MULTIFAMILY APARTMENT INVESTING

HOW TO EARN A LIFETIME OF PROFITS AND PASSIVE INCOME WITH LITTLE CASH, CREDIT OR EXPERIENCE.

Paul Montelongo

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FROM THE DESK OF PAUL MONTELONGO

Dear Fellow Investor,

With regard to Multifamily apartment properties, I suspect that some or all of the following is the case with you:

1. You have some experience in Real Estate. Perhaps you have flipped residential homes. Maybe you have owned a duplex or four-plex. It's quite possible that you have bought and sold raw land or even light commercial buildings.

2. You have an intuition that Multifamily properties can provide you and your family with significant ongoing monthly revenue, as well as a handsome payday after the asset has been stabilized, equity accumulated and sold again on the open market.

3. You may have avoided diving into buying, stabilizing and selling Multifamily assets for a variety of reasons. I avoided it myself for many years for three main reasons.

a. I perceived that I did not have the experience or knowledge to acquire and manage a 100-unit (or more) property. I incorrectly assumed that to be responsible for collecting rents, responding to service calls, evicting tenants, administration and marketing of the property was a burden I was not willing to bear. I incorrectly assumed that large properties and the headaches that come with them would outweigh the benefits of my ownership.

b. I incorrectly perceived that I did not have the 'deal flow' and it would be too difficult or time consuming to find, stabilize and resell large Multifamily properties. These kinds of profit making multi unit properties with hundreds of doors would not be easy to find, and I could never evaluate them to determine their profitability, or so I thought.

c. And the biggest reason I avoided diving into the Multifamily acquisition game was my incorrect perception that it would require millions of dollars out of my personal wallet to buy and fix these properties. I had heard stories of 150-unit properties costing $10M or more to buy and fix. The notion of coming up with millions of dollars to play this game was intimidating to say the least.

4. I also suspect that your sixth sense about getting into Multifamily apartment investing says that you just need some education, some refinement of your approach and maybe a good example or two of what is possible.

Watch a 6-minute video as I explain the "Three fears that prevent residential investors from moving into commercial real estate investing."

5. And lastly, I suspect that you have deep-seated reasons for exploring why Multifamily investing is for you. Perhaps, it is a drive to offer your family a better and more long-term approach to wealth. Perhaps, you've become complacent or even bored with whatever venue of investing you currently work. Perhaps, you see Multifamily investing as your next horizon of growth and personal expression of being an entrepreneur. Or maybe, you just flat out want to be in the Multifamily game, because it simply makes sense to be in a real estate sector that has a traditionally stable existence.

By the way, all of the reasons listed above have been part and parcel to my personal decision to invest in Multifamily properties over the last seven years.

My hope is that you picked up this eGuide to gather more intel about what the possibilities are of investing in Multifamily apartment properties...

So this eGuide is going to dive deep into what I consider to be the biggest objections investors like you have, because I had them also in a very big way.

In this eGuide it is my intention that you will discover:

MULTIFAMILY APARTMENT INVESTING. HOW TO EARN A LIFETIME OF PROFITS AND PASSIVE INCOME WITH LITTLE CASH, CREDIT OR EXPERIENCE.

Dive deep and get these basic investment strategies into your consciousness. See how each one of them can apply to your specific financial situation.

See how each one of the strategies herein could be used now and in the future of your Multifamily investment career. By the way, I have personally implemented each of the strategies you are about to discover. They work.

Once you have completed reading this eGuide, ask questions. Get more information about what else it takes to become a savvy Multifamily apartment investor.

You may always reach out to me with your questions at my personal email, paul@paulmontelongo.com.

Till we meet in person,
Paul Montelongo

STRATEGY #1: *All Cash Purchase*

This is the least smart option, so let's get it out of the way. Say you have $5M sitting in your back account. Maybe you won the lotto or maybe a very distant relative who you never met bequeathed the money to you upon their earthly departure. It matters not how you got that $5M.

Purchasing a large Multifamily property and paying for it all cash is NOT a wise use of your $5M. Why? Real Estate investing is all about leverage. You leverage your time by investing the least amount of time for the greatest return on your time investment. You leverage your good credit score to qualify for better loan terms from a lender. You leverage your management skills by managing the management company that will manage your property and not by managing the property yourself.

