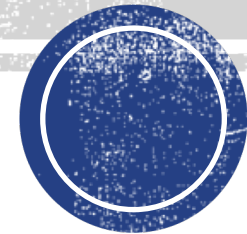


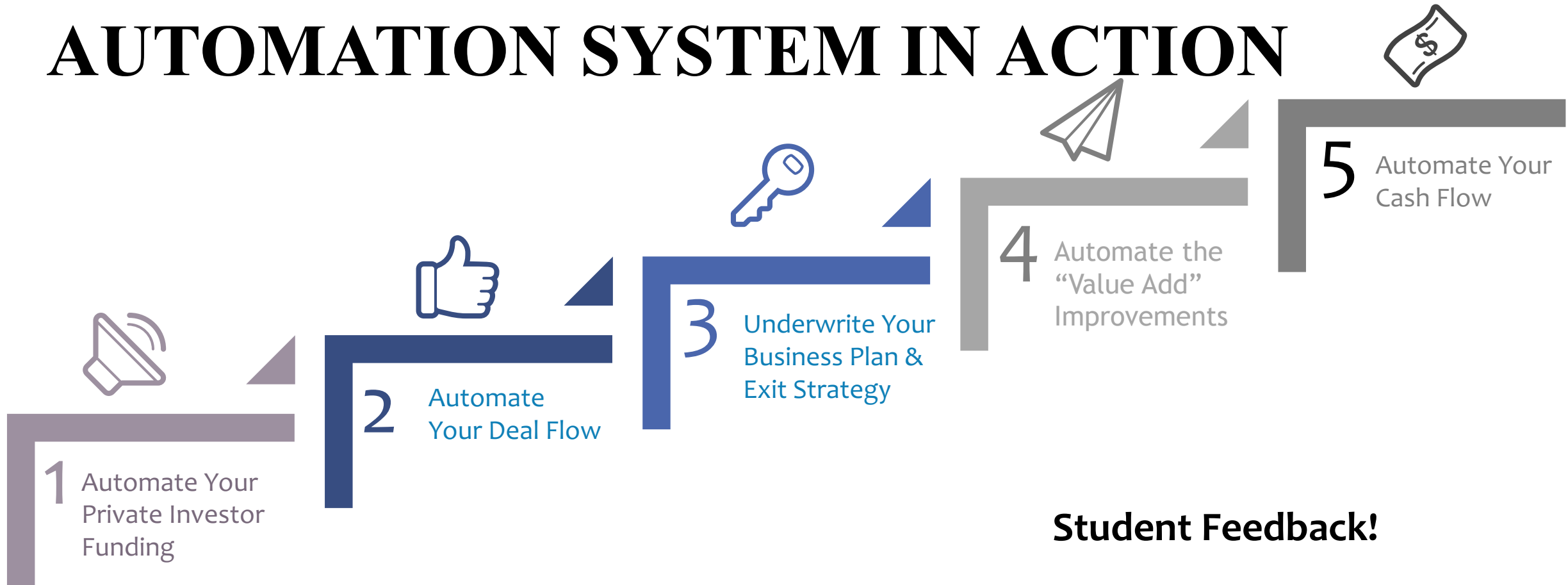
JOINT VENTURES and PARTNERSHIPS FOR APARTMENTS

Swim Lanes and Responsibilities



5 STEP “FOREVER PASSIVE INCOME”

AUTOMATION SYSTEM IN ACTION



Student Feedback!



