

THERESA BRADLEY-BANTA

INVEST IN APARTMENT BUILDINGS [Resources]



Brought To You By
Theresa Bradley-Banta Real Estate Consultancy

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Congratulations for downloading our resources document! You'll find extraordinary value as you apply these resources to your investing endeavors in multifamily real estate. These documents will assist you for *many* years to come. Here's what you'll find:

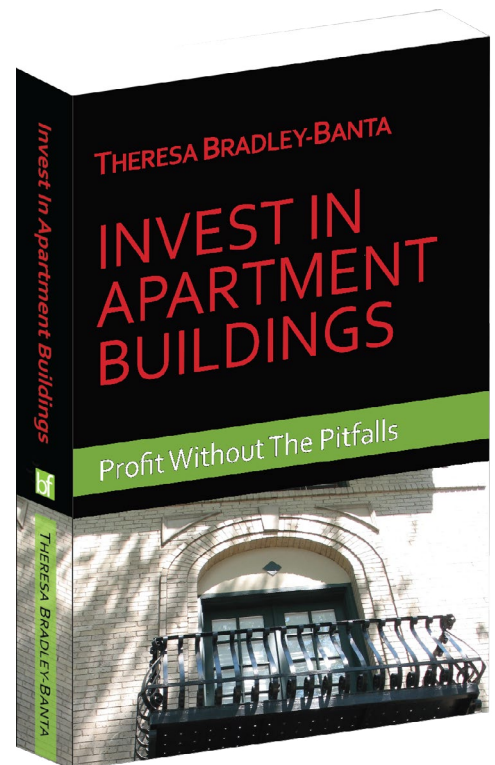
- Questions to Ask Your Commercial Real Estate Broker
- Interview Questions for Hiring a Multifamily Property Manager
- Sample Multifamily Property Management Agreement
- Apartment Building Due Diligence Checklist
- Sample Letter of Intent (LOI) and Comprehensive Proposal Letter
- Sample Real Estate Investor Resume (Statement of Experience)
- Money Rules for Real Estate Investing
- Real Estate Investor Self-Assessment Questionnaire
- Real Estate Team Member Checklist & Contact Information
- Challenging the Listing Brochure (Book Exhibits)

You will find most of these documents in my new book *Invest In Apartment Buildings Profit Without The Pitfalls*. These documents are great stand alone resources—they're even better when combined with the education you'll gain by the reading the book!

For more information on my book please visit
[Invest In Apartment Buildings Profit Without The Pitfalls](http://www.theresabradleybanta.com).

To your investing success!

Theresa Bradley-Banta



Contents

Questions to Ask Your Commercial Real Estate Broker	5
Interview Questions for Hiring a Multifamily Property Manager.....	9
Sample Multifamily Property Management Agreement	13
Apartment Building Due Diligence Checklist.....	17
Sample Letter of Intent (LOI) and Comprehensive Proposal Letter	21
Sample Real Estate Investor Resume (Statement of Experience)	27
Money Rules for Real Estate Investing	30
Real Estate Investor Self-Assessment Questionnaire.....	34
Real Estate Team Member Checklist & Contact Information.....	42
Challenging the Listing Brochure (Book Exhibits).....	48

Questions to Ask Your Commercial Real Estate Broker

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Ready to put your commercial broker to the test? Not only will this help you interview and hire the right broker it will help you drill down to the information that really counts: Your apartment market, the deals that have succeeded, valuing a multifamily property and which of your broker's clients have had success as apartment building investors (and how and why!).

And here's a special bonus. If you want more on this topic visit my post [Should You Hire a Commercial Broker When Buying Apartment Buildings?](#)

Questions to Ask Your Commercial Real Estate Broker

1. Do you invest in property?
2. Do you consider that to be a conflict of interest?
 - a. What happens when deals are first listed at your company?
Do your brokers and principals have first crack at them?
 - b. How do I get on your priority investor list?
3. Are you investor focused?
4. What markets do you work in? What can you tell me about them?
5. Can you provide the following research?
 - a. Rent comparables. (Including concessions—economic and actual).
 - b. Sold comparables (not just hand picked—*all* comps).
 - c. Information on your current listings? What do you know about each property?
It's history? It's location?
 - d. Who bought the property? Who brokered the deal?
 - e. Company multifamily market research.
 - f. Capitalization rate trends: today and historical.
 - g. Average property expenses ratios.
6. What stage is the market in? (10 year historicals)
 - a. Emerging market? Recovering market? Etc.
7. Who is financing local deals?
8. What deals are not getting done?

9. What submarkets should I avoid? (Submarket level data—get it!)
10. What types of properties are in your favorite markets?
 - a. Style, age, condition, upgrades, class, building materials, etc.
11. Tell me about local apartment inventory (supply and demand to forecast future markets for investment).
12. What do you know about shadow markets (non-apartment rentals)? How will they affect local multifamily markets?
13. Do you “buy” listings? A.K.A. unrealistic property prices just to get the listing.
14. Who has done really well? (your clients)
 - a. When did they buy (year)? Review at least 10 years investment historicals.
 - b. When did they sell? Review at least 10 years investment historicals.
 - c. What were their strategies?
 - d. What is the current investor demand for properties? (Less investor demand equals lower prices, higher caps.)
15. How many Buyer inquiries do you get in a week?
16. What were your sales for the past year and what was your average sale?
17. Why should I buy from/list with you rather than any other broker?
18. Will you give me your opinion of what the market value of a particular property is based on:
 - a. Sold listings (comps)?
 - b. Rent comps.
 - c. Market stage (Emerging, over heated — Recovery, Expansion, Oversupply, Recession).

- d. Financial analysis?
- e. Will you provide the seller's actual #s before I consider making an offer on a deal?

19. Who do you recommend for:

- a. Mentors?
- b. Lenders?
- c. Inspectors?
- d. Property managers?
- e. Title company?
- f. Attorneys?
- g. Tax professionals?
- h. Rehabbers?
- i. Vendors (apartment market) ?

20. Tell me about recent local apartment deals that have closed:

- a. Your deals.
- b. Other broker's deals.

