



Impact Realty Advisors

Real Estate & Property Management, LLC

Impacting Lives and Restoring our Communities
Real Estate Investment Brokers



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“IMPACTING AND RESTORING OUR CITY”

At Impact Realty Advisors we are excited about the opportunity we have to work in our own back yard.....Birmingham, AL which is considered one of the most valued cities to invest in around the country. We have the pleasure to be able to work with real estate investors that are both local and out of state.

Impact Realty Advisors places quality tenants in quality housing for our client investors. While creating great investment opportunities and quality housing for tenants, we are at the same time impacting lives and restoring our city by bringing up property values and creating pride in the communities we are working in. Our investors get to share in owning quality rental property and receiving positive returns on their rentals. Together we get to see our cities restored street by street and block by block.

In this document, we will share our vision for creating affordable rental housing, investing in the communities and creating a clean business model. We thank you in advance for taking the time to allow us to share with you our model and our vision.

Impact Realty Advisors

Mission Statement

To restore our cities and positively impact families and property values in the communities we live and work in; all the while providing quality housing for tenants and quality rental properties for our investors...

Impact Realty Advisors is helping to impact and restore communities and create wealth through real estate investing. Impact Realty Advisors incorporates multiple and diverse strategies to make this possible. At its core, Impact Realty Advisors wants to see neighborhoods being revitalized due to the infusion of solid rehabilitation of property, a group of solid homeowners/investors and positive returns on investment (cash flow).

Impact Realty Advisors is mission-oriented and provides real estate growth for multiple groups. We provide motivated sellers with a large list of motivated and qualified buyers and facilitate the transactions. Impact Realty Advisors receives its income from these transactions.

Impact Realty Advisors' core business is in low income areas. Most homes have been picked up in foreclosure, rehabbed and are sold to an investor at 75-80% of the appraised value. The investors work with a Licensed Property Management team to make sure the properties stay rented utilizing Section 8 housing and conventional rental markets. The section 8 program is a government subsidized program that pays rent for low income families.

We continue to find new buyers through two main avenues. First, through speaking engagements detailing the plan for the buyer/investor and how they can grow a real estate portfolio successfully and secondly, through an aggressive referral program. To date, the majority of our growth and success has come through referral by other investors sharing their situation and turning them over to us.

The market for this business could not be much better. Right now foreclosures are at an all time high and continue to rise. This means we have a lot of motivated sellers, from banks to individuals about to lose their homes to other investors trying to get out of the market. With this, our inventory of available homes is strong. In 2009 there are expected to be over three million foreclosures in the United States.

In addition, the Section 8 housing program and conventional rental market is growing. With unemployment rising and lending guidelines becoming stricter and stricter there are more and more people finding themselves in need of rental housing. This creates a perfect storm and a

perfect market for the buyer/investor of our properties, as renting becomes more and more popular for these families in this climate. Lastly, with the current stock market fluxuations and low returns, people are looking for a more solid and safer investment. Real Estate has always been considered one of the safest and best investment vehicles when structured correctly. And in this perfect storm investors are picking up real estate at hugely discounted pricing. Although the media has painted a dim picture of real estate, we have learned a valuable lesson. ***Crisis for Some is Opportunity for others.*** Because we structure the deal with a low loan to value (LTV) and help with putting renters in the house (should you decide to let us rent your properties) our investors can take advantage of the crisis and leverage it for the opportunity.

All of our investors that buy rental property from us will receive the following:

- A fully renovated property (to rental market standards) that securitizes their investments.
- A professional licensed real estate company that was awarded the Diamond Club of Excellence award in 2008. This is the highest award given to a real estate company.
- A professional licensed property management company with experience, should you choose to use our management company.
- Cash flow on each property that is second to none in the market place.
- A personal wealth coach to assist them in their journey of building a real estate portfolio.

Our vision can be broken down in the following way:

We want to provide wealth by helping our clients using the following equation:

Leverage their time: Using the team approach, each client will be able to maximize their hours of the day

Grow their money: Using Real estate as a tool, each client will be able to see returns and positive cash flow every year for years to come.

Manage their distractions: Everyone is distracted by the busy lives we live. We help you manage those distractions and focus on becoming successful through wealth coaching.

Provide the Vehicle: We offer 5 vehicles for our clients. Every person can find a way to ride in one of the vehicles which are detailed below.

In summary, as Dr. Needham in his book Wealth 3.0 put it

$$\text{Wealth} = \text{Time} + \text{Money} / \text{Distractions} + \text{Vehicle}$$

When you correctly execute the above equation you receive the reward. We are looking forward to you joining us on the journey as we revitalize Birmingham, AL and other communities.

