

## Who Are We?

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**REI Homes & ADU** is a professional, full service real estate solutions firm that buys and sells properties throughout the greater San Francisco Bay area. Founded by Gary & Leweva Massari, REI Homes & Adu is proud to provide real estate services in the following areas:

- Luxury Home Building
- Luxury Home Renovations
- Real Estate Investments
- Private Investor Opportunities

Since its inception, REI Homes & ADU has passionately pursued our goal to help hundreds of people in our community find an answer to their real estate needs. Our organization is proud to be a member of the Better Business Bureau.

### THE STORY OF REI HOMES & ADU

From the beginning, Gary & Leweva had a goal to work together building beautifully designed luxury homes, this is their gift and passion, and wanted to share their beautifully designed stunning homes with clients and investors. Through the years, they've developed a solid foundation of real estate knowledge, and built an incredible team of experts producing the most stunning homes in San Francisco Bay area. Both clients and investors are thrilled to work with Gary & Leweva.

#### *Important Facts About REI Homes & ADU*

- Founded by Gary & Leweva Massari
- Build Quality Luxury Homes
- Renovate Homes to Luxury Homes
- Trained over 3000 students in real estate
- Focused on providing solutions for clients and value for investors by locating and renovating below market value properties
- Our goal is to provide the absolute highest level of service to their clients building beautiful homes and growing their equity and greatest investment

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## *Who Are We?*

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Early on, as they began to develop the company and carve their niche in the big world of real estate, they quickly realized that there was a distinct need for certain real estate services they originally did not foresee. So they decided to create a unique and rare opportunity for their private investors known as “Equity Participation” which means their investors not only earn 10% annual interest, but in addition earn an extra 10% of the profit of any projects they invest in. This program has secured many private investors who enjoy a higher rate of return and are more loyal as a result.

Another program that became quite popular was building Luxury Spec Homes that sold higher than market value and in some area’s set the market price. Soon neighbors starting calling them to renovate their personal residence into luxury homes. This gave the company another avenue to pursue – Private home renovations! This allowed home owners to build equity and wealth while renovating their private home.

### HUMBLE BEGINNINGS

Their humble beginnings make their present-day success all the more remarkable. The Massari's started REI Homes and ADU Inc. as a real estate training and investment company. They got their training and education through Fortune Builders, and Fortune 500 real estate education company with over 60,000 registered students.

For years, Gary & Leweva built real estate and mortgage companies and trained over 3000 people. They were managing partners in Diablo Funding Group, a mortgage and lending company of 1200 loan

officers and 58 branches. Their heart and passion was always in building homes, Gary work as a real estate broker and would joint venture with contractors building 4000 to 6000 square foot luxury spec homes in the Alamo-Danville area of San Francisco. As a broker Gary would find lots and potential land to develop in to subdivisions for builders and developers. This grew into multiple subdivisions being developed through out the east side of San Francisco. This experience, along with running a commercial department in their company buying 50 unit+ apartment buildings and renovating them, led him and Leweva to their passion today of finding discounted properties and turning them into beautiful homes to sell for a profit.

Today they are training people to find discounted homes and as a result deals are flowing in daily to review and evaluate. Their team of over 20 members is growing each month. In fact they have over 800 members in their clubs.

Fast-forward a few short years later, they opened a real estate investment company, called REI Homes, with an inspiring and well qualified team, of contractors, subcontractors, designers, and realtors, we are growing our Rehab business with many opportunities for our investors. After earning their stripes and gaining the knowledge to successfully create and build their business, the two finally fulfilled their dream and "made their mark".



## *Who Are We?*

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### REI HOMES & ADU TODAY

Gary, and Leweva train students to find discounted and distressed properties so as to have a steady flow of properties to choose from...



## *Company Leadership & Team*

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*Gary Massari, CEO of REI  
(Real Estate Investments) Homes*



*Leweva Massari, Co-owner, &  
Acquisitions and Design*



*Jay Cuccia, REI COO*



*Jan Cuccia,  
REI Corporate Secretary*

## ***Our Support Staff***

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REI Homes & ADU has a marketing support staff to support our on going effort to train students and find properties. At REI Homes and ADU, 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 expertise to navigate any transaction and the integrity to follow up on our promises.



