

# GOSSETT & CO

*Fine home builders*

Confidential Investment Opportunity  
1807 Vista Ln, Tarrytown

824 W 10th St, Ste 100, Austin, Texas 78705

512 892 9904 [hello@gossettco.com](mailto:hello@gossettco.com) [gossettco.com](http://gossettco.com) [@gossettco](https://www.instagram.com/gossettco)



# Disclosures & Forward-Looking Statements

Gossett and Company LLC (GCO) offers "Accredited Investors" the opportunity to invest in luxury home developments. However, we do not make recommendations regarding the appropriateness of any particular opportunity for any particular investor. We are not investment advisers. Investors must make their own investment decisions, either alone or with their personal advisors.

All real estate can be risky and unpredictable, with the potential for complete capital loss. Risks can include, but are not limited to, changing market conditions, regulation, economic shifts or recessions, local permitting, weather, Acts of God, and more. You should invest in GCO projects only if you can afford to lose your investment.

We may provide financial projections for some of the investment opportunities. All such financial projections are only estimates based on current conditions and current assumptions. The actual result of any investment is likely to be different than the original projection, often by a large amount. Neither we nor anyone else guarantees the results reflected in financial projections.

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Neither the Securities and Exchange Commission nor any state agency has reviewed the investment opportunities listed herein.

# Project Summary

## Overview

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We are purchasing a 0.17 acre lot located at 1807 Vista Ln in the Tarrytown neighborhood, and have been developing plans for a new home.

The Project is located in one of the best parts of Tarrytown, one of Austin's most exclusive neighborhoods. The property is just minutes from Downtown and benefits from heavy trees and foliage along the street, creating a unique feel.

We are acquiring the property for \$1,050,000. We are targeting funding of additional capital for construction by early April.

In the coming months we plan to permit, construct, market, and sell the home within a targeted 14-month horizon.

## Offering

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Our equity investors will contribute \$941,685 and earn a simple annual preferred return of 8%. Cash flow after debt service and payment of expenses will be first used to return any accrued and unpaid preferred returns, second to return capital to investors, and lastly distributed 50% to the investors and 50% to the builder.

Gossett & Company LLC will receive a management fee to offset our overhead incurred in the planning, permitting, development, construction, marketing and sale of the Project.

We are targeting a 24.3% annualized return to investors (IRR), which is subject to vary based upon actual project performance.



# Project Highlights

## STRENGTH OF TARRYTOWN

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Tarrytown boasts some of the highest and most resilient property values in Austin due to its tranquil streets, proximity to Downtown, and Casis Elementary, the top public elementary school in Austin.

## LOW ACQUISITION PRICE

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We are under contract for approximately \$139 per foot, 10-15% less than comparable lots, and under our average acquisition price over the last six months.

## HIGH BRAND MOMENTUM AND SALES PREMIUMS

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We are currently building 11 projects across West Austin, which is the highest volume of any builder in the area. As such, agents often call us first with buyer needs, and we have off-market sales comps of our own homes that drive momentum on our other projects. Our recent sales have set high water marks, selling for approximately 14% more than our competitors.



# Project Pro Forma

## Assumptions

Land Cost	\$1,050,000
Sale Price Per Foot	1,075
Real Estate and Title Fees	5.00%
Lot Size	7,551
Lot Width	NA
Heated Square Feet	3,520
Soft Construction Cost Per Foot	\$30
Hard Construction Cost Per Foot	\$450
Holding Period (Months)	14
Preferred Return	8.00%
Investor Excess Cash Split	50.00%
Builder Management Fee	5.00%
Debt Fees and Closing Costs	2.00%
Debt Interest Rate	11.00%
Average Percentage of Loan Drawn	50.00%
Loan to Cost Ratio	70.00%
Property Tax Reserve	\$25,000
Investment/Closing Date	3/23/2025

## Distribution Waterfall

Sale Price	3,784,430
Less: Closing Costs	(189,222)
<b>Amount Available to Repay Debt</b>	<b>3,595,209</b>
Less: Repayment of Debt	(2,197,265)
<b>Amount Available to Investor</b>	<b>1,397,944</b>
Less: Investor Preferred Return	(87,891)
Less: Repayment of Investor Capital	(941,685)
<b>Excess Cash Available</b>	<b>368,368</b>

## Pro Forma Profit and Loss

Sale Price	3,784,430	100.0%
Less: Land	(1,050,000)	27.7%
Less: Soft Construction Costs	(105,612)	2.8%
Less: Hard Construction Costs	(1,584,180)	41.9%
<b>Gross Profit</b>	<b>1,044,638</b>	<b>27.6%</b>
Less: Cost of Sale	(189,222)	5.0%
Less: Debt Origination and Closing Costs	(43,945)	1.2%
Less: Interest and Tax Reserve	(165,991)	4.4%
Less: Management Fee	(189,222)	5.0%
<b>Net Profit Before Taxes</b>	<b>456,259</b>	<b>12.1%</b>

## Sources of Funds

Debt	2,197,265	70.0%
Equity	941,685	30.0%
<b>Total Sources</b>	<b>3,138,950</b>	<b>100.0%</b>

## Uses of Funds

Land	1,050,000	33.5%
Soft and Hard Construction Costs	1,689,792	53.8%
Financing Costs	209,936	6.7%
Management Fee	189,222	6.0%
<b>Total Uses</b>	<b>3,138,950</b>	<b>100.0%</b>

## Target Investor Returns

Investment Amount Returned	941,685
Plus: Preferred Return	87,891
Plus: Profit Split of Excess Cash	184,184
<b>Target Total Return</b>	<b>1,213,760</b>
<b>Target XIRR</b>	<b>24.3%</b>



# Distribution Priority / Waterfall

Order of Priority (first to last)

## CLOSING COSTS

First, to pay for closing costs such as real estate agent fees, title insurance, pro-rated property taxes, etc.

