



# Trust Deed Investments

Investor Overview | 2021

## ABOUT OUR BUSINESS

# Our Company Background



Persevere Lending was founded with unwavering character, integrity, and accountability, and it is our mission to represent all of our clients with the utmost respect and professionalism.



With over 20 years of experience, Persevere Lending can help mitigate the stress borrowers typically endure by navigating them through the loan process in a concise, professional and transparent manner.



We have assisted hundreds of property owners purchase or refinance with alternative real estate financing when their banks refused or failed them, or simply could not perform quickly enough.



Persevere Lending thoroughly underwrites and analyzes all loan submissions to assure maximum security and protection of our investor's capital.



We are managing a private investor portfolio of approximately \$35,000,000. The percentage of our transactions that resulted in loss of capital since 2009 is 2%\*



Utilizing our private investor network, we have been successfully originating and servicing loans from \$50,000 to \$15,000,000, secured by Notes and Deeds of Trust on commercial and residential properties.

\*Information is based on data through December 2020.

# Investment Performance Analysis

Since 2004, 594 loans have been made (as of 12/31/2020), while only 27 have resulted in a loss.

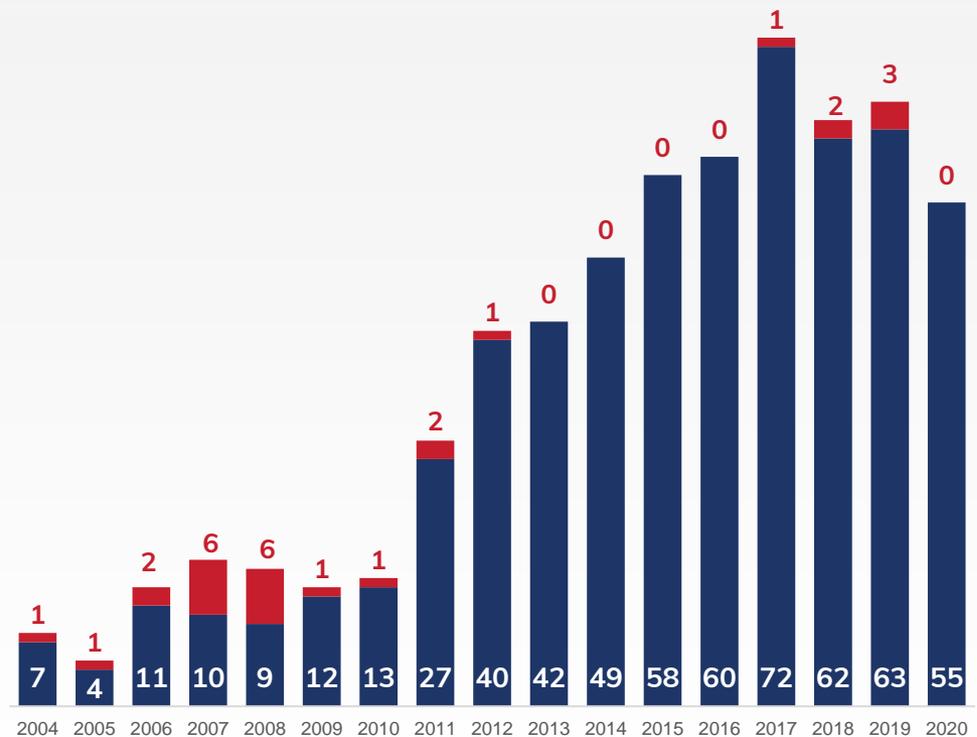
Persevere Lending has consistently increased its volume and productivity as a result of enhanced marketing efforts and organic growth through our existing client and referral network.

Persevere Lending has invested in a superior processing and servicing staff, as well as industry leading loan originating technology. We have partnered with a reputable 3rd party loan servicing firm with 35 years of experience and over \$2,000,000,000 of loans serviced. All of which allows us to serve a diverse borrower and investor network and manage a high frequency of loan requests of all levels of complexity.

Persevere Lending has evolved over the years through tested industry experience, in depth market understanding and awareness, and an immensely wide array of transactions of all sizes, property types, and nuances.