**Masa Ilic** 10 years  
Marketing manager



**Dmtriy Vingalov**  
IT Support

## ***Our Mission Statement***

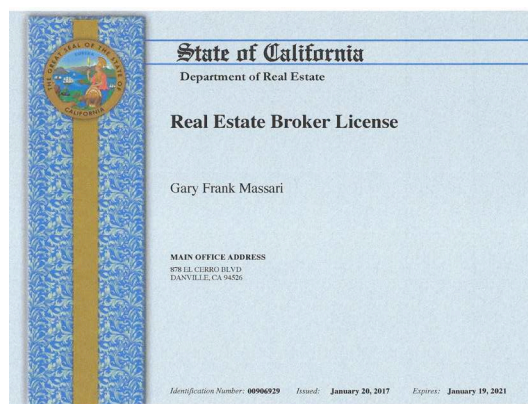
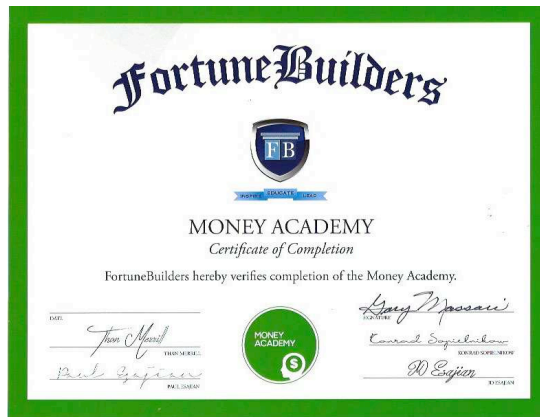
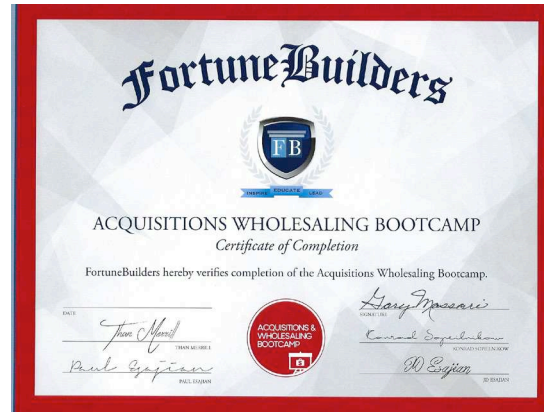
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When a passion for real estate is combined with talented individuals who have an uncompromising drive to succeed, amazing things will happen. At REI Homes and ADU Inc., it's our goal to not only have a positive effect on ourselves and our families - 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 motto is and will always be, "Where there's a will, there's a way - and failure is merely lack of effort." Our company will dedicate itself to everlasting education and professional growth that will make our leaders of achieve at their highest level.



## Company Credentials

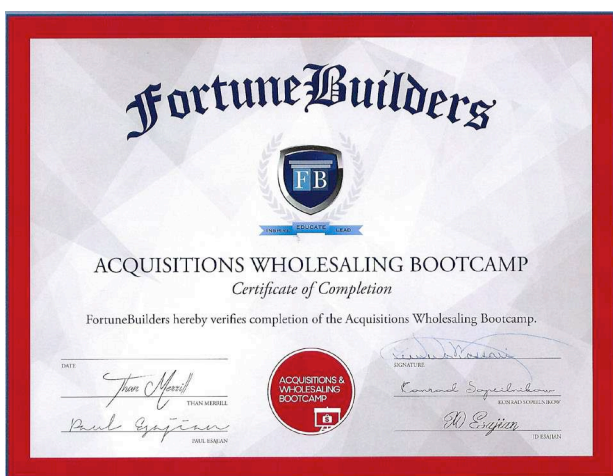
**CERTIFICATIONS:** Gary and Leweva are certified wholesalers, rehabbers and marketers through Fortune Builders Education. Gary is also a licensed real estate broker in California in good standing for over 30 years.



## Company Credentials

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Leweva's Certifications are Rehabbing, Acquisitions and Marketing. Leweva finds most of our properties in the MLS and runs the comparable market analysis to determine if it is a good fit and meets our criteria.



## *Company Experience*

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### REAL ESTATE EXPERIENCE:

Gary Massari = Sold, over 90+ Million in Real Estate, subdivided land, and built custom luxury spec homes since 1985

### TRANSACTIONS SINCE 1985 TO 2022:

RENOVATIONS:	15 Apartment Buildings
NEW CONSTRUCTION:	8 Custom Luxury Homes
SUBDIVISIONS:	3 - 15 Lot Subdivisions
BROKERAGE:	120 Retail Transactions

**146 Transactions**  
**TOTAL TRANSACTIONS COMPLETED!**

## ***OVERALL INVESTMENT APPROACH***

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Our overall investment strategy and specialty is to purchase distressed properties at a deep discount – usually 30% below market value, and then deduct the cost of repairs to determine our offer price. This allows us to be profitable in any market. We force appreciation by and renovating the property and selling those properties to retail homebuyers and landlords for a profit.

At REI Homes and ADU Inc., we pride ourselves on having a strong foundation of real estate knowledge and training. Our focus is on providing SOLUTIONS for our clients and finding VALUE for our investors by locating ugly, vacant homes that are eye sores and we put them back into use after renovation. We call it the Swan Approach, Find an ugly duckling and create a beautiful swan.

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!

### ***Our Business Strategy***

- We purchase distressed residential properties 30%-below current market value and then deduct for repairs to make our offer.
- We purchase, renovate and sell these properties to retail buyers and landlords for a profit

### **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 an 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



## Company Business Model

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### 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 realtor. Typically, most realtors 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.

#### *Advantages to Working With Us*

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



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.

## *Company Business Model*

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### **REI Homes and ADU Inc. VS. TRADITIONAL BUYER**

Here are just a few benefits sellers have of working with REI Homes and ADU Inc. 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>REI Homes and ADU</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	30-90 Days on the Market	0 Days

## ***Company Business Model***

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### **HOW DO WE BUY HOMES SO FAR BELOW MARKET VALUE?**

At REI Homes and ADU Inc., 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 Realtor 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:

<b>Internet</b>	<b>Direct Mail</b>	<b>Other Strategies</b>
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	2 House Banners
Google Business Listings	Divorce	Bird Dogs
Google Ad Words	Expired Listings	Box Truck

## ***Company Business Model***

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### **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.