## BANK LOAN

Second, to repay the bank loan principal and any outstanding interest.

## MEZZANINE LOANS

Third, to repay mezzanine lenders their principal plus interest, to the extent any project loans exist on the project.

## EQUITY INVESTOR PREFERRED RETURN

Fourth, to investors in the form of an 8% simple annual preferred return that accrues from the beginning of the investment until the sale of the project.

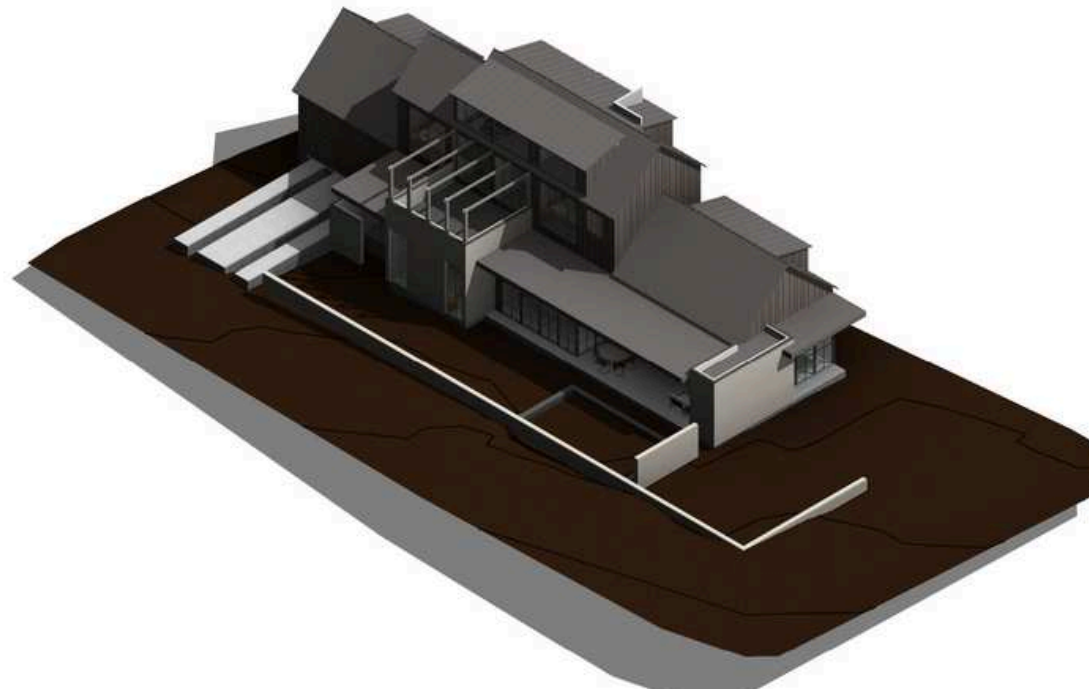
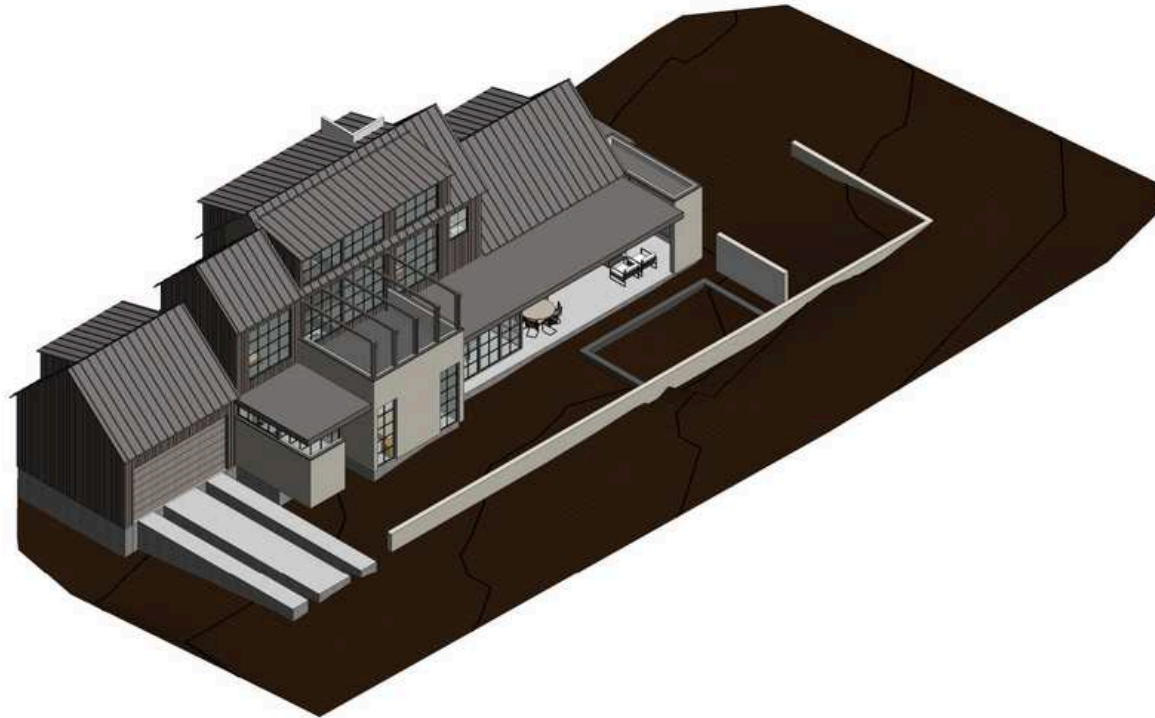
## EQUITY INVESTOR CAPITAL CONTRIBUTIONS

Fifth, to investors to repay their capital contributions (their investments).

## EXCESS CASH / PROFITS

Six, the remaining proceeds (the excess cash) is split 50/50 between the investors and GCO, as the builder.







