

Letter from the Editor

We hope you are doing well, and we apologize for skipping the May 2019 newsletter – below, please find our May/June issue. We did six loans in April, and another six in May. All 12 loans were first trusts. June is off to a strong beginning.

CHUCKLE'S CORNER

“All I ask is the chance to prove that money can't make me happy.” Spike Milligan

Food for Thought

We have launched the Clear Sky Lightning Fund. This is a 506(c) fund opened to accredited investors. It is a debt offering. Please call or email with questions if you want to participate. It is very similar to your investment in Clear Sky Financial. The Clear Sky Financial monies will be automatically moved to a 506(b) fund. There will be no changes on your part as to the interest payments received. We will have some updated paperwork for you to fill out. You should be getting this soon.

We have one new investor who is starting out with their investment into the 506 (b) fund. The difference between the 506(c) and 506(b) is that we can advertise the 506(c) fund. The 506(c) fund is only opened to accredited investors. The 506(b) fund cannot be advertised and can accept up to 35 non-accredited investors (we currently have approximately 14).

An accredited investor is defined as:

A. One who has earned income that exceeded \$200,000 (or \$300,000 together with a spouse) in each of the prior two years, and reasonably expects the same for the current year,

OR

B. One who has a net worth over \$1 million, either alone or together with a spouse (excluding the value of the person's primary residence).

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Seven Steps to Setting Goals

Perhaps one of the most important things you will do to ensure your success is goal-setting. Many people, however, fail to recognize the importance of setting goals and tend to pass it over as unimportant. But nothing could be more vital to your success than learning how to properly set goals. One element that all successful people have in common is that they set specific goals and have a plan for achieving them. This means that they determine exactly what they want and know how they are going to get there.

Three basic types of goals:

1. Improvement goals: Things that we want to change or make better, such as losing weight, quitting smoking, or having better relationships.
2. Achievement goals: Things that we want to accomplish, such as top salesperson, greatest golfer, or best teacher.
3. Financial goals: Things that we want to acquire, like making a million dollars, being financially independent, owning cars, homes, etc.

Ask most people about their goals, and they will typically give some vague, general answer. If it's an improvement goal, they may tell you that they want to lose weight. While they may be able to lose weight without a clearly defined goal, their chances of really succeeding long-term are slim until they specify how much weight they want to lose and devise a plan for how they are going to do it. If you don't know where you're going, how will you know when you get there?

The keys to effective goal setting:

1. Be specific about your goal. State exactly what you want. Instead of just saying you want to wholesale your first house, state "I will wholesale a house in Woodbridge, VA using a bandit sign or out-of-state mailer."
2. Set a date for reaching this goal. "I will have achieved it by May 25, 2019."
3. Devise a plan for reaching the goal. "Through real estate investing, I will acquire at least two income-producing properties a month that will create a net cash flow of \$300 per month each, and I will buy at least one property per month that I can fix-up and resell for a \$10,000 profit."
4. Indicate where and with whom you will accomplish this goal. Who else will be involved and/or affected?

The seven keys to goal achievement:

Once you have written down your goals and developed a clear idea of what you want, you still have to get there. I have put together what I consider to be the seven keys to achieving your goals. They are the crucial elements from start, to implementation, and achievement of your goals. This information can be vital to your success. Please don't take it lightly.

1. Desire

It all starts with a dream, a desire to have or accomplish something. If you don't want it, then why bother going after it?

2. Belief

In order to accomplish or acquire something, you must possess the beliefs that it is achievable and worth pursuing. Reaching this goal must not conflict with your values, and no one will be harmed or adversely affected by it. You must possess the belief that you are capable of achieving it, and that you can learn whatever is necessary to accomplish it.

3. Knowledge

You need to acquire the knowledge and information that you will need to accomplish or achieve whatever it is you are attempting. This means learning the "how-to" of what you want to do. You will also need to read about, listen to, and model someone who has already done what you wish to accomplish in order to learn the necessary mental strategies.

4. Opportunity

The opportunity must exist for you to take action. Is this something that you can do now? If not, when? Are there external (or internal) factors that are getting in the way?

