

b r e a k d o w n

THE BARRIERS

of Diversification


risk vs. reward



IGNITE FUNDING



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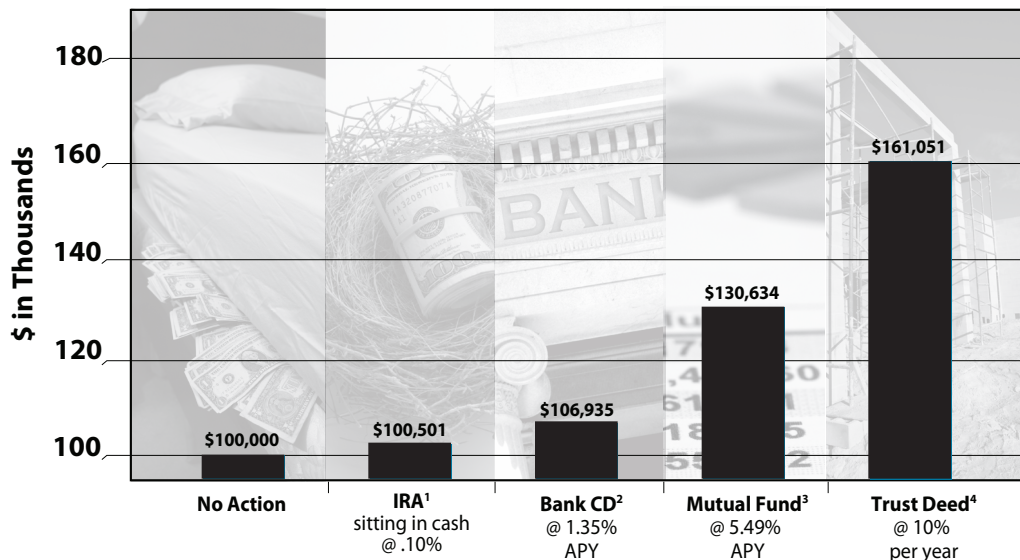
Deciding where to invest a clients' money is never an easy task. The biggest question being, where are they going to get the most return on their investments? With the stock market being so erratic and unpredictable, people are looking now, more than ever for other ways to intelligently invest their money and diversify their investment portfolio. During uncertain times, investors seek out strategies and advisement to provide them long-term plans providing less volatility and risk of loss. This is usually done through added diversification into new markets, asset classes and investment types. For a financial portfolio exclusively in traditional markets any integration of an alternative class breaks down barriers. However, until real assets are integrated the barriers will never be truly gone and "real" diversification will not be achieved. Real estate backed by collateral provides integration of secondary markets not correlated with bear or bull market movements.

Investing in real estate has always been an option that many people do not regard themselves as being a part of. When asked, "Do you invest in real estate?" most responses include some sort of comment regarding their inability to engage at a high level, the risk level associated with it or the hard work as to why they are not in real estate. However the vast majority of Americans own a home. This ownership in a personal home is an investment in real estate that over time appreciates in value. A Trust Deed is the collateral note behind the real estate investment; once the mortgage is paid off the home is owned free-and-clear. Therefore providing most with a basic understanding of how to be a real estate investor. When evaluating the integration of real assets into a portfolio, the most ideal step is to integrate a passive, low-maintenance option. Investing directly in Trust Deeds has been a viable option for 'hands-free' real estate investing that is relatively unknown. Trust Deeds provide many advantages; double digit returns, mitigated risk through collateral, personal guarantees and potential tax-sheltered growth without the high-maintenance processes traditionally aligned with being a landlord.

PORTFOLIO ALLOCATION: WHAT IS BEST FOR YOU ?

Depending on your investing time horizon and risk tolerance, where you invest your money can make a big difference in your financial future. Diversification is essential to any investment strategy.

In this example below, if you invested \$100,000 over 5 years with annual compounding in each of these investment vehicles, the results vary significantly based on the potential performance.



¹ TD Ameritrade.com, TD Bank, FDIC insured deposit; ²Bank of America.com, High Yield CD; ³Fidelity.com, Fidelity US, Bond Index Fund; ⁴ Ignitefunding.com, Trust Deeds

This is where Ignite Funding comes into play. We specialize in short-term First Trust Deed investments, connecting capable and qualified borrowers with savvy investors seeking true diversification and greater financial growth. First Trust Deed investing provides the ability to easily become a real estate investor substantiated with collateral, without all the hassle traditionally involved with real estate investing. Most importantly is the collateral supporting the investment. The investor's name is on the Deed of Trust in a first lien position on the property and the invested money is lent to a developer seeking to acquire, develop or construct their project, immediately earning interest on the money. It's important to both us and the borrower that the investor knows the great significance of their role as an investor and why these borrowers are seeking their help.