Interview Questions for Hiring a Multifamily Property Manager

*

Who's your leadoff hitter? Your property manager is the number one person on your team. These questions will help you find a great apartment building manager. And they will set the tone for who's really in charge (you) from the very beginning of your relationship.

Multifamily Property Manager Interview Questions

1. How many properties do you manage?
 - a. Location? Can I tour the properties?
 - b. How many owners do you represent?
 - c. Do you have references I can call?
 - d. Unhappy past owners?
 - e. Happy current owners?
 - f. What's your current occupancy at all properties? What is your occupancy history?
2. Do you use on-site managers?
 - a. At what properties? Why?
 - b. What are their day-to-day responsibilities?
 - c. How are they paid?
 - d. When would you not use an on-site manager?
 - e. Who manages the on-site manager?
3. What are your fees?
 - a. What % of revenue do you charge?
 - b. What do you charge for property renovation (if any)?
 - c. What are your leasing fees?
 - d. What are your maintenance fees?
4. How do you advertise and market your properties?
5. Where do you advertise and market your properties?
6. What are your accounting practices?

- a. What management /accounting software do you use?
 - b. Mac friendly? (Important to know if *you* are Macintosh based.)
 - c. What are the features?
 - d. As an owner, can I access the data?
 - e. Do you do a cash flow analysis?
 - f. Will you complete a forecast vs. actual budget for my property?
7. What type of management reports do you provide?
- a. How frequently will I get property updates?
8. Do you file reports, receipts, invoices, leases, etc., for my property at your place of business?
9. Who does the books?
10. Will you assist with asset management and capitalization?
- a. Do you provide operations consulting?
 - b. Does that include exit strategies?
11. Do you have experience with value added strategies?
12. Who are your contacts in the industry?
- a. Brokers?
 - b. Lenders?
 - c. Vendors and service providers to the apartment industry?
13. Do you know of available properties for sale?
14. What is your background?
- a. Number of years in business?

- b. Any experience as an owner operator?
- c. Who is on your team? Are you replaceable? What happens if you have a personal emergency that takes you away from your business?

15. Tell me about your practices for resident relations:

- a. Late fees and collections?
- b. Leases vs. MTM (month-to-month)?
- c. Do you have repositioning experience?
- d. Tell me about your follow-up with resident maintenance requests.
- e. What are your rental techniques & property promotion strategies?
- f. Do you build community?
- g. How do you feel about good communication at the property?

Sample Multifamily Property Management Agreement

*

Managing the manager is what it's all about! Lead your team. You do not have to sign the long legal mumbo jumbo contract your property manager uses. It's okay to use your own Apartment Property Management Contract—and this is a great one (written by a lawyer). Less is more!

Apartment Management Agreement

This Apartment Management Agreement (the "Agreement") is made this ____ Day of September 2009 by and between _____ ("Agent"), and ABC Apartment Investors, LLC ("Owner").

- 1) PROPERTY - That certain property consisting of the multi-family apartment complex known as _____ located at _____ in the city of _____, County of _____, State of _____ together with all personal property of Owner attached thereto, located thereon or used in connection therewith (The "Property").
- 2) AGENCY - In consideration of the property management services to be rendered by Agent pursuant to this Agreement, Owner hereby designates Agent as the exclusive Agent and representative of Owner for the purposes of management and operation for Owner's account of The Property.
- 3) TERM - This Agreement shall become effective as of the ____ day of _____ 20____. (the "Effective Date") and, shall continue in full force for 36 months. This Agreement shall automatically renew for a term of twelve (12) months unless written notice is received by Agent, from Owner, a minimum of thirty (30) days prior to the expiration of the term. Either party shall have the right to terminate this agreement by delivering written notice thirty (30) days prior to termination.
- 4) MANAGEMENT FEE – (a) The agent will be paid a fee of ____% of the monthly collected revenues from the Property. Revenues include rent, pass through costs to tenants, vending income, and forfeited security deposits applied to rent (excluding damages). Revenues do not include insurance proceeds or other revenue sources not listed above. Agent will be reimbursed for all expenses directly related to the management and leasing of the Property. The Agent will not be reimbursed for Agent's general office overhead and expenses. Projects including, but not limited to, property renovation, reconstruction, or damage recovery are outside the scope of the normal management fees and will require additional compensation to be agreed upon by all parties prior to initiation of work. (b). Upon signing a new tenant into a new term lease, the Agent will be paid a one-time fee of ____% of monthly rent per unit. (c). Upon signing a current tenant into a new term lease of 6 months or greater, the Agent will be paid a one-time fee of ____% of monthly rent per unit. (d). Agent will be paid \$____/hour for maintenance performed at the property.
- 5) POWERS AND DUTIES OF AGENT - The Agent shall (a) use its best efforts to keep the Property rented by procuring tenants for the Property, (b) collect the rents and other income due the Owner on a timely basis, (c) deposit all income, including security deposits, in a separate Broker Account on behalf of Owner, (d) pay normal reoccurring operating expenses on a timely basis from the trust account, provided funds are available, (e) hire employees, vendors, contractors, and suppliers to provide services, materials,

equipment, and supplies for the benefit of the Tenants and Property, (f) secure Owner's approval on any expense, other than normal reoccurring operating expenses, that exceed One Thousand Dollars (\$1,000.00) except for emergencies to protect property, health, or life, (g) enforce the tenants' lease obligations and rules and regulations, (h) provide monthly operating statements, (i) keep the Owner informed of any potential problems, hazards, and code violations existing at the property, and (j) perform other reasonable duties or tasks requested by the Owner.

6) DUTIES OF OWNER – Owner shall be responsible for providing funds, or causing funds to be provided, for the Operating Account to meet on a timely basis, the cash requirements of Agent for the proper operation of the Property. Owner agrees to review monthly financial statements for any errors or discrepancies within 120 days from the close of the respective month.

7) OWNER'S AGENT AND SECURITY DEPOSITS - Pursuant to _____ [state] Real Estate Commission requirements; all security deposits received from tenants are transferred to Owner and are not held by Agent, owner has full financial responsibility for return of the security deposit to tenants. Owner authorizes the Agent to return any deposit due the tenant from the Owner's operating account. Owner appoints Agent as the Owner's representative for service of legal notices affecting the property. Upon notice of any dispute from the tenant, Agent will not unreasonably withhold the Owner's true name and current mailing address.