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, and Rehabber.



## About REI Homes and ADU Inc.

# Investment Buying Criteria

### INVESTMENT BUYING CRITERIA

#### *Types of Properties We Target*

- Distressed properties in significant need of repairs
- Properties where sellers need to sell quickly
- Properties owned free and clear

Our goal is to buy 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. Our company builds value by rehabilitating properties that are in significant need of repairs. We are able to target distressed properties and breathe new life back into them by renovating and improving the condition of the property. By

doing so, we are able to create beautiful homes and encourage home ownership.

#### Comparables and Maximum Offer

#		SQ FT	Bed	Baths	Lot size	Age	Value	Date	Amenities	DOM	Pr. Sq. FT
SUB	347 Saint Andrews Dr, Napa, CA	2743	3	2.5	9,854	1977	\$1,467,800			23	\$535
<b>Solds:</b>											
1	8 Colonial Cir	3,409	3	3	17,241	1990	\$1,850,000	12/18/18	Rehab A	22	\$543
2	138 Silverado Springs Dr	2,432	4	2	8,489	1990	\$1,366,000	9/14/18	Rehab A	20	\$562
3	310 Troon Dr.	2,352	4	2	10,433	1990	\$1,286,000	10/28/18	Rehab A	1	\$547
4	177 Kaanapali Dr	2,930	4	3	12,584	1984	\$1,450,000	6/8/18	Rehab A	1	\$495
<b>Total Total Avg.</b>											
		2781					\$1,488,000			11	\$535
<b>Pendings:</b>											
1											
2											
3											
4											
<b>Total Total Avg.</b>											
										#VALUE!	
<b>Listings:</b>											
1	250 Silervado Springs	2,211	3	2	8,316	1990	\$1,025,000	2/12/19	Rehab C	53	\$464
2	426 Troon Dr	2,412	4	2	11,051	1990	\$1,185,000	11/27/18	rental	128	\$491
3	329 Troon dr	3,082	4	3	9,784	1990	\$1,565,000	3/12/19	Rehab A	25	\$508
4	133 Stone Mountain Cir	2,773	3	3	5,049	2000	\$1,685,000	4/7/19	Rehab A	1	\$608
<b>Total</b>											
		2620					\$1,365,000			52	\$521

## About REI Homes and ADU Inc.

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. If the numbers don't make sense to us it certainly won't make sense to our investors. Our goal is to be in business for many years and brand a company that will be passed down to our children, which cannot be accomplished by taking uncalculated risks. The property is reviewed to determine its resale value.



## INVESTMENT BUYING CRITERIA

Each property is reviewed to see if it is a good deal or bad deal. We look to make 10% ROI on 4-month deals and 15% on 6 months or more. We look at all our cost by line item in detail to determine the correct budget for our renovations.

### Good Deal Bad Deal?

Our profit is made with extensive market research and making the right offer!

Property Address: 347 Saint Andrews Dr, Napa, CA						
	% est.			% est.		ROI
ARV (After Repair Value)		\$1,450,000	ARV		\$1,450,000	
Holding Cost	0.6%	\$9,280	Selling Cost		-\$499,630	
Finance Cost 6 MOS	5.0%	\$72,500	Purchase Price		\$950,370	
Closing Cost - buying	0.3%	\$4,350	Closing cost - selling	0.3%	\$2,851	
Staging		\$5,000	Realtor Commissions	4.0%	\$58,000	
Est. Repair Cost	13.2%	\$191,000	Assignment fee		\$5,000	
Rehab profits	15.0%	\$217,500	Management fee		\$15,000	
<b>Selling Cost</b>		<b>\$499,630</b>	<b>Allowable Offer</b>		<b>\$927,519</b>	
	% To ARV	Offer	Cost		Profit	
Good Deal	61.4%	\$890,000	\$580,481		\$197,019	13%
Bad Deal	65.0%	\$942,500	\$580,481		\$144,519	9%
Bad Deal	70.0%	\$1,015,000	\$580,481		\$72,019	5%
Bad Deal	75.0%	\$1,087,500	\$580,481		-\$481	0%
Bad Deal	80.0%	\$1,160,000	\$580,481		-\$72,981	-4%
Bad Deal	90.0%	\$1,305,000	\$580,481		-\$217,981	-12%
Loan Pay Off						
Liens and Taxes						
Closing Cost	1.0%	\$8,900				
Proceeds to Seller		\$881,100				

Clear Schedule

## ***INVESTMENT BUYING CRITERIA***

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We use a 5 page Repair Estimator line item by line item to determine our cost. We walk the property with our Project Manager and Contractor before deciding if this is a good deal or bad deal.