The Work: 40-50% Of the total EQUITY

- 15-20%
 - Acquisitions (COO & Dir of Acq) (1-10%) of the entire deal (PARTNER “A”)
 - Networking, Brokers, OM’s, Tours, Visits, Finding Deals
 - Underwriting, Crafting The Business Plan and Offering (CEO) (5%) (PARTNER “B”)
 - Using Josh’s UW sheet
 - Comps, Stabilization Plan
 - Due Diligence (5%) of the entire deal (PARTNER “A” = 2.5% / PARTNER “B” 2.5%)
 - Deals under contract and DD
 - FINANCIAL: Financial Review of P&L’s, B/S, Rents, Utilities
 - PM: reviews and audits leases and makes sure it matches RR
 - PHYSICAL STRUCTURE: WALK THRU
 - Roofing, Structural, Camera the S/W lines



The Work: 40-50% Of the total EQUITY

- 10 - 15%
 - Overseeing and Monitoring the CAP EX Value-Add Process (PARTNER “C”)
 - Done by Construction Team
 - Overseas the GC ~OR~ VP Construction
 - Budgets
 - Draws from the banks
 - Could Include:
 - Install Dog Parks,
 - Turning Units
 - Roofing
 - Sealing and striping driveways
 - Landscaping
 - Commons areas: LED’s, Carpets, Painting
 - Playgrounds
 - Pools
 - HVAC: Boilers



The Work: 40-50% Of the total EQUITY

- 10-20%
 - Property Management: Internal team, Vertically integrated
 - 3rd party: Boots on the ground Asset Management: Secret shopping PM's



The Money – 50% - 60% of the Total Equity

- **Equity Investors LP's - 10-30% Of the Deal**
 - Write the check / wire and invest as an LP
- **Loan Sponsor - 20-25%**
 - Who has the balance Sheet
 - Equal to the Loan Amount
- **Raising Money and Managing Investors (10%)**
 - Relationships with LP's
 - Industry Rule of thumb
 - ½ pt for every point of equity you raise
 - EX: \$4M from LP's = 25% of the deal = 12.5% of the deal
- **EMD: EX \$100k, \$100k after 30 days and someone (1-2% of the deal) (DARREN EADS)
(Promissory Note Convert into LP Equity)**
 - 10-12% Fixed Simple Interest while the DD is going on



SUMMARY & EXAMPLE

- **The work**
 - 7.5% Acquisition
 - 7.5% UW and Offer
 - 15% CAP EX / VALUE ADD (2 YEARS COMMITMENT)
 - 10% (ASSET MGMT)
 - 10% (ASSET MGMT)
- **The Money**
 - 22% (LP'S)
 - 19% (LOAN SPONSOR)
 - 8% RAISING CAPITAL & INVESTOR MGMT
 - 1% FOR EMD



SUMMARY OF SPLITS

- **TOTAL 50% OF THE DEAL**

- PARTNER “A” = $7.5\% + 10\% + 3\% = 20.5\%$ of the Deal
- PARTNER “B” = $7.5\% + 10\% + 3\% = 20.5\%$ of the Deal
- PARTNER “C” = 15%
- PARTNER “D” = $19\% + 2\% = 21\% = \text{**LOAN SPONSOR**}$
- LP’s = 22% (TBD)
- PARTNER “E” = 1% FOR EMD

- **** PARTNER “D”**: Main signor of the bank account, Main Signor of all company docs, Final Vote, Investor Management, Quarterly investor update, THE VOICE OF THE DEAL



ACQ FEES RELATIVE TO GP SHARES

- Acquisition
- \$10M
 - 3% Acquisition Fee
 - \$300,000
- Splitting up the Acquisition Fee
 - 100% - 22% LP's = 78% Remaining of the GP / Acq Fee
 - PARTNER "A" = $20.5\% / 78\% = 26\%$ of the GP = 26% of the Acq Fee
 - PARTNER "B" = $20.5\% / 78\% = 26\%$ of the GP = 26% of the Acq Fee
 - PARTNER "C" = $15\% / 78\% = 19.2\%$ of the GP = 19.2% Acq Fee
 - PARTNER "D" = $21\% / 78\% = 27\%$ of the GP = 27% of the Acq fee



Reports to research markets

- [Costar Group Global Predictions Whitepaper Jan 2023](#)
- [Marcus and Millichap National US Multifamily Report](#)
- [Marcus and Millichap's MF Research Briefs](#)
- [Reonomy: State of CRE and Outlook](#)
- [CBRE Bi-Annual Cap Rate Survey](#)
- [Colliers Global Investor Outlook](#)
- [Colliers Local Market Research](#)
- [PWC Emerging Trends in Real Estate](#)