8) INSURANCE OBLIGATIONS – (a) Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machines, etc.) and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of the Property. Manager shall be covered as an additional insured on all liability insurance maintained with respect to the Property. Said policies shall provide that notice of default or cancellation shall be sent to Manager as well as Owner. (b) Agent will procure and maintain insurance against the misfeasance, malfeasance, or non-feasance (errors and omissions) management of the Property, with limits of not more than One Million Dollars and with a deductible of not less than Five Thousand dollars.

9) OWNER'S INDEMNIFICATION - Owner hereby warrants and represents to Agent that it has the lawful and proper authority to employ Agent as provided herein. Except in the event of the negligence or willful misconduct of Agent, its officers, directors, employees, successors, assigns or other persons acting on behalf of Agent, Owner shall indemnify, defend, and hold Agent harmless from any and all costs, expenses, attorney's fees, suits, liabilities and damages from or connected with the operation or management of the Property by Agent or the performance or exercise of any obligation, power or authority herein or hereafter granted to Agent. Owner also agrees to hold harmless and defend Agent from any and all claims arising by reason of Agent's employment of any Property employee, including all costs of Agent's employment of any Property employee, including all costs of defense. Owner shall further indemnify Agent against, and hold it harmless from, all damages, claims, loss, cost or expense, including, without limitation, attorney's fees and

costs arising out of defects in design or construction of the improvements in the Property or any breach of any legal duty or obligation which is by law or under this Agreement the responsibility of Owner.

10) ARBITRATION - Any controversy or claim arising out of or relating to the interpretation or application of any provision of this Agreement shall be settled by mediation and/or binding arbitration in accordance with the Commercial Rules of the American Arbitration Association then in effect. Judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The arbitration shall be held in _____ [city], _____ [state]. The expenses of the arbitration shall be borne by each party to this Agreement as determined by the arbitrators, provided that each party to this Agreement shall pay for and bear the cost of its own experts, evidence, and legal counsel.

IN WITNESS WHEREOF, the parties have executed this Agreement the ____ day of _____, 20____.

Owner: ABC Apartment Investors, LLC Agent: _____

By: _____ By: _____
ABC Apartment Investors, LLC

Apartment Building Due Diligence Checklist and Documents Requested By a Buyer

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Ready to take a look under the hood of that apartment building? Get the right information from the seller before you make an offer AND during your property negotiations. With the correct due diligence you won't find yourself wondering if you got a good deal or not.

Apartment Building Due Diligence Checklist

Most due diligence checklists out there in the market are extensive and contain a vast list of items you might request from a prospective seller of an apartment complex. The lists are almost a caricature of themselves. I mean, they have so many items that a seller and/or a broker will look at you as if you were nuts if you asked for everything on the list.

You will find two lists here. The first list is the stuff you should *always* request copies of (and in most cases expect to get). The second list contains items you'll want to ask for, but you may not always get copies from the seller—sometimes the seller doesn't have copies and/or they might not exist.

Some documents will be included in the Commercial Contract to Buy and are mandatory. For example, a request for a copy of evidence of title (owner's title insurance policy) and a property survey are standard inclusions on most commercial contracts. Read your local Contract to Buy and Sell Real Estate and become familiar with all obligations of the seller and the buyer for multifamily transactions.

You can include a request for any of the following documents in an addendum to your purchase contract, in other words, you can make receiving copies of particular documents a requirement of doing the deal. This can become a part of your inspection contingency meaning the contract is contingent upon your approval of both the physical inspection of the property and your approval of the documents.

Here's the list of due diligence items you should *always* request (and expect zero push back on):

1. A completed and signed Seller's Property Disclosure.
2. Copies of all leases and rental applications, to include:
 - a. Most recent financial statements and credit information and reports, if any, on any tenant and of any guarantors of any leases or rents.
 - b. Any executed letters of intent with prospective tenants, including lease concessions.
 - c. Leasing status report from the leasing broker, including pending rental applications.
 - d. Include copies of leases for all subsidized tenants and documents relating to any inspections by government agencies.
3. Historical rent delinquency reports.
4. Operating statements (income and expenses) for the previous two years of ownership *and* current year-to-date operating statements.

5. Certified rent roll showing unit numbers, tenant names, rent rates, security deposit amounts, current rent payment status and lease expiration dates.
6. A schedule of all capital improvements made to the property for the past 2-4 years.
7. Security deposit detail (tenants and pets).
8. All service contracts, manufacturer and service warranties and other written contracts or agreements. A property may have contracted services for: Laundry, pest control, trash hauling, landscaping, snow removal, elevator servicing, cleaning services, window washing, security services, parking lot sweeping, etc. If possible obtain copies of current service contracts and review the following:
 - a. Term of contract.
 - b. Monthly cost for services.
 - c. Work to be performed.
 - d. Termination penalty.
9. As-built surveys showing any improvements to the property.
10. Copies of liens or liabilities on the property that should be known to the buyer prior to closing.
11. Copies of all insurance policies.
12. Copies of all insurance claims *in the past 5 years*.
13. Lead based paint disclosure.
14. Inventory of all property owned by the seller and a complete list of all inventory to be transferred with the property.
15. Physical inspection of the property (this is not a document—it's just a reminder that you should always request a physical inspection as part of your due diligence).

Here are additional due diligence documents that may be included in your document requests:

1. Names and contact information for all employees including salary information.

2. Copies of all warranties.
3. Copies of last two years' tax bills including evidence of payment.
4. Copies of all architectural renderings and blueprints.
5. Environmental audits and reports.
6. Soils test reports.
7. Engineering studies including reports on walls, roofs, foundation, supports and floors.
8. Any structural, mechanical, electrical, plumbing, seismographic, HVAC or other property systems replacement, maintenance and/or repairs (including invoices and estimates).
9. Copy of current mortgage, and letter from current lender(s) showing the current balances and terms of the mortgages.
10. Copies of all local utility invoices showing current service.
11. Current operating and capital budgets of the Property, including comparison of actual to budgeted results and an explanation of significant variances.
12. Current aged receivables and payables reports.
13. Reports showing compliance with ADA requirements (Americans with Disabilities Act).
14. Building square footage certification.
15. Recent photographs of the property.
16. Copies of rental unit floor plans.
17. All property licenses and permits.
18. Certification of fire inspections and any other city sanctioned property inspections.
19. Certificates of occupancy for each tenant.