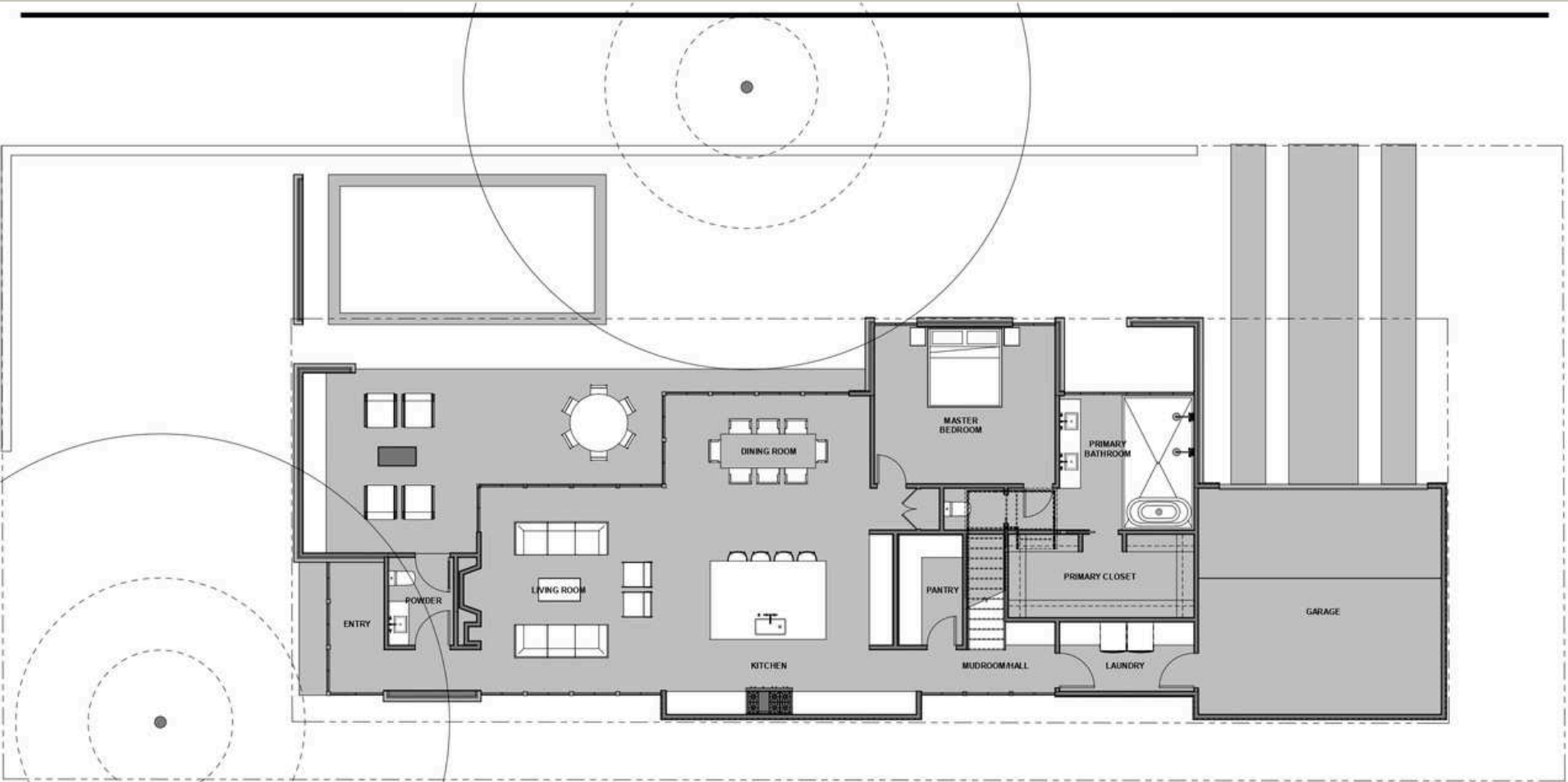
# Design Inspiration



We are just beginning the architectural study, but believe a heavy focus on the beautiful surrounding lot will produce one of the highest and best designs for the property.



# Floor Plans



GENERAL NOTES - DIMENSION PLAN

- 1. DO NOT SCALE DRAWINGS. WRITTEN DIMENSIONS GOVERN.
- 2. ALL DIMENSIONS ARE TO FACE OF FINISHING, UNLESS NOTED OTHERWISE.
- 3. ALL NEW STAIRS, STEPS, AND RAILINGS TO MEET CURRENT CODES AT THE TIME OF CONSTRUCTION.
- 4. PROVIDE 2X8 BLOCKING AT 3" ABOVE FINISH FLOOR IN ALL BATHROOMS FOR FUTURE GRAB BAR INSTALLATION EXCEPT BEHIND VANITIES, UNLESS THE VANITY IS A FLOATING VANITY. SEE INTERIOR ELEVATIONS TO CONFIRM VANITY TYPE.
- 5. SIZE/SPACE NICHES BY 2" DURING FRAMING TO ALLOW TILE INSTALLER TO CUSTOMIZE NICHE TO TILE DIMENSIONS.
- 6. FRAME FOR ALL SHOWER BENCHES AS NOTED IN BATHROOM ELEVATIONS.
- 7. ALL PARTIETS TO BE A MINIMUM OF 8" ABOVE ROOF SURFACE. FOR SLOPING ROOFS, THE 8" MEASUREMENT IS TAKEN FROM THE HIGHEST ROOF SURFACE TO MAINTAIN A MINIMUM OF 8" CLEARANCE.
- 8. ALL INTERIOR WALL PARTITIONS TO BE 2X4 WOOD STUDS AT 16" O.C. EXCEPT PLUMBING WALLS, WHICH ARE TO BE 2X8 WOOD STUDS UNLESS NOTED OTHERWISE.
- 9. ALL WALLS OVER 10' IN HEIGHT TO BE FRAMED WITH 2X8 STUDS IF WALLS OVER 10'-0" ARE NOT BUILT WITH 2X8 STUDS, THEY MUST BE BUILT WITH DOUBLE 2X4 STUDS AT 12" O.C.