Be the force that breaks down the barriers that are restricting true diversification.

WHY INDIRECT LENDING?

Why do developers seek money from Ignite Funding? Private or Indirect lenders like us fill a void in the financial market for short-term funding for midsize homebuilders and developers seeking between \$500 thousand – \$10 million to purchase land, start developments and construct homes or structures in preparation for sale or lease. Banks rarely lend on the land itself, and move at a slow speed. These factors necessitate homebuilders and developers to look elsewhere to acquire funds. This brings an investor and a borrower together, essentially having the investor step in to “be the bank” making First Trust Deed investment opportunities just right for investors. Ignite Funding underwrites the loans, facilitates the processes and services the loans to ensure a viable and lucrative investment for both parties.

There are an abundance of borrowers seeking capital to build new communities throughout the Southwest U.S. As an investor, the borrowers pay an interest rate to use your clients' funds earning double digit annualized return – **making the investor the bank!** Integrating alternative investments into a financial portfolio diversifies investors into real estate by the collateralized Trust Deed assets.

THE ADVISORS ROLE IN DIVERSIFICATION

By integrating end-users and Advisors alike, Ignite Funding provides a proven approach providing portfolio managers an experienced resource to integrate short-term real estate, expanded capabilities through real assets and integration of double-digit returns to increase overall portfolio results.

Real estate investing can provide investors opportunities to invest in a means that does not necessarily move in tandem with the traditional financial markets. Despite unique risks and considerations, real estate investments can be a useful tool to improve the risk-return characteristics of an investment portfolio. It can increase diversification and reduce volatility, and at the same time, offer the potential for enhanced returns because of the wider investment opportunity.

Ignite Funding has established a proven program to allow Financial Advisors, RIAs and Family Offices the ability to seamlessly integrate Trust Deed investments into client portfolios. This integration provides the clients with greater diversification, trust in their Advisor and returns in their portfolio. It additionally provides Advisors and Asset Managers the same advantages for their clients while not losing out on any structural management fees. Clients, like John and Shirley Johnson are now able to meet their financial goals using different strategies than they imagined in the past.

John and Shirley Johnson would be considered upper-middle class residing in Texas supporting a growing family. They have seen value in investing with their trusted Financial Advisor for many years diversifying through stocks, bonds and mutual funds.

Being less than 10 years from retirement they were concerned with the volatility of the market. Their Advisor recommended that they look to allocate 1/3 of their portfolio to First Trust Deeds, a passive real estate investment option. By evaluating the underlying properties and considering a "worst case" default scenario, the Johnsons felt secure in the underwriting standards and history Ignite Funding provided them in their Trust Deed investments. By integrating real estate through Trust Deeds and reinvesting capital and interest earned, the Johnsons were able to garner attractive annualized returns and overcome drastic movements in the market affecting the rest of their portfolio.

Traditional investing strategies have provided couples like John and Shirley Johnson with both opportunities and distraught. On one hand they actively strive to implement recommended strategies suggested by their Advisor yet on the other hand they long for peace of mind knowing that another market correction will not wipe out their retirement accounts entirely. Volatility and uncertainty have become constant concerns they wish to overcome.

Ignite Funding's Investment Advisor program is adaptable to any independent structure and provides easy, real-time digital access to investment activity by client. Financial Advisor Guy Baker, who is the managing director of Wealth Teams Solutions, an asset management firm, in Irvine CA, supplied this observation.

"The fact that Ignite Funding is lending when banks aren't isn't a reflection of any sort of recklessness. I find Ignite Funding to be a lender with a specialty market that it services quite successfully. Depending on my client needs and their years until retirement, I recommend it and I have Ignite Funding loans in my own portfolio. Many clients find they can also use their retirement IRA funds to integrate real estate investments without adjusting their strategies."

TRUST DEED EVALUATION POINTS

There are many options to invest in indirect lenders and/or passive real estate however those regulated under a specific regulatory agency or body such as the Mortgage Lending Division are required extensive oversight providing investors a greater level of security. When evaluating Trust Deeds as a viable investment option for your clients, seek out the following:

- **Returns** – Earning double digit annualized returns through preservation of initial investment capital and monthly interest payments as steady income.
- **Ease** – Trust Deeds are a turn-key real estate investment, the hardest thing you'll do is complete some simple paperwork. Digital signatures are utilized for greater ease of processing. Interest earned and capital repayments are directly deposited in designated accounts. Advisors receive allocated amounts seamlessly.
- **Diversification** – Diversification is essential to any investment strategy. Trust Deeds allow you to go beyond stocks and bonds and invest in Real Estate.
- **Acceleration** – Many indirect loans are short term, ranging from 6 to 24 months in length. This provides opportunity to try a new investment out without locking your capital into a state of illiquidity.

