



Real Estate Basics for Owners and Investors

Cincinnati Bengals

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Education

J.D., University of Cincinnati College of Law, (2008)

B.B.A., Finance and Real Estate, University of Cincinnati, (2005)

Bar Admissions

Ohio

Kentucky

Charlie focuses his practice on representing real estate developers, owners, investors, property managers, landlords and tenants in a wide variety of real estate matters. He has extensive experience guiding clients through all phases of real estate acquisition, development, ownership and sale processes, including the preparation and negotiation of purchase/sale agreements, development and construction agreements, municipal and commercial financing agreements, leases and easements. Charlie has effectuated transactions involving corporate headquarters, office buildings, manufacturing and industrial facilities, warehouse and distribution centers, regional shopping centers and other retail and mixed-use sites, hotels, health care facilities, residential developments and other commercial properties on behalf of a diverse list of clients ranging from Fortune 50 businesses to single-asset owners.



Buying Real Estate

Key Issues to Remember When Buying Real Estate

- Don't buy the first property you see! Shop around to gain a better understanding of prices
- Tax districts and school districts make a big difference in home prices and resale values; make sure to know which districts the property is located
- Consider how much space you will need and the monthly payment you will be able to afford, both before and after your playing career is over

Key Issues to Remember When Buying Real Estate

- Consider retaining a broker to help you identify potential properties that meet your needs and determine a fair price
- Don't be afraid to negotiate a better price
- Engage an attorney to review and negotiate the purchase contract and loan documents

Key Issues to Remember When Buying Real Estate

Consider setting up a limited liability company to hold title to the property

- Keeps your name out of the public records for the property
- Helps prevent others from discovering where you live

Key Issues to Remember When Buying Real Estate

Consider obtaining a loan to finance a portion of the purchase price, even if you can afford to pay cash

- Mortgage interest is tax deductible
- Savings can be invested in other ways

Key Issues to Remember When Buying Real Estate

Understand the terms of a typical real estate purchase contract:

- Purchase price
- Earnest money deposit
- Due diligence / inspection period
- Financing contingency
- Appraisal contingency
- Closing deadline

Key Issues to Remember When Buying Real Estate

Understand the terms of a typical real estate purchase contract
(cont'd):

- Expense allocation
- Personal property to be included in the sale
- Home warranty
- Seller disclosures

Key Issues to Remember When Buying Real Estate

Understand the costs a seller is typically responsible for at closing:

- Transfer tax
- Brokerage commissions
- Prior year's real estate taxes

Key Issues to Remember When Buying Real Estate

Understand the costs a buyer is typically responsible for at closing:

- Title insurance
- Recording fees
- Financing charges

Key Issues to Remember When Buying Real Estate

Understand the post-closing costs involved in owning real estate:

- Real estate taxes
- Insurance
- Homeowners' association fees
- Maintenance and upkeep

Renting Property

Key Issues to Remember When Renting Property

- Don't rent the first property you see; shop around to gain a better understanding of prices
- Don't be afraid to negotiate a better rate
- Engage an attorney to review and negotiate the lease agreement
- Understand the expenses you will be required to pay in addition to the monthly rent
- Understand what you will need to do when the lease term is scheduled to expire

Investing in Real Estate and other Business Ventures

Key Issues to Remember When Investing in Real Estate and Other Business Ventures

Engage an attorney to set up a corporation or limited liability company that will operate the business and/or own the real estate

- This allows you to limit personal liability for business losses
- When there are multiple investors and/or operators, the entity should be structured to establish your right to a certain percentage of any profits
- The entity can be structured to restrict or prohibit other members' ability to take action on behalf of the entity without your consent

Key Issues to Remember When Investing in Real Estate and Other Business Ventures

Even when a corporation or limited liability company has been created, the investors will usually be required to sign personal guarantees in order for the new entity to obtain financing

- Guarantors are responsible for payment and/or performance if the entity fails to pay or perform
- Be careful about joint and several liability! Each guarantor could be responsible for payment of the entire debt if the other guarantors fail to pay

Key Issues to Remember When Investing in Real Estate and Other Business Ventures

An alternative to investing in a business is to lend the business money

- Lenders do not get a share of the business' profits; however, lenders are entitled to receive a more certain return on their loan
- Always obtain a security interest in real estate and other assets owned by the borrower to protect against non-payment
- When lending to a business, always require that all individuals involved with the business sign personal guarantees
- Engage an attorney to prepare the necessary loan documents



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