5. Vision

In order to accomplish the goal, you must have a clear idea of what it is that you want and create a compelling internal representation in your mind that you can “see” vividly. You can also use external pictures of your goal that you review daily. The better you can visualize your goal and its achievement, the better your chances of getting it.

6. Planning

Devise a concise plan for the achievement of your goal setting long-term, short-term, as well as daily goals. Implement the use of a day-planner system to help you plan your time and to “track” your progress towards your achievement.

7. Commitment

Stick to it, no matter what. You must be prepared to do “whatever it takes” (without hurting anyone) to accomplish your goal. Use vision and planning to create such a great picture of your goal that you fall in love with the thought of its accomplishment. Post the following statement up on your bathroom mirror and recite it to yourself every morning:

“I will not give up, no matter how many obstacles I encounter, or how much pain I endure. Because these things are nothing compared to my desire to succeed.”

Sam's Corner

Real Estate Trends and Their Impact on Investing in the D.C. Area

In order to profit at real estate investing, one needs to be alert to real estate trends. There are macro trends that impact every US housing market: growth/recession and capital costs are national drivers. Local trends include the availability of housing stock and labor/construction costs. While it is critical to monitor both national and local trends to maximize profits, this article will focus on local trends.

For those who are wondering if a recession is looming; most probably. Price growth in the housing market can't continue indefinitely. There are already submarkets in our region where prices have pulled back. Another indicator is the slowdown of residential multifamily construction inside the beltway. This is being driven by the reality that fewer large lots are available. The profit margins are very thin for big developments. All of the development gains are priced into the purchase price of the land. The cost of construction labor, materials, and taxes/permits continues to rise quickly in the D.C. market.

When looking for investment property in the D.C. area, the most important question to ask is, “Where are people going in the region?” They are leaving Montgomery County, where the school system is locked into no growth, and an aging population is being replaced by young families. The taxes in Montgomery County are insufficient to maintain the high level of services offered in prior years. Prince George's County is poised for growth. There is a lot of housing stock to revitalize and there is close access to job growth in Anacostia and Alexandria/Arlington.

Buyers continue to pay a premium to live in Virginia. Job growth, proximity to D.C., and Virginia's favorable business environment are the primary drivers. Buyers remain especially focused on Alexandria, Arlington, and Fairfax. The close-in locations are still commutable in a car. The effectiveness of metro stops far out into Loudoun County remains uncertain. A long ride on a Metro to the city and changing Metro lines may not be palatable to many commuters. Ridership continues to fall on Metro, which indicates to me that a location close to the city will continue to demand premium prices.

Whether you are looking for your next flip investment or are financing one, staying abreast of real estate trends is crucial. At Clear Sky Financial, we do so by attending industry groups, reading about changes in the market, and, most importantly, keeping an eye on price trends and available product. Once enough people identify a trend, you will read about it in the newspaper. If you wait to read about it, it will be too late to invest to maximize your profit.



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Deal of the Month

The Deal of the Month involves a commercial deal purchased by our sister company, Clear Sky Properties LLC. We had the opportunity to invest in a three-acre piece of land that was supposed to be used as a parking lot for tractor-trailers. We were supposed to split the three acres into about 38 spaces for tractor-trailers and 50 parking spaces for other industrial vehicles of various sizes. We went under contract and purchased the land for 1.325 M. We figured it was going to take us about a year to get the parking yard fully leased with vehicles and the maximum rent would be around 21.25 K a month. However, between the time we were under contract and before we closed, we successfully negotiated a two year lease with one company for the entire three acres for 20 K per month.

Stay tuned next month when we will talk about an ongoing condo conversion and a newly purchased auto body shop.

April/May Deals



1709 Acadia Ave.



9 Elk Lane



5490 Rodriguez Ln.



4235 Belvoir Rd.



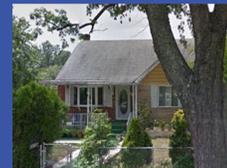
7968 Jasons Ln.



12155 Penderview Ter.



3900 Mariposa Pl.



1007 Quietview Dr.



6733 Sunset Woods Ct.



6701 Kerman Ct.



4101 Cottage Ter.



2737 Devonshire
NW Unit A/B