## Repair Estimator

Address: 347 Saint Andrews Dr., Napa Vacant: yes Date: 3/6/19  
 Bed: 3 Bath: 2 Sq Ft: 2,743 Inspected By: Gary Massari

\* Additional Mediator/Engineer/Pro Quotes Needed:

☐ Asbestos ☐ Buried Oil Tank ☐ Fire Damage ☐ Foundation/Structural ☐ Historical Home ☐ Lead Paint  
☒ Mold ☒ Permit Check ☐ Pool ☒ Roof ☐ Septic System ☐ Sewer to Street ☐ Soil ☐ Well

### EXTERIOR

Category	Y/N	Repair Type	#	Uni	Cost	Total
<b>Roof *</b> <small>Possible additional inspections, Quotes or Mediation needed</small>	y	Roof (rip and replace) - architectural shingle	2743	sf	\$6.00	\$16,458
		Rollover (add a layer of shingles) - architectural shingle		sf	\$2.50	
		Roof Sheathing - plywood 1/2" remove & install		sf	\$2.00	
	y	Roof repair/patch (hard)	3	ea	\$900.00	\$2,700
		Roof repair/patch (easy)		ea	\$600.00	
		Premium for 3 layer tear off		sf	\$0.35	
		Premium for steep pitched roof		sf	\$0.20	
		Fascia - demo & install new		lf	\$3.00	
		Soffit - demo & install new		lf	\$4.00	
		Gutters & downspouts - demo & install new (Flat Cost)		sf	\$0.50	
<b>Gutters</b>		Gutters & downspouts - demo & install new (linear foot)		lf	\$6.00	
<b>Finish</b>		Demo existing finishing material		sf	\$0.75	
		Stucco		sf	\$7.00	
		Wood siding		sf	\$6.00	
		Vinyl siding		sf	\$2.25	
		Fiber cement siding		sf	\$7.00	
		Plywood panel siding		sf	\$2.50	
		Patch an exterior section		ls	\$500.00	
		Power wash exterior finish		sf	\$0.75	
<b>Masonry</b>		Fireplace/chimney, brick/stone - replace existing		ls	\$5,000.00	
		Concrete block		sf	\$6.00	
		Stone		sf	\$18.00	
		Brick		sf	\$11.50	
		Tuckpoint brick		sf	\$3.50	
<b>Painting</b>		Power wash exterior masonry		sf	\$0.75	
	y	Painting both exterior & interior (whole property)	2743	sf	\$4.00	\$10,972
		Painting exterior only		sf	\$1.00	
	y	Paint trim only	500	lf	\$1.65	\$825
		Sand & refinish deck or paint deck		sf	\$1.75	
		Paint fence		sf	\$1.00	
<b>Windows</b>		Paint detached garage		sf	\$1.00	
	y	Windows, vinyl, average size	2	ea	\$350.00	\$700
		Windows, wood, restore existing wood (historical)		ea	\$450.00	
	y	Window, large bay window - remove & replace	2	ea	\$850.00	\$1,700

## INVESTMENT BUYING CRITERIA

We determine every cost imaginable before our private money investors are invited to see it. When we say this is an opportunity, it is an opportunity. We go through literally hundreds of evaluations to pick the right properties!

Property Address:		347 Saint Andrews Dr., Napa		
Total Square Footage:	2,743	# of Units:	1	Occupied? (Y/N)
Evaluator Name:	Gary Massari	Date:	4/7/	N
Property Description:		Tutor style home, with large yard and pool in prestige area in gated community		
<b>Property Values &amp; Pricing</b>		<b>Holding Costs (Monthly)</b>	<b>Annually</b>	<b>Monthly</b>
After Repair Value	\$1,450,000	Property Taxes	\$11,000	\$917
Current "As Is" Value	\$950,000	HOA & Condo Fees		\$255
Estimated Repair Costs	\$191,596	Insurance Costs	\$2,500	\$208
Purchase Price	\$890,000	Utility Costs (Expandable)		\$300
		Gas		\$100
		Water		\$100
		Electricity		\$100
		Other		\$0
Estimated Hold Time (months)	6	Miscellaneous Holding Costs		\$0
Purchase & Repair Costs:	\$1,081,596	Total Monthly Holding Costs:		\$1,680
<b>Financing Costs</b>		<b>Buying Transaction Costs</b>	<b>Perc. Of Purch</b>	<b>Total</b>
First Mortgage / Lien Amount	85%	Escrow / Attorney Fees		\$3,500
First Mortgage Points	1	Title Insurance / Search Costs	0.32%	\$3,348
First Mortgage Interest	9.25%	Miscellaneous Buying Costs		\$0
First Mortgage Monthly Interest Only Payment		Total Buying Transaction Costs:		\$6,848
Second Mortgage / Lien Amount	22%	<b>Selling Transaction Costs</b>	<b>Perc. Of ARV</b>	<b>Total</b>
Second Mortgage Points		Escrow / Attorney Fees		
Second Mortgage Interest	10.00%	Selling Recording Fees		\$50
Second Mortgage Monthly Interest Only Payment		Realtor Fees	4.00%	\$58,000
Misc. Mortgage / Lien Amount	0%	Transfer & Conveyance Fees	0.12%	\$1,740
Misc. Mortgage Points	2	Home Warranty		\$500
Misc. Mortgage Interest	12.00%	Staging Costs		\$5,000
Misc. Mortgage Monthly Interest Only Payment		Marketing Costs		
Miscellaneous Financing Costs Management Fee		Miscellaneous Selling Costs		\$0
Total Financing Costs:	\$80,639	Total Selling Transaction Costs:		\$65,290
<b>Estimated Net Profit and ROI Snapshot</b>				
<b>Estimated NET PROFIT</b>	<b>\$205,547</b>	<b>Total Costs Return on Investment (ROI)</b>	<b>16.52%</b>	
<b>Purchase &amp; Deal Analysis</b>		<b>Potential Return &amp; Profit Analysis</b>		
After Repair Value	\$1,450,000	Assumes Sale is on or before	#VALUE!	
Purchase Price	\$890,000	Purchase + Repair Estimate Cost Per Sq. Ft	\$394.31	
Estimated Repair Costs	\$191,596	Down Payment Required at Closing	-\$243,560	
Total Financing Costs	\$80,639	My Committed Capital	-\$36,884	
Total Holding Costs	\$10,080	My Annualized Cash on Cash Return	-1114.57%	
Total Buying Transaction Costs	\$6,848	Total Annualized Cash on Cash Return	33.03%	
Total Selling Transaction Costs	\$65,290	Purchase + Rehab Return on Investment (ROI)	19.00%	