- **Control** – The investor or Asset Manager controls all aspects of the investment choosing where to invest the money, how much interest is earned, and the type of loan being offered on a project! Self-directed IRAs are another facet for unlocking retirement funds to earn greater and faster returns.
- **Transparency** – Transparency for the investors and Advisors is vital to Ignite Funding. Performance records, company financials and online investment portals allow full access to all transactions at all times.
- **Collateralized** – First Trust Deeds provide a first person lien position on the actual property as a multi-beneficiary with the other investors grouped on each project. This provides extra security to take back the property should the borrower default on the loan. Investors have control over how to disperse the property and regain the value.
- **Loan-to-Value** – When investing in Trust Deeds ensure that the underwriting evaluates the value of the loan and asset at no more than 75% LTV. Evaluating the property at 55%-65% LTV provides immediate equity in property you are loaning your money on and keeps mitigate shifts in the real estate market as a whole.
- **Mitigated Risk** – Trust Deeds are considered a moderate risk level and should be matched with appropriate clients seeking similar strategies. There are viable strategies indirect lenders use to mitigate the risk levels in their underwriting standards and funding processes for the investors however experience in default collection, lien position placement and in-house servicing provide mitigation of risk as well.

When it comes to underwriting, Ignite Funding follows the USPAP standards during the process. The USPAP standards can be considered the highest quality control standards applicable for real property, personal property, intangibles, and business valuation appraisal analysis and reports in the United States.

At Ignite Funding, each proposed project that seeks funding is carefully analyzed based on a number of valuation methodologies, including the marketability and resale potential should the property be taken back through foreclosure. Although we assess collateral, capacity and credit of the borrower the collateral assessed is the most important factor. Due to our experience level, we think like a developer and ensure each project is backed by permissible, possible, feasible and productive projects.

The Value of UNDERWRITING

Collateral

Legally Permissible

Physically Possible

Financially Feasible

Maximally Productive

Capacity

Credit

TAX-SHELTERED OPTIONS

There are various options in how you can invest in Trust Deeds such as cash accounts, trusts, business accounts and pensions however investing with a qualified retirement account is easier than most think. There is a great lack of awareness with regard to the value and capacity of self-directed IRAs. The IRS provides investors the ability to hold alternative investments i.e. investments not held in Wall Street such as stock, bonds or CDs, in an IRA (Individual Retirement Arrangement). In order to do this, a qualified custodian must be identified to hold the funds on the investor's behalf. Once an account is opened, it is funded – through a simple transfer of funds, your clients are ready to identify new alternative investment opportunities, such as Trust Deeds. By holding IRA funds with a self-directed IRA custodian it unlocks how and where IRA funds can be invested; instantly opening an IRA up to invest in most investment types in the alternative space. Self-direction of an IRA allows greater control and growth in a tax-sheltered environment. When investing in Trust Deeds with a self-directed IRA the investments are purchased by the IRA and all revenues return to the IRA to grow your retirement account under your direct control.

Once an investment is funded and the interest payments are received, Ignite Funding forwards all proceeds of the investment directly back to the custodian to be applied to the IRA account. This provides a direct growth tool to allow the IRA to increase in value through compounded interest. All capital payoffs are facilitated in the same manner, providing the IRA holder the ability to reinvest the original capital and interest earned into the next investment opportunity. The possibilities increase exponentially when using a self-directed IRA for First Trust Deed investing because investors have total control over the capital invested, diversification is integrated and tax-free or tax-deferred income can be achieved. When an Advisor is integrated into this process, some custodians have processes in place to process secondary payments for strategic portfolio guidance. This opens new options for IRAs.

ABOUT IGNITE FUNDING

Collectively, the portfolio management team has overseen more than \$700 million in real estate projects, more than 11 million square feet of office, retail and industrial space, 200 thousand acres of land, and the development and sale of more than 1,000 single family residential lots. Key industry relationships with nationwide builders and financial institutions helps influence the quality pipeline of projects seeking funding that the Ignite Funding team evaluates.

Building a diversified real estate portfolio has one major advantage, higher returns. For instance, at Ignite Funding investors are able to earn monthly income for the use of their investment dollars. In 2015 alone, Ignite Funding developers paid out \$5,952,073 as passive income or tax-sheltered growth to investors.

Results are apparent with Ignite Funding. Investors see returns on a monthly bases and overall portfolio averages increase. With our short term loans, you and your investors are able to see a return quickly and have the opportunity to invest in more projects in as little as six months.

