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PRIVATE LENDER



The Official Magazine of AAPL
July/August 2016

- + **Could Brexit Wash Ashore Here?**
- + **How to Keep the CFPB Happy**
- + **The Trouble With TRID**
- + **Debunking Private Lending Myths**

LENDER LIMELIGHT:

ROBERT BUCHANAN

Trend-Watching from Every Angle

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Regulatory Issues

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360-DEGREE PERSPECTIVE



Multidisciplinary approach gives CCG's Robert Buchanan a clearer vantage point to view trends and investing possibilities.



LENDER LIMELIGHT

Robert Buchanan has one of the most established names in the private lending space. He leads the CCG Family of Companies, which evolved from the Pride of Austin companies in Texas, and is a founding member of the American Association of Private Lenders. AAPL asked him to share his story with the readers of Private Lender.

PRIVATE LENDER: Tell us a bit about your company, CCG.

ROBERT BUCHANAN: The CCG family of companies—including CCG Capital, CCG Development and CCG Realty—is a group of affiliated companies that brings together a broad scope of real estate-related services under one roof. We are a small and flexible operation that is able to serve the real estate community in creative ways and provide services outside of the traditional approach. CCG Capital provides real estate construction financing and manages two Regulation D Securities Funds. Our holistic approach is unique in that we also operate an in-house contractor and real estate brokerage services.

PL: What kind of an edge does having a hand in multiple aspects of the industry give you?

RB: That enables us to be aware of movement and trends happening from the evolution of the original idea throughout construction and with the end user. Viewing the market from a variety of perspectives is a benefit to the projects we choose to finance and develop.

We are continually analyzing loan requests from smart real estate



investors that give us key insights into what is and is not a good investment in Texas and several other hot markets across the U.S. We are keenly aware of what will and will not work in terms of location, form and function.

PL: What kind of management structure does your operation have?

RB: I serve as the managing member for the CCG companies and am committed to the strategic and continual development of each affiliated company and the CCG team. I lead a group of highly competent professionals who effectively manage their individual responsibilities and often work as a team to get things done.

We run three companies with seven people, so I sought out staff that I could trust to be self-motivated and confident within their roles. The CCG team consists of Allyson Bruner - Director of Operations, Amin Noorani – Lending Associate, Tabette Stewart – Director of

Marketing and Business Development, Ryan Stewart – Construction Manager, Drew Buchanan – Realtor and Portfolio Manager, Dylan Chambers – Project Manager, and Gabriel Candelas – Site Superintendent.

PL: How did you get your start in the industry?

RB: In 2007, we were operating as a single company providing residential construction services. Austin was a hot market at the time, and our development company was acquiring more projects than we could secure financing for as a newly established business. That year, I received a mass email from Leonard Rosen, “The most interesting man in hard money.” His message – “Be the Bank”—immediately caught my attention.

I have always been a numbers guy and with a degree in accounting and career experience in auditing and bank loan reviews, I knew I had the

potential to successfully build this type of venture. I started attending Rosen's Pitbull Conferences and within 14 months I had attended three of them.

After extensively researching the ins and outs of starting and managing a fund, I decided to take a plunge. I had become acquainted with Anthony Gerarci (of Gerarci Law Firm) through the conferences and knew that he was an experienced securities attorney. He drafted the original legal docs for the fund, and the rest is history.

Over the past five years, CCG Capital has grown from managing a portfolio of 12 loans with \$10.3 million in assets to managing a portfolio of 47 loans with \$72 million in assets. I'm very proud of the substantial growth we have seen during this period. The High Yield Fund just announced an 11.83% net yield to investors for the second quarter ending June 30, 2016.

PL: What types of things do you do to keep current?

RB: I think it's important to stay in contact with like-minded lenders from all around the country. I have a handful of people with whom I talk regularly who are working in different markets, and that allows me to see what type of loans they are financing and if anything is changing with their business.

Being active with industry organizations is another great way to stay connected and current. We are proud to say that we were one of the founding members of AAPL and always enjoy seeing what's new at the conference in Vegas. We are also active members of the Real Estate Council

of Austin, the Greater Austin Home Builders Association and the Urban Land Institute. Our team regularly attends meetings and events held by each organization to network and continually educate ourselves on changes in the industry.

As a builder and a developer, our company is required to stay current on regulations and municipal ordinances within the construction industry. Having an ongoing awareness of these changes is extremely valuable when it comes to underwriting construction loans and assessing the viability of projects.

PL: What kinds of mistakes have you seen professionals make when it comes to their investments?

