

Working with Investors

We speak investor.

In our heart of hearts we were, are, and will continue to be investors.

We understand the power of ownership.

We understand the power of correct structure and application of debt.

We understand trends, construction costs, tax credits and foreclosure sales and 1031 exchanges.

We have restored, renovated, painted, carpeted, put on new roofs, fixed toilets and helped our clients do the same.

We have owned commercial property, multi-family, single-family and land.

When we make recommendations, we are not guessing and hoping. Our recommendations come from a wealth of experiences in almost all walks of investing in real property.

At OSRG, we promise:

- Our agents are experienced in valuing property.
- Our agents know where to search to find opportunities.
- Our agents have a good understanding of construction costs.
- Our agents have a good understanding of rent values.
- We can provide quality property management.
- We can provide recommendations of quality and reliable contractors.

Case Study

Salem Station

In 1998, a developer in Fredericksburg was divesting their company of 20 townhouses located in Spotsylvania County just south of Fredericksburg. The developer had built the properties in the late 1980's as the national housing market was softening dramatically. They had elected to rent the properties since they were unable to sell them and were now looking to move in another direction.



OSRG was offered the following opportunity:

- assemble and ownership group
- assemble a management group
- acquire the properties by assuming the developer's LLC and associated existing debt



When the properties were acquired, the income and debt were equal, necessitating tight management and a diligent focus on minimizing vacancy and repair expense. However, the portfolio could be acquired with essentially no cash input, making it's financing attractive to a buyer with little to no capital. The ownership interest was assumed so the mortgages would not be required to be paid off and the LLC operating agreement was altered to provide for self direction by the multiple owners.

Over the next several years, the properties were managed successfully and rents began to rise. As the market recovered and property value rose, the loans were refinanced and cash was withdrawn to recover some of the shortfalls funded by the ownership group. About 18 months later, as rates had dropped and property values had risen even further, another refinance was undertaken that yielded enough cash to purchase a commercial office building in the Innsbrook market.

In 2004, one of the members of the ownership group packaged their share of the LLC into one market offering for their share of the portfolio. The package was developed by members of OSRG and promoted regionally in Richmond, Fredericksburg and Washington DC and elicited several offers. Upon receiving a satisfactory bid, a contract was drawn that gave the owners the flexibility to find a suitable target property and a 1031 tax deferred exchange was performed. One single property was acquired in North Carolina, minimizing management, and the 1031 exchange eliminated a sizeable tax burden that would have been due upon the sale.

Beginning with an acquisition of property with no capital down payment, the current equity is nearly \$1,200,000 and the cash flows are in excess of current debt payments. In simple terms, in 10 years, OSRG was able to turn \$0 into \$100,000 per year in equity growth and positive cash flows.