

# BusinessWorld

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Ignite Funding Sparks  
Double Digit Interest in  
Crowdfunding Real Estate

# Crowdfunding –

# Where You Become the Bank!

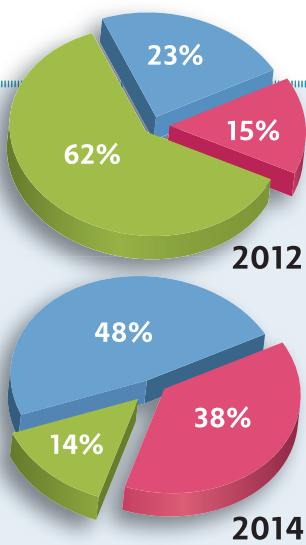
by Rob Bryant, Editor Business World

**W**hile the term crowdfunding may lack clarity, there's nothing opaque about the return on investment this financial instrument provides investors. The only mystery is why there are so many misconceptions about its risk versus reward possibilities and why the ten to 12 percent return it can provide merits so little media attention.

One has only to visit the website of Ignite Funding to learn how transparent this potential portfolio performer can be.

The best place to start, however, is to understand the rationale behind the founding of the Las Vegas-based Ignite Funding and its performance record.

Prior to the market reset conditions of the past decade, the founders of Ignite Funding saw a niche position in the gap between the amounts of financing small, regional banks could allow developers looking to acquire and build residential homes - and where the titans of the industry would start.



## Loan Portfolio Adjusts Based on Market Demands

- ACQUISITION
- DEVELOPMENT
- CONSTRUCTION



## Historic gap in conventional funding sources

Carrie Cook, Ignite Funding president, picks up the narrative. "Developers and builders needing loans in the \$5 to \$20 million range have historically had trouble securing funding," she explains. "If their projects fell over or under the lending guidelines set by a bank's board of directors, financing wasn't available to them — regardless of their credit history."

The lending industry, which often makes up for its inflexibility with creativity, supplied the demand with what Ms. Cook termed as a hard money solution that has most recently come to be known as crowdfunding real estate.

## Business models differ greatly

Not surprisingly, suppliers in the \$5 billion crowdfunding industry differ in their approach to matching investors with borrowers. Ignite Funding, for example, controls every aspect of the loan process through various in-house departments as well as offering investors collateral to secure the investment type.



"We appraise the asset's value, underwrite and service every loan," Carrie Cook explains, "which enables us to react immediately and effectively on behalf of our investors should a loan default."

Defaults rarely occur with Ignite Funding loans. In fact, there weren't any from 2011-2014 after Ignite Funding refocused their business on commercial homebuilders.

On the infrequent occasion when a borrower has stopped paying interest on an Ignite Funding loan since then, the company goes into a rapid recovery mode based on its manpower and unique business model of "total loan control and collateralization."

## Safety in equity

Every Ignite loan is much like a traditional first trust deed found in a home loan, in that it totals far less than full value. The commercial trust deeds Ignite Funding finances for its investors are never more than 75% of the asset's appraised value.

Not every crowdfunding company works with such a safety net or has the experienced manpower to repackage a failed loan to make it attractive to another borrower. The 25% margin is significant in avoiding even a partial loss. Safety is also enhanced in these collateralized assets by the fact every investor on the loan is in the first lien position.

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Despite having such safeguards in place, however, myths and misconceptions linger about most aspects of crowdfunding and investing in real estate through first trust deeds.



CONSTRUCTION



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Carrie Cook,  
President, Ignite Funding

### How is this investment considered crowdfunding?

The loans are funded with anywhere from 5 to 200 investors' capital. All investors are represented on the deed of trust and are paid an interest rate for the use of their capital.

### What types of loans are available from Ignite Funding?

First trust deeds that fund land acquisition, construction or development of residential homes by commercial homebuilders across the Southwest U.S.

### What is the average return to an investor?

Since 2011, the average yield has been 10.94% annually.

### How often are investors paid their interest?

Monthly for the term of the loan. Loans average 6 to 12 months in duration.

### What sales commission does an investor pay?

Unlike most stocks, bonds and equities, there is no sales commission charged, nor any additional cost to the investor of any kind. Borrowers pay for the "costs" of the loan.

### How does this compare to buying real estate related stocks, mutual funds or ETFs?

Trust deeds are backed by collateral where these elements are not. The collateral provides the investor with an added level of security.