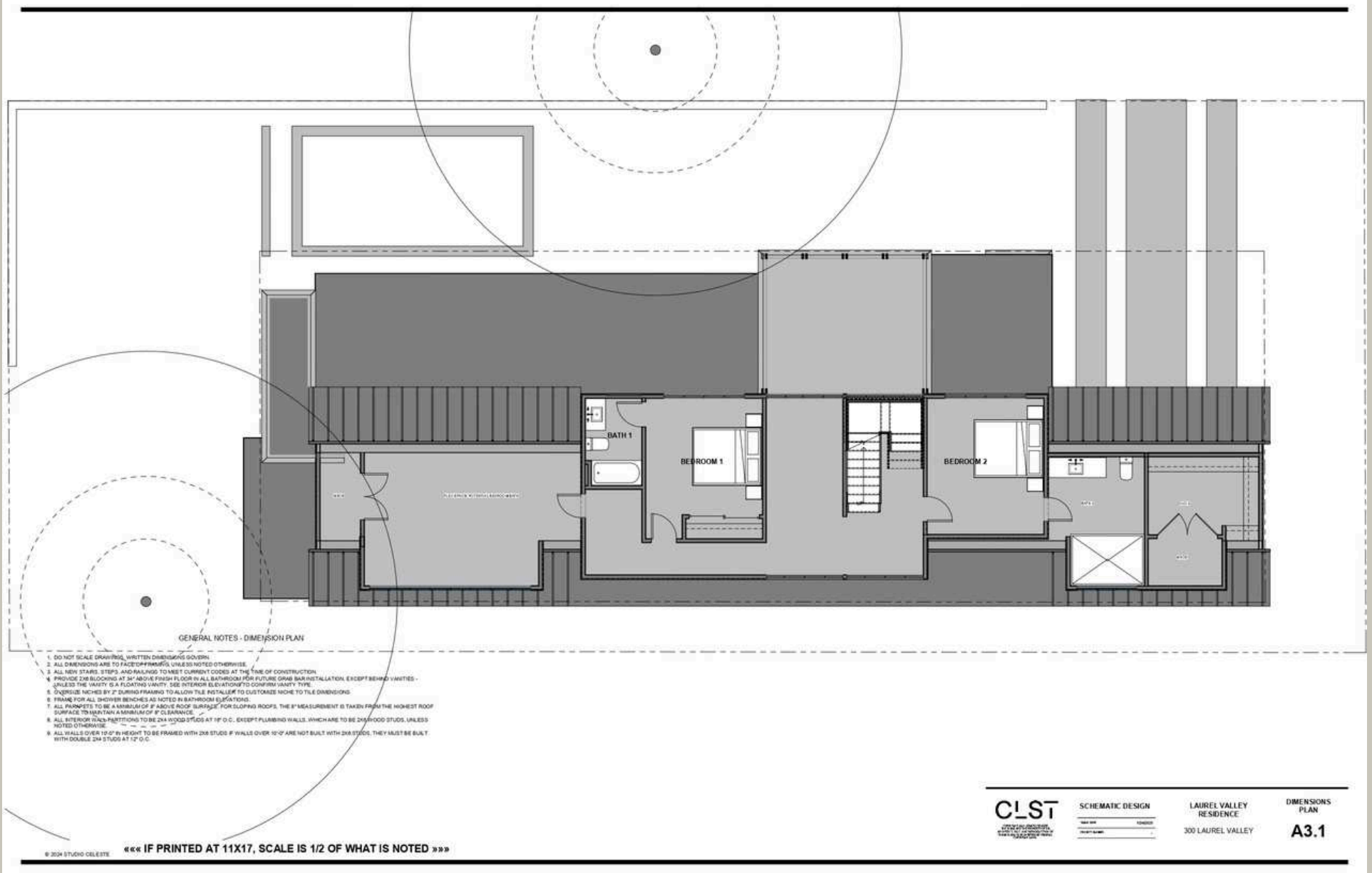
**CLST**  
CLAYTON LUTHER STUBBS  
ARCHITECTURE  
300 LAUREL VALLEY  
SUITE 100  
LAUREL VALLEY, CA 94548  
(925) 462-1111  
www.clstarch.com