## *Showcase of Homes*

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### **REI ADU'S**

**BUILDER OF NET ZERO ENERGY - EFFICIENT STUNNING  
LUXURY SMART ADU'S**

**TELL US YOUR DREAM AND WE'LL MAKE IT YOUR DREAM  
HOME!**

If you're an ambitious homeowner looking to expand your square footage, then couple with REI ADU'S in California, for your luxury home addition plans. With a focus on accessory dwelling units and smart homes, we are able to keep modern home living driving forward with the times. Luxuriate in an energy-efficient ADU just footsteps away from your single-family property, designed and built by the region's best. Backed by more than 37 years of experience, we are licensed and insured and look forward to working with you in customizing your luxury secondary housing unit.

REI ADU'S in California, is your trusted resource for getting a luxury ADU built within impeccable timing. Home additions, smart homes and ADUs are our specialties; however, we shine in other forms of home remodeling, such as overhauling bathrooms and kitchens. Let's expound on your smart home plans during a free consultation and we'll share our design books, imbued with unique inspirational concepts. Call (925) 248-4454 to schedule your meeting with our friendly, fantastic crew.



## About REI Homes and ADU Inc.

### **Craftsman 684**

1 bedroom, 1 bathroom, 684 sf



### **Farmhouse 684**

1 bedroom, 1 bathroom, 684 sf



### SHOWCASE OF 73 TURRINI CIR, DANVILLE



### STUNNING NEW CONSTRUCTION FARMHOUSE STYLE HOME IN ONE OF DANVILLE'S PREMIER NEIGHBORHOODS

- Separate Address ADU provides a full kitchen, living room, bath, and bedroom.
- Nearby Au Pair suite can be combined with ADU to create a full 2 bedroom, 2 bath residence.
- Energy efficient home-WIFI smart home. Ambient lighting for color controlled environment.
- Step onto the charming, covered porch and enter through grand double doors.
- Inside, discover an open floor plan with 24 ft vaulted ceilings and light-toned wood flooring.