## Loans and Loans Resulting in Loss

■ Loans Resulting in Loss ■ Loans



# Investment Performance Analysis

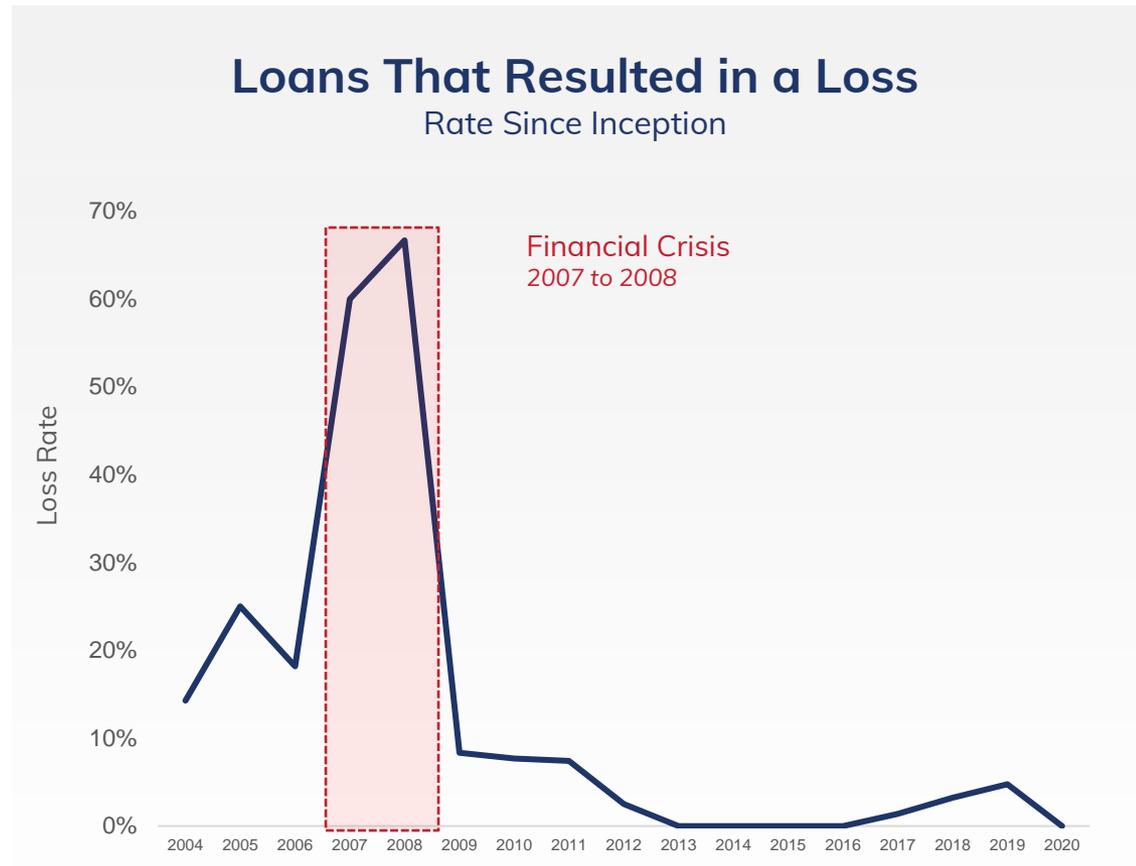
The 2007 Financial Crisis was an unprecedented period of time of which Real Estate values declined across the nation.

During this period, levered transactions were particularly susceptible to losses, which hampered private lending practices. Most of Persevere Lending's loans which resulted in a loss were the result of this industry crisis, 13 loans resulting in a loss between 2007 and 2009.

Looking back 17 years, and including the 2007 financial crisis, the overall long-term rate of loans that resulted in a loss is 4.5%.

Since 2009 the total number of loans issued is 553. Just 11 of these loans resulted in a loss, which is a rate of 2.0%.

The three losses in 2019 were the result of a single borrower who was fraudulent and deceptive. We succeeded in getting a personal judgment on the borrower and are optimistic we will realize a full recovery.



# What Is Private Money?



“Private” simply describes the source of the funds; the capital is sourced from individual investors rather than institutional lenders or banks.



We have a network of high-net-worth individuals who are the lenders/beneficiaries of the Notes, which are secured by Deeds of Trust on the borrower’s property.



Other Terms Used

- Hard Money
- Non-Conventional
- Alternative
- Bridge Financing



In addition to individual investors, we work with other mortgage funds, hedge funds, private equity firms, and REITs.



