



## Alternative Investment Strategies



1-855-EquiAlt | [www.EquiAlt.com](http://www.EquiAlt.com)



*As life changes...*

*so do your goals.*



*We can help.*

# EquiAlt Overview

We understand that there are several strategies and goals in the area of Real Estate investing. Based on our experience, we offer education and offerings that are truly investment grade. Available products for investors range from totally passive to the traditional active.



## **EQUITY**

EquiAlt researches, acquires and manages opportunistic and distressed Real Estate assets for the income and equity. EquiAlt's management has directly acquired over 200 million dollars and liquidated over 300 million dollars in distressed Real Estate since 2008 and over 1000 transactions.



## **HOLDINGS**

EquiAlt maintains investment grade income property that has been stabilized from the distressed acquisitions. These specific properties are part of a convergent investment strategy based on generational demographic trends in Real Estate. These properties from time to time are offered in bulk to end investors in groups of ten units or greater.



## Core Values

We believe that it matters, not only what strategy the investment manager subscribes to, but perhaps more importantly, the corporate values and individual character of the team members that manage your capital.

Our core values are central to who we are individually and as a team. We are passionate about these ideas and they are the foundation that we build upon in managing this fund.

### EquiAlt Highlights:

- **NO DEBT - No Third Party Risk**
- **Proven Risk Management Strategies**
- **Invest In Tangible Assets**
- **Alignment of Interest with Investors**
- **Successful Track Record During the Downturn**
- **Diverse Stabilized Income Streams**



## Historical Performance

### Historic return to investors:

- **EquiAlt Has NEVER Lost Investor Dollars Since Inception**
- **Returns are fixed to your individual investment so you know what to expect for your portfolio**
- **Several versions are offered based on your needs and suitability**
- **Directly acquired over \$200 million and liquidated over \$300 million in distressed Real Estate since 2008**
- **Successfully completed over 1000 transactions**

# Fund Executive Summary

**Income Producing** Growth or monthly income

**Leverage** Zero leverage, no financing on assets inside the fund

**Transparency** All assets verifiable thru County Assessor sites

**Private Placement Memorandum** Stabilized net asset value with fixed return

## Fund Terms

### Terms:

<b>Yield to Investors</b>	<b>8% Growth or Payment</b>
<b>Minimum Investment</b>	<b>\$25,000</b>
<b>Maximum Fund Size</b>	<b>\$150,000,000</b>
<b>Lock Up Period</b>	<b>48 - 72 Months</b>
<b>Liquidity</b>	<b>60 days notice</b>
<b>Income Distribution Options</b>	<b>Monthly</b>

### Service Providers:

<b>Fund Administrator</b>	<b>EquiAlt, LLC</b>
<b>Banking</b>	<b>Wells Fargo</b>

### **Legal**

**Paul R. Wassgren**  
**Fox Rothschild LLP**  
**3800 Howard Hughes Parkway**  
**Las Vegas, NV 89169**  
**(702) 262-6899**

### **CPA**

**Gino Mauriello & Co**  
**5545 Mountain Vista St #E**  
**Las Vegas, NV 89120**



# Strategy Overview

This aspect of the funds activity are based on Macro Demographic Trends in the United States as (in our opinion) best explained by Harry S. Dent.

## Value:

- Equity on acquisition (not relying on future appreciation) or speculation
- Fixed assets providing cash flow
- Real Estate as an inflation hedge
- Product is currently attractive for 'non-wealthy' boomers who retire en masse until 2024 who still want independence of separate living conditions without the burden of ownership
- Product is attractive for 'echo boomers' as first time buyers as an exit strategy
- End product is attractive to institutional investors buying pools of performing assets

## Risk:

- Assets are significantly distressed, physically unstable with title work to complete to make fully marketable in traditional sales outlets such as MLS through Realtors
  - Average repair per unit is 20% of current value.
- Value does not account for the recent full repairs that make our product above market value as an updated new, fully repaired product

## Summary:

EquiAlt is currently focused in the Single Family Market and Small Multi-Unit Properties, as the market is tightening we are branching out to more aggressive bidding towards higher volume purchases. As the market strengthens, this will include apartment complexes and condo units. EquiAlt's goal has always been to add to our base, while maintaining a "no-debt" platform, minimizing market exposure, and securing a fixed income as monthly cash flow.