SCHEMATIC DESIGN  
DATE: 08/20/2024  
PROJECT: 24-001  
SHEET: 01

LAUREL VALLEY  
RESIDENCE  
300 LAUREL VALLEY

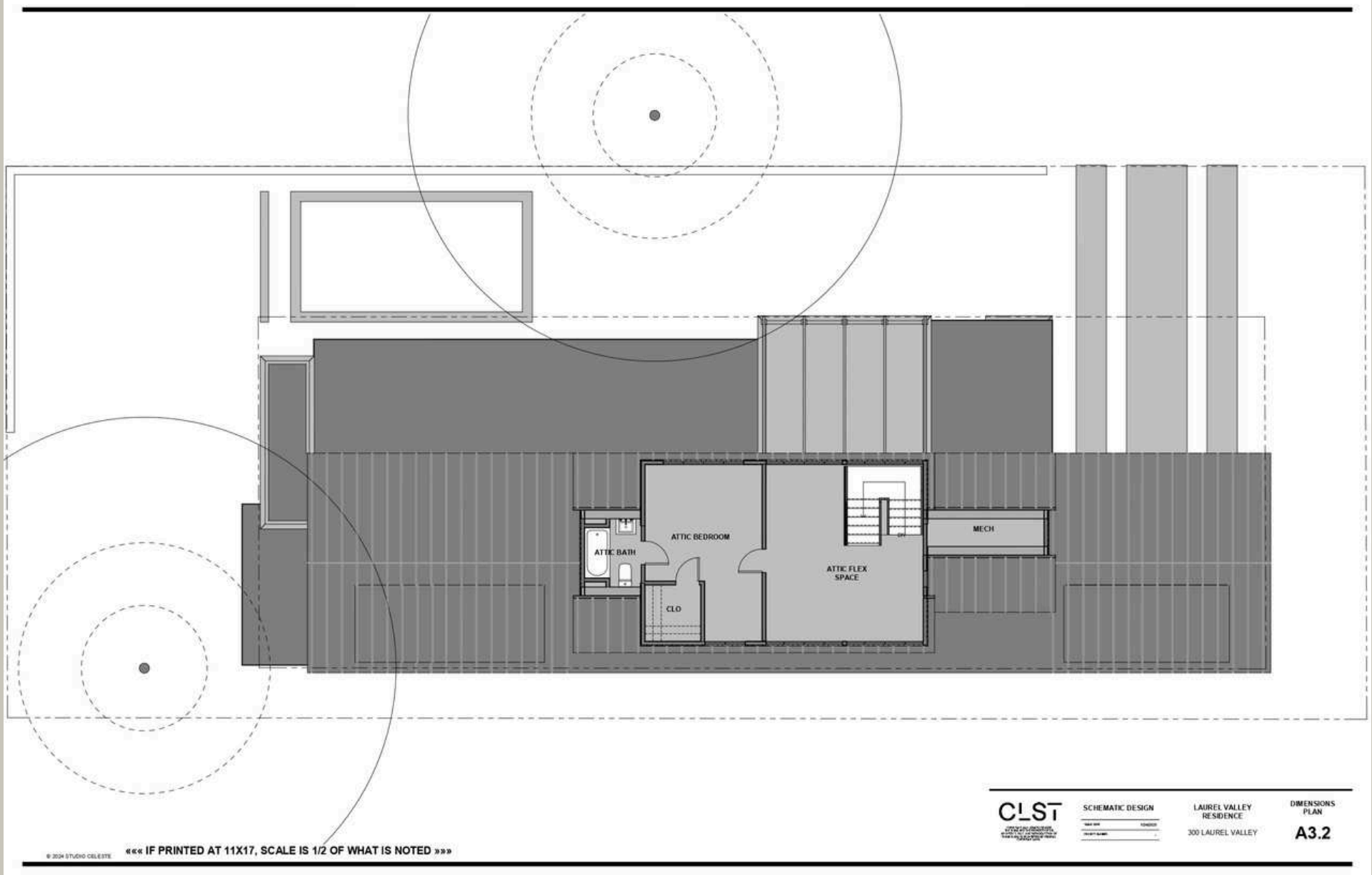
DIMENSIONS  
PLAN  
**A3.0**

# Floor Plans





# Floor Plans



# Team Track Record



\$129M

Completed  
Projects



\$62M

Currently Under  
Development



28%

Average  
Investor IRR




2X

Custom Home Builder  
of the Year



0

Number of  
investment losses



144

Number of  
homes built



# Company Overview

## LUXURY HOMES

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We are a luxury home builder in Austin, Texas. We focus on homes \$4 million and above located within the nicest neighborhoods of West Austin.

## SEASONED TEAM

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The company is owned by Jared Gossett (15 years industry experience), Brian Winburne (28 years experience) and Lindsay Davis (13 years experience). The three have ten years experience working together as a team.

## VOLUME AND LEVERAGE

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We are one of, if not the largest luxury custom builders in Austin by sales and pipeline, with over \$62M in development in 2024.

## REPUTATION

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We have developed a reputation as thought leaders in Austin and beyond through our awards, notable projects, and industry-renowned podcast. Our focus on exceptional craftsmanship, high-performance homes, and wellness-enhancing features has helped us establish excellent brand equity in the market.



# Our Formula for Superior Returns

## Create Leverage

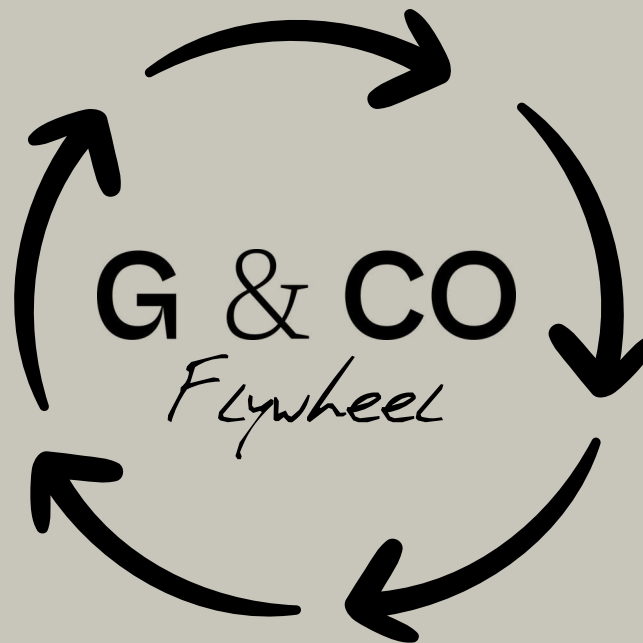
- High volume as luxury builder (12+ new homes per year)
- Influence from popular podcast
- Prioritize specs vs customs (more speed and control)

## Generate stronger sales and higher margins

- Set sales benchmarks combined with cost savings
- Deliver industry-best performance to investors
- Win the first look at A+ lots to acquire (+1)

## Build reputation for unparalleled homes (brand equity)

- Further market leadership in design, wellness, and craftsmanship
- Continue growing community of raving fans (+1)



## Beat competitors on costs

- Negotiate volume discounts with contractors (+1)
- Negotiate exclusive pricing with podcast brand partners (+1)
- Vertical integration of sales, acquisitions, and other (+3)

## Reinvest part of savings in higher quality

- Upgrades backed by data (+1)
- Better designs and architecture
- Unique wellness features

## OUR ECONOMIC ADVANTAGE

Each cog in the flywheel creates momentum for the next, creating a virtuous cycle upward when well-executed, and in totality becomes hard for competitors to replicate.

