

Letter from the Editor

Happy Spring! Thanks to those of you who attended our Annual Party. We hope you had an enjoyable time and for those of you that could not make it, we want to thank you for being investors.

We had a very productive February. We closed five loans, which consisted of four First Trusts and one Second Trust. March looks to be about ten loans, and our pipeline continues to grow.

CHUCKLE'S CORNER

"Don't worry about the world coming to an end today. It is already tomorrow in Australia."

- Charles Schulz

Food for Thought

On April 6, we will attend our fourth Think Realty conference in Baltimore, MD. This year's event is taking place at the Hyatt Regency Inner Harbor. We will be presenting at a breakout session, "How to Find Distressed Assets." We will be presenting from 11:15 am - 12:15 pm, and will also have a booth at the Expo from 8:30 am - 4:00 pm.

We continue to be sponsors of the Northern Virginia real estate investment club, Traction Reia. We are the only hard money lender sponsor. The club holds monthly meetings that attract an average of 100 attendees, most of whom are new to the investment space. We lead brief presentations of five to 10 minutes at each meeting. We also sponsor a new group in Washington, D.C., the Heels and Deals Meetup.

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Eight Habits that Help Average People Make Millions

I grew up an average person in an average community having average parents. I am also the most uneducated person in my family from a college viewpoint. What separated me from the rest? Well, it is simple but it is hard. Below are eight simple but hard habits that helped catapult me from an ordinary wage earner to making a much better living. You also have to understand that I started with zero: no trust fund, no money in an off shore account, and certainly no mentors...

1. Set Short-Term Goals and Long-Term Goals.

You need to get into a habit of setting goals. Here is a simple path that I have always followed. First, you need to set your long-term goals. Once you have set your long-term goals, do a list of the short-term goals needed to achieve the long-term goals. Once you have the list of short-term goals, you need to set your daily schedule to achieve your short-term goals. The most important part of this is to cross off the short-term goals as you reach them. This will give you the confidence to maintain the course. As you are crossing off goals, you might be also adding new goals as things change.

2. Aim continually to leave your 9-5 job behind.

The first thing you need to do is quit your job. It's called a J-O-B, which means JUST OVER BROKE. You are working a 9-5, you are getting someone else richer, you have got an hourly rate/salary, you are limited to how much money you can make, and you cannot really go beyond the industry average there, right? Most multi-millionaires and billionaires own businesses because there is no limit to how much you can earn in a business. You can flip one, 10, or 100 properties. But for the person with a job, there are only 24 hours in a day—and many of those hours are taken up while you're only getting paid an hourly rate/salary.

3. Understand Good Debt Vs Bad Debt

This country has so much unsecured debt (bad debt): student loans, car loans, credit cards, etc. Only spend what you can afford to spend, which means the money that you have in your account should be the money that you are spending. There is also good debt. Any debt or leveraging used for your investments is good debt. Just be cautious to not get over leveraged. Leveraging is a smart way to increase your net worth if used correctly.

4. Stay frugal.

When I started my journey as an entrepreneur and a business owner, I understood that I had to keep costs to a minimum and drive revenue. That means do not buy a new phone (unless you need one), do not buy a new suit, and do not buy anything that is not necessary for your day-to-day living. There is no need to spend money on things that do not give you a return on investment. Instead, spend one dollar and get two back.

5. Learn to sacrifice everything and anything.

This is probably the hardest step. There are not any walks in the park, and there are not any extravagant vacations. I worked very hard and I still do work 12 - 14 hour days. I try to take one or two days a week off. Every dollar that I have I invest back in my business. Nothing comes easy in life. You have to work hard, you have to sacrifice, and you have to do whatever it takes. You have to put everything on the line. If you want to succeed, there are not any excuses and it's going to take a lot of hard work. I do not believe in luck. I believe in hard work.

6. Methodically invest in property.

I am not sure what the statistics are out there, but the majority of multi-millionaires and billionaires all have very large property portfolios. There are many ways that you can invest in real estate, as you know. Regardless of the niche you use, you want to get to a certain level of financial status where you can buy and hold. One way to create long-term wealth is by buying and holding properties. They hopefully will appreciate in value, which will hopefully continue to expand your multimillionaire status, and you will also receive residual income from them so you can achieve true financial freedom and enjoy your life.

7. Surround yourself with the right people.

You need to figure out where the people you aspire to be like, hang out. In real estate it is easier. I bet you, your first million dollars earned that some of these people might be at Real Estate Investor Association events. Just find the events. Surround yourself with other real estate investors who are doing great things. They say you are who you are with. So make sure that you network. Throw yourself out there. Go to conferences, shake hands, talk to people, email them, cold call them. Network equals net worth. If they are worth \$10 million, at least they will pull you up and you will be worth a couple million. You are who you are with. Have the right people around you.

8. Become an Expert

I am an EXPERT in the residential real estate investment field. Did I just wake up one day and someone crowned me an expert? No, it took years of reading, educating and actually doing it. How do you find distressed assets? X's and O's of hard money lending, tax lien certificate investing, buy and hold investing. These are some of the areas that we are EXPERTS on! So take the time and work to and learn and do. Nothing can replace experience!

Sam's Corner

Changes for Flippers and Consolidation in the Hard Money Space

Nationally, there is a combination of higher costs and lower demand for flipped houses. However, in the DC area, we have higher costs and increased demand. These factors combine to make prices at the local auctions too high for flippers to get generous returns on their work. The key for flippers is to continue to focus on buying houses in the "hidden market". These are properties that might be headed toward financial distress but haven't made their way all of the way to the auction block. Investors/buyers who can find ways to solve housing and financial problems for sellers are still finding good deals.

In the last couple of years there has been a boom in entrants to the business-to-business (hard money) lending space. People entered the business who had no familiarity with lending. They loaned out their own funds that they had saved up in IRAs and property equity. These entrants enjoyed good returns in a steadily rising market. However, a market that is nuanced with street-by-street values is much harder to loan money into. Additionally, some lenders grew so large with staffing that they needed to keep driving down their rates in order to attract transactions just to fund the back office. Both types of lenders are now either leaving the space or consolidating by selling or merging with other companies.

We view consolidation as good as good for the lending industry. Lenders who continue to be alert to local trends and keep detailed track of their loans are great for business. They provide value and competitive rates. A lender that relies on rate alone to attract business tends to drive itself out of the market. Whereas, a lender that is of service to a borrower builds trust and adds value beyond a low rate. Our approach is to continue to deepen our lending in the DC/VA/MD market by continuing to service repeat borrowers and well-educated new entrants. Our focus on reviewing assets and meeting borrowers in person to review their job sites keeps us well informed about neighborhoods and borrower project progress. We are continuing to grow from organic growth in 2019. for general solicitation and advertising.



www.cskyfinancial.com

Charlie Einsmann

(703) 887-1039

charlie@cskyfinancial.com

Sam Jacknin

(703) 587-2475

sam@cskyfinancial.com

February Deals



15485 Roxbury Rd.



1404 Devils Reach



2423 Phillips Drive.



2211 Oregon Ave



81 55th Street