

Clearwater Real Estate **Investment Group, LLC**

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Semi-Finalist at the 2015 Harvard Venture Real Estate Competition

January 2017

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Clearwater Real Estate Investment Group, LLC

Executive Summary

If you're looking for an opportunity to build a long term business relationship, focused on transparency, profitability, consistent returns, and that is properly managed by team with a successful track record, then you found the right place. At Clearwater Real Estate Investment Group, LLC (Clearwater) our motto is to get things done and create value in the communities we invest in, through community redevelopment and social entrepreneurship.

Clearwater is a real estate investment company focused on purchasing and reselling bank owned properties (REOs), short sales, and acquiring other undervalued assets that can be resold for a profit. Our objective is to capitalize on opportunities within the real estate market by acquiring assets that are underpriced due to foreclosures, pre-foreclosures, forced liquidations, liquidity issues, and other special situations. Our current area of focus is Central and Eastern Massachusetts due to a good amount of opportunities for REOs and short sales that exist within the market and can be purchased below fair market value.

Key summary and strategy of the business:

- Experience in identifying target properties and determining if there is potential within the current market conditions to generate a significant return.
- The ability to analyze a deal quickly and purchase properties at the best possible time.
- Investment alternatives – joint venture on deals through profit sharing and/or issue a line of credit at a certain interest rate (7 to 10% depending on the amount).
- Strong team with significant industry experience, and proven track record identifying deals and executing on the property life cycle. In particular with residential single family and two family homes in short sales, REOs / Foreclosures, and HUD properties.
- Capitalizing the business will allow us to increase our portfolio of properties and take advantage of market conditions.
- We have a reliable network of contractors, legal team, tax professionals, and real estate brokers that help in our execution.

The Industry/Customers

After a number of years of declining property values, the industry has now shown strong signs of recovery and normalization within many local markets. This is due to the fact that home buyers are looking to take advantage of historically low interests rates and good market conditions. This is especially true for the First Time Home Buyers' market. First Time Home Buyers are our target market for resale of our acquired and rehabbed properties since they prefer to buy a home that is in living condition, rather than having to go through the hassle of obtaining rehab loans, which take a long time to close.

Investment Opportunity

- **Annual Return**

Clearwater is offering a select group of investors the opportunity to make an annual return between 7 to 10%, depending on the amount loaned to us. The interest payments will be paid out annually, with the option at the end of each year to have a distribution of capital and interest. At that time, the investor will have the option to reinvest their principal amount or additional funds. All investments will be backed by the real estate collateral as a note payable from Clearwater, which will be holding the assets. In the event that an investor elects to take a distribution and Clearwater is in the process of finishing a project, an additional interest payment will be made based on the required timeframe to complete the sale.

Our ideal investors are those who desire to obtain a significant rate of return through a joint venture or interest payments. Clearwater hopes to identify investors who share the same passion of having a local impact and generating a significant returns in the process. We seek investors who value having measureable returns, long term growth, and enjoy developing business opportunities.

- **Joint Venture Track**

For those investors looking to explore our joint venture track, we offer profit sharing plan to those that invest the proper amount of funds. This track provides investors with the potential to earn at a different level.

Financial Plan

We hope to raise between 10 to 25 MM in the next 6 months as we have now opened the door to new investors outside of family and friends. By increasing our investment capital, we will be able to substantially improve our buying power and achieve greater value during the acquisition of properties. We have started to meet with Private Lenders, Private Equity firms, and Hedge Funds that have expressed interest in our business model and our successful approach to the market.

Barriers to Entry

The most significant barrier to entry in real estate investing of REOs and short sales, is the availability to have enough capital to purchase real estate. Followed by the proper experience in acquiring, remodeling, and executing on a deal. Clearwater looks to overcome these barriers by generating a significant amount of capital through joint ventures and leveraging expertise in the market.

At Clearwater we understand the need to identify properties with potential and manage multiple transactions, while also providing what buyers are looking for.

Service Description

Clearwater is dedicated to providing consistent returns to its investors by having a sound strategy to buy and sell real estate and other assets for a profit. Our strategy is to work with transparency and full disclosure to all parties involved. In this industry it's very important that the sellers and buyers understand that Clearwater intends to immediately resell the properties it acquires to generate a profit. We always aim to generate the maximum returns but also provide the best available pricing in order to continue to attract buyers that are in the market. In addition, we pay the best commission possible in order to motivate real estate professionals to show and sell our properties.