## OUR 18/18 MISSION

We are targeting 18% net profit margins by the end of 2024, in an industry where 12% is considered benchmark. Our flywheel is the engine behind it (numbers in parenthesis represent potential margin improvements by YE 2024).



# Recent Flywheel Progress

## SETTING HIGH WATERMARK SALES

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In the last twelve months, as we emerge from one of the slowest markets of the last decade, all of our homes have sold well above the competition, with the last three selling for \$1.052, \$1,058, and \$1.079 per foot, respectively. These private sales benefit our future projects with data points unavailable to our competitors.

## GROWTH IN BRAND EQUITY

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We're renowned among Austin's top real estate agents, who regularly reach out to learn about our upcoming listings for their clients. Leveraging these connections, we're selling almost all our homes on the private market.

Our social media presence is thriving, with nearly 43,000 Instagram followers and 1,000 newsletter subscribers. These platforms are drawing over 150 qualified agents and buyers to our recent open houses, a turnout more than 5 times higher than usual.

## NEW BRAND PARTNERSHIPS

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We are leveraging our volume and podcast popularity to negotiate savings from top material providers. Current partnerships include RAM Windows, Quaker Windows, and Wolf/Subzero. We are in process of adding several more to further reduce costs.

## VERTICAL INTEGRATIONS

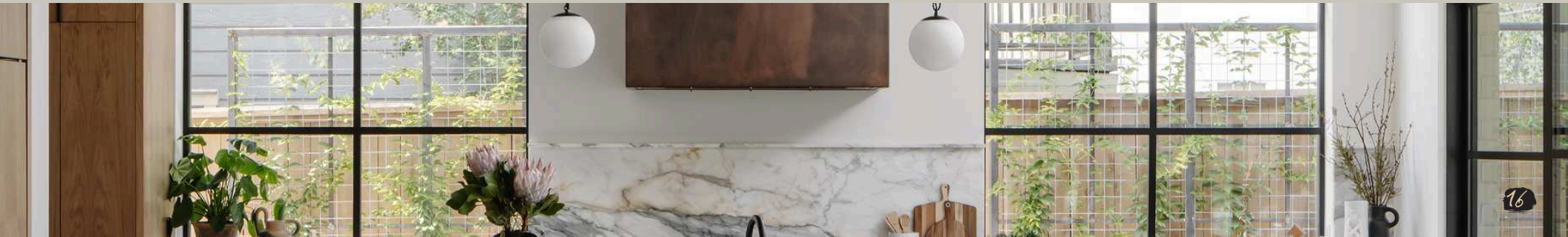
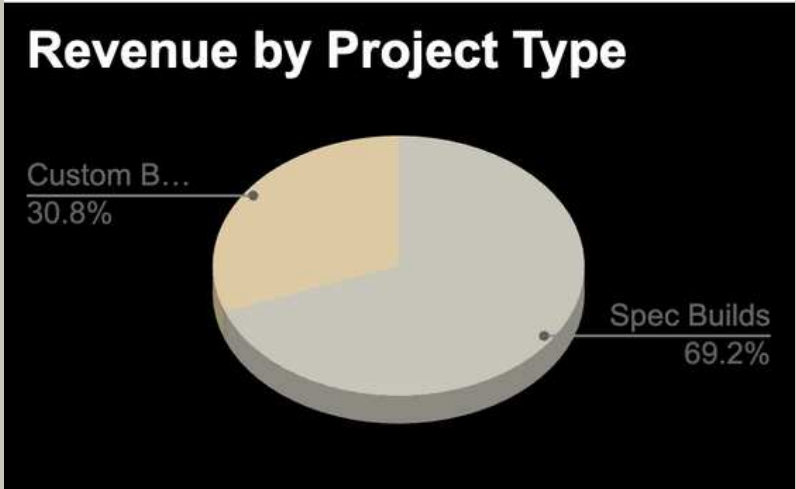
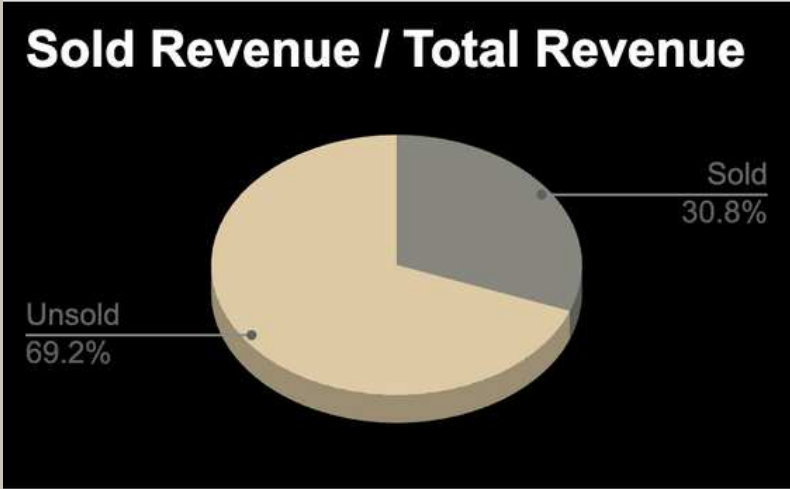
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We are finalizing in-house sales and acquisitions teams to save several percentage points on new projects.



