CARLTON LANE
CAPITAL

Transcript

What investment mistakes do you see people make repeatedly?

Well, in investing in private real estate or commercial real estate, there are mistakes that people make. A lot of folks don't understand the risk behind the capital stack.

A capital stack is just the total sum of money that contributes to a project and funds a project, right? Well, what rights does each person have? Sometimes when you have what's called mezzanine lenders or mezz debt, or a pref equity lender or a pref equity investor, they have special rights and privileges that you need to know about.

It can really affect a deal. They have something called step in rights. And what that means is if things are not happening the way they should, they have the ability to take the project over.

Most people don't even know to look for that.

And that's where Carlton Lane adds value to you as an investor, is to look at that for you

And we will never invest behind an institutional investor for that reason.

And that's just an example of some of the diligence that we do and know from being in this business.

So knowing that some of the mistakes that investors make is they go it on their own

You'll pay the same cost if you go directly to the sponsor or if you go through one of our projects. In fact, a lot of times we negotiate better terms on our projects for our investors, because you cannot really negotiate terms with the sponsor when you're just writing 100 or $250,000.

Check. But we're coming in at maybe five, eight, ten, $12 million, the full equity stack. We can actually get preferential terms on behalf of our investors. And that's a lot of the value that we'll add. Do it yourself, investor. You're kind of on your own. You don't have special rights or privileges or negotiating power that Carlton Lane offers our investors.