Sample Letter of Intent (LOI) and Comprehensive Proposal Letter

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Looking to make an offer on an apartment building via a Letter of Intent (LOI)? Look no further. Already made an offer that was refused? Received a ridiculously low counter? Here's how to let the seller know you know what you're talking about—your offer will be taken seriously.

And as a bonus, when you read my book *Invest In Apartment Buildings Profit Without The Pitfalls* this will give you the “rest of the story”. Find out just how much we offered for the deal we talked about in Chapters 5 & 7!

Letter of Intent (LOI)

Colfax Apartments, LLC
8 Center Street
Anytown, USA

Re: Purchase of Colfax Apartment Portfolio

Dear Mr. Colfax:

We are pleased to submit the following Letter of Intent for [your name or company name] or its assignee, to acquire the aforementioned property from you. This letter is to clarify the purchase price we are prepared to pay. The general terms will be further set forth in a formal Contract to Buy and Sell Commercial Real Estate (CBSCRE). [Your name or company name] acquisition is based upon the following:

PURCHASE PRICE: \$_____

DEPOSIT TO ESCROW AND DUE DILIGENCE: \$_____ on open of escrow subject to 30 day due diligence and 45 day financial contingency period. The deposit applies to Purchase Price.

CLOSING COSTS: Buyer and Seller shall equally share all escrow fees, closing costs and recording fees. Documentary transfer taxes and Standard Title Insurance Policy to be paid by Seller.

REPRESENTATIONS/WARRANTIES: Seller represents and warrants that they will disclose all of their knowledge and findings of the property and its operations to Buyer.

This is a Letter of Intent only and it shall not form a binding agreement even if the terms of this letter are acceptable to both Buyer and Seller. Rather, it is intended as merely an expression of the general terms upon which Buyer and Seller will consider entering into a binding contract, which will only come into effect upon the mutual execution of a formal Contract to Buy and Sell Commercial Real Estate. Kindly sign and return this letter by fax to 555-555-5555.

Time is of the essence. This letter is valid until [date] at 5:00 P.M. M.S.T.

Sincerely,

/s/ [Your name, company name, title and address]

Agreed (Buyer)

Agreed (Seller):

_____ Date

_____ Date

Comprehensive Proposal Letter

April 15, 2009

Mr. J. Colfax
Colfax Apartments, LLC
8 Center Street
Anytown, USA

Re: Purchase of Colfax Apartment Portfolio

Dear Mr. Colfax,

Thank you for your reply to our offer on the Colfax Apartment Portfolio. Our investment group has considered the verbal counter offer to our Contract To Buy and Sell Real Estate dated _____. We have decided not to accept the counter offer. As discussed below, we feel the original offer of \$1,700,000 is fair and reasonable for the current market conditions and we may still have an interest in acquiring the property at our offer price.

We are writing this letter to tell you a little about ourselves and to present our estimate of how we arrived at the market value of the property.

About Us

Ms. J. Doe, Doe Investment Group, LLC, owns single-family rental housing, land development property and apartment buildings totalling 250 units. She is also an owner of 125 storage units with an additional 100 units set to begin construction. Her partner, who owns several apartment buildings and has just completed the renovation and repositioning of two 50 unit apartment buildings, has a management and renovation team with over 12 years experience in owning, managing and renovating multi-family properties. Both groups are long-term investors and owner / operators.

Financial Analysis of Offering

We presented an offer of \$1,700,000, roughly 29% less than the sellers asking price and 18% below the sellers counter offer. We arrived at our market value of the property based on the net income we anticipate after an extensive renovation and repositioning of the two apartment buildings.

Using the trailing financials provided by the sellers, we put together an analysis of the current market value-

of the apartment buildings, as follows:

Income/Expense

Potential Rental Income	\$242,000	
Vacancy & Credit Losses	(\$17,000)	
Effective Rental Income	\$225,000	
Other Income	<u>\$7,000</u>	
Gross Operating Income	\$232,000	
Total Operating Expenses	<u>(\$135,000)</u>	
Net Operating Income (NOI)	\$97,000	
Market Value of Property (at 6.5% Cap Rate)	$\frac{\$103,000}{.065} =$	\$1,492,000

Then we analyzed the properties based on proformas. The price we offered is a function of three things: The potential rental income we expect for the property (based on current market rent comps which are available upon request), the cost to find new residents and to stabilize the existing resident base, and the cost to improve and reposition the asset. We arrived at our offer price by starting at street level with achievable rents.

Here is how we see this project unfolding over the next 18 – 24 months:

Proforma Income/Expense And Repositioning Budget

Potential Rental Income	\$297,000	
Vacancy & Credit Losses	(\$29,700)	
Effective Rental Income	\$267,300	
Other Income	<u>\$27,000</u>	
Gross Operating Income	\$294,300	
Total Operating Expenses	<u>(\$149,906)</u>	
Net Operating Income (NOI)	\$144,394	

Value of Property After Full Renovation and at Stabilized Occupancy

Estimated Cap Rate in Year Two: 7.5%	$\frac{\$144,394}{.075} =$	\$1,925,000
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Cost to Acquire, Reposition & Stabilize

Purchase Price	\$1,700,000
Closing Costs	\$40,000
Financing Costs/Points	\$17,000
Building Systems Renovation / Replacement	\$201,000
Unit Renovation Cost	\$126,000
Lease Up Reserves & Fees	\$20,000
Contingency Reserves	\$50,000
Total Cost:	<u>\$2,154,000</u>
Projected Profit:	(\$229,000)

Please note that if cap rates remain steady at 6.5%, the estimated value equals \$2,221,000. We believe there may be some potential profits (upside) to renovating and repositioning the properties.