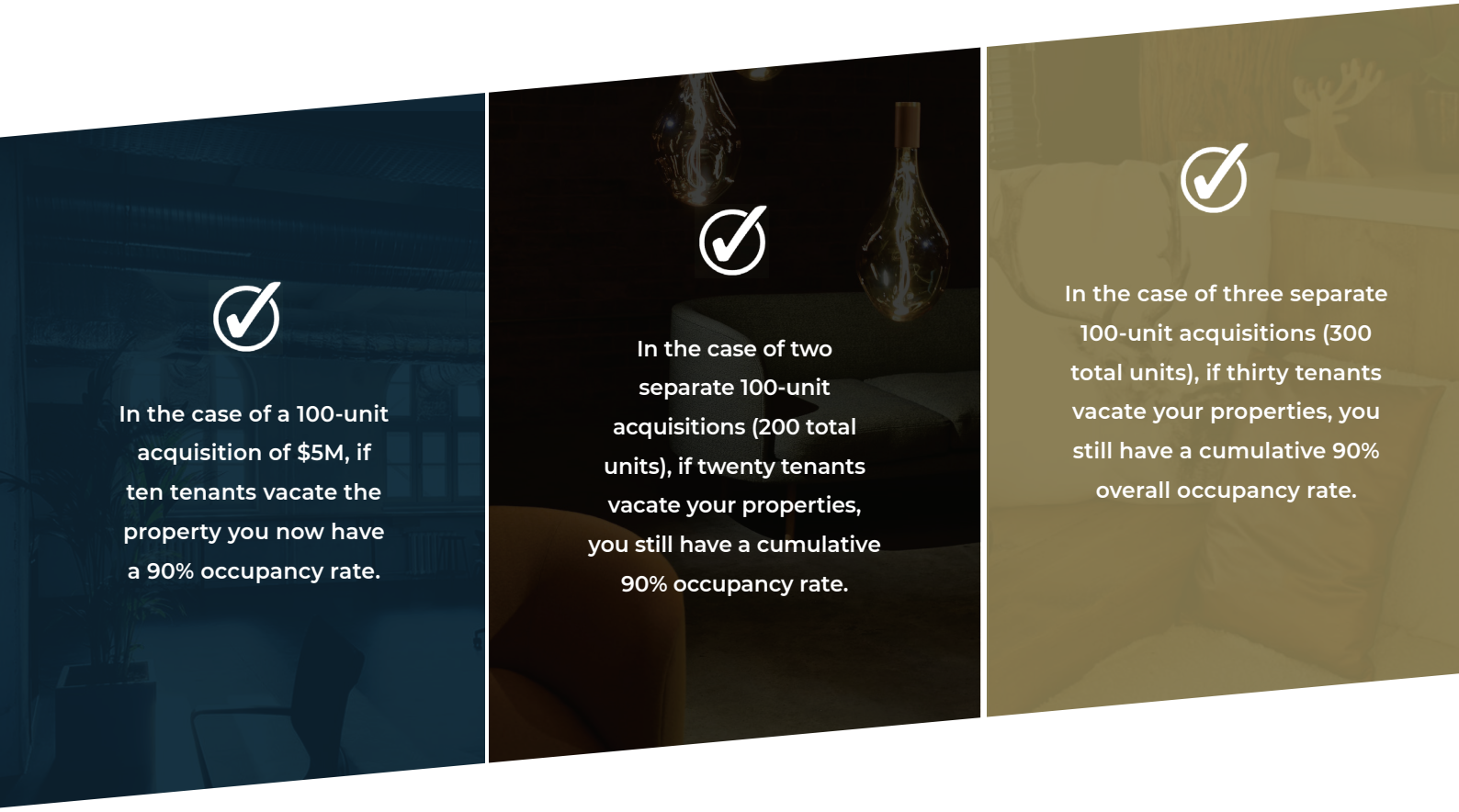
You also leverage your income by creating multiple streams of revenue with apartment properties. Rather than have one source of revenue as you would with a single residential rental property, you leverage your income with multiple apartment units and the multiple streams of revenue that come along with a Multifamily property.