TYPES of PRODUCT: A, B, C, D

- <https://www.crefcoa.com/property-classifications.html>
- Class A Apartments
 - Usually more of a Cash Flow Play
 - Generally, garden product built within the last 10-20 years
 - Properties with a physical age greater than 10-20 years but have been substantially renovated
 - High-rise product in select Central Business District may be over 20 years old
 - Commands rents within the range of Class “A” rents in the submarket
 - Well appointed with landscaping, attractive rental office and/or club building
 - High-end exterior and interior amenities as dictated by other Class “A” products in the market
 - High quality construction with highest quality materials
 - Most expensive
 - Lowest Cash Flow
 - Highest demand from Institutions



TYPES of PRODUCT: A, B, C, D

- <https://www.crefcoa.com/property-classifications.html>
- Class B Apartments
 - Usually a value add or cash flow play
 - Generally, product built within the last 10-40 years or an older property recently renovated
 - Exterior and interior amenity package is dated and less than what is offered by properties in the high end of the market
 - Good quality construction with little deferred maintenance
 - Commands rents within the range of Class “B” rents in the submarket
 - Value Add Spread
 - Surface parking or detached garages
 - Moderately priced
 - Strong local demographics, jobs, schools



TYPES of PRODUCT: A, B, C, D

- <https://www.crefcoa.com/property-classifications.html>
- Class C Apartments
 - Usually a value add play
 - Generally, product built within the last 30-50 years or an older property recently renovated
 - Built before 1980
 - Limited, dated exterior and interior amenity package
 - Improvements show some age and deferred maintenance
 - Commands rents below Class “B” rents in submarket
 - Majority of appliances are “original”
 - Units cosmetically dated or classic
 - Deferred maintenance
 - Few amenities



TYPES of PRODUCT: A, B, C, D

- <https://www.crefcoa.com/property-classifications.html>
- Class D Apartments
 - Usually a deep construction / distressed / redevelopment deal
 - Generally, product over 30 years old, worn properties, operationally more transient, situated in fringe or mediocre locations
 - Shorter remaining economic lives for the system components
 - No amenity package offered
 - Marginal construction quality and condition
 - Lower side of the market unit rent range, coupled with intensive use of the property (turnover and density of use) combine to constrain budget for operations
 - Higher crime / lower income
 - High vacancy and turnover
 - Significant Neglect
 - Deferred maintenance violates local building code



LOCATION, LOCATION, LOCATION

Pick (6) Markets

1. Your backyard / The city you live in now / The city within a (2) hour drive
2. The Market you already have visited and have a connection to (2-4 Hour Drive)
3. The Market where you have a friend, family member, colleague, JV partner, co-sponsor
4. The market you are most interested in living in the future
5. One of the top growth markets
6. Another top growth market



Data for your 6 markets

1. Rent Growth - Growing over 5 years
2. Wage Growth - Growing over 5 years
3. Income Growth - Growing over 5 years
4. Population Growth - Growing over 5 years
5. Supply and Demand - aka “absorption”
6. Total Population -Population Age - 25-34, 35-43, 45-54, 55+ - what ages are growing / declining
7. Unemployment - decreasing is ideal
8. Job Diversity - no one employer represents more than 20% of the total jobs
9. Top Employers - Fortune 500?