Risks and potential upside

Renovation strategies need to be readjusted in a recessionary environment. Apartment owners may not get a return on their rehab investment as market rents can stagnate or decline down the road. In such an environment, many apartment owners have simply stopped renovating properties.

We believe, with hard work and capital, these properties can be successfully repositioned. Our analysis is based on comparable rents for the submarket and our knowledge of renovation costs for similar properties. Our group has the financial wherewithal or can obtain financing, and can still embark on property capital improvements. The property will need to be held in our portfolio for the long term.

We thank you for the opportunity to present how we approached the valuation of your property. We sincerely appreciate your time in considering our offer.

We look forward to hearing from you.

Sincerely,

[Name, company name, title and address]

Note: This sample letter is part of the property analysis exercise that is included in my book [Invest In Apartment Buildings Profit Without The Pitfalls](#). This letter represents our response to the Seller's unreasonably high counter to our original offer to acquire their properties.

Keep in mind, this letter can be revised to accompany an initial offer on a property whether by Contract to Buy and Sell Commercial Real Estate (CBSCRE) or Letter of Intent (LOI).

Change your opening paragraphs to state:

“Thank you for the opportunity to present an offer to buy the Colfax Apartment Portfolio. Attached to this letter you will find our Contract to Buy and Sell Commercial Real Estate (CBSCRE).

We are writing this letter to tell you a little about ourselves and to present our estimate of how we arrived at the market value of the property”.

Sample Real Estate Investor Resume (Statement of Experience)

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Don't approach your commercial lender without this! If you want your lender to show you the money you've got to present yourself as a real estate pro. Light on experience? Not necessarily a problem. You may know more than you think you do! You've got a great team too, right? Lenders will be glad to know it.

Statement of Real Estate Experience For:

Bryce Jones

ABC Real Estate Investments, LLC
1234 Main Street
Anytown, USA

p: 555.555.5555

f: 555.555.5551

email: byrce@g_mail.com

Bryce Jones is an experienced real estate investor. His investing experience includes single and multifamily real estate, and land development. His current focus is on multifamily real estate / apartments, education and acquisition of multifamily units.

Real Estate Experience:

1. Qualified Real Estate Professional under IRS guidelines.
2. Owns and operates a professional real estate management & investment company;
duties include but are not limited to:
 - a. Profit & Loss Statements, Balance Sheets.
 - b. Bookkeeping.
 - c. Forecasts.
 - d. Property acquisition, rehab, marketing & sales.
 - e. Property management and leasing.
3. Experienced in owning and managing SFRs & small multi-unit properties.
 - a. Properties in New York, Pennsylvania, Arizona and Mexico.
 - b. Properties include buy & holds, flips, land, re-fi's and short sales.
4. Instrumental in creating and currently operating Advisory Committee and Home Owners Association (HOA) for land development project in Scottsdale, AZ.
5. Multifamily Experience:
 - a. Owner / operator of two multifamily properties.

- b. Extensive national market research & knowledge.
 - c. Expert in multiple national submarkets.
 - iv. Rents, cap rates, market values, vacancies, market cycles, etc.
 - e. Extensive education and practical application in multifamily deal analysis.
 - f. Direct marketing to owners—includes offers & contracts.
 - g. Has local teams to stabilize properties, including management, rehabilitation and maintenance.
 - h. Preparation of offering memorandums, deal structuring & finance.
6. Team members include (but are not limited to):
- a. Commercial property management company (AMC Apartment Management Co., contact: Ed Worth, 555-555-5555).
 - b. Real estate attorney John Doe, partner in previous deals.
 - c. Raleigh Rehab, LLC. Scott Raleigh 555-555-5555.

References on request.

Money Rules for Real Estate Investing

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Ignore those bright shiny objects! Setting awesome real estate investing money rules is also covered in my book. This will get you started on your own list of investment criteria so you don't deviate from your strategies and goals.

Money Rules

As you read my book [Invest In Apartment Buildings Profit Without The Pitfalls](#), you heard me talk about Money Rules. I mentioned that in every business I've owned and in each investment I've made—whether in real estate, stocks, oil & gas, funds, start up businesses, or in other people's investment opportunities—I set a certain investment criteria and I don't deviate.

Without firm money rules you can find yourself being tempted by every bright shining object presented to you, whether or not they meet your investment criteria. You'll end up doing deals you're not 100% sure about. You can find your carefully laid out plans and strategies in shatters.

The form below can be used to start a list of your own money rules to help keep you on track. It's easier to say "No" to opportunities that present themselves to you when they don't meet your criteria.

Here's a reminder from the book. Your personal rules might also include things like:

- The type of return you need to get to do a deal (ROI, or return on investment).
- The price range you want to buy in.
- Your holding period (including flips if you decide to go that route).
- Your exit strategies (will you hold, re-finance or sell?)
- How much of your net worth you'll invest.
- Whether or not you want partners.
- How much of your personal time you're willing to devote to your investing.

Your rules will be your own. No two people will have the same money rules. Here's a couple money rules to get you started (some of my favorites!).

1. Everything's negotiable!
2. Always make money on the front end of the deal.
3. I won't do a deal without education and mentorship from successful multifamily investors.
4. My broker works for me — it's not the other way around.
5. I will never, ever fall in love with an investment property before I buy it.

6. Always (always, always!) get the Seller's numbers when I analyze a deal.

7. _____

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29. _____
30. _____
31. _____
32. _____

Real Estate Investor Self-Assessment Questionnaire

*

Think you can be a successful multifamily investor? So do we! This is a great tool to help identify your strengths and to recognize areas you want to tweak. And if you're planning on investing with other real estate professionals, these are fantastic interview questions!

Where are you right now?

Where do you want to be?

The following questionnaire and assessment will help you discover your strengths and will greatly assist you in figuring out where you want to go on your real estate investing journey.

This is a great tool to identify your strengths and to recognize the areas you really want to tweak. It will also help *you* lead your coach or mentor on your journey.

Please give yourself permission to be completely honest as you answer each question.

