

## 101 Questions to a Sponsor Before You Invest In A New Real Estate Syndication as a Passive investor

1. Why did you choose this market?
2. How long have you been in this market?
3. What's the biggest employer in the area?
4. What can you tell me about this submarket?
5. What other projects or developments are going on in this area?
6. Have you done other projects in this submarket?
7. When was this asset built?
8. What do you like about this asset class?
9. What don't you like about this asset class?
10. How many units are there?
11. What's the unit mix?
12. What is the cost per unit, and how does that compare to the average for this area?
13. What's the current occupancy?
14. What do you project the stabilized occupancy to be?
15. What's the median income for current tenants?
16. What's the business plan?
17. What are the projected premiums for renovated units?
18. How did you come up with the projected premiums?
19. How much money are you raising for this project?
20. How much of that is for the down payment?
21. How much of that is for cap ex (capital expenditures)?
22. What are the projected returns?
23. What is the overall equity multiple?
24. How is the deal structured?
25. What are the equity splits?
26. Is there a preferred return? Why or why not?
27. How often do you pay out investor distributions – monthly, quarterly?
28. What's the projected hold time for this project?
29. How did you come up with that timeline?
30. What if the market is soft when the projected hold time ends?
31. How are investors kept up with the progress?
32. Are you taking an acquisition fee?
33. Are you taking an asset management fee?
34. Is there a refinance fee?
35. Is there a disposition fee?

36. What would happen if I had an emergency and needed access to my funds?
37. Who is the property manager?
38. How many deals have they managed like this?
39. Have you worked with this property manager before?
40. How did you find this property manager?
41. Why is the owner selling?
42. How did you find this deal?
43. How much experience do you have with this asset class?
44. What is the total loan amount?
45. What kind of loan are you getting?
46. Is the debt recourse or non-recourse?
47. What are the terms on the loan?
48. What is the LTV (loan-to-value) ratio?
49. What is the debt coverage ratio in year 1?
50. Did you walk the property?
51. Who is on the team?
52. What are their roles and responsibilities?
53. Have you done deals together as a team before?
54. What happens if you get hit by a bus?
55. Who is your securities attorney?
56. Is this offering open to non-accredited investors?
57. Is this a 506(b) offering? 506(c)? Other?
58. What will I find when I run your background check?
59. Have you ever been a passive investor?
60. What's your ultimate goal with syndications?
61. How would you feel about giving me a few references?
62. Are you raising enough for cap ex?
63. What are the chances of a capital call (i.e., the sponsors requesting more money from the investors)?
64. What's the purchase cap rate?
65. What's the projected reversion cap rate (i.e., exit cap rate)?
66. What did you do to stress test this deal?
67. Have you visited, toured, and secret-shopped the comps in the area?
68. May I visit the property?
69. Do you need a loan guarantor?
70. What's the worst case scenario?
71. How do you do your due diligence?
72. How much deferred maintenance is there on this property?
73. Are you doing this full time?
74. What did you do before this?
75. Why did you get into syndications?

76. Are you part of a syndication coaching or mentorship program?
77. Tell me about a time during a project when things didn't go according to plan.
78. Do you need anyone for the earnest money deposit (EMD)?
79. What do we get for helping with EMD?
80. When does EMD go hard?
81. What happens if you have my EMD, it goes hard, and you can't perform?
82. May I invest with retirement funds?
83. What's the minimum investment?
84. What's the maximum investment?
85. Who's your asset manager?
86. Who does your accounting?
87. When do you send out Schedule K-1s?
88. Will you be doing a cost segregation study?
89. What's the plan if the economy changes and you can't sell?
90. Does your lender offer loan extensions? How much do the extensions cost?
91. Are you bringing your own money into the deal?
92. How do I send in my funds – wire, check, other?
93. What is the deadline for getting my funds in?
94. Will you be offering an investor webinar?
95. What percentage of the units will be renovated, and why?
96. Once the deal closes, what are the first three things you plan to do?
97. Are you rebranding the property?
98. If you could wave a magic wand and change one thing about this property, what would it be?
99. What are the biggest risks of investing in this deal?
100. What do you like about the deal?
101. What DON'T you like about the deal?