Market Analysis

REOs & short sales are tracked through the Multiple Listing Service (the MLS), where most properties being sold by a real estate professional are listed. Additionally, Clearwater plans to buy properties through auction if clear title is guaranteed at the time of sale. We are also investigating the opportunity of buying Fannie and Freddie

- **Short sales** – Short sale opportunities exist by buying properties in the pre-foreclosure stage. A short sale is when the homeowner owes more than the property is worth. Our model is to partner with realtors and homeowners that are in the pre-foreclosure stage and who wish to sell their property before it reaches foreclosure. In this case, our strategic approach is to buy properties somewhere between 60% to 70% of the Fair Market Value (FMV).
- **REOs/Foreclosures** – Properties in this category range from needing minimal repair to needing extensive work. Our strategy for this market segment is to acquire properties that will not require significant work, which will provide us with a competitive advantage by allowing us to put the property on the market quickly.
- **HUD** (www.hud.gov) - Mr. Mateo is a HUD Registered Broker with the opportunity to submit bids on any HUD property in Massachusetts. This provides a competitive advantage over other investors who do not have access to a Licensed Real Estate Brokerage and are not registered to bid on HUD properties.

Marketing Plan

The marketing efforts of Clearwater are extremely important to getting a competitive advantage in the market place. Clearwater is using Mr. Mateo's professional relationships with REO brokers and agents that list bank owned properties in our target area, for purchase opportunities. Clearwater is informed of "Pre-List" REOs, which are properties that are close to entering the market but are waiting for approval to be finalized. This information is important because it gives Clearwater a competitive advantage in analyzing properties and determining if an investment opportunity will meet the expected rate of return desired by management.

Our marketing plan is driven through online marketing campaigns and through use of signage in our target areas. Our marketing efforts are consistently modified in order to stay current with the market trend and attract sellers and potential buyers. In addition, we have had talks with Univision, the largest Hispanic TV network in Eastern and Central Massachusetts, about launching Spanish marketing campaigns to promote Clearwater's real estate investment opportunities to potential home buyers and sellers.

With a favorable exchange rate, we are offering UK investors the opportunity to realize returns significantly above current UK rates. The US market has recovered quicker than in the UK, with lending facilities available to buyers, therefore the completed properties can be sold in a short timeframe. Moreover, short sales, REOs/foreclosures and HUD properties can be purchased at attractive prices, particularly if the buyer has cash available, therefore the US property market is currently in a state of potential for real estate gains. Mr. Livingstone has extensive connections in the UK, and access to various high net worth individuals.

Management Plan

CEO

Clearwater is managed by Harold Mateo, a Babson MBA, who has over 15 years of real estate experience as a Real Estate Broker, Investor, and Manager of various real estate projects. Mr. Mateo is a prior Fortune 100 Global Strategy Consultant with PwC, and a Global Shaper with the World Economic Forum (WEF), who has in-depth market experience identifying target properties and quickly performing a cost benefit analysis. His experience and expertise allows him to quickly determine if a real estate property has the potential, within the current market conditions, to generate a significant return. Mr. Mateo has his Construction Supervisor License (CSL), is Project Management Professional (PMP), a Certified Anti-Money Laundering Specialist (CAMS), Licensed Real Estate Broker in Massachusetts and New York, and a Notary Public. Each deal is analyzed on a case by case basis since there are so many variables, which include acquisition costs, repair value, location, target profit, and resell opportunity.

CFO

Gordon Livingstone is our CFO, who is an accomplished entrepreneur with over 20 years of financial, sales, marketing and operational experience. Gordon is a Chartered Accountant (ICAS), qualifying with Ernst & Young in the UK, and has been involved in senior positions in both large public and private sector corporates, and privately-funded startups and SMEs, latterly operating as Commercial Director and CFO. In 2007, Gordon founded his own consulting business specializing in assisting SMEs, and has helped clients in the US, UK and continental Europe grow and improve. He is also a Babson MBA, and is currently providing CFO services to various companies in the US and UK in sectors from entertainment to property, and PR to bio sciences, as well as international consulting to UK companies seeking to operate in the US.

Gordon has almost 20 years' experience in his family property business as Finance Director, with experience of both commercial and private property leasing and developments.

Key Aspects to the Management Plan:

Below are some of the key aspects of the management plan developed by our Management Team:

- **Exit Strategy:** The exit strategy on each acquired property will vary depending on whether the property is sold at a retail or wholesale price. Our primary focus will be selling at the retail level, when possible.
- **Disclosures:** Clearwater will provide full disclosures to all parties involved in real estate transactions; we will clearly state that our intention is to buy properties below the actual fair market value and to immediately resell them. While going through the purchasing and selling process, Clearwater will be making full disclosures to all parties involved through its contracts, giving notice to the Sellers, the Banks, the Attorneys, and the Buyers that we are in the business of buying and quickly reselling properties we acquire for a profit.

Operating Plan

Clearwater operates out of 35 Avon Street, Wakefield, MA 01880 and 344 Main Street in Fitchburg, MA 01420. The headquarters provide the opportunity to meet clients, hold closings at the office, and leverage the resources within Middlesex County and the Fitchburg Business Center. The busiest acquisition time of the year is from December to March, and the best time to sell is from March to October. During these timeframes, Clearwater has to be prepared to continuously purchase properties in order to capitalize on the existing inventory in the market and the demand from buyers.