Real Estate investor Self-Assessment Questionnaire

Name: _____ Date: _____

Please evaluate yourself on the statements below using the 1-10 scale (1 = low, 10 = high):

_____ I am confident in the areas of money and finance.

_____ I have prior real estate investing experience.

_____ I have clear goals for my real estate business.

_____ I can invest a significant amount of time in growing my real estate business.

_____ I'm willing to work hard to achieve my goals.

_____ I know how to analyze real estate deals.

- _____ I have the confidence to make deals.
- _____ I have an experienced team of real estate professionals working for me.
- _____ I have strong leadership skills.
- _____ I surround myself with talent and get out of their way.
- _____ I am a positive thinker and approach problems creatively.
- _____ I'm not afraid to network and grow my professional relationships.
- _____ I set goals and meet them.
- _____ I can easily get rid of the excuses that hold me back.
- _____ I am open to new ideas.
- _____ I want to play a bigger game.
- _____ I do not engage in limiting self-talk.
- _____ I stay cool in a crisis.
- _____ I'm able to stay focused on my dreams and vision of the future.
- _____ I have no trouble overcoming the fear of success or the fear of failure.
- _____ I want to make significant changes in my life.

I would like the primary focus of my growth to be on:
(choose one)

- _____ Working on my goals and vision and belief in my own success.
- _____ Strictly real estate investing education, I already know how to achieve goals.

What is your purpose for investing in real estate?

What are your goals?

What are your specific expectations from a mentor or a coach?

In what areas do you currently feel stuck?

When you are stuck, frustrated, discouraged, or in resistance, what do you usually do?

What qualities do you look for in the people you hang out with?

What level of determination and commitment will you bring in order to succeed as a real estate investor?

What motivates you and what doesn't?

What would you do with your time once you no longer have to work for money?

What would you do as a means of giving back when you become financially independent?

How do you bring courage and conviction to risky situations?

What do you do to challenge your underlying beliefs, paradigms and assumptions?

How would you describe your personal work style and pace?

Do you plan to hire team? If so, who?

What type of leader are you?

What does working 'on' your business mean to you?

How many real estate deals have you done? (please describe)

Describe your current real estate portfolio.

How many deals have been successful?

How much money do you have available to invest in real estate?

How much time do you have to devote to your business?

When do you plan to work (e.g., days, night, weekends)?

Do you plan to work with partners?

What skills or finances will your partners bring to the table?

Is there anything else you would like a mentor or coach to know about?

Congratulations! You've just taken an incredible step towards your own personal growth by honestly evaluating where you are today. Nice work!

I guarantee any prospective mentor who is committed to your success, will be able to help you maximize your growth, and success, based on your answers to these questions! So, keep it handy for future use!

And here's another thing. If you're planning to invest with other real estate professionals, these are great interview questions! They're also excellent if you are looking to hire your own team members.

If you'd like immediate feedback from a professional real estate mentor please feel free to send your completed Real Estate Investor Assessment and Questionnaire to: theresa@theresabradleybanta.com

Let's figure out where you are right now, where your gaps in ability are and what you need to do to make this a reality.

I'll be happy to help you decide what steps you can take today to get your real estate business started. I offer a *free* 30-minute strategy session to help you plan your next step in your career as a multifamily investor.

Complete the info below and email it to theresa@theresabradleybanta.com so I'll know how to reach you.

Real Estate Investor Self-Assessment Questionnaire

Date: _____

Name: _____

Address: _____

Home Phone: _____ Cell Phone: _____

Email: _____

Occupation: _____

Real Estate Team Member Checklist & Contact Information

✱

Want to know how to draft a team like the pros? This checklist covers all the key players you absolutely must have on your team in order to be a winning multifamily real estate investor.

Real Estate Team Member Checklist & Contact Information

Use this document as a checklist to be certain you have every member of your multifamily real estate investing team lined up. These are the professionals you should be able to contact at a moment's notice—be sure to include their contact information!

Multifamily Investing Mentor(s)

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Commercial Real Estate Broker(s)

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Multifamily Property Manager

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Multifamily Property Inspector(s)

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Multifamily Property Inspector(s) - Engineer

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Rehab/Maintenance (contractors)

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Insurance

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____

Real Estate Team Member Checklist & Contact Information

Fax: _____

Website: _____

Service providers and vendors (companies such as: trash, roofing, concrete/asphalt, pest control, cleaning, painting, carpeting, wood flooring, appliances, tile, boiler, electric, plumbing, laundry, sewer, windows/glass, landscaping)

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____

Website: _____

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____

Website: _____

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____

Website: _____

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____

Website: _____

Commercial Lender(s)

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Title Company

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

Attorney

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____
Fax: _____
Website: _____

1031 Exchanger

Name: _____
Company: _____
Address: _____
Office Phone: _____
Mobile: _____

Fax: _____

Website: _____

Tax Professional (CPA, Bookkeeper)

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____

Website: _____

Equity Partners (partners in your deal)

Name: _____

Company: _____

Address: _____

Office Phone: _____

Mobile: _____

Fax: _____



Website: _____

Challenging the Listing Brochure (Book Exhibits)

✱

There's a sucker born every minute! Compare a commercial real estate listing broker's apartment building brochure (Offering Memorandum) to the actual numbers the seller provides (Annual Property Operating Data). These Exhibits accompany my book [Invest In Apartment Buildings Profit Without The Pitfalls](http://www.theresabradleybanta.com).

Exhibit 1: Sample Offering Brochure Cover



Two Apartment Buildings: 45 Units!

Price Reduced!