Here's the rub with your $5M. Let's use the very standard lender term for a buyer to place 25% of the purchase price of a Multifamily property as a down payment on the loan. In the case of a $10M acquisition, that would mean you could use your $5M as leverage to buy TWO Multifamily apartment properties. You just doubled your asset base, your streams of revenue, and you just gave yourself double the opportunity to get a good ROI on your investment.

Now let's say that you have really good credit, you have a decent amount of liquidity, and you are teamed up with an Operator Group (the team that runs the day-to-day operations of a Multifamily property) that is highly experienced and has a solid track record of success with Multifamily properties. The combination of these conditions could render you loan terms that only require 20% down, or maybe even less in some instances. Now your $5M can be used to acquire almost three Multifamily properties, resulting in a triple opportunity to get a good ROI on your investment.

In addition, when you leverage your money out to several properties rather than investing it all in one single property, your diversification spreads out your liability and tends to mitigate or buffer your potential for losses. In this example, your potential for loss is spread out between almost three properties.

Here are examples of what I mean:



I'm sure you get the point. The more you spread out your $5M, the more you buffer your vacancy and occupancy ratios, which in turn keeps your inbound revenue flowing more consistently.

The real point of this section is LEVERAGE. Leverage your money and spread it out as best you can to diversify your holdings and thin out your potential revenue losses.

In some of the following strategies, it will become clear to you that there are multiple ways of leveraging your money and spreading it out in a variety of methods.

Of course this strategy assumes that you have some investable cash on hand. Regardless if you have $5M or $50K, look for ways to leverage what you have to get into multiple properties.

STRATEGY #2: *Become A Credit Partner*

This is a very smart option. Let's imagine that you have $5M sitting in your bank account, but you would rather it stay there and not use it at all.

Can you still invest in a Multifamily property?

Yes, by becoming what is known as a Credit Partner.

Note: As mentioned above, you could have $5M or $50K available. The amount is proportionate to these strategies. By understanding the concept of Credit Partnering, you can move the scale of your available funds up and down to fit the strategy.

Here is how it works.

Standard lender requirements (no such thing really, but for the sake of example) tend to be as follows:

- The borrower must have a really good credit score. The closer to 700 the better. If you have better than 760, you really need to digest this strategy closely.
- The borrower must have liquidity (cold hard cash in the bank) equal to the amount of 9- 12 months payments on the new mortgage.
- The borrower must demonstrate his/her bank account statements reflecting that the liquidity has been in their account at least two months of banking cycles.
- The borrower becomes a guarantor for the new mortgage loan, which is usually a non- recourse loan. Non-recourse debt is a type of loan secured by collateral, which is usually the property. If the borrower defaults, the issuer can seize the collateral but cannot seek out the borrower for any further compensation, even if the collateral does not cover the full value of the defaulted amount.
- The lender may require that you furnish your tax returns for the past two years. However, I have experienced more often than not the lender does not require this, as the Multifamily asset itself is used as collateral or leverage.

Once you become a Credit Partner, you now can leverage your good credit, your liquidity and your stable financial condition as a partner in a Multifamily apartment acquisition.

A typical Credit Partner gets the loan and may provide some consulting to the partnership while the other partner(s) find and manage the deals. They would then split the profits however they see fit. Both parties in this arrangement participate and benefit. The Credit Partner helps get the deals done with the money and or financing while the other partner(s) provide the expertise, time, and labor.

How you split the profits of the deal is a negotiation between you and the other partner(s). The split is based on numerous conditions, such as:

- **Share of the work load**
- **Multifamily management experience**
- **Equity or cash percentage that each partner brings to the acquisition**
- **Ability to perform the duties required for the asset to perform**
- **Desire to manage. Some partners simply want to invest their money and not perform day-to-day duties.**
- **Location of partner. I have had lenders require that one of the partners live in the state of the Multifamily property.**
- **How badly do the other partner(s) need you as a Credit Partner to get the deal done?**

You can see that being a Credit Partner has many benefits to you and to the partnership of the deal. You get to keep your money in the bank and still have an active partnership in the deal and share in the profits to the agreed percentages between you and your partner(s).

Occasionally, a lender may ask for you to have “skin in the game”. In other words, the lender may require that you put some of your own cash into the deal. This is not uncommon, but it is certainly not set in stone. Lenders, like all other professional entities, can be negotiated with. Your partner(s) and you can negotiate the terms of your investment in the property as needed.