# Current Pipeline and Capitalization

	Number of Homes	Proj. Revenue	Proj. Income	Debt
Spec Builds	9	51,085,970	4,431,311	25,393,643
Custom Builds	4	10,587,500	1,775,000	\$0
Lot Program	0	\$0	\$0	\$0
<b>Total</b>	<b>13</b>	<b>61,673,470</b>	<b>6,206,311</b>	<b>25,393,643</b>
Sold	4	10,587,500	1,775,000	\$0
Unsold	9	51,085,970	4,431,311	25,393,643
<b>Total</b>	<b>13</b>	<b>61,673,470</b>	<b>6,206,311</b>	<b>25,393,643</b>







# Why Luxury Homes in Austin?

## Robust Growth

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- ~ 11th largest city in the U.S. with approximately 1 million people, and over 2 million across the greater metro.
- ~ It's predicted between 3.6 million and 3.9 million people will live in the five-county metro area by 2040.
- ~ The city is consistently ranked a top place to live and work, attracting significant migration from both coasts.

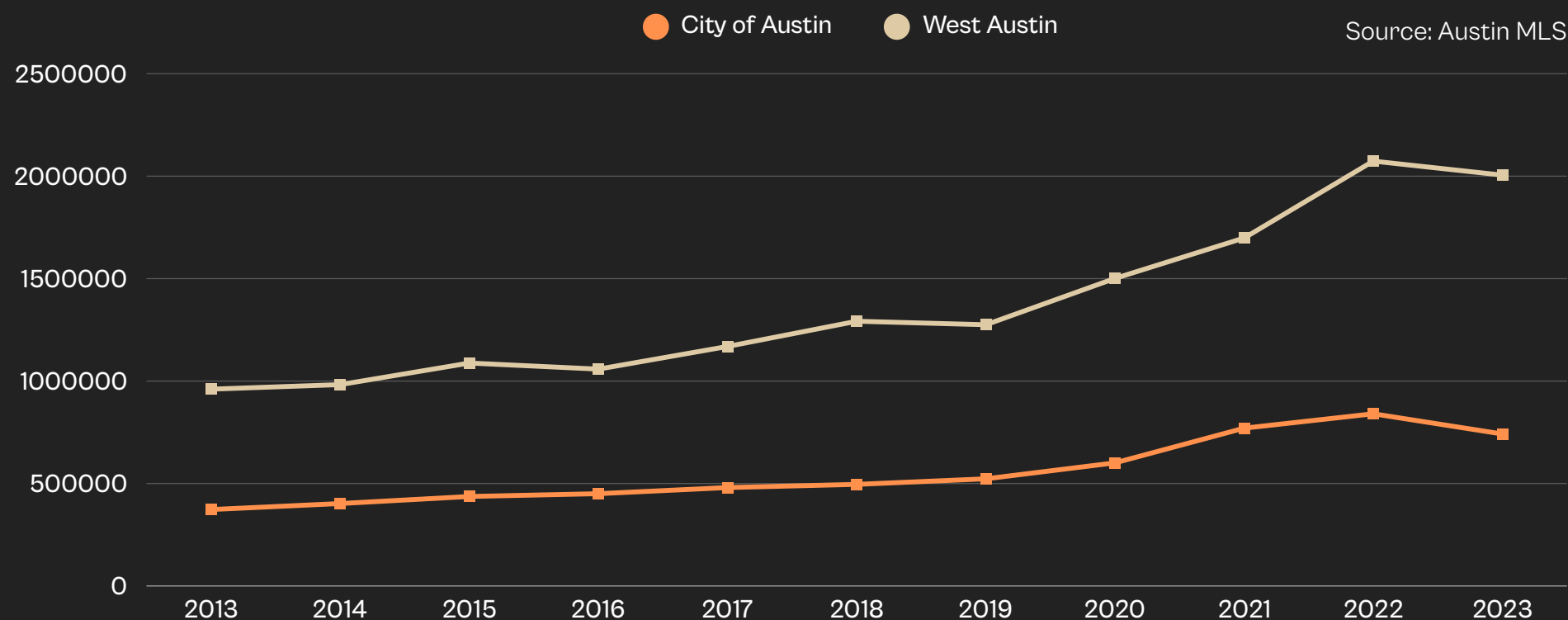
## High-Paying Jobs

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- ~ The city is an economic growth engine due to its tech and innovation culture. Recent companies moving here include Tesla, Samsung, and Oracle.
- ~ The city is seeing heavy migration of businesses relocating here due to favorable business climate and lower tax burdens.

For more information on Austin's economy, view the Austin Chamber of Commerce "[Why Austin PDF](#)."

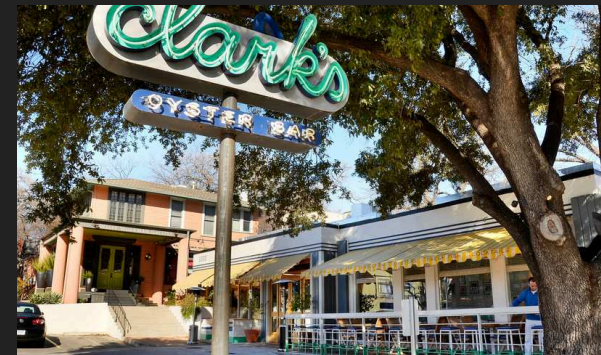
# Austin Home Price Appreciation



Entertainment: Barton Springs, Zilker Park



Lakeside Attractions: Abel's, Mozart's, Oyster Landing



Fine Dining: Clark's, Jeffrey's, Swedish Hill, Josephine House



# Pricing and Trends

## Real Estate Prices

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Austin has experienced strong price appreciation over the last decade, driven by heavy job growth and constrained supply.

The West Austin submarket where we build has seen similar appreciation patterns, doubling in pricing since 2013.

Since the peak in early 2022, prices have come down by 3% in West Austin and 12% across the city. The strong school system, in our opinion, has served as a backstop for values in the West Austin neighborhoods.