Apartment Portfolio

PRICE REDUCED	\$2,500,000	\$2,375,000
----------------------	------------------------	--------------------

Number of Units:	45
Total Square Feet:	24,684
Year Built:	1973
Price Per Unit:	\$52,778
Price Per Square Foot:	\$96.22
Proforma NOI:	\$222,568
CAP Rate:	9.37%

INVESTMENT HIGHLIGHTS:

- Available Individually or as a Portfolio: 19 & 26 Unit!
 - 45 One Bedroom Units
 - Blocks From Medical Center & Hospital
 - Significant Upside / Below Market Rents
- Walking Distance To Restaurants and Shops on South Main

Joe Broker
123 Main
Anytown, USA
555.555.5555

Exhibit 2: Sample Offering Brochure Financials

Unit Mix & Rent Schedule					Current
No. Units	Type	SF	Current Rent	Market Rent	Rent/SF
9	1Bd/1Ba	565	\$ 550	\$ 600	\$ 0.97
10	1Bd/1Ba	530	\$ 510	\$ 550	\$ 0.96
9	1Bd/1Ba	565	\$ 550	\$ 600	\$ 0.97
17	1Bd/1Ba	540	\$ 510	\$ 550	\$ 0.94
Averages			\$ 536.67	\$ 583.33	\$ 0.97
45	Totals	24,650	\$23,670.00	\$ 25,650.00	
Income			Current	Proforma	
Rent Income			\$ 284,040	\$ 307,800	
Less Vacancy & Credit Loss			\$ (14,202)	\$ (15,390)	
Plus Other Income			\$ 5,488	\$ 37,898	
Effective Gross Income			\$ 275,326	\$ 330,308	
Expenses			Estimated	Proforma	
Taxes			\$ 10,736	\$ 10,736	
Insurance			\$ 7,875	\$ 7,875	
Maintenance/Repairs			\$ 20,250	\$ 20,250	
Management			\$ 15,124	\$ 15,124	
Utilities			\$ 37,542	\$ 37,542	
Miscellaneous			\$ 16,213	\$ 16,213	
Total expenses			\$ 107,740	\$ 107,740	
Per Unit			\$ 2,394	\$ 2,394	
Per Square Foot			\$ 4.37	\$ 4.37	
Net Operating Income			\$ 167,586	\$ 222,568	
Less: Annual Debt Service			\$ (131,610)	\$ (131,610)	
Cash Flow			\$ 35,976	\$ 90,958	
Cash-on-Cash			6.06%	15.32%	
Principal Reduction			\$ 20,873	\$ 20,873	
Total Return			9.57%	18.83%	
Cap Rate			7.06%	9.37%	

Exhibit 3: Seller Provided Financials

Seller Provided Financials			
Annual Income	Bldg 1	Bldg 2	Totals
Prepay Income (?)	\$ (1,619.29)	\$ 984.96	\$ (634.33)
Monthly Rent	\$ 84,275.12	\$ 126,236.68	\$ 210,511.80
Garage/Parking		\$ (25.00)	\$ (25.00)
Other Income/Refunds	\$ 495.00	\$ (354.00)	\$ 141.00
Legal Fee Income	\$ 360.00	\$ 360.00	\$ 720.00
Tenant Reimbursement	\$ 1,201.55	\$ 565.06	\$ 1,766.61
Interest		\$ 9.37	\$ 9.37
Laundry & Vending Income	\$ 1,856.05	\$ 3,077.16	\$ 4,933.21
Late Fees/NSF Ck Income	\$ (5.00)	\$ (360.90)	\$ (365.90)
Total Income Collected	\$ 86,563.43	\$ 130,493.33	\$ 217,056.76
Annual Op Expense - EOY 2008	Bldg 1	Bldg 2	Totals
Advertising PR	\$ 1,109.60	\$ 48.00	\$ 1,157.60
Appliances - New	\$ 1,017.34	\$ 1,156.97	\$ 2,174.31
Appliances - Used	\$ -	\$ 433.22	\$ 433.22
Bank Charges	\$ 90.00	\$ 281.25	\$ 371.25
Cleaning Vacant Unit	\$ 1,269.00	\$ 944.50	\$ 2,213.50
Carpet Cleaning	\$ 623.00	\$ 930.00	\$ 1,553.00
Carpet New	\$ 1,580.42	\$ -	\$ 1,580.42
Cleaning Supplies	\$ -	\$ 124.50	\$ 124.50
Drain Cleaning	\$ 147.00	\$ 95.00	\$ 242.00
Boiler/Elevator	\$ 24.50	\$ -	\$ 24.50
Physical Eviction Cost	\$ 161.50	\$ 197.00	\$ 358.50
Fire Protection	\$ 34.16	\$ -	\$ 34.16
Ins - Fire & Extend Cov	\$ 1,488.20	\$ 5,740.50	\$ 7,228.70
Leasing Fees	\$ 225.00	\$ 150.00	\$ 375.00
Legal	\$ 1,031.00	\$ 1,000.00	\$ 2,031.00
Licenses, Fee, Permits	\$ -	\$ 50.00	\$ 50.00
Lock service	\$ 322.00	\$ 319.50	\$ 641.50
Maintenance	\$ 385.50	\$ 844.00	\$ 1,229.50
Maintenance Supplies	\$ 3,908.37	\$ 8,987.35	\$ 12,895.72
Make Ready Maintenance	\$ 4,441.50	\$ 2,064.50	\$ 6,506.00
Management Fees	\$ 4,857.03	\$ 7,442.13	\$ 12,299.16
Misc Expense	\$ 29.89	\$ -	\$ 29.89
Painting Labor	\$ 875.00	\$ 1,750.00	\$ 2,625.00
Pest Control	\$ 1,377.00	\$ 1,822.00	\$ 3,199.00
Parking Lot	\$ -	\$ 1,569.02	\$ 1,569.02
Resident Manager	\$ 1,968.49	\$ 1,900.00	\$ 3,868.49
Payroll Tax Escrow	\$ 256.90	\$ 325.41	\$ 582.31
Repair - Appliance	\$ 164.00	\$ 293.50	\$ 457.50
Repair - Electrical	\$ 265.50	\$ 68.50	\$ 334.00
Repair - Plumbing	\$ 2,454.50	\$ 2,329.00	\$ 4,783.50
Repair - General	\$ 1,135.00	\$ 561.50	\$ 1,696.50
Repair - Dry Wall	\$ 36.50	\$ 300.00	\$ 336.50
Repair - Heating	\$ 522.88	\$ 1,038.00	\$ 1,560.88

Exhibit 3: Seller Provided Financials (cont.)