This strategy is for Credit Partnership only and it is intended to get you pointed in the direction of thinking what the possibilities are if you have great credit and liquidity.

STRATEGY #3: *Become A Credit And Cash Partner*

This is a very very smart option. For this strategy, simply re-read strategy #2 and add the component of a cash infusion on your part into the investment.

In addition to leveraging your good credit, your liquidity and your stable financial condition as a credit partner in a Multifamily apartment acquisition, you can strengthen your participation in an investment by becoming a Credit and Cash Partner.

This strategy is particularly astute if the lender requires that the credit partner have "skin in the game', as mentioned above.

Let's imagine that you have $5M sitting in your bank account, and you are willing to loosen your grip on some of it. You now become a Credit and Cash Partner.

Your cash participation could come in a variety of forms. You could:

- Provide the down payment on the mortgage loan.
- Provide up front fees for legal, surveys, lender deposits, appraisals, due diligence, inspections, etc. Often, you get refunded back to you some of these initial up front fees once the acquisition closes.
- Provide equity to help close the gap between the total acquisition costs and the amount the lender actually loans.
- Invest as a passive investor as well as a general partner.
- Provide a short-term loan for the property in the form of a bridge loan or a mezzanine loan. A bridge loan is a short-term loan, which "bridges" the borrower's investment plan from point A to point B. Typically, a mezzanine loan is not secured by property. It is secured by an ownership interest in the company that owns the property.
- Fund all or part of the renovation on the property.

Your level of cash participation or “skin in the game” will determine the percentage of profit sharing between you and your partner(s). Obviously, the more participation you have with your cash and good credit, the higher return you will expect.

Now imagine for the sake of conversation that you combined Strategy #1, #2, and #3 in order to participate in a Multifamily acquisition. It could look something like this:

- You have a handful of investable cash.
- You divide it up into four different asset acquisitions.
- In one asset, you become the Credit Partner.
- In two other assets, you become the Credit and Cash Partner.
- In the remaining asset, you loan money to your partner(s) to fund the rehab and you get paid interest on that money as well as a percentage of the profits from your partnership.

There really is no end to the possibilities or to the combination of possibilities with just these first three strategies. By my count, you just turned three simple strategies into a possible combination of twenty-seven strategies (three to the third power).

Let’s not forget that you could get even more diverse with your investments when you obtain creative financing with certain lenders. I could write an entire encyclopedia of strategies for working with lenders. Suffice it to say that it is a very competitive environment with lenders and the bulk of the negotiating leverage is on your side.

STRATEGY #4: *Become A Credit, Cash, And Experience Partner*

This is a brilliant option. For this strategy, simply re-read strategy #2 and #3 and add the component of Experience on your part into the investment.

In addition to leveraging your good credit, your liquidity, your stable financial condition and your cash as a Credit and Cash Partner in a Multifamily apartment acquisition, you can strengthen your participation even further in an investment by contributing your Experience.

What sort of experience am I suggesting? Here is an example. My very first multi-unit deal was a $2.56M acquisition of 138-unit deal. It was a unique property consisting of a marina and an RV park with a membership income base. I had absolutely no clue how to acquire such a deal, nor did I have any experience in this particular asset class.

However, at the time I had accumulated more than 33 years of business and real estate investing experience. My construction and building companies had earned tens of millions of dollars and I had hired more than a thousand employees, contractors and vendors in my tenure. In other words, I had an ample amount of *Experience* and plenty of business acumen. I could read and thoroughly understand contracts, financial statements, loan documents, and governmental regulations. I was skilled in negotiations, trade relations, policy development and systems implementation. It is an understatement to say that I was more than qualified as a businessman to own and operate a property like this.

So I became a Credit, Cash and *Experience* Partner. The lenders required an experienced businessperson be a part of this deal and when it was offered to me, I accepted.

What *Experience* do you have that would be of very high value to a partner(s)? Some biggies would include:

- Renovation or building contractor.
- Property management company owner/operator
- Marketing, promotions, agency owner/operator
- CPA, Attorney, Financial Analyst, Mortgage Broker
- Real estate investor in a different asset class. Note: If you have been a residential flipper for many years, you know contracting, closing, title work, hard money and long- term lending, sales, marketing, etc. These skill sets are transferrable to the bigger game of Multifamily investing.
- Owner/operator of a company in any field related to Multifamily investing.