Misc Comments for your 6 markets

1. Familiarity
2. Landlord Friendly - ease of eviction?
 - Talk to property managers and other investors about the evictions
3. Rent Controls
 - Absolutely not
4. Property Taxes and re-assessments (how and when)
 - The most expensive expensive in a deal
 - Ask your lender and mortgage broker
5. Articles about “Best Markets”
 1. <https://re-viv.com/best-multifamily-investment-markets/>
 2. <https://www.multifamily.loans/apartment-finance-blog/top-5-markets-for-multifamily-investment-in-2022/>
 3. <https://www.loopnet.com/learn/top-10-us-markets-to-buy-a-multifamily-property-for-less-than-20m/1000199747/>
 4. <https://www.swiftlane.com/newsletter-archive/best-multifamily-markets-2023/>



Market Evaluation

- [Costar.com](#) Demo
- Market Evaluation Reports
- Be Efficient
- Short Cuts



Start evaluating properties

You'll need to know:

1. Location: A, B, C
2. Type: A, B, C, D
3. Rent Roll
4. T-12
5. OM's
6. List of Improvements
7. Whisper / Asking Price vs Average Blended Rent per unit
8. General Cap rates for the submarket



On Market Deals with Brokers

- [Colliers International ON MARKET Apartments](#)
- [Marcus and Millichap ON MARKET Apartments](#)
- [CBRE ON MARKET Apartments](#)
- [Newmark ON MARKET Apartments](#)
- [Cushman and Wakefield ON MARKET Apartments](#)
- [Loopnet](#)



How to Connect with a broker and win them

- Research their recent sales and listings, UW their listings, ask questions and provide feedback
- Explain to them your capital stack and how much money you've raised and can raise
- Tell them you're a syndicator with a GP who can sponsor loans up to (X) amount
 - Get "pre-qualified" with a mortgage broker to see what you need to qualify for loans
- Opt in to their buyer portal
- Email them and follow up on their listings:
 - When will the tours be?
 - When will the call for offers be?
 - Why is the seller selling?
 - What's the whisper price? What do you think it will trade for?
 - Hey I noticed (X) property just sold. That seems like a good comp.
 - Costar indicates that submarket Cap rate is about 6%. What do you think?



“The Process”: Brokers listing and Selling Apartments

- Opt In on as many broker Websites and Back Office Portals As Possible: (See Slide 19)
- Download “The OM Packet” for as many properties as possible
 - Offering Memorandums
 - T-3,
 - T-12,
 - Last years Financials or the T-24
 - Rent Roll
 - Investment Summary
 - Brokers UW



“The Process”: Brokers listing and Selling Apartments

▪ Buyer Under Writes THE DEAL

- Load all the Current Financial in their as-is condition to the UW Spreadsheet
- Pull comps on the rents - What's the average rent per unit when you're at stabilization??
- Determine the Gross Annual Rents,
- Add 2-3% Annual Increase in other income
 - (12% total Increase in the other income)
- 5-8% Vacancy - Depends on B or C Market
 - B = 5%
 - C = 8%
- Factor 50% expense ratio
 - Anywhere between 47.5% to 52.5% Expense Ratio is normal
- Gives us the NOI
- Divide by the stabilized cap rate
- = Future stabilized value
- X's 75% to get the new LTV at refi
- Then we see if we can refi our equity investors out (if not what can i sell for? Or refi part of their money out)



“The Process”: Brokers listing and Selling Apartments

- Start to receive email marketing blasts from the listing agents
 - Coming Soon
 - See Josh’s Email Account: Matt Newcomer New listing Notice
 - Tours now available
 - Schedule your tour
 - Call for offers in 3 weeks
 - Call for offers in 2 weeks
 - Call for offers in 1 week with a deadline



“The Process”: Brokers listing and Selling Apartments

- Follow Up Phone Calls - Buyers and the listing brokers
- Write the LOI and Email to listing broker Before the Call for offer date
- Wait
- Broker is going to say “Hey There’s 10 offers” - 2nd call for offer date - take the top 3-5 buyers & offers
- Set a second call for offer date with the top 3-5
- Wait
- May have a third Call for Offers - take the top 2
- Then the seller picks one - “Awards the deal”
- Then the LOI gets sent to the buyers and sellers attorneys and they work on the PSA



Other Ways to Find Deals? Software's and Websites

- Realeflow.com
- Reonomy.com
- Crexi.com - 500,000 broker listings
- Loopnet.com
- [PropertyShark.com](https://www.propertyshark.com)
- Showcase.com
- ExpCommercial.com
- Cityfeet.com
- Listsource.com



Ways to Find Deals? Software's and Websites

- Costar Demo



On and Off Market: Ways to Find Deals?