Screens	\$ 46.50	\$ -	\$ 46.50
Sewer/Wastewater	\$ 46.50	\$ 24.50	\$ 71.00
Snow Removal	\$ 172.75	\$ 280.63	\$ 453.38
Tax - Pers Prop	\$ 4,822.86	\$ 84.05	\$ 11,115.44
UNPAID TAX (LIEN)		\$ 6,208.53	
Telephone	\$ -	\$ 480.00	\$ 480.00
Trash Removal	\$ 3,569.60	\$ 4,229.61	\$ 7,799.21
Travel	\$ 35.50	\$ -	\$ 35.50
Utilities - apartments	\$ 2,840.39	\$ 6,517.31	\$ 9,357.70
Utilities	\$ 9,615.38	\$ 11,707.95	\$ 21,323.33
Water	\$ 3,381.20	\$ 5,240.06	\$ 8,621.26
Window Replacement	\$ 242.44	\$ 84.95	\$ 327.39
Window Coverings	\$ 68.50	\$ 35.50	\$ 104.00
Yard Care	\$ -	\$ 343.00	\$ 343.00
Total Annual Expenses	\$ 56,642.40	\$ 78,001.44	\$ 134,643.84
Net Operating Income	\$ 29,921.03	\$ 52,491.89	\$ 82,412.92
Debt Service			\$ 92,619.00
NOI After Debt Service			\$ (10,206.08)
Capital Expenses	\$ 327,000.00		
NOI after Debt and Capital			
Cumulative Cash Needs			
Loan: \$1.19M at 6.75% (\$1.7M, 70% LTV)			

Exhibit 4: Seller Provided Rent Roll

Rent Roll - Current				
Unit	Bldg 1 Rent	Bldg 2 Rent		Totals Rent
101	\$ 495.00	Manager	\$	495.00
102	\$ 475.00	\$ 510.00	✓ \$	985.00
103	\$ 550.00	\$ 550.00	✓ \$	1,100.00
104	\$ 495.00	\$ 495.00	✓ \$	990.00
105	\$ 475.00	\$ 520.00	✓ \$	995.00
106	n/a*	\$ 495.00	\$	495.00
107	n/a	\$ 475.00	\$	475.00
108	n/a	\$ 460.00	\$	460.00
201	\$ 495.00	\$ 495.00	✓ \$	990.00
202	\$ 495.00	VACANT	\$	495.00
203	VACANT	VACANT	\$	-
204	\$ 475.00	\$ 495.00	✓ \$	970.00
205	\$ 450.00	\$ 450.00	✓ \$	900.00
206	VACANT	\$ 495.00	\$	495.00
207	\$ 500.00	\$ 495.00	✓ \$	995.00
208	n/a	VACANT	\$	-
301	\$ 515.00	\$ 450.00	✓ \$	965.00
302	VACANT	VACANT	\$	-
303	VACANT	\$ 475.00	\$	475.00
304	VACANT	\$ 495.00	\$	495.00
305	\$ 495.00	\$ 450.00	✓ \$	945.00
306	\$ 495.00	\$ 450.00	✓ \$	945.00
307	\$ 450.00	n/a	\$	450.00
308	n/a	\$ 510.00	\$	510.00
309	n/a	VACANT	\$	-
Total	✓ \$ 6,860.00	✓ \$ 8,765.00	\$	15,625.00
Vacancy	27%	21%		
*Building does not have units mark as "n/a"				

Exhibit 5: Seller Provided Rent Roll Assuming Full Occupancy

Rent Roll - Fully Rented			
Unit	Bldg 1 Rent	Bldg 2 Rent	Totals Rent
101	\$ 495.00	mgr	\$ 495.00
102	\$ 475.00	\$ 510.00	\$ 985.00
103	\$ 550.00	\$ 550.00	\$ 1,100.00
104	\$ 495.00	\$ 495.00	\$ 990.00
105	\$ 475.00	\$ 520.00	\$ 995.00
106	n/a*	\$ 495.00	\$ 495.00
107	n/a	\$ 475.00	\$ 475.00
108	n/a	\$ 460.00	\$ 460.00
201	\$ 495.00	\$ 495.00	\$ 990.00
202	\$ 495.00	\$ 425.00	\$ 920.00
203	\$ 425.00	\$ 425.00	\$ 850.00
204	\$ 475.00	\$ 495.00	\$ 970.00
205	\$ 450.00	\$ 450.00	\$ 900.00
206	\$ 495.00	\$ 495.00	\$ 990.00
207	\$ 500.00	\$ 495.00	\$ 995.00
208	n/a	\$ 425.00	\$ 425.00
301	\$ 515.00	\$ 450.00	\$ 965.00
302	\$ 495.00	\$ 425.00	\$ 920.00
303	\$ 495.00	\$ 475.00	\$ 970.00
304	\$ 450.00	\$ 495.00	\$ 945.00
305	\$ 495.00	\$ 450.00	\$ 945.00
306	\$ 495.00	\$ 450.00	\$ 945.00
307	\$ 450.00	n/a	\$ 450.00
308	n/a	\$ 510.00	\$ 510.00
309	n/a	\$ 495.00	\$ 495.00
Total	\$ 9,220.00	\$ 10,960.00	\$ 20,180.00
Vacancy	0%	0%	
*Building does not have units mark as "n/a"			

Exhibit 6: Estimated Capital Expenses

Estimated Capital Expenses		
Full Unit Renovate \$2800/u	\$ 126,000.00	
Roofs	\$ 50,000.00	
Boilers	\$ 24,000.00	
Walk-up Stairs	\$ 15,000.00	
Asphalt	\$ 40,000.00	
Plumbing	\$ 20,000.00	
General Repairs	\$ 30,000.00	
Common Areas	\$ 12,000.00	
Air Conditioning Units	\$ 10,000.00	
Total Capital Expenses	\$ 327,000.00	

We hope you find tremendous value in these documents for years to come.

For more information on multifamily apartment investing or to reach us directly please follow the links below. We're easy to reach and we'd love to hear from you!

Please contact us for general real estate investing consulting or to set up your free 30-minute strategy session on multifamily investing.

To your investing success,
Theresa Bradley-Banta
theresa@theresabradleybanta.com
www.theresabradleybanta.com