Thank you for taking your time to review this information.

Executive Summary

Impact Realty Advisors has a team of experienced, knowledgeable staff with years of training, and licensing where applicable. Please see the below bio summary for Impact Realty Advisors leader and President Jeff Tatum.

Jeff Tatum: President and Broker

Impact Realty Advisors Real Estate and Property Management, LLC

Jeff is a licensed real estate broker with Impact Realty Advisors Real Estate & Property Management, LLC who also spent several years in the mortgage industry and understands the finance side more than most realtors in the industry. After breaking sales records and being recognized and ranked in the top 5% of realtors in Birmingham, Jeff decided to branch out and become a broker himself. Jeff and his partner formed what is now known as Impact Realty Advisors Real Estate & Property Management, LLC. Jeff brought all of his REO bank and broker contacts with him when Impact Realty Advisors was formed.

Impact Realty Advisors is one of the leading real estate investment companies in Birmingham. Impact Realty Advisors portfolio mainly consists of investment properties, single family and multifamily. Impact sold over 150 investment properties in 2008 totaling over 20 million in gross sales. Jeff hired an associate broker to help run the investor relations division and the property management division. Jeff has created a niche market in the Birmingham area and specializes in the REO investment markets. Jeff's role includes finding and contracting REO foreclosed properties. Jeff and his team negotiate with the REO banks to get the absolute best possible pricing for the purchase of the properties. He makes sure all funding is lined up for purchasing and rehab of the properties as they come in to the portfolio.

Jeff oversees the office staff and day to day operations of the company, making sure that investors are being taken care of properly and with minimal problems and delays. Jeff oversees each project from top to bottom so that investors can understand and know that they are in good hands with Impact Realty Advisors and its staff. Once the property is sold to the investor and the refinance has taken place, Impact Realty Advisors offers property management to its investors, which creates a hassle free experience for the investor.

5 Vehicles for Your Success

Vehicle 1: Investor: Cash Purchase

Vehicle 2: Investor: Low Cash Option

Vehicle 3: Lender: Purchase and Rehab

Vehicle 4: Lender: Private Note Holder

Vehicle 5: Referring Agent

Vehicle 1: Investor Cash Purchase

This vehicle is ideally suited for the person who has cash or access to cash, IRA, 401k, Savings, or Money Market. This person has been disappointed in the return on investment in the marketplace. Not only does this option provide an excellent and safe return but in addition it provides a hedge against inflation.

Today many economists are predicting that inflation is going to grow over the next several years. Owning a hard asset such as a house provides an excellent strategy to leverage your money and not have it become devalued.

The Process:

Step 1: Investor notifies us of their desire to purchase property.

Step 2: We identify income the property and send pictures and information about property.

Step 3: Investor accepts terms and signs a contract.

Step 4: Attorney or Title Company sets up closing. This can be a mail away closing so investor does not have to travel.

Step 5: Deal closes and investor is given a set of keys and the property management company information in order to keep up with the property.

Step 6: Rental checks are sent to investor each month.

Step 7: Refer others and receive a check.

The Numbers:

The sales price on these cash purchases will be between \$38,000-45,000. The variables on price are the size of the house, the number of bedrooms, the location and the rent amount.

These houses rent for an average of \$700-750 per month

Insurance and taxes are \$105 average per month

Allowing for Maintenance and Vacancy is \$70 per month

Property Management fee is 10% of rental amount.

EXAMPLE (numbers are estimated):

Purchase Price =	\$40,000
Rent =	\$ 700
Insurance and Taxes:	\$ 105
Property Mgt:	\$ 70
<u>Vacancy and Maintenance =</u>	<u>\$ 70</u>
Monthly Net profit =	\$455
Annual Profit =	\$5460
Annual ROI =	13.65%

In addition, with normal appraised values the investor will have less than 60% invested. They have equity of a minimum of 40% on each house. This is very attractive in terms of exit strategies should the investor ever want to sell the property.

The Benefits:

- Estimated return on investment of 10% annually
- Rehab work provided with 1 year warranty on all labor and materials and a 5 year manufactures warranty on the HVAC system.
 - **NOTE: Renovation Includes the Following:**
 - Electrical upgrade to 200 amp service.
 - Plumbing upgrade, fixture repair or replacement.
 - New HVAC heat Pump installed.
 - Roof repaired or replaced to give approx 5+ years of low to no maintenance service.
 - New light fixtures.
 - Paint interior and exterior
 - New flooring - Refinish all hardwoods and/or install new carpet and vinyl.
 - Any and all other cosmetic issues will be repaired as needed.
 - **WARRANTY:** 1 year on all work and 5 years (manufacturer) on HVAC
- Full service Licensed Property Management Company provides renters and a turnkey management solution.
- Leverage of Time: A successful person always knows how to leverage their time. With this turnkey solution the investor will be able to spend minimum time on this transaction and reap very modest rewards.