RB: Not staying within your lending parameters and getting out of your comfort level just to make the deal. I'm a stickler for this one. I have seen too many deals go wrong that started this way. CCG Capital has a simple set of parameters, and if the borrower doesn't like them, they will likely find another lender to do the deal under their terms. Keeping it simple and consistent helps us to maintain fairness and transparency with our borrowers and is just good business.

Another mistake I have seen several business owners make is growing too rapidly without the capacity to sustain it. It is tempting in a hot market, but I think it's important to understand your capabilities and prepare for long-term growth.

PL: How would you describe your management style?

RB: We run "lean and mean," so I

expect a lot from my team. I hire people I can trust and supply them with the tools they need to succeed. I hold each member of the team accountable for his or her responsibilities but don't do a lot of micro-management.

I also tend to throw my employees into sink-or-swim situations, knowing it will help to develop their skills. My lending associate, Amin, can attest to that.

PL: What's the most difficult decision you've made in the last two years and how did you come to that decision?

RB: Last year we decided to go from two managers to one and completely rebrand the company. Taking over as the sole managing partner and changing the identity of the companies has been very challenging and rewarding at the same time. I renamed the company CCG after my three children—Carson, Clayton and Grace—and rebranded to reflect the business values and professionalism we bring to the table. I have built a team of hard-working people who take pride in their work and are a perfect representation of the company culture. We are a family-style company doing honest work and are dedicated to providing exceptional services to our clients. I'm extremely proud of what the businesses have evolved into and the challenges created by these decisions are completely worth the gain.

PL: What advice would you give to borrowers to help them establish their credibility with lenders?

RB: Lay all your chips on the table. It is really important to me that borrowers be transparent and don't try to hide

anything. If a borrower is trying to hide something from his or her financial past, we will most likely find it. If we do discover in underwriting that a borrower has not provided full disclosure, I generally will not do business with that person.

We have been told that we write as hard as a conventional lender. As a conservative lender, we ensure each borrower is fully vetted so that we build a portfolio of viable and profitable projects. If you come to us with a solid team and a well-thought-out plan, the process will run much smoother and faster, and that way we all win.

“ My wife always tells me “this too shall pass.” She encourages me to never give up and continue working hard with the end goal in mind. ”

PL: What are three things you tell yourself when your chips are down?

RB: 1. I turn to my faith. Pray for clarity.
2. I look at my family to remind me of why I do what I do.
3. And I reach out to others for advice. Find a professional who can provide expertise.

Having been in the industry for a while now, I am keenly aware of the ups and downs. Now if a deal goes south, I just remember that tomorrow an even better deal will likely walk through the door, and there is probably a good reason the previous one didn't happen.

PL: Who would win the fight, Spiderman and Batman?

RB: Batman – He has a better collection

of tools and a cool car. In college, my car was nicknamed the Batmobile. It was a low, stretched-out sports car with super-dark, black-tinted windows. I was pretty cool back in the day.

PL: What do you think the biggest misconception about you is and why?

RB: I meet a lot of people over the phone and I am very direct. I can come across as short and unapproachable. I tend to cut off people who are full of fluff and get straight to the objective.

People who work with me on a regular basis and have had time to get to know me, realize that it is not at all my intention to be rude and that I really am a nice guy. Once people

understand how I work, they usually quit taking it personally and find that it is easier to do business with me.

PL: What's the best advice you've ever received? From whom?

RB: My wife always tells me “this too shall pass.” She encourages me to never give up and continue working hard with the end goal in mind.

PL: Tell us about something that you did in the past, what did you learn from it and what would you have done differently?

RB: I made a deal once where I accepted a pre-lease as evidence for a commercial spec project. I'm not sure there is any way I could have known at the time that the pre-lease documents were all

elaborately falsified. Several years later I'm still dealing with the REO property I acquired as a result. From that time on, I do not take a pre-lease as evidence for a speculative project. It would have to be on the owner-occupied market.

PL: Was there a person in your career who really made a difference?

RB: I worked for a man named Claude Lindsey, who owned Lindsey Contractors in Waco, about 10 years ago. Though I only worked with him for a short period of time, his character and business values inspire me to this day. He started with a trailer and a backhoe putting in water and sewer lines in and around Waco and worked hard to build a successful general contractor business. His word was gold, and he was always on a level field. He demanded a lot from his employees but never failed to be the first one at the office each day. He had two sons who worked with him, and I admired their father/son dynamic. It made me want to work hard to become a business owner and build something that I was proud of so that I could someday teach my children the same strength of character.

PL: If you could be anywhere in the world right now, where would you be?

RB: I would be at home with my family. I try hard to be at home with them as much as possible and not let work get in the way of my time with them. It is not always easy to do when you are managing multiple businesses, but I do make it a priority. •