

Is Your Self-Directed Retirement Plan Stuck? *Are You Overwhelmed?*

Achieve Your Investing Goals with the

S.A.F.E.
INVESTING
METHOD

brought to you by:



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SPONSOR:





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PARKED CASH

the BIG idea

RIGHT NOW, investors across the country are seeking out three primary investment objectives:

SECURITY



INCOME



GROWTH





LOST

CONFUSED

UNSURE

UNCLEAR

PERPLEXED

DISORIENTED

BEWILDERED

S.A.F.E.
INVESTING
METHOD



S. → SPONSOR

A. → ASSET

F. → FINANCIALS

E. → EXIT

INVESTING
METHOD



SPONSOR

Who are you investing in/with? Who are you lending to?

Who is paying you back? Have you invested with them before?

Do you know anyone who has invested with them before?

How did you hear about them/the investment opportunity? Do they provide recent references?

Company or individual? Personal guaranty?

Background? Track record? Financial wherewithal? Are they investing in the same deal?

Do they have an office? Have you been there? Met the people personally? What was your impression?

Do they have a reputation for integrity? Honesty? Genuine? Professional?

What is your gut feel? What does the data tell you?

What did you find out when you Googled the sponsor? Sponsor company? Principals?

Does their story make sense?

Can you sleep well at night knowing that this Sponsor has your hard-earned money?

ASSET

What are you investing in? Lending against? Is it debt or equity or a hybrid?

Are you secured by a hard asset or an idea/concept?

What is your collateral, if any? Is your investment cross-collateralized?

What are the characteristics of this asset? Is it simple or complicated?

Do you understand it? Could you understand it with a little homework?

What factors impact the value of the asset? Positively? Negatively? Is the asset easy to value?

Does the asset provide security, income and/or growth?

Is it truly an "asset" (pays you back every month) or is it really a "liability" (costs you money/time/effort)?

Is the sponsor and/or asset local to you or not? Do you care?

Is this an "active" or "passive" opportunity? Does it meet your goal?

Do you have a say in the management of the asset? Do you want a say?

Are you buying stock or membership interest in a company that owns the asset?

Or are you buying the asset directly? What are the pros and cons of each?

What are the risks associated with this asset? Can you get insurance?

Can you sleep at night knowing your money is tied-up in this asset/investment opportunity?

FINANCIALS

Loan-to-Value?
Combined Loan-to-Value?
Invested Capital-to-Value?
Cash-on-Cash Yield?
Interest rate?
Expected internal rate of return (IRR)?
Return on Investment (ROI)?
Price to Earnings?
Debt-to-Equity ratio?

How much is the investment? What percentage of your portfolio does this deal represent?

What percentage of your portfolio does this deal asset class represent? Can you afford to lose all of your money?

Where is the money coming from to invest in this opportunity?

Are there different “classes” of investors? Are you “senior” or “junior” or “subordinate”?

When the asset is sold, what is the order of payment to the investors?

What are the important financial metrics for this opportunity and what are they?

Are recent financial statements available?

Does this investment opportunity meet your return goals and risk thresholds?

Do you need a calculator to figure out the opportunity or is it easy enough to do in your head?

Is the value/performance of this investment based on something controllable or not?

What are the tax implications of this investment?

Can you sleep at night with a solid understanding of the financial elements of this opportunity?

EXIT

How do you get paid back?

When do you get paid back?

Do you get payments during the investment period or all at the end or both?

Do you receive a periodic statement and/or report?

If the investment goes bad, will you still get paid back? How?

Is there a secondary market for your investment? Is there other liquidity available to pay you?

If you need cash, can you get your money out of the investment? Are there penalties to do so?

What has to happen in order for you to get your money back plus your return? Is it feasible?

Is it clear how your payment is calculated? Can you do the math yourself to check it?

How much control does the Sponsor have over the exit of your investment?

CASE STUDY

Re-Performing 1st Lien

THE COLLATERAL

ADDRESS: 635 W Glenwood Ave
Wildwood, NJ 08260

FAIR MARKET VALUE: \$165,000

LIEN UPB: \$170,000

FAIR MARKET EQUITY: (\$5,000.00)

STATED PAYMENT: \$1,043.95



ACQUISITION & DISPOSITION

MARKET RANGE: \$123,750-\$132,000 (75-80% of FMV)

HOLD FOR CASH-FLOW

5.5% face interest rate
\$12,500 per year, 9.5-10% cash on cash return

FC/DIL Fix & Flip

basis: \$132,000
legal expenses: \$4,000
light rehab: \$2,000
all in: \$138,000

net exit proceeds:
\$156,750 (95% of FMV)
profit: \$18,750
13.6% IRR in 1 year



passive

active

INVEST IN A FUND

6-10% return

BUY PERFORMING ASSET

9-15% return

BUY NON-PERFORMING ASSET

14%+ return