- Commercial Brokers - See Slide 18
- SF investors and wholesalers
 - 52 Lake + 16 Akers - Adam Z



Ways to Find Deals?

- B.S.S.

1. Podcasting
2. Blog Posts
3. Social Media Posts
4. Linked In
5. Facebook Lives, Posts and Friends
6. Email list
7. Facebook Groups:
 1. Sample Post
 1. “Hey I’ve got \$2M dollars in private money raised and I need a deal fast.
 2. Looking for a 20-100 unit apartment complex in (insert markets)
 3. B or C Class Value Add.
 4. \$5-10M purchase price.
 5. LMK what you got.”



Off Market: Ways to Find Deals?

- Network and Brand Syndication System
 1. Leveraging Existing Relationships
 2. Creating More Relationships
 1. B.S.S.
 3. Networking face to face events
 4. Meetups
 5. Masterminds
 6. Networking functions
 1. Much deeper and longer lasting relationships



Ways to Find Deals?

1. Physical Newsletter - 1x per quarter
2. Eviction Court / Eviction lawyes
3. Property Managers
4. REI CLUBS / MEET UPS
 1. Lake Erie Landlords Association
 2. Ohio Landlord Association - OLA (Josh's Meet Up)
 1. March 2020 - 82 Attendees
 1. Fat Heads Brewery: We provided Appetizers and 45 Minute presentation



Ways to Find Deals?

1. Dial for Dollars,
2. Drive for Dollars,
3. For Rent Signs - Call to see if they want to sell
4. Direct Mail
 1. Co-star - bridge loan lists
5. Exporting Past Due Property Taxes Lists
 - Direct Mailing those
 - Cold Calling those lists



Direct Mail Template

Dear (Insert Fname),

I am the Director of Acquisitions for Freeland Ventures. Our portfolio consists of over (X)apartment units, all acquired within the last (X) years.

One of our partners is based in (X) city so we are looking to expand to that market.

We have researched and we're familiar with your apartment complex, (insert Complex name), and we would like to discuss purchasing this property.

Please reach out if you would like to discuss further.

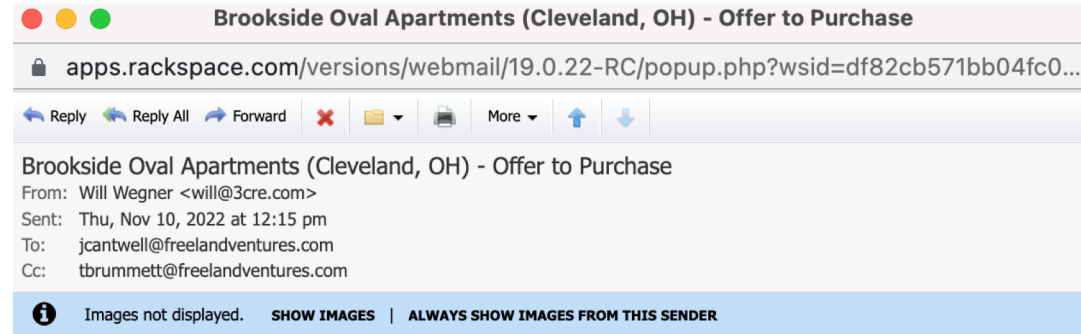
My email is _____and my cell phone number is _____.

Sincerely,

▪ Tyler Brummett



Email Template (example Josh gets)



Josh

How are you, this is Will with 3CRE Commercial Real Estate out of Nashville, TN. I was given your contact info as it is my understanding you have an affiliation with The Brookside at Oval Apartments on Park Fulton Oval.

I represent a reputable buyer out of Northeast Ohio that has a 6,000+ unit portfolio holding mainly throughout the midwest. Our client is on the clock with a 1031 exchange and owns an asset extremely similar to your property. He has asked me to directly reach out to you as they would like to put together a deal to purchase the property from you.