Arranging loans on all property types; land, residential, commercial properties.



Investors can invest through a variety of investment vehicles such as self directed IRAs, pension plans and trusts.

**Short Term –**  
Typically 12-24 months



**Always secured by Real Estate**



**Conservative Leverage** 80% maximum (usually 60% or less)



**Faster Closings –**  
Much faster than bank financing, generally within 5-7 business days upon receipt of a complete due diligence package.



**More expensive than banks or other financial institutions**  
8% to 15% interest rate, 1 to 5 points



**Equity based underwriting**  
Underwriting focus is collateral value, equity protection, and borrower's capacity to execute exit strategy



**Specific exit strategy required**  
– generally is a sale or refinance of the property.

## Key Points of Private Money



## OVERVIEW OF PROCESS AND ROLES

# How Loans Are Funded



Trust Deed investing, also known as “private” or “hard” money, is a niche investment vehicle which offers an attractive return with the security of a Deed of Trust lien on the real estate collateral.

# Underwriting Criteria



Our primary criteria for underwriting loans are the following:

**✓ CONSERVATIVE LEVERAGE;** Typical LTV is in the 60% range but we can go as high as 80% if the components of the deal merits higher leverage.

**✓ QUALIFIED BORROWER;** Not FICO driven but verified capacity to manage the proposed debt and other property expenses, and to execute exit strategy.

**✓ PLAUSIBLE EXIT STRATEGY;** Our Notes are relatively short term and a realistic payoff plan needs to be in place at the time we fund the loan.

**✓ NON-CONSUMER;** Our loans must be utilized for verifiable investment/business purposes, not for personal or “consumer” purposes. The majority of loan proceeds must be verified to be non-consumer.

**✓ BORROWER CAPACITY;** Throughout our underwriting and due diligence compilation we thoroughly review the borrower’s ability to service and repay the proposed debt, as well as substantiate the benefits of our loan for the borrower.

**✓ MARKETABLE COLLATERAL;** We confirm the properties we collateralize are located in stable and desirable markets, and are in structurally sound condition.

# Summary

In a rigid institutional lending environment there are countless borrowers who deserve a loan by any qualifying standards, but are abandoned by banks who are either unwilling or unable to lend them money because of onerous and illogical underwriting conditions. Private Financing fills this void for worthy “un-bankable” borrowers.



## TARGET BORROWERS

- The borrower that has demonstrated fiscal conscientiousness and responsibility.
- Has a defined purpose for and use of the loan proceeds.
- Has a clear and plausible exit/payoff strategy.



## UNDERWRITING FACTORS

- Equity protection (LTV).
- Location of collateral, market trends in the collateral’s vicinity.
- Physical condition of collateral.
- Financial condition and credit history of borrower.
- Debt service capacity of borrower.
- Exit Strategy Feasibility



## ADDITIONAL PROTECTION

- Interest reserves.
- “Due on” provisions
- Personal guarantee if the borrower is in the form of a business entity.
- Tax and insurance maintenance.

# Borrower Profile

A portion of our clients have experienced traumatic economic distress which has affected their credit rating and ability to borrow money from banks. We can assist these borrowers on a case-by-case basis as long as the loan we are providing them is on an extremely low-leveraged property, based on a conservative valuation. This is truly equity or collateral-based lending.

A much larger percentage of our borrowers are extremely creditworthy and financially stable, with verifiable assets and reserves. However, their loan request is considered outside the rigid underwriting box established by conventional lenders. Banks are unable to offer expeditious loans for borrowers who need quick and efficient financing for opportunistic or strategic situations. Private financing can!

## TYPICAL ATTRIBUTES OF OUR BORROWERS



Entrepreneurial



Real Estate Owner



Significant Equity



Unable to Obtain  
Institutional Financing



Specific & Feasible Exit  
Strategy



Specific Business/  
Investment Purpose



Urgency  
Required

# Risk Management Practices

While Trust Deed investing is extremely profitable with substantial upside potential, there are inherent risks, as is the case with any investment. We want you to be fully aware and knowledgeable of these risks and of the recourse methods we have to deal with and mitigate these risks.



The security of our investor's capital is a top priority, which is why we have developed such a comprehensive due diligence process, as well as aggressive and effective loan servicing techniques.