Our day to day operation fully integrates the use of technology to capture leads generated by our systems, and encounters with potential buyers and sellers. In this business, our ability to quickly

execute and complete a deal makes a big difference, and will help us stay one step ahead of our competitors.

*****Financials & Pictures Below**

Financials & Exhibits

We can provide actual MLS Listing sheets that show before and after information on several projects that we have managed, along with photographs for each property at purchase, during renovations, and at sale. Please note in our financials the purchase price, the sales price after repairs, and the time on market, which are critical to our success.

Financials:

Property	116 Charles Street	23 Samuel Street	182 Beech Street	11 Winter Street	54 Lawrence Street	85 Summer Street
City	Leominster	Fitchburg	Fitchburg	Fitchburg	Fitchburg	Fitchburg
Bedrooms/Bath	7 / 2	4 / 3	3 / 1.5	3 / 2	4/2	3/1.5
Project Length (renovation & sale)	4 months	5 months	7 months	6 months	6 months	5 months
Cost to Acquire	\$ 65,900	\$ 47,000	\$ 30,000	\$ 38,000	\$ 43,500	\$ 65,350
Legal Fees	\$ 1,200	\$ 1,200	\$ 1,481	\$ 1,251	\$ 1,542	\$ 1,395
Total Acquisition Costs	\$ 67,100	\$ 48,200	\$ 31,481	\$ 39,251	\$45,042	\$ 66,745
Repairs	\$ 30,000	\$ 70,000	\$ 39,293	\$ 52,412	\$ 56,000	\$ 35,500
Roof	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Painting (Interior & Ext)	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Plumbing	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Electrical	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Chimney	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Kitchen	Repairs	Repairs	Repairs	Repairs	Repairs	Repairs
Stainless Steel Appliances	\$ 1,944	\$ 3,944	\$ 3,083	\$ 2,563	\$ 3,093	\$ 3,726
Smoke Alarms & CO	\$ 500	\$ 0				
Smoke Certificate	\$ 50	\$ 50				
Expenses, Utilities & Taxes			\$ 2,901	\$ 3,924	\$ 5,918	\$ 3,855
Closing Cost Buyer	\$ 7,000	\$ 6,510	\$ 5,736	\$ 10,051	\$ 10,527	\$10,400
Total Repairs & Sales Costs	\$ 39,494	\$ 80,504	\$ 51,013	\$ 68,950	\$ 75,538	\$ 53,581
Sales Price	\$ 167,000	\$ 217,000	\$ 122,000	\$ 149,000	\$ 157,500	\$ 157,000
Total Cost (Acquire & Repair)	\$ 106,594	\$ 128,704	\$ 82,494	\$ 108,201	\$ 120,580	\$ 120,326
Total Profit	\$ 60,406	\$ 88,296	\$ 39,506	\$ 40,799	\$ 36,920	\$ 37,174

NOTE: The Fitchburg properties have been complete ‘gut renovations’, and therefore the project lengths have been longer, however the total project cost for these properties fits within our

clients' budgets. We are seeking higher investment to take advantage of additional markets and opportunities.

FAQs

What is the average time to buy, fix and sell a property?

As we have become more experienced, and have established relationships with a reliable and trusted contractors, we expect to turn around a property in 3-7 months. To date, we have achieved 3-7 months, depending on the scale of the project.

Who owns the property during renovation?

All properties are owned by Clearwater Real Estate Investment Group, LLC throughout the life of the projects; as per the contract to purchase, HUD and sale documents.

What guarantees will I have as an investor?

A mortgage can be recorded, and/or a notarized promissory note /from Clearwater. We prefer the latter, as a mortgage can delay the purchase and sale of a property, we would incur additional fees, and increase the project costs. We are happy to work with our clients to ensure that they are comfortable with their investment, and we provide regular progress reports for our Joint Venture partners.

Is there a minimum or a cap on the amount I may invest?

There is a \$250k minimum investment, and no cap. For our Joint Venture partners, we work to a plan for each particular project and/or credit line that's available.

When are returns paid? And when can I recover my capital?

Clients investing under the Annual Return scheme are paid at the end of each year, and can request their capital at any time; in the event that an investor elects to take a distribution and Clearwater is in the process of finishing a project, an additional interest payment will be made based on the required timeframe to complete the sale.

Those investing through our Joint Venture track can be repaid their capital and profit at the end of each project, roll both into another project, or leave the capital for another project and have the profit share paid out.

What track record does the company have in property developments? We have a strong track record of delivering significant profits on each of the properties we have acquired, as can be seen in the Financial section above. Both of the management team have over 20 years' property experience, managing and executing property deals in the US, UK, Italy, Spain, Portugal and the Dominican Republic. We would be delighted to discuss your specific requirements with you.

Pictures:



Before (23 Samuel Street, Fitchburg, MA USA)



After (23 Samuel Street, Fitchburg, MA USA)



Before (23 Samuel Street, Fitchburg, MA USA)



After (23 Samuel Street, Fitchburg, MA USA)