO buying and rehabbing. I have dabbled in short sales and then finally in new construction opportunities before I discovered the severe need for alternative builder construction financing. **Although I had great success with most forms of investing in**

when it came time to refinance the lender guidelines had already tightened and the price appreciation had reversed and they were stuck "upside down" or "unqualified" to refinance any longer. I can see many of you reading this shaking your head because this actually happened to you or someone you know. The Glory Days of double digit, year over year appreciation are gone with a few rare market exceptions. Low single digit appreciation is most probable for the next 10-year cycle. In other words, if you are going to make any money in this NEW market investing in real estate you better make it on cash flow because significant appreciation is unlikely in the foreseeable future.

cation!" Well I have a new one that is just as important in today's real estate investing market: "**Change, Change, Change!**" Are you still trying to get 5% down or no money down for your investment property purchases? What about getting an 80/10/10 loan as an investor? Are you endlessly bidding on foreclosures with no success? What about short sales? How many have you bought? **The challenge for most real estate entrepreneurs is to recognize when it is time for change. That time is**

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yesterday's market, I found that creative and unique new construction real estate investments were the most trouble-free and profitable in today's NEW real estate investment market. Yes, the market has changed dramatically since 2008 and what builders need from investors has changed as well. Are you positioning yourself for this change? **Net cash flow** is the name of this new game NOT appreciation.

Change: More Important than Location? Savvy investors always have their ear to the ground and their nose to the wind seeking new opportunities. Savvy investors are also not scared to change. We've all heard the real estate axiom: "Location, Location, Lo-

NOW. Right now the new construction real estate market is SCREAMING that it needs alternative builder financing. Are you listening?

What Happened to the Real Estate Party?

The devaluation of many real estate markets across the country coupled with incredibly tight lender financing guidelines has depreciated many markets back to where they were eight to 10 years ago. That rapid price depreciation in itself hastened the downfall of many seasoned real estate investors, not to mention banks and lending institutions, etc. Since many investors were already using very short term financing,

A Better Option to "Buying" Real Estate.

So what are the options for potential high yielding returns on our real estate investment dollar if price appreciation is very limited and we are tired of the landlord game? What many frustrated investors are doing because of these lending changes is looking almost strictly for "Cash Flow" opportunities versus the long shot of price appreciation. One way many investors are achieving high cash flow is simply by **"loaning" rather than "owning"**. The opportunities are endless because builders are having an extremely difficult time finding traditional bank financing.

Why are Builders Willing to Pay High Interest Now?

The real estate market is screaming right now for alternative financing, especially in higher demand areas like Texas. Builders in particular are hurting right now because many banks absolutely will not loan to builders regardless of the demand. Why? **"Real estate" is a dirty word to banks right now.** Banks that do loan to builders do so at much lower levels than before even if their builder/client has been performing well on their loans for years. Listen to the news every night and you will hear a story about banks "not lending". Builders and many other small businesses are begging banks for loans. The sad part is that some of the very banks we as taxpayers "bailed

out” have now turned their backs on us and quality builders who were their best clients for years! **The lending restrictions for builders has more to do with the banks reducing their exposure to real estate loans “overall” than it has to do with the credit worthiness of the builder.** Builders did not need us as private lenders two years ago because banks were shoving money at them for 7% to 9% APR. Now builders need **small private investors** in order to keep building and will pay them more interest ... *for now*. When you think about it, what are the other options if banks do not lend to builders? There aren't many. Some of the builder's homes are sold even before they are built. This is the opportunity that many investors are seizing on. There is a huge **funding niche** in today's market ripe for the picking if you know how to tap it.

Lending vs. Buying as an Investment

There are many flavors of new construction investing but the one I will cover here is my personal favorite, ***Interim Construction Loans to Builders for High Net Cash Flow.*** Depending on your background and experience level in real estate investing, you may find this topic to be a rather strange approach to traditional real estate investing since we are talking about lending rather than buying. The main reason I considered this lending approach for my real estate investing was that the old approach was not working any longer in today's market. The typical “buy and hold” approach most real estate investors were raised to believe in has disappointed many investors over the past few years. The same thing can be said for the stock market. The market correction, volatility and the current government taxation and regulation uncertainty has made many real estate and stock market investors



look suspiciously at their “buy and hold” approach. There must be a better way to invest rather than the unpredictable stock market!

Who is Eligible to Invest?

Most anyone can invest as a lender regardless of their credit score as long as they have access to cash. You can even invest with your IRA and 401(k) through a “**self-directed**” structure. You can invest personally or with an LLC or most any type of entity structure you choose. Many investors who have low credit scores choose to invest in this program because they can no longer get a real estate loan to buy property.

Many foreign nationals invest in this program because of the almost impossible lending guidelines that prevent them from owing investment real estate. The



best news is that you do not need to go through a rigorous qualification process to be “qualified”.

Almost anyone can become a private interim lender if they have access to cash.

Be an Investor, Not a Landlord.