We don't like to waste anyone's time, so if your group has a number that you'd entertain a sale at for the asset please let us know so we can put pen to paper. If this asset is not on the radar to sell anytime soon, please let us know if there is anything else in the portfolio that your group would consider a sale on at this time.

Thanks for the time, and we look forward to hearing from you.

Best,

--

Will Wegner

Investment Advisor

3CRE Commercial Real Estate

Mobile: 408-859-6154

Office Line: 513-745-9333

Email: Will@3cre.com

Website: 3cre.com

Office Locations

1033 Demonbreun Street Suite 300 | Nashville, Tennessee 37203

7815 Cooper Road Suite C | Cincinnati, Ohio 45242

1554 Polaris Parkway Suite 325 | Columbus, Ohio 43240

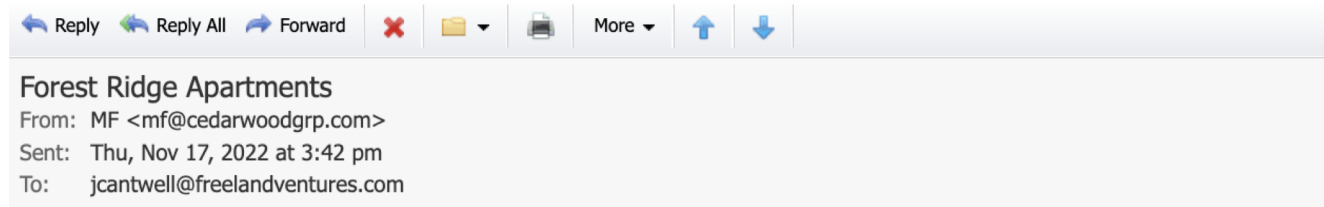
Creating Winning Connections for Commercial Investors



ACCELERATED INVESTOR
APARTMENT ACADEMY



Email Template (example Josh gets)



Hi Josh- Hope your well. I see we have mutual friends. We know the market is uncertain , however I wanted to check in to see if would consider selling any assets at this time . We have a very large allocation we are looking to place and believe our group would be a very strong candidate for this type of ASSET . We are going into contract on a similar asset nearby.

Thanks and looking forward to hearing from you soon

*Meyer Futersak
Cedarwood Group LLC
445 Park Avenue
NY NY 10022
718-781-0549 direct*

*Miami offices
820 West 41st Street, Suite 204,
Miami Beach, FL 33140
786-441-7689 Direct
www.cedarwoodgrp.com*