By acquiring and maintaining what most demographic research points to as generally the brightest potential area in all Real Estate, management hopes to provide current and future value.

## Why EquiAlt?

- Depth of experience in Real Estate lending markets
- Successfully liquidated over \$300 million in distressed Real Estate since 2008
- Over 1000 successful transactions
- Nationwide capabilities, able and ready for all markets
- Direct alignment with our clients
- Highly seasoned team of investment professionals
- Conservative underwriting methodology
- Reg D Fund offering, on file with SEC
- Currently operating three successful private placement funds
- One of a few management teams that have operated successfully throughout the downturn of our "great recession"

# Strategy Overview

## Key Points:

- Primary risk management tool: conservative underwriting
- Sector and property diversification: key to managing risk within portfolio
- Senior management inspects every property before purchase
- Preference for income producing properties
- Maximum exposure is less than 70% current market value

## Investment Ideas: Better Investor Positioning:

Opportunity to make investments in whole distressed Single Family Real Estate focused on equity on acquisition buying and buy-to-rent strategies. This investment strategy positions the investment for several factors from a strong buy side positioning allowing for:

### **1. Assets are bought significantly under current value:**

The 2012 average acquisition price was 31% of current value, significantly more equity than the average distressed unit in US. Properties are purchased individually to increase the equity on acquisition as bulk buying masks the laggards in a group. This practice significantly reduces principle risk and allows for much higher than normal ROI from the market rents compared to actual cash outlay.

**2. Asset are immediately brought to cash flowing:** (28 day average). Upon acquisition every property is addressed for any necessary rehabilitation to stabilize and repair the property to make it a marketable residence.

### **3. Assets are targeted toward specific end users:**

- Aging baby boomers, manageable size property, SFR freedom, SFR quality, a more stable fixed income renter.
- Echo Boomers are the next significant generational consumer wave; more rent type options; rent, rent to own, lease option, financed, all for the future first time homebuyers.

### **4. Assets are non-leveraged:**

Properties carry no debt burden. This allows for higher yield to investors and increased management flexibility in down markets.

### **5. Multiple exit strategies:**

Units exist in the market as fully repaired, modernized functioning cash flowing assets. These can be sold individually or in blocks to institutional investors.

# Strategy Overview

## Forced Pragmatism vs. American Dream: Rent VS. Own

**Real Cost Of Home Ownership:** With no home price appreciation prospective buyers analyze all cost of ownership; property taxes, HOA dues, maintenance / repair costs. Notable: property taxes will be under pressure as municipalities look to raise rates to balance stressed budgets. Transaction costs; typically overlooked and take 10% off any arms length transaction -a price of mobility or cashing out.

**Demographic Effects:** Baby boomer households have begun the shift to empty nesters, downsizing, smaller vacation home buyers. Gen Y is growing pressing the need for entry level housing, this is an 80M-group whose job growth was 3x's the national average in 2010 and the average household size is declining as a % of households. This coupled with the psychological effect of Gen Y's raised in a housing bust should alter projections.

**Economic Obstacles:** Hurdles to purchasing are; real downpayment requirements, stricter FICO and underwriting guidelines. The great recession has leveled many entry level owners with damaged credit profiles and longer term unemployment have drained cash down payments. Rising student loan debt with more college graduates with more debt than previous generations pressure future purchases.

**Home Price Declines 30%-50%:** Historic declines have altered consumer thinking on housing as an investment. Foreclosure backlog increase fears of further value decreases discourages buyers with down payment risk.