Vehicle 2: Investor Low Cash Option

This vehicle is ideally suited for the investor who desires to hold real estate but does not have the cash to purchase and would desire to use other people's money.

Here is the systematic approach to this vehicle.

Step 1: Investor gets pre-qualified for financing with one of our mortgage bankers. Investor returns all required documentation to lender for approval.

Step 2: Upon approval, Impact Realty Advisors connects the investor with a property in order for them to make a purchase.

Step 3: Investor signs a purchase contract for the property.

Step 4: Investor closes on property and receives a construction loan from our (hard money) capital company. This loan is a short term note that requires no payments. It will cover the purchase price and the rehab on the property and will be for \$55,000. Property is renovated in order to meet investment property standards.

- **NOTE: Renovation Includes same as above example**
- Electrical upgrade to 200 amp service.
- Plumbing upgrade, repair or replacement.
- New HVAC heat Pump installed
- Roof repaired or replaced to give approx 5+ years of low to no maintenance service.
- New light fixtures.
- Paint interior and exterior
- New flooring - Refinish all hardwoods and/or install new carpet and vinyl.
- Any and all other cosmetic issues will be repaired as needed.
- **WARRANTY:** 1 year on all work and 5 years (manufacturer) on HVAC

Step 5: Investor turns in all documentation to lender for Rate Term Refinance to pay off the short term purchase and rehab loan of \$55,000. (hard money)

Step 6: Lender closes loan and payoff is sent.

Step 7: Investor receives unused draws from the capital company (hard money) upon receiving the payoff from the refinance. (SEE NUMBERS BELOW)

Step 8: Investor signs rental management agreement with rental management company of choice.

Step 9: Deposits for rent are collected (if applicable) and rental agreements are signed and a tenant is moved in.

Step 10: Rent payments are received each month and disbursed accordingly.

Step 11: Receive Marketing and referral fees for helping Impact Realty Advisors continue to grow.

The Numbers:

The purchase of the property

Purchase Price: \$35,000 (Subject to appraised value between \$75-85,000)

Capital Management Purchase and Rehab Mortgage Loan Amt: \$55,000

Investor must pay part of closing cost: about \$1500

Investor receives title and deed to the property and the construction mortgage from Capital Management is recorded at the courthouse.

Property rehab is completed

Upon completion of Rehab Investor closes a Rate/Term Refinance loan and pays off Capital Management Rehab Loan

Loan Amount: \$55,000-60,000

Closing cost is included in loan amount. Loan requires no money out of pocket.

Upon closing Capital Management receives the payoff of the recorded construction mortgage. Capital Management sends the left over construction draw money to the investor. This is typically between approximately \$2,000-3,000.

The Monthly Income:

Rent Payment \$700 (Average Rent but it can vary, profit will vary based on this number)

Mortgage Payment: \$392.53 (7.0% rate for \$59,000, these numbers vary)

Tax and Insurance: \$105 (estimated)

Property Mgt Fee: \$70.00 (10% of rent for first 5 properties, 9% from 6-10 and 8% over 11)

Gross Profit: \$137.47 Estimated

We provide our investors with a turn-key operation and ongoing real estate investment education so they can build a solid portfolio. We work very hard to set our investors up for success. We want them to win.

We desire that each of our investors be able to make \$100,000 per year. Here is the way to do that based on a \$132 profit per house per month and \$3000 unused draws from rehab.

MAKE \$100,000 PER YEAR IN 4 YEARS

Number Houses	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Houses	12	12	20	20	36	100
Monthly Rent Profit	\$1584	\$3168	\$5808	\$8448	\$13,200	\$13,200
	\$19,008	\$38,016	\$69,696	\$101,376	\$158,400	\$158,400
Draw	\$36,000	\$36,000	\$60,000	\$60,000	\$108,000	\$300,000

Benefits:

- Investor is able to buy real estate for little cash out of pocket.
- Investor owns property at 75% of its value
- Investor is able to build a cash reserve by saving the unused construction draws
- 1 year warranty labor and materials and a 5 year manufacturers warranty on the HVAC system.
 - **NOTE: Renovation Includes the Following:**
 - Electrical upgrade to 200 amp service.
 - Plumbing upgrade, fixture repair or replacement.
 - New HVAC heat Pump installed.
 - Roof repaired or replaced to approx 5+ years of low to no maintenance service.
 - New light fixtures.
 - Paint interior and exterior
 - New flooring - Refinish all hardwoods and/or install new carpet and vinyl.
 - Any and all other cosmetic issues will be repaired as needed.
 - **WARRANTY:** 1 year on all work and 5 years on HVAC
- Full service Licensed Property Management Company provides renters and a turnkey management solution.
- Leverage of Time: A successful person always knows how to leverage their time. With this turnkey solution the investor will be able to spend minimum time on this transaction and reap a very modest reward.