**PHOTOS BEFORE**



**DEMOLITION**



**WORK IN PROGRESS**



## About REI Homes and ADU Inc.



### PHOTOS AFTER





## About REI Homes and ADU Inc.





**SHOWCASE OF 1637 GREENWOOD AVENUE**



**STUNNING, MODERN, FRESH EXTERIOR**

## About REI Homes and ADU Inc.

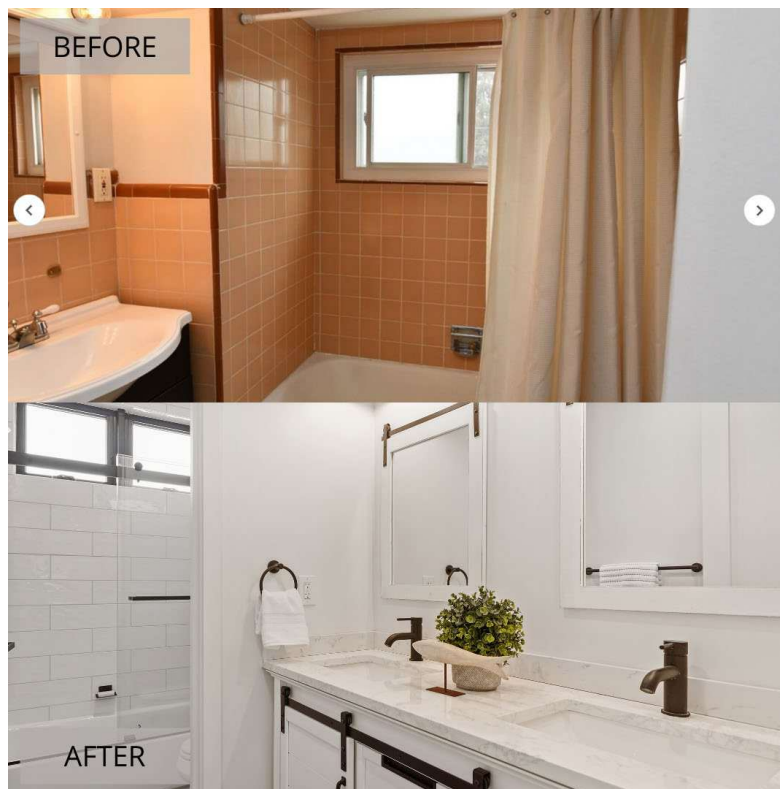




## About REI Homes and ADU Inc.



## About REI Homes and ADU Inc.



**SHOWCASE OF 233 PURDUE AVE KENSINGTON, CA 94708**





## About REI Homes and ADU Inc.

### Exterior:



### Bathroom:

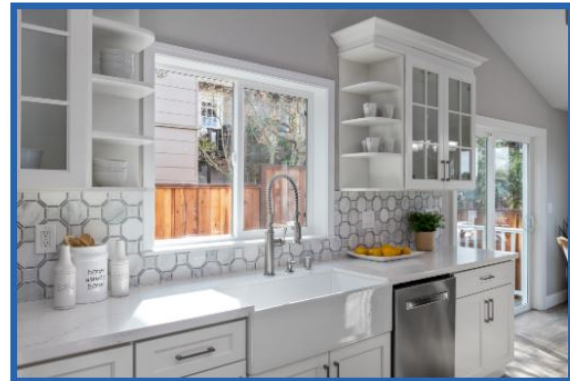


## About REI Homes and ADU Inc.

### Living room:



### Kitchen:





**SHOWCASE OF 2450 WEST STREET BERKELEY**



Exterior Before and After



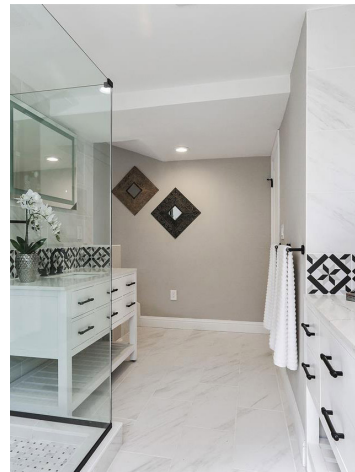
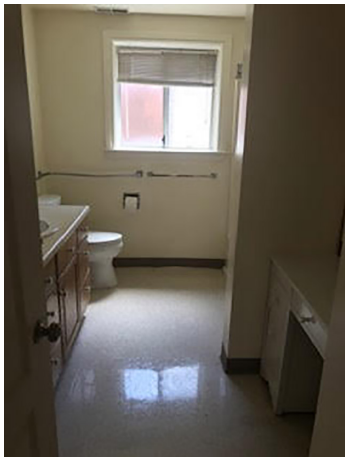


## About REI Homes and ADU Inc.

### Kitchen Before and After



### Bathroom Before and After



## ***Equity Participation Program***

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### **REI Homes and ADU Inc. EXAMPLES of our Equity Participation Program**

Renovation projects take on the avg. of 3-6 months to complete, with a private lender returns between 15% to 25% annually. There is always risk investing in real estate and we make no guarantee's of outcomes! Here are some examples of using the 10/10 participation program:

#### **Example A invested \$250,000 (single investor)**

Purchase Price:	\$ 1,350,000
Repair Cost:	\$ 189,000
Carry and Closing Cost:	\$ 130,000
Total Invested: (6 Month Hold Time)	\$ 1,669,000
Sales Price:	<u>\$ 1,850,000</u>

**Private Lender Return on Investment = \$30,500**

**Annualized rate of return 24%**

#### **Example B invested \$100,000 (single investor)**

Purchase Price:	\$300,000
Repair Cost:	\$130,000
Carry and Closing Cost:	\$ 68,000
Total Invested: (6 Month Hold Time)	\$498,000
Sales Price:	<u>\$560,000</u>

**Private Lender Return on Investment = \$11,200**

**Annualized rate of return is 22%**

## *Equity Participation Program*

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### **Private Lending Equity Participation 10/10 Program**

#### **Earn Simple Interest:**

We pay our private lenders 10% annual interest secured by a promissory note and deed of trust. There are no monthly payments, all interest is accrued and pay out through escrow when the home is sold.

**Example: Lender loans \$100,000 at 10% and project runs 6 months.**

$$\text{\$100,000} \times 10\% \times 6/12 = \text{\$5000}$$

**Earn From Participation Of Equity:** Our lender now becomes an equity partner earning their share of 10% of the profits secured by a joint venture agreement prepared by our attorney. The private lender is secured by a trust deed, promissory note and loss payee on our insurance with rights of foreclosure.

Total amount borrowed is \$400,000 from 4 investors each loaning \$100,000. The investors "Participation Rate" works like this: \$100,000/\$400,000 is a participation rate of 25%.

**Example:** The profit is \$200,000 and the distribution to equity partners is 10% or \$20,000. The participation rate in this example is 25% of the \$20,000, or \$5000. This also is paid out of escrow when the property sells. Total return on investment:

Interest earn for 6 months	\$5000
Participation of equity	<u>\$5000</u>
Total earned	\$10000
ROI \$10,000/\$100,000 (6 months)	10%
Annual ROI	20%

## 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 – 5 or 8 times the rates you can get on bank CD's and other traditional investment plans. A great number of our investors redirect their 401K's and IRA to self direct.

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 secured by a deed of trust, promissory note and insured as a loss payee. There is no other investment vehicle like it.

