


APARTMENT SYNDICATION DUE DILIGENCE FOR

PASSIVE INVESTORS

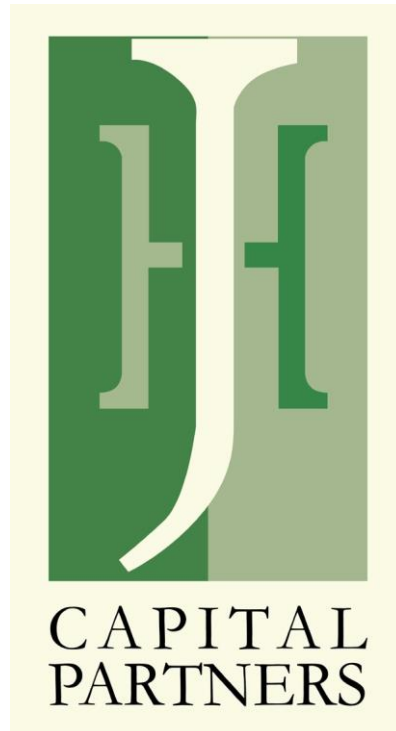
It is important to write down your apartment investment goals

COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 <p>SPONSOR</p>	1	KNOW, LIKE AND TRUST	<p>Do you know, like, and trust the lead sponsor or group with your money?</p> <p>This is the most important factor. If you answer no here, you can stop here, and pass on the deal.</p>	
	2	TEAM	<p>Who are the key members on the team? And what are their roles?</p>	
	3	TRACK RECORD	<p>What is the sponsor teams track record as a General Partner? How many years of experience? How many units?</p>	
	4	EQUITY CONTRIBUTION (SKIN IN THE GAME)	<p>How much does the sponsorship team put in the deal?</p>	

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Notes before evaluation a deal to ensure they meet your minimum requirements and stay focused on your goal.


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COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
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 MARKET	1	MARKET TYPE	Primary (Strong, Lowest Risk) Secondary (Good, Medium Risk)	
	2	LANDLORD FRIENDLY	Is it a landlord friendly state?	
	3	POPULATION GROWTH	Do you see population growth in this market in the last 5 years? How many percent?	
	4	INCOME GROWTH	Do you see income growth in this market in the last 5 years? How many percent?	
	5	HOME VALUE	Do you see home value increase in this market in the last 5 years?	
	6	CRIME RATE	What is the crime rate in this market in the last 5 years?	

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 SUBMARKET	1	HOUSEHOLD INCOME	Good neighborhood? Higher income compared to surrounding neighborhood is a good indicator.	
	2	UNEMPLOYMENT RATE	Is the trend of unemployment rate decreasing in the last 5 years?	
	3	DEMOGRAPHIC DIVERSITY	<p>Is there a concentration of ages more than others?</p> <p>Apartment renters tend to be 18-40 years old.</p>	




	4	MAJOR EMPLOYERS	<p>Who are the major employers in the market and submarket?</p> <p>Look for diversification of different employers and sectors. Not all jobs are created equal.</p>	
	5	NEIGHBORHOOD RETAILERS	<p>Check for retail stores within 5 - 10 miles radius. Starbucks, Walmart, Dollar Stores, etc.</p>	

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COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 <p>THE APARTMENT</p>	1	NUMBER OF UNITS	<p>How many units? Does it meet your minimum requirement?</p>	
	2	CLASS OF PROPERTY	<p>Class A: High end luxury apartment, <10 years old, high rent, white collar, low to none repair.</p> <p>Class B: 10-25 years old, well-maintained, mixed of white and blue collar, some maintenance required.</p> <p>Class C: 30-40 years old, need maintenance, blue-collar, low rents</p>	



	3	LOCATION OF THE PROPERTY	Is the property residing within a good neighborhood or emerging neighborhood?	
	4	OCCUPANCY	What is the current occupancy for the property? If less than 85%, how is this deal being financed?	


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	1	TYPE	What type of financing? Agency, Bridge, Bank Loan, seller financing?	





FINANCING	2	LOAN-TO-VALUE	Range from 65% to 80%. Higher the number means higher leverage of debt.	
	3	LOAN TERM	Agency loan: 5-12 years. Bridge loan: 1-3 years. Interest Only (IO): 1-3 years. When is balloon payment?	
	4	LENDER RESERVE	Are there any lender reserves requirement for the selected financing option?	

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 <p>ASSUMPTIONS</p>	1	MARKET CAP RATE	What is the market cap rate?	
	2	PURCHASE CAP RATE	What is the cap rate that the property is being purchased at? And why?	
	3	EXIT CAP RATE	What is the exit cap rate if the property were to be sold or refinanced? Look for greater than Purchase Cap Rate for conservative assumption.	
	4	ANNUAL RENT INCREASE	1-3% for conservative assumption.	
	5	REHAB BUDGET	Is there any rehab budget? If so, is it reasonable?	
	6	REVENUE INCREASE	What is the plan for revenue increase once closed? List them out.	