The investment opportunities Persevere Lending presents to you have been thoroughly vetted including; site inspection and market analysis, borrower and guarantor interviews, credit and financial investigations, and exit strategy feasibility.



While nobody has a crystal ball, and we certainly will not pretend to know what will happen in the future, we do believe that there are trends in the market, both historical and current, that suggest that investing in real estate remains a secure and profitable investment option.



As an investor, your capital will be secured by a deed of trust on the subject property; you will be named personally as the beneficial interest on that deed of trust.

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In the event of borrower default, dispute, or misrepresentation, Persevere Lending has resources necessary to aggressively pursue and resolve all issues. We have ongoing retainer agreements with several law firms who specialize in creditor representation and debtor litigation.



Furthermore, we retain additional counsel that specializes in compliance adherence and we are constantly updated on impactful regulatory matters. Persevere Lending takes pride in being knowledgeable of all facets of lending and brokerage oversight and guidelines set forth by regulatory agencies such as the DRE, CFPB, and FTC.



# Recent Transaction #1

**AMOUNT** \$645,000  
**LTV** 46%  
**TYPE** Residential – SFR  
**LOCATION** Danville, CA  
**POSITION** 1st  
**INTEREST ONLY RATE** 8%  
**TERM** 12-Month

The borrowers were acquiring the subject property as an investment. While financially stable and gainfully employed, recent issues impacted their credit rating, making conventional financing challenging. In addition, a strict closing schedule was required and they wanted to assure a quick and efficient closing. Private financing was the only option. This is another example of how a privately funded loan from Persevere Lending can allow borrowers to take advantage of strategic and/or opportunistic situations, with the power of quick and efficient financing, when banks are unwilling or unable to provide.

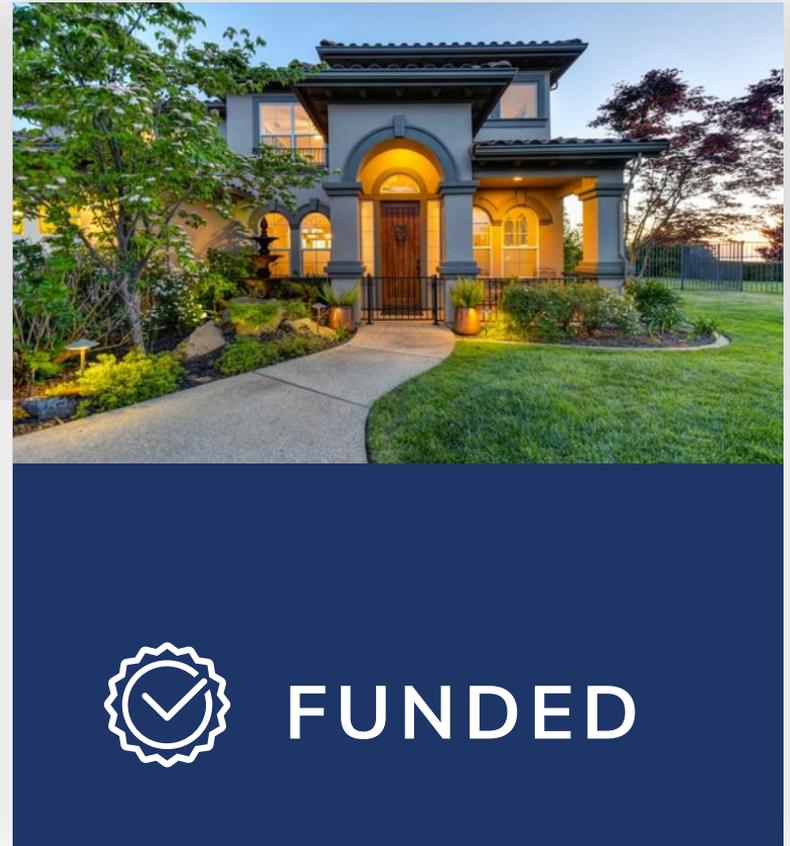


# Recent Transaction #2

**AMOUNT** \$315,000  
**LTV** 17%  
**TYPE** Residential – SFR  
**LOCATION** Coronado, CA  
**POSITION** 1st  
**INTEREST ONLY RATE** 7.95%  
**TERM** 12-Month

The borrowers were acquiring the subject property as an investment, capitalizing on a family buyout arrangement. While financially stable and creditworthy, the complex nature of their income structure made conventional financing challenging, and time was of the essence. Closing by the end of the year was critical. Private financing was the only option. This is another example of how a privately funded loan from Persevere Lending can allow borrowers to take advantage of opportunistic situations, with the power of quick and efficient financing, when banks are unwilling or unable to react quickly enough.