Vehicle 3: Cash Lender; Purchase and Rehab

This vehicle is ideally suited for the person who desires to make a strong return each year on their investment but not be a landlord.

The investment is \$35,000. and the annual return is approximately between 16-20%.

The money is held in an attorney's escrow account and disbursed accordingly once the buyer/investor and property are indentified.

You will have a mortgage and note on the property. When the property is refinanced by the buyer/investor the lender is paid their principle plus interest according to the terms of the note. They may reinvest their money multiple times a year giving them a larger return or they can decide not to reinvest.

Vehicle 4: Cash Lender; Private Note Holder

This vehicle is ideally suited for the person who wants to make a safe and modest return on investment for 2-5 years. They will become the bank for an investor who needs a loan. The investor will be fully qualified and go through a Fannie Mae underwriting procedure. Upon qualification the lender will wire the money to the closing attorney to fund the transaction. The loan amount needed will be approx 55,000-60,000.

The interest rate will be approx 7-9% and the lender will receive fees of approx \$1500 at closing. They will receive an interest only payment each month.

Vehicle 5: Referring Agent

This vehicle is ideally suited for any person that partakes in the other vehicles or cannot at this time take advantage of the opportunities. For every referral given to us we pay a \$500 fee for each completed transaction.

Example: If we receive a referral for an investor and they buy 5 houses then the referring agent receives \$2500.

These 5 vehicles are available for anyone who wants to get into real estate with minimal involvement and a true turnkey organization.

Common Questions About Rental Housing

What is Section 8 housing?

The Section 8 housing program is under the U.S. Department of Housing and Urban Development (HUD). It is managed by local Public Housing Authorities or PHA's. They have a process they go through to approve the homes and the families that will qualify for those homes. Once a home is approved the owner can list the house with the PHA or can be provided a list of families that have a Section 8 voucher. The owner or property manager will interview the family and if everything is ok will have the family sign a rental lease agreement, (see enclosed). The owner also has a contract with Section 8 requiring an inspection one time per year to keep the property qualified. We have the checklist of items that the inspectors require and we make sure the property will meet those qualifications.

Do the Tenants take care of the homes?

According to the lease between the owner and the tenant and according to the Section 8 agreement the tenant has signed, the tenant is responsible for the property in terms of basic upkeep and maintenance. If they do not they will be evicted and their Section 8 qualification will be permanently canceled. These families have waited in many cases 2 years to become eligible and find a house so they are very motivated to please the owner and keep the property in good repair.

How hard is it to collect rent?

The rent payments are collected and sent to the investor by the 15th of each month. Late fees are applied per the lease if the tenant rents aren't collected on time.

Who does the Rehab?

We have an experienced crew of licensed builders and numerous contractors. They have the process down to a science and they take the guess work out of it. Each home comes with a 1 year warranty on labor and materials. Therefore, you the investor do not have to worry.

What is the time Line?

From the time the loan closes the process of rehab, approval, tenant move in and reception of first check is about 2 months. You may have to make a mortgage payment prior to the tenant being moved in and the PHA sending their payment to you.

Do I have to pay taxes?

We cannot answer specific tax questions. However we strongly urge you to seek professional accounting advice as you move into the real estate business. Real estate investing can be very lucrative and therefore could have tax consequences. You should look at this as a business and you will have revenue that may be taxable. PLEASE consult a professional so that you are not surprised at the end of the year.

What is the Risk?

Whenever you make an investment it is a risk. In this case the risk is small and the upside is great. Your loan to value is going to be between 75 and 80% which means that if you needed to sell the property, you would be in a terrific position to market to investors or primary borrowers.

Who manages the property?

Impact Realty Advisors has a full service licensed property management company and would love to have your business. However there are other property management companies in the Birmingham, AL area should you decide to use another company for your rental management.

Can I buy apartments from you?

Yes. We can provide our investors with wholesale or rehabbed apartment complexes as well as manage them for you. Remember that apartments are different and will cost more than a housing portfolio.