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 <p>PROFIT SPLIT</p>	1	SPLIT TYPE	<p>What type of split on the deal?</p> <p>Straight: All profits are shared between LP/GP such as 80/20 split.</p> <p>Waterfall: All profits are shared between LP/GP to a certain level of percentage, and then split again at a certain percentage.</p>	
	2	SPLIT	<p>What is the split? 80/20? 75/25? 70/30?</p> <p>80/20 means 80% for investors and 20% for General Partner.</p>	
	3	PREFERRED RETURN	<p>Does the deal offer a preferred return?</p> <p>Preferred return pays investors first before GP is paid.</p> <p>For instance, 7% preferred return 75/25 split means investors will get paid 7% of return first before the remaining is split 75% to investors and 25% to GP.</p>	

COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 TERMS	1	HOLD TERM	How long is the hold term for the investment? Usually 5-7 years.	
	2	MINIMUM INVESTMENT	Usually minimum is \$50k, however, there are operators who accept \$25k minimum on a deal.	







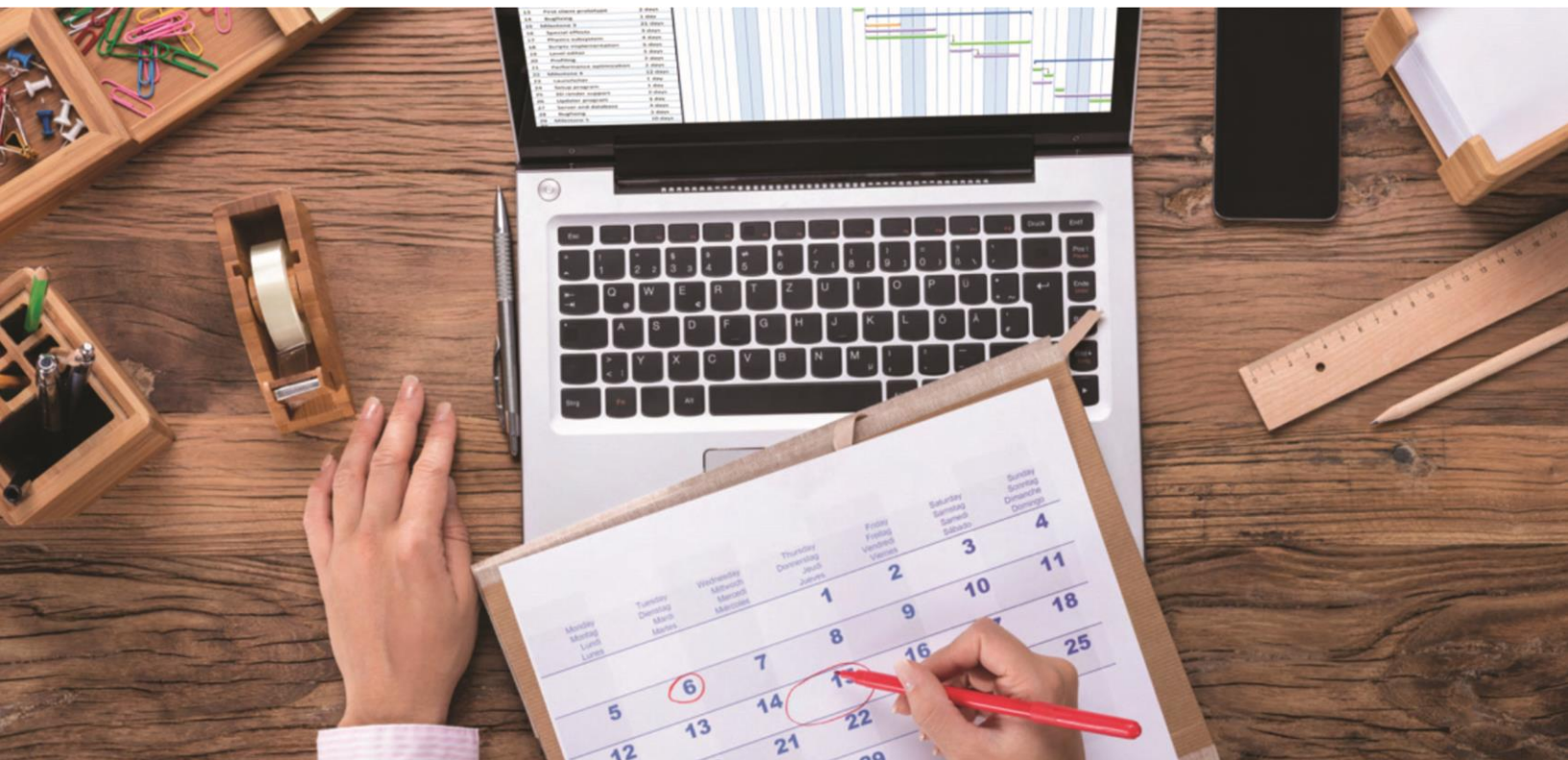
COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 <p>PROJECTED RETURNS ON THE DEAL</p>	1	CASH ON CASH RETURN	<p>What percentage of cash on cash return is acceptable for you?</p> <p>If you put in \$100k, will \$5k/year or \$7k/year of cashflow be acceptable for you?</p>	
	2	INTERNAL RATE OF RETURN	<p>How soon can I get my return based on time-value of money?</p> <p>If you get paid sooner than later, even with the same return amount, IRR is affected. The higher the number, the better. It means you get your return faster than later.</p>	
	3	TOTAL RETURN	<p>What is the total return of my investment at the end of the holding period?</p>	
	4	EQUITY MULTIPLE	<p>If the deal were to be exited, what is the equity multiple of my investment?</p> <p>For instance, \$100k invested, 5 years hold, \$6k/year, sale proceed is \$71k to you, EM=2.1. It means, you put in \$100k and got \$210k in total return during the holding period including sale proceeds upon the sale of the property.</p>	