### Is there a minimum buy-in for Ignite Funding investors?

Yes the minimum is \$10,000. Investments can be made with cash or IRA retirement funds.

### How would crowdfunding a first trust deed add to my financial strategy?

The key to a good investment strategy is diversification. Using alternative investments such as real estate allows investors to successfully balance and cover adjustments in other markets.

### How do I integrate this with my financial planner's program?

Ignite Funding has a dedicated platform that seamlessly integrates trust deed investments into your current investment strategies that are undertaken with a personal financial planner or advisor.

### Where can I learn more on the concept of crowdfunding in general, and Ignite Funding in particular?

The Ignite Funding website has complete information to facilitate an investor's due diligence requirements complete with history, investment opportunities and educational blogs. Just type ignitefunding.com into your browser.

Since whatever confusion exists is most likely fueled by the high return that investors receive from Ignite Funding, the return on investment is a good place to start to address some of the uncertainties.

Ignite Funding is a fully transparent communicator providing real time investment options on their website. Investors can go there to learn about and select from the loans Ignite Funding makes available under acquisition, development or construction.

Options also exist as to location, interest rate and the length of the loan's term. Not only is this variety of choices rare for an investor, it is a great value in its own right.

A recent loan opportunity listed on the Ignite Funding website was an offering of a First Trust Deed collateralized by 26 one-acre residential lots. The lots are described as being located in the second and third phase of a subdivision in North Las Vegas. The offer was for a six-month term and an annualized return of 11% on a \$100,000 investment.

### Risk versus reward revisited

So the crux of the investor question is: Are the risks in investing in a First Trust Deed from Ignite Funding in proportion to the double-digit reward?

The answer is: **Are banks safe?**

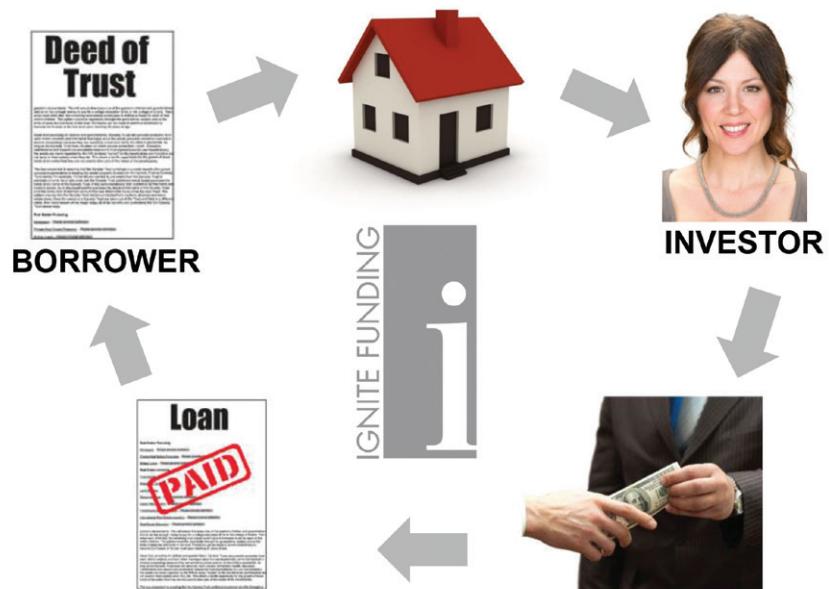
"In today's uncertain financial state, our clients value the control to act as a bank while diversifying their portfolio," says Ms. Cook. "Through this empowerment model and the scrutiny placed on us by regulatory oversight, mid-sized builders are provided the ability to borrow necessary funds to have a positive impact on their local communities," Cook said.

Knowledgeable financial advisors are perhaps in the best position to evaluate risk and reward comparisons and address some of the misconceptions, too.

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.

## TRUST DEED INVESTMENT



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."

***"Ignite has created an opportunity for investors to act as a bank."***

Misconceptions invariably arise when new instruments appear after a market correction. But the facts are that Ignite Funding has provided \$240 million in acquisition, development and construction funding. During that time its investors have received in excess of \$75 million in interest payments, on an average distribution yield of 10.94%, that is paid monthly.

Whether crowdfunding real estate should be part of your portfolio, or if you are ready to be the bank, can be determined only through due diligence. Ignite Funding facilitates the process, with the full disclosure it provides on the [ignitefunding.com](http://ignitefunding.com) website, including the current loans available to investors, as well as its unique business model.

Take the time to investigate for yourself. Research and patience are the key elements of every portfolio.