(Stock Photo)



# Recent Transaction #3

**AMOUNT** \$800,000  
**LTV** 61%  
**TYPE** Residential – SFR  
**LOCATION** Pleasanton, CA  
**POSITION** 1st  
**INTEREST ONLY RATE** 8.5%  
**TERM** 12-Month

The borrower was an LLC entity acquiring the subject property as the upleg to a 1031 exchange. The Managing Member of the LLC and Personal Guarantor was financially stable and creditworthy, and certainly bankable in terms of conventional underwriting. However, speed and efficiency were required in order to secure the contract. Private financing was the only option. This is another example of how a privately funded purchase loan from Persevere Lending can allow investors to capitalize on appealing opportunities when banks are unwilling or unable to react quickly enough.



**FUNDED**



# Recent Transaction #4

**AMOUNT** \$925,000  
**LTV** 60%  
**TYPE** Residential – SFR  
**LOCATION** Salinas, CA  
**POSITION** 1st  
**INTEREST ONLY RATE** 9.25%  
**TERM** 15-Month

This was an investment property acquisition referred to me by an experienced and capable mortgage broker. The borrower was financially strong in terms of liquidity, income, and assets, but had some credit issues that prevented a conventional lending approval. Within 6 months the broker was optimistic the issues would be resolved and the borrower would qualify for a conventional loan. However, the borrower wanted to take advantage of this opportunity to purchase the subject property. Private financing was the only option. This is another example of how a privately funded Purchase Loan can allow investors to capitalize on appealing opportunities when banks are unwilling or unable to assist.



**FUNDED**

# Recent Transaction #5

**AMOUNT** \$290,000  
**LTV** 23%  
**TYPE** Residential – SFR  
**LOCATION** Larkspur, CA  
**POSITION** 1st  
**INTEREST ONLY RATE** 7.75%  
**TERM** 12-Month

The property consisted of a 4-acre level lot improved with several office and warehouse buildings. This facility is located in an industrial area of San Jose, and is home to a very successful family scrap and recycling business with strong revenue and noteworthy local clientele. The business has had long lasting presence in the area and the borrower is highly regarded in the industry and community. The purpose of the loan was to consolidate other business debt in order to reduce the borrower's overall debt ratio. The borrower requested a 1st position loan with a sound exit plan, which included liquidating other Real Estate assets in his portfolio to satisfy this loan within one year. Given the strong nature of this deal, Persevere Lending was able to close quickly after receipt of the loan submission package.

(Stock Photo)





## ABOUT PERSEVERE LENDING'S FOUNDER

# Damon Bowers

Damon was born in Hollywood, CA but was raised in Alamo. He is familiar with the Bay Area market and has developed hundreds of real estate and financing relationships through his local ties. He graduated from Monte Vista High School in Danville in 1993 and University of the Pacific with a B.A. Degree in English in 1997.

Damon enjoyed a 6-year career beginning in 1998 in the A.F.L. (Arena Football League) beginning with the New York Cityhawks, owned and operated by Madison Square Garden which is where home games were played. From there Damon played for the New England Seawolves in Hartford, Connecticut, the Houston Thunderbears, the Orlando Predators, and his final season was with the Colorado Crush, owned by John Elway.

Around 2001 the real estate bug hit Damon, and he prepared for and passed the state exam while living in Huntington Beach. He immediately began working as a broker's assistant at Marcus & Millichap in Ontario, CA. Here Damon was groomed and tutored in the then booming commercial real estate market of the Inland Empire, northwest of Los Angeles.

Ultimately, Damon decided his hometown of Alamo suited him best, and decided to permanently move back to the East Bay and settle in with the family business. Damon is passionate about his role in connecting investors and borrowers and is dedicated to assuring both parties in every transaction are secure and prosperous. And even more passionate about spending time with his wife and 3 children, destined to become a rock star, a football star, and a movie star!





# PERSEVERE LENDING

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