	5	DISTRIBUTION FREQUENCY	Monthly, Quarterly?	
	6	INITIAL DISTRIBUTION	When can you expect your first distribution? 2-3 months? Or longer?	
COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 FEES	1	ASSET MANAGEMENT FEES	What will be the asset management fees? This is the ongoing management fee for the asset.	
	2	ACQUISITION FEES	What will be the acquisition fees? One-time fee payment to GP upon acquiring the asset.	
	3	ANY OTHER FEES?	Any other fees to the GP that you should know about? And why?	



COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 STRATEGY	1	BUSINESS PLAN	Does the sponsor have a business plan created? Is it reasonable given the current market situation such as Covid, rehab budget, and any other conditions?	
	2	STRESS TEST	What type of stress tests have been used on the deal?	
	3	EXIT STRATEGY	What conditions and how does the sponsor plan to exit the deal?	
	4	INVESTMENT TYPE	What can you use to invest? Cash/IRA/401k?	
	5	LIQUIDITY	Can you cash out early? If so, under what conditions?	
	6	DEPRECIATION	Will a Cost Segregation study be completed on the property?	

COMPONENTS	#	KEY FACTORS	QUESTIONS	NOTES
 IMPORTANT DATES	1	CONFERENCE CALL	Will there be a conference call or webinar? If so, Date/Time.	
	2	COMMITMENT DATE	How soon do you need to commit by?	
	3	FUNDING DEADLINE	What is the deadline for you to wire transfer the funds?	
	4	ASSISTANCE	Who will assist you if you have any questions?	





FOUNDER & PRINCIPAL PARTNER

Robert is the CEO and Founder of JH Capital Partners which is a diversified real estate investment company that specializes in acquiring single family housing (SFH) and multi-family housing (MFH) that have been underperforming, undervalued assets and implementing value-added projects, reducing operational cost, and stabilizing the projects to repositioning them to market value.

We feel that our management team, partners, and advisors have the unique experience to deliver exceptional true value to our investors, with developing strategic hands-on and proven operational plans, reducing risk, and delivering stabilized MFH and SFH assets returns for our investors.

ABOUT THE AUTHOR

Robert E. Jackson

With over 60 years' of collect experience in managing every aspect of real estate projects, we are even more persistent when it comes to protecting our investors capital, alongside our capital invested, to provide optimize returns. This has earned the trust of partners, investors, property management companies, and lenders.

For the past 25 years, I have worked in management as Logistics & Supply Chain Manager, and most recently as Global Leader in Sourcing, with Fortune 500 companies like Digital Equipment Corporation, Compaq Computer, HP, and GE Healthcare. I started my studies at Bowie State University, and finished at George Washington University, with a specialization in Project Management and certification as PMP.

In addition to JH Capital Partners, Robert was the CEO and founder of YouthTrac Foundation, Inc., JH Holdings, LLC, and Atlantic Maids over the past 25 years. With a strong background in project management, real estate, and sports management, I am well-versed in nonprofit leadership, philanthropic capital raising, youth mentorship, event hosting, team building, and logistics management.



Today, Robert focuses on scaling his portfolio and providing generational wealth for his investors and partners. At JH Capital Partners, LLC . we are dedicated to helping our investors achieve strong passive income by leveraging multifamily real estate syndications.

JH Capital Partners, LLC . specializes in identifying and operating real estate investment opportunities with a focus on acquiring large multifamily apartments in secondary and tertiary MSA throughout the Capital and Sunbelt markets.



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