**Economic Drags:** Long-term unemployment and labor insecurity raise the need for mobility. Rising gas prices along with environmental issues are increasing demand for residences close to transit and denser locations away from the metropolitan area.



## Portfolio Asset Description

- Underlying assets: single family residences, multi-family, commercial
- **Zero leverage, no debt encumbrances**
- Conservative purchase-to-value– maximum 70%
- Types of Real Estate considered
  - Preference for income-producing assets
- Fund activities:
  - Primarily in high opportunistic Real Estate
  - Tax certificates
  - Tax sale properties
  - 48-72 month terms
  - Trustee sale properties
  - Bank sale properties
  - Trust deeds



## Q&A

### **What happens if the market repeats itself and turns back to what we saw in 2007 – 2010?**

During the downturn EquiAlt's Management successfully turned over 185 properties and averaged an annual return of 24.68% from 2007 - 2010! A downturn isn't expected but if it were to happen than EquiAlt's Management is ready and has proven successfully it can make the proper decisions to turn a profitable return.

### **Are there individual Insurance policies or how are the properties protected from natural or unnatural disasters?**

There is a blanket policy thru National Real Estate Insurance Group, Affinity Group Management to cover for such disasters.

### **Can I use my 401k / IRA retirement account to invest into the fund?**

Yes, the account is moved into a self-directing retirement account which is then invested into EquiAlt Fund LLC. The process is simple, a form is filled out, and the money is transferred to the self-directed IRA account and then invested into EquiAlt Fund LLC. The process is handled this way to make sure there are no tax complications or charges.

**Do I receive statements for my account?** Yes, quarterly statements are mailed out and can be emailed on request

**Can I contact EquiAlt's CPA or Attorney?** Absolutely, both are independent from EquiAlt LLC and can give you some insight into the fund and its activities.

### **Does EquiAlt buy in blocks or in bulk?**

NO! We have "Boots on the ground" which is to say we inspect each and every property before purchase to find out the pluses and negatives before we own it. We don't have any pressure to just buy property for the sake of buying property like the bigger hedge funds. We have intentionally stayed small to keep the fund you are investing in strong!

## Executive Team Biographies



### **Brian Davison – Chief Executive Officer**

Brian Davison's Real Estate career began in 1994 in North County San Diego. He has hands-on experience in a variety of functions in the Real Estate and mortgage industries: encompassing management, loan renegotiation at a publicly traded REIT, regional Vice President of a private residential mortgage company, the broker-owner of a multi-state branch correspondent residential loan origination company with in-house underwriting and outbound marketing support system, and Vice President of a private lending company. Brian has held Real Estate and/or mortgage broker licenses in California, Nevada, and Florida, with additional work in the Arizona and Colorado markets. Brian has facilitated over \$1.5 billion in mortgage and Real Estate transactions, is an active investor in a variety of markets and is host of "The Cash Flow Show." In early 2009, he founded Invest REO LLC dba The Cash Flow Store, an opportunistic distressed Real Estate investment company. He currently holds a State of Nevada Real Estate License.



### **Barry M. Rybicki – Managing Director**

Barry has over 14 years of experience in Real Estate lending. He has lived in Phoenix, Arizona for the past 21 years, originally coming to Arizona from Nebraska to attend Arizona State University where he majored in Accounting and minored in Marketing. He served as President to a bank in Arizona, and managed a \$10,000,000 line of credit. This capacity required; Real Estate evaluation, risk management, customer service, underwriting, appraisal review. He has handled over \$540,000,000 in residential deeds of trust in the Phoenix market and continues to have an overall understanding of the residential sectors inside of Maricopa County. Barry also served as Vice President for Cole Management LLC, where he gained significant experience in originating, structuring and negotiating deals, developing and implementing business strategies, assessing market and competitive issues, and raising capital from debt and equity providers. He remains actively involved in the community donating his time to coach youth sports and is currently the Treasurer of Pinnacle High School's Boys Soccer Team.



*An alternate approach...*

*to Investments.*



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