## Our Investment Thesis

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Austin was overvalued from the pandemic buying boom. It has since adjusted, and pricing now appears to be more in line with longer term appreciation patterns.

We cannot predict if prices will rise or fall from here, but macro trends support the long-term strength of this city.

We believe that investing throughout market cycles (dollar cost averaging approach), and acquiring highly desirable properties at good prices is a winning formula for us and our investors.



# Recession Strategy

## LOW ACQUISITION PRICES ON A+ PROPERTIES

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We are purchasing prime lots in the best neighborhoods at 10-20% discounts to current market value. We are able to do so as the most active and reputable builder in our chosen markets, where we get the first look at many properties.

## MACRO TRENDS & DOLLAR COST AVERAGING

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Many builders have stopped purchasing lots during the post-peak slowdown. That strategy leads to the "buy high, sell low" outcome that plagues most investors. We choose to programmatically buy new projects, like dollar-cost-averaging with a stock portfolio. We can't time the markets, but with consistent investment we can benefit from Austin's strong upward trend over the long-term.

## EVEN-FLOW PRODUCTION

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By following a contrarian approach to other builders and continuing steady production, we are able to leverage our laborers for better pricing (keeping them busy) and our manufacturers for steeper discounts (offering more volume), thereby dropping our costs and increasing our margins relative to our competition.

## HIGHER CONTINGENCY & LONGER RUNWAYS

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We are accounting for uncertainty with higher contingency in our project budgets, modest leverage with advantageous loan terms, and conservative pro forma projections to account for the unknown. We only move forward with a project if our conservative assumptions still produce a profitable pro forma target.



# Leadership Team



*Jared Gossett*  
President, Co-owner

Jared is responsible for sales, marketing, and business development. He leads the acquisition and financing of new project opportunities. Jared also leads our thought leadership platform, [buildingoptimal.com](http://buildingoptimal.com). It is a media service designed to help push the building industry forward through better education. Jared has been in the building and development industry since 2007. He graduated with his Bachelors from Texas Tech University and his Masters from The Ohio State University.



*Lindsay Davis*  
Director of Finance, Co-owner

Lindsay manages company and project finances. She is responsible for estimating and building project budgets, and for administering those budgets throughout the project. She is an expert with estimating, bidding, and choosing the best designs and selections that work within a budget. She has been in the building industry since 2006. Lindsay graduated from Texas A&M.



*Brian Winburne*  
Director of Construction, Co-owner

Brian manages the entire construction process, from ensuring we have a solid pre-construction game plan to hiring the trade partners and ensuring we work in concert to produce an excellent finished product. He develops great relationships with our clients and our trade partners, and has a strong ability to solve complex problems and manage projects in the most effective manner possible. For this reason, Brian won the Austin Home Builder's Association 2015 Construction Manager of the Year. Brian started in the building industry in 1998. Brian graduated from Texas State University.



# FAQ'S

## Do you only accept Accredited Investors?

Yes, our offerings are only open to those the SEC defines as "Accredited Investors."

## Do I get to invest in specific projects as I see fit?

Yes. When you sign up to receive our future investment opportunities, you are not committing to investing with us.

We will circulate to you and our other potential investors specific projects for review. You, at your sole discretion, choose when, how much, and in what projects to invest.

## How are the projects financed?

We like to maintain a capital structure of approximately 65% to 75% first-lien bank debt and 25% to 35% investor capital, depending on the project.

While we could use higher leverage and potentially achieve higher returns for our investors, this is one of our investing principles to stay within reasonable leverage parameters.





## FAQ'S

### How much do you all as the builder invest in the project?

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Our investors put in the majority of the investment capital in each project.

We invest on average about \$100,000 to \$200,000 into the project's working capital during the course of the project. This working capital is necessary to cover construction costs in between loan draws.

### How do the loan co-guarantees work?

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Most residential construction lenders ask for personal loan guarantees. Typically, our projects would need to experience a nearly 50% drop from the target sale price, erasing profits and then investment capital, for guarantees to be triggered. To date, we have never lost investor capital nor had a guarantee called.

Banks require Jared Gossett, our primary owner, to guarantee the loans. Occasionally, we secure additional guarantors for a co-guarantee fee. This entails providing personal financials and tax returns to the bank, and signing guarantee documents at loan closing.





## FAQ'S

### How does your Custom Lot program work for your investors?

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We have developed a core competency selling lots to custom home buyers prior to starting construction.

We have a strong pipeline of realtors and buyers who contact us regularly to see our pipeline. In this program we sell the buyer the property with the set of plans prior to us starting construction. At the same time, we enter into a construction agreement with the buyers to build the home using their own financing.

This strategy allows us to take build positions in sought-after properties while quickly exiting the projects and allowing our investors to take their profits and recycle into another project if they choose.

In this situation, investors receive some profits at the sale of the property with additional profits as construction progresses, as opposed to waiting till final sale on our standard spec deal.

Please note this is not our Plan A strategy with each new project, but rather icing on the cake when we can achieve it, due to the favorable returns and risk/reward metrics it offers our investors.



# FAQ'S

## What are the fees you all receive during the project?

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Within the custom home building industry, 5-6% of a builder's sales are usually represented by fixed overhead costs. We use this as a benchmark to project our overhead on each project, depending on a number of factors.

This is a fixed fee we calculate in the initial investment documents and disclose in the LLC agreement. It is designed to be an estimation for our company's costs such as field supervision, project administration, accounting, ongoing warranty expense, insurance costs, etc.

We draw the fee over the course of the project each time we make a draw on the bank loan to cover construction costs (typically 14 draws per project over the entire project).



If you would like to learn more:

Schedule a call with our team

or

Email Jared at [jared@gossettco.com](mailto:jared@gossettco.com)

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### Business Hours & Location

Our office is open Monday - Friday, 8am to 5pm.  
Our address is:

824 W 10th St  
Austin, Tx 78701