
How Smart Investors Are Profiting In Today's Economy

Stop waiting and start putting your
money to work



Investing for Profits in 2010

by Christopher Ashby

The Problem

The average stock based mutual fund has returned 1.5% per year for the last 10 years. That is lower than savings bonds, CDs or the average savings account rate over the same period. In 2010 the average 12 month CD is yielding a measly 1% while investment-grade bonds are paying just over 4%, which is near an all time low. So why bother with all the risk and effort? There must be a better way.

If you find yourself losing interest in stocks, bonds, mutual funds and the traditional methods of investing for retirement and profits you're not alone. According to Morningstar domestic equity funds have seen outflows of \$42.2 billion in 2010 and \$25.7 billion in 2009.¹ Fortunately, there are alternatives that offer the educated investor more control over their investing and hold the potential for much higher profits. In this case, the problem can be solved with an investment that can appreciate in value, create income and is secured against real assets not just a promise.

The Solution

Savvy real estate investors are maximizing their opportunities in the following ways:

1. Investing in income-producing properties (more than 7% per year in lease income alone).
2. Avoiding leverage and debt (one of the causes of the 2007-2009 financial crisis).
3. Hedging against inflation and a falling dollar (real estate is a popular hedge against inflation).

All of this can be accomplished while avoiding the hassle and difficulty of managing an investment property on your own. This report has been prepared to show you an investment that can solve the problem but is flexible enough to accommodate your individual risk tolerance and portfolio size. We are Rockwell Debt-Free Properties and our name describes our approach to investing.

This report will introduce you to a real estate investment that is totally unique. In this report we will help you understand debt-free properties and the several advantages they offer over other investments.

A typical property offers:

1. Tenants-in-common (TIC) ownership structure
2. New construction in great locations

"Rockwell made the whole process simple and easy."

- Damon Sant

"It has really been good to own an interest in a property that brings in monthly income"

- Wayne Leavitt

¹ Morningstar U.S. Mutual Fund and ETF Asset Flows Through August 2010

3. Flexible investments to match your capital requirements and risk tolerance
4. Excellent corporate tenants
5. Long-term, triple-net (NNN), corporate-guaranteed leases
6. No outstanding debt

The bottom line is that we stand behind our properties and our clients. Give us a call and find out for yourself how we do it.

Who Are We?

At Rockwell Debt-Free Properties, our mission is to simplify and improve the quality of our clients' lives by providing fundamentally sound real-estate investments that preserve wealth and create reliable income.

We know that it's becoming more and more difficult to find an investment that you can feel good about.

So many Americans have lost so much as a result of this struggling economy. If you are like most people you just want to put your money somewhere that it will be safe and where you can get a good return on your investment. Unfortunately, that type of investment is getting harder and harder to find.

Rockwell is here to help. Our approach to investing could be best described as a return to basics. Our formula is simple and it works, as evidenced by our flawless track record.

Our purpose is to provide you with a real estate investment that meets three basic needs:

1. The need to keep your money safe and secure;
2. The need for monthly cash flow; and,
3. The need to eliminate the headaches of being a landlord or the hassle of dealing with day-to-day property management.

How It Works

Tenants-in-Common (TIC) Ownership:

The tenants-in-common structure allows you to purchase an undivided, fractional interest in a property. This gives you access to a much higher-quality real estate investment than you might have on your own.

For instance, with \$200,000 you could buy 10% of a \$2,000,000 property. You would receive a warranty deed, a title insurance policy and enjoy all of the same benefits as if you owned the entire property; you just own a slice of the pie rather than the whole thing. You also receive 10% of the income, appreciation and tax shelters that the property provides.

New construction in great locations:

All Rockwell properties are brand-new commercial buildings with new leases and construction warranties in place.

"It was the best thing we did. Now we can get steady monthly income without having to maintain and manage the property... I recommend this process to anyone who is trying to scale down."

- Terry & Takako Scottorn

We perform extensive demographic research and market analysis on each area where these properties are located to make sure that the business that is leasing the property is likely to succeed in that location and that the real estate has the potential to appreciate in value over time. One of our principals also personally visits each site to inspect the property and evaluate the surrounding community. We are only as successful as the properties we provide so it is imperative that we get it right each and every time.

Excellent corporate tenants:

One of the more important aspects to understand when you own a Rockwell property is that we will only deal with very strong national or international companies as tenants.

We don't work with any franchises or small businesses. We conduct a thorough analysis of each company's business model, creditworthiness, industry position, profitability and staying power.

For instance, two companies that we love as tenants are Fresenius Medical Care and Family Dollar. Fresenius is a classic industry leader. They are the world's top provider of kidney dialysis products and services. They operate over 2,500 dialysis clinics here in the U.S.A. They have a wonderful business model driven primarily by the fact that dialysis is a vital, life sustaining service that is largely unaffected by economic downturns.

Family Dollar is another example of a business that does extremely well even in a down economy as people tend to shop there even more regularly during tough times. They are a very profitable, well run company that operates over 6,500 retail stores all over the country.

Long-term, Triple-net (NNN) Lease with Corporate Guarantee:

One of the great benefits of a triple net lease is that it shifts the majority of the property management duties and expenses from the owners to the tenant.

The tenant is responsible for paying the property taxes and insurance and doing most of the maintenance and repairs of the building. This creates a hassle-free, passive arrangement for the owners. We also help owners contract with an independent, professional manager to oversee the property and collect the monthly lease payment from the tenant, which is then distributed to the co-owners. Since most of the responsibilities are the tenant's the property management services are very inexpensive; typically each co-owner only pays about \$25 per month in property management fees.