Making the mental leap from the “landlord” frame of mind to an “Investor” mentality also requires a change. Many investors entered into real estate like I did initially, as a landlord. They may think they are “investing” but over time they become a slave to the property and the tenants and it becomes a second job. Even if you hire a property manager you still have to “manage the manager”. I hear about how landlords who put very little down are always struggling with poor cash flow or even negative cash flow. One tenant turnover can wipe one year's total cash flow. Remember this: ***It's not the monthly cash flow you make that's important, it's the yearly cash flow you keep that counts.***

How Much \$ Do I Need?

Rather than placing a 20% down payment or more on buying real estate, you can place that same amount into an interim construction loan. It might require a little more than the typical down payment on an investment property, but because lenders now require 20% down payment or more for investors, many homes you would buy would not be far from the current minimum interim construction loan amount anyway. It's getting even more expensive as many lenders are now requiring a 25% investor down payment to get the best rates and terms. **And dare we predict that it will not be long before 30-35% down payment or more will be required even for high credit worthy investors?** It may already be here by the time you read this report. Opportunities are available from as little as \$77,000!

Sources of Funds You May Already Have.

Do you have an IRA or 401(k)? Are they growing securely? Many investors are converting their stagnant IRAs and 401(k)s to “**Self-Directed IRAs**”. They then take those IRA or 401k funds and place them to work in interim construction loan opportunities at 14-18% APR! IRA conversions are easier and more affordable than ever to set up or transfer if you know the right companies to use. The best companies we work with do a “checkbook” style IRA account giving you direct access to your funds for investment. The reward is that you can conceivably achieve much higher returns for your retirement funds and have the ability to use a source of funds that have been sitting idle in most cases to continue your real estate investments.

What Type Homes are Being Built?

Most investors I work with prefer single family homes for their interim construction loans. Exit strategy is easier in a worst case scenario, plus the demand in Texas is found in single family homes and townhomes. **Valuations can vary but typically we try to focus on homes that sell between**

About Ron Black

*Investment Opportunities in
Dallas-Ft Worth · Austin ·
San Antonio · Houston*

Ron Black is a licensed Texas **BROKER** and President of Texas Investor Homes. He is known as one of the leading Creative New Construction Investors in the country. **Ron develops advanced investment strategies for smaller, passive investors using NEW Construction as his model.** He creatively applies these high cash flow strategies to single family and multi-family home investment opportunities and makes these turn-key opportunities available to small investors all over the country.

His specialty programs are **Lending Private funds to Builders such as Interim Construction loans potentially yielding 18% APR and New Construction sales to small Investors.**

Most of Ron’s experience was derived from developing real estate investment programs for his per-



sonal use and he invests alongside his investors in many opportunities. **Ron’s goal is to provide stable income and cash flow with little involvement from the Investor.**

Ron’s superb relationship with builders provides his Investors unique and fresh opportunities in all major markets across Texas and in other select parts of the country.

Ron’s motto is:
**Let’s be Investors
Not Landlords!**

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the funds are disbursed in stages or “draws” as each phase of the home is completed, foundation, roof, sheetrock, etc. If something should happen to the builder you would have enough left in escrow to complete the home and sell it or rent it to get your investment back. In some markets we escrow the loan funds and employ private inspectors to check each phase and verify the work is being done correctly. Long distance investors have pictures emailed to them at various stages of construction. **Many long distance investors find the interim construction loans much easier to invest in than owning real estate.** And many investors tell me they make more money loaning and with less stress than they ever did owning real estate. Considering the high return potential available, many investors say that investing in this type of lending can be much more secure, profitable and less risky than the stock market or even owning real estate if structured correctly.

NOW is the time to Loan, not Own!

If you are stuck in an investing rut and are looking for a positive change in your real estate investing, you should seriously consider the interim construction loan investment option. If you have never invested in real estate this is an easy way to get started in today’s new real estate market. I would encourage you to focus on being an Investor and not a Landlord with all your new real estate investment opportunities. ***Change the way you invest to reflect today’s NEW market conditions and you will prosper!***



Further Information and Comments

To learn more about interim construction lending in today’s NEW real estate market and creative real estate investing, contact: Ron Black, Texas Investor Homes, 972-897-6190, TexasInvestorHomes@GMail.com, www.TexasInvestorHomes.com



\$100,000 and \$200,000. Our loan to the builder is usually 60% to 70% of the value of the home being built. Our pipeline of builders is growing in this price range and we remain very strict in sticking to our funding niche on price and market location. There are many of these opportunities

available in some of the top growth cities. Texas has four of the top 10 cities in America predicted for growth over the next few years.

Risk vs. Reward

Let’s talk about risk. If you invest \$100,000 in the stock market is it risky? Can you lose it all? With single family home interim construction lending it would be extremely rare for you to lose it all. And if done correctly, I can safely say that you can likely NEVER lose all your investment. Yes, there is some risk but let’s talk about two of the reasons this is a reasonably secure opportunity. **First, we are always a first position lien holder of the property.** We don’t usually invest in a second position loan because of the higher risk. **Second, we don’t usually invest all the funds at once.** In many cases