*Through private money lending, you have the opportunity to become the bank!*

### *Sources of Private Money:*

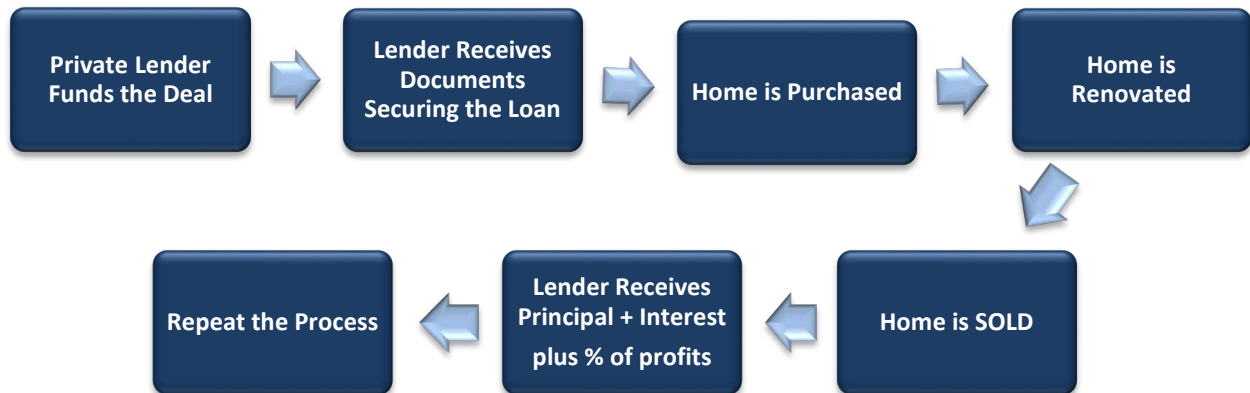
- 401k
- Self-Directed IRA
- Profit Sharing
- Personal Savings, Trust Fund, or any other money sitting around...
- Many are TAX DEFERRED PROFITS

### 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 and or LLC 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 and 10% equity times your participation rate. 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.

## *What is Private Lending?*

### OVERVIEW OF THE PRIVATE LENDING PROCESS



## About REI Homes and ADU Inc.

# What is Private Lending?

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### 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.



With our lender equity participation program we currently pay 5-8 times what a typical bank CD is paying, or IRA account, and usually twice as much as an average stock account. 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*



## About REI Homes and ADU Inc.

# *What is Private Lending?*

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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.

## ***What is Private Lending?***

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<b>Sitting in Bank</b>	<b>Real Estate Private Lending</b>
\$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>

### **RISKS VS. REWARDS**

**Add our Equity Participation at 10% of Profit and your return has the opportunity of doubling!**

*You are making a 10x to 20x greater return on your money!*

<b>Stock Market</b>	<b>Real Estate Private Lending</b>
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
	Equity Participation with a Tangible Asset

## About REI Homes and ADU Inc.

# *What is Private Lending?*

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### 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.



## What is Private Lending?

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### WE PROTECT OUR LENDERS/INVESTORS

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:

#### **Lenders:**

**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

#### **Equity Partners:**

**Joint Vendor Agreement:** This secures your position as number one along with any other investors even over the managing partner who holds a second position.

**LLC (limited liability Corporation):** We have our attorney file a LLC to protect our investors and equity partners. This document also shows your participation percentage.

**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.

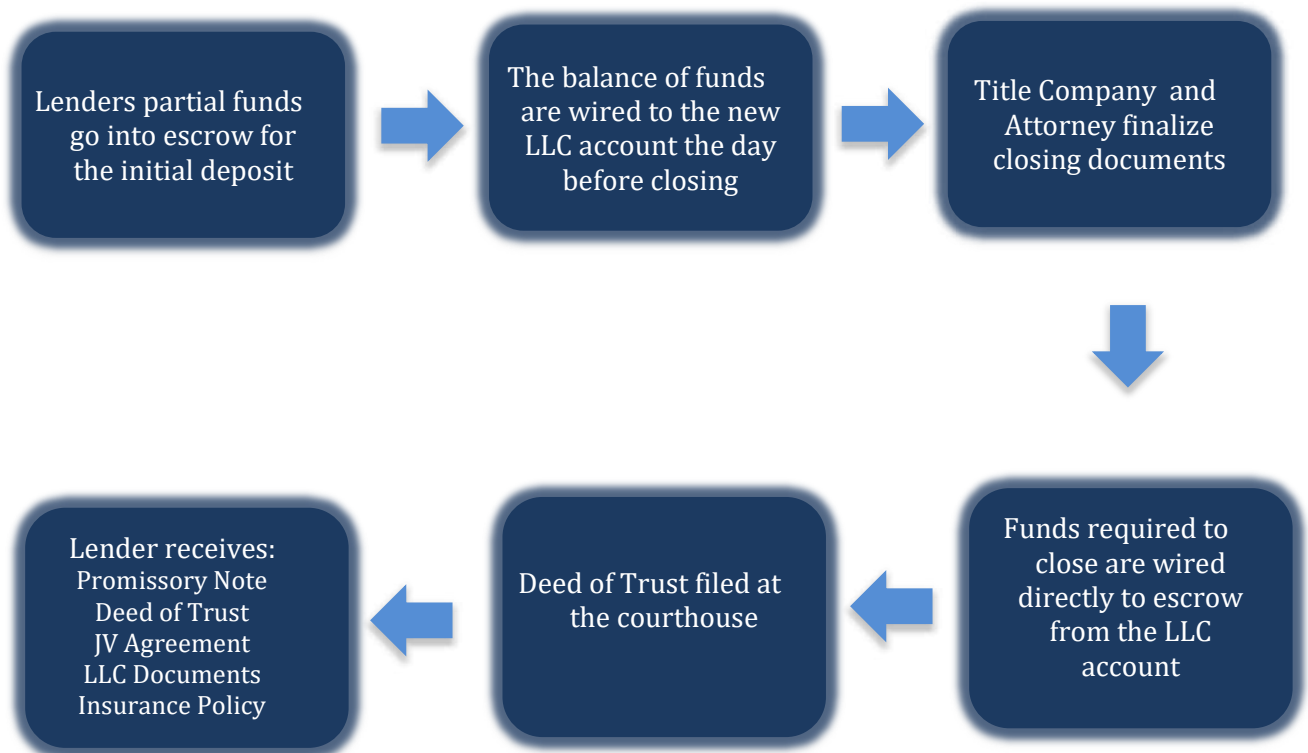
We do pay for a title search as well as a title policy on the home just as we would in a typical transaction. For a rental investment with a long-term note, we always keep a valid hazard insurance policy on the property to protect against casualties. You'll be named as a mortgagee and notified if the 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.