With every Rockwell property, the lease is also guaranteed by the corporate parent. This means that the commitment to lease your property is backed by the financial strength and resources of the entire company, so even if a particular location performs below expectations for a time, you aren't at risk of missing a monthly lease payment.

Another benefit is that all of the lease commitments are long-term with incremental increases in the lease rate over time. A typical lease will have an initial period of ten to fifteen years, with multiple renewal options that can take it out many years beyond that. This affords you tremendous peace of mind knowing that you have a wonderful tenant who is committed to leasing the property well into the future.

Debt-Free:

While most tenants-in-common (TIC) properties are offered with financing already in place, all Rockwell properties are offered completely debt-free.

This creates tremendous security and stability for the owners. A property that's owned free and clear is never at risk of being lost through default and foreclosure. Because there is no debt to service, all of the income the property generates goes directly to the owners.

A debt-free property that has a corporate guaranteed lease with a strong, credit tenant is among the safest and most reliable real estate investments you can find. In many ways it's similar to owning a corporate bond; however you also receive the added benefit of regular cash flow and all of the other advantages of owning real estate.

Plus, since the property is free from debt, TIC owners are not required to qualify for a loan.

Who Should Invest?

So who is the ideal candidate for a Rockwell debt-free property? The answer is simple; anyone who wants a secure, reliable, cash-flowing investment. Many of our clients have sold another investment property and are involved in a 1031 tax-deferred exchange. Some invest funds from their IRA or other retirement accounts, while others simply invest cash as they can make a much more competitive return than they can in CDs, money market accounts or other conservative vehicles.

How Do You Invest?

Because there is no financing involved, purchasing a Rockwell TIC property is extremely simple. You just select a property from our current offerings and the dollar amount you want to purchase.

There are only three documents to sign,

1. A standard purchase contract;
2. A tenants-in-common agreement outlining the how decisions are made
3. A property management agreement.

Best of all, Rockwell pays for all of your closing costs, records a warranty deed to transfer ownership to you and sends you a prorated rent check on the very day you sign. From that point forward you simply receive a monthly payment directly from the property manager in the form of a mailed check or a direct deposit into your bank account.

When Do You Start Getting Paid?

When all is said and done you can sit back and enjoy the reliable payment you receive the first week of each month, knowing that your investment is secure and that you don't have to worry about it. We like to say that owning a debt-free Rockwell TIC property is simple, steady and secure. Our track record is literally perfect as not a single Rockwell client has ever missed a monthly lease payment. Moreover, all of the companies that are the tenants in these properties are thriving despite the down economy.

Call us today at: 801-568-1031

or toll free at: 1-877-568-1031

or email us at Info@debtfreeproperties.com

Frequently Asked Questions

Who manages the property?

Rockwell helps the co-owners hire an experienced, professional property manager. The property manager ensures that the tenant complies with the terms of the lease, coordinates communication, distributes the monthly lease payments to the co-owners and prepares regular reports and tax statements.

How are decisions made?

Upon closing, a tenancy-in-common agreement is executed that outlines the relationship among the co-owners and how decisions are to be made. In short, minor decisions are made by a majority vote while major decisions are made by a unanimous vote. It's often the case, however, that tenant and lease agreements are already established before the co-owners purchase an interest, so there are very few decisions to be made.

How do I get out? Can I sell my interest?

Each co-owner receives an undivided, fractional interest in the property so each has the right to sell his portion at any point in time. The tenancy-in-common (TIC) agreement gives the other co-owners the first right to buy if one of the co-owners decides to sell. The resale of a TIC interest in a debt-free property is made easier because a new buyer does not have to qualify for an existing loan. All of the co-owners can also agree to sell the entire property whenever they choose. A TIC ownership can be listed with a real estate broker or sold by owner. Rockwell can also serve as a resource for a past client seeking to sell his fractional interest.

What are the costs of buying and owning a Rockwell property?

Rockwell pays all of the closing costs so that you do not have to pay any fees to buy a property. The only ongoing cost the co-owners incur is the property manager's fee, which is typically only \$25 per month. The tenant pays for the property taxes, insurance and the majority of the repairs and maintenance.

When do I get paid?

The property manager sends a payment to each co-owner during the first week of each month in the form of a mailed check or direct deposit into your bank account.

How many co-owners are there in an average property?

Rockwell properties are designed to be smaller in scale than those offered by other TIC sponsors. While many TIC properties have thirty or more co-owners, most Rockwell properties have fewer than ten.

What is the worst case scenario?

The worst case scenario would be if the tenant went out of business and there were an interruption in the lease payments. However, because there is no debt to service you would not be in danger of losing the

property and thereby your original investment. In this circumstance the co-owners could elect to have the property manager find a buyer or a new tenant to lease the property. By design, Rockwell properties are smaller, freestanding buildings which are typically much easier to lease than a larger facility. It is important to point out that Rockwell only works with strong corporate tenants with excellent track records and proven business models. To date, no Rockwell property owner has ever missed a monthly payment.

Can I buy a Rockwell property with funds from my 1031 exchange?

Yes. Many of our clients sell other investment properties and save tens or hundreds of thousands of dollars in capital gains tax payments by reinvesting the proceeds from their sale in a Rockwell TIC property. These clients are always thrilled to transition into a passive, cash flowing investment. Rockwell properties are specifically structured to qualify for 1031 exchange treatment. A copy of our legal opinion relating to 1031 exchange matters is available upon request.

Can I buy a Rockwell property with my IRA or other retirement account?

Yes. Many Americans are taking a more active role in their retirement planning. Self-directed IRAs and other similar programs allow you to decide where to invest your money. A Rockwell property is a tremendous option for your retirement account as it is designed to provide security and a very predictable, reliable return on your investment.