

# IMAGINE THIS

**Imagine an investment that you can buy for a fraction of its market value and collect rent on without the hassle of paying the ongoing costs of typical home ownership.**

## **THE KEY BENEFITS FROM OWNING RESIDENTIAL LEASED FEE INTERESTS ARE:**

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### **BENEFIT ONE:**

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They offer attractive yields with long-term cash flows and a super senior level of credit protection that differentiates ground rents from other assets.

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### **BENEFIT TWO:**

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At reversion (end of the lease term or sooner) title to the ground and improvement revert back to leased fee interest creating a significant capital gain.

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### **BENEFIT THREE:**

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The leased fee interest never has to pay property tax, find a renter, a buyer, buy insurance or spend any money on fixing or remodeling the residential property.

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### **BENEFIT FOUR:**

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**FAMILY PLANNING.** For many years, the ground lease has been a favorite family planning asset for the wealthy. As ground leases are typically double net, if not triple net, the leased fee is a relatively easy asset to manage. For the most part, the fee owner needs only collect rent, check to see that taxes are paid and make sure insurance is in place. The ground tenant generally has complete operating responsibility for the land and improvements, including any capital improvements required by law or required just to maintain the improvements and the restoration following casualty. Thus, ground lease investments require very little management structure for the family members to support. A ground lease is also a good asset for family or trust ownership because it is relatively easy to divide the income stream — the net rent. As noted, there are rarely significant expenses of ownership. As the number of family members entitled to receive a share of the net rental income increases, often a custodial bank account or a payment direction to the ground tenant is all that is required to provide for proper allocations of the net rent among the family members.