Seller Convo

Goal is to have convo with seller

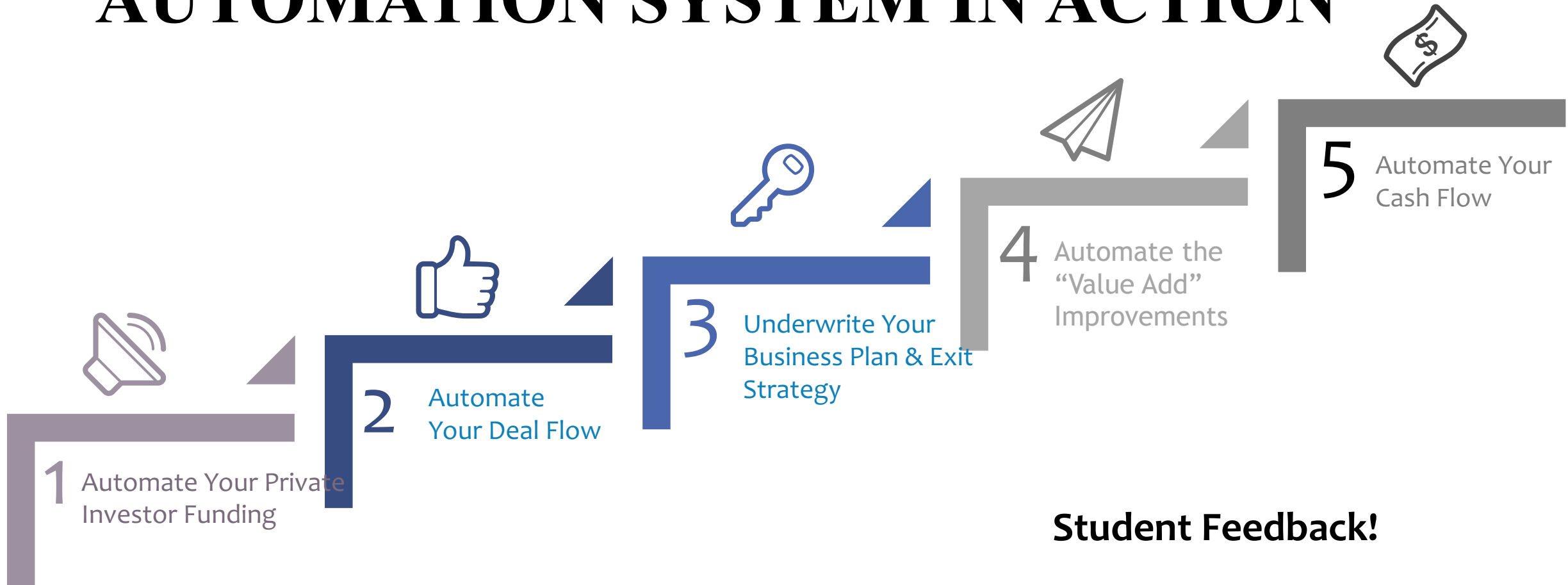
Goal is to obtain Rent Roll and T-12

- What improvements and cap ex has been completed since you acquired the property?
- When did you purchase the property?
- Why are you possibly interested in selling?
- What is your desired approximate sales price?



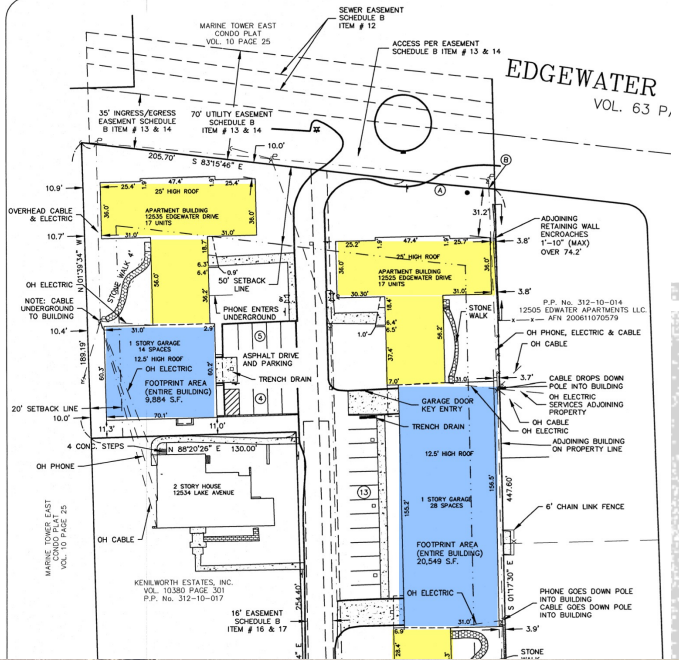
5 STEP “FOREVER PASSIVE INCOME”

AUTOMATION SYSTEM IN ACTION



Student Feedback!





Forever Passive Income in 2023 and Beyond!

ASK ME ANYTHING

Q&A Session 1

Either....

give us a Review on Facebook, Google or Linked IN
or 5 star rating and review on iTunes by Today by 5pm .

Free Accelerated Investor T Shirt and Flip System Book by Josh!



Connect With Josh



www.foreverpassiveincome.com/coaching



www.freelandventures.com/passive



AcceleratedInvestorPodcast.com



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ACCELERATED INVESTOR
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ASK ME ANYTHING

Q&A Session 1

END SESSION 1