## What is Private Lending?

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### Overview Of The Closing Process



*The lender/Investor reviews legal documents as prepared by our attorney and approves prior to making a commitment!*

## ***Investment Terms & Conditions***

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### ***Common Ways Private Lenders Fund Deals***

#### *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

#### ***Sources of Funding for Private Lenders***

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

## ***INVESTMENT TERMS & CONDITIONS***

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### **Minimum Investment:**

When working with private lenders, \$100,000 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 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 an estimated time frame for the return on your investment. 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 - \$100,000
- Interest Rate – 10% on average
- Equity Participation – paid at close of escrow
- 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



## About REI Homes and ADU Inc.

# *Taking The Next Steps*

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### GETTING STARTED WITH US IS EASY!

If we haven't already, it's important to sit down and discuss all these details in person. We will need a clear definition of what your goals are, i.e. long term investment or short term, and the amount you are comfortable initially investing. At that point, we will present you with any current opportunities that fit that criteria or contact you as soon as we have one that fits.

The next step is to request and review all our legal documents and make sure all your questions get answered.

If you have any interest in this opportunity, please contact us directly at 925-451-1619 or send us an email:

[gary@reihomesandadu.com](mailto:gary@reihomesandadu.com)

[leweva@reihomesandadu.com](mailto:leweva@reihomesandadu.com)

If you are a new investor we encourage you to visit our website at <https://reihomesandadu.com> and make an appointment with Gary directly.



### 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.



## ***Frequently Asked Questions***

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### **What is private lending?**

When we have isolated a home 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 5 or 8 times the rates you can get on bank CDs and other Traditional Investment Plans.

### **What is Equity Participation?**

Our special program allows our lenders to become partners with us and participate in profit sharing of our projects. This allows are lenders to get more favorable returns on their money and in some cases actually double their returns as compared to other rehabbers and developers.

### **Is Equity Participation Mandatory?**

Equity Participation is always optional and not required. The lender elects in the beginning should they want to participate in profits.

### **What is a management fee?**

We charge a management fee based on the anticipated profit of our project, typically 10%. This fee is part of our cost to run and manage our projects and is figured in to our cost before we make an offer on the property so it does not effect our 10% to 15% return profit criteria for our lenders.

### **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, management fee, and also a small buffer for unexpected expenses.

## ***Frequently Asked Questions***

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### **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 funds. 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. 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. We may pay very high returns, but it allows us purchase 20-30% below a retail purchaser. That instantly creates thousands of dollars in equity. Also, typically we cut out the middleman in transactions, such as: commissions, mortgage broker fees, loan fees; and our attorney costs are lower because there is less work for them to review.

### **Are you really helping sellers?**

Absolutely. With your cash funding we can offer something very few buyers can. We are buying on their timeline in as little as 10-14 days. Knowing that we're going to renovate the home and buying in as-is condition is a very important factor to most sellers of distressed property. They 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 greater minimizes our risk.

### **What interest rate do you typically pay your private lenders?**

We currently pay 5-8 times what a typical bank CD is paying. Our rates will fluctuate very little all depending on the purchase price and rehab involved. Most of our lenders are paid from 10%. 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.

## ***Frequently Asked Questions***

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### **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.

### **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 we plan for the worst, and our homes have thousands of dollars of equity in them; and worse case scenario, often times is we don't make "as much" as we 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.

### **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.

## ***Frequently Asked Questions***

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### **What kind of insurance policy do you get on the home?**

If we purchase a renovation, we purchase 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.

### **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 get your investment back, any unpaid interest, any collection costs, all your attorney fees and maybe even more. A legal representative could advise you if it makes sense to foreclose or seek ownership the property to protect or recoup your investment.