The point is that you have certain skill sets and experience levels that can be of high value to the right partner(s) and the right Multifamily property acquisition.

Of course, you and your partner(s) will determine the best use of your experience and skill sets. You will also negotiate your percentage of profit splits with your partner(s) based on your abilities and your level of participation in the deal.

The reason this is a brilliant strategy is that it is an amalgamation of the essential elements required to get a deal done. Without good credit, ample cash and adequate business experience, even the most attractive deal will fall flat on its face before it ever gets launched.

Just for the sake of keeping track, the combination of possibilities with just these first four strategies could easily turn into a possible combination of 256 strategies (four to the fourth power).

STRATEGY #5: *Become A Syndicator*

This is a brilliant option. Let's imagine your investable cash is very limited or even non-existent and that your credit score is in shambles. In other words, you are cash poor and credit score challenged.

Let's also imagine that you have ample business experience, especially in a field that is directly related to Multifamily acquisition and investing.

Let's imagine further that you are hungry and driven to be on the playing field of Multifamily investing. Additionally, you have a decent network of contacts with which you have an ongoing professional and personal relationship. This network that you have developed through the years can be a huge asset to you as a Multifamily syndicator.

Let's continue to imagine that you are organized, thorough, motivated and passionate about having Multifamily properties in your portfolio.

Your best immediate option is to become a Syndicator of deals. Simply put, Multifamily syndication is a group investment. It is an alliance where people pool their resources to purchase larger assets (apartments buildings) that would be otherwise hard to acquire individually. This partnership also allows the Syndicators to share the returns and risks for the investment.

The Syndicator typically finds a suitable property, forms a real estate investment company to acquire it and then coordinates a group of investors who will contribute cash to the company for the purchase price (less any bank loans), closing costs, rehab costs, operating capital and reserves.

In exchange for their contributions, investors will receive a membership or ownership interest in the company and a return on their investment. The Syndicator will conduct due diligence on the property prior to acquisition and may manage the company on behalf of the investors during ownership of the property until such time as it is eventually re- sold.

A Syndicator has certain legal and fiduciary responsibilities to the investors and on behalf of the holding entity of the property. In my experience, you must become familiar with the Securities and Exchange Commission (SEC) regulations to become a bona fide Syndicator. That is code for; seek the advice of an SEC syndication attorney for specific direction on a specific deal.

That said, here are just a few ways a Syndicator could be compensated:

- Syndicators typically earn a percentage of distributable cash generated from operations, refinance or sale of a property, which may be paid as a direct split between the members and the Syndicator.
- Due diligence or pre-acquisition services during due diligence
- Acquisition fee (1% to 3% of the purchase price)
- Asset management fee (1% to 2% of gross collected revenue)
- Refinance fee (1% to 3% of the amount of refinance)
- Loan guarantee fees (1% to 3% of the loan amount)
- Property management fees (3% to 6% of collected revenue)
- Disposition fee upon sale of the asset (1% to 3% of the sales price)
- Adjustment profit sharing, i.e., when the investment exceeds certain profit benchmarks, you get additional percentages as a reward; sort of like a bonus structure.

In my experience, Syndicators must have outgoing personalities, are friendly, knowledgeable about the purchase and must be willing to be available to potential investors at all times. In addition, Syndicators must be thorough and responsive to investors who place their money in your investment.

Basically, successful syndication is deeply rooted in establishing and maintaining a trusting relationship with investors. Regular and candid communication is essential with investors and a world-class Syndicator is a master at this.

You can literally become a Syndicator with absolutely no money out of your pocket. The value you could bring to a deal by being the one who puts together all of the investors, managing the investors, having a hand in managing the operations and steering the profitability of the property is enormous.

Of course, if you are one who has good credit, some investable cash, business experience, valuable contacts for syndication and a good deal of motivation, you have the leverage to negotiate a healthy percentage of the deal with your partner(s).

You are now five specific strategies deep thus far. Any one of those strategies can stand-alone and get you into a very profitable position on a Multifamily acquisition. The combination of these strategies raises your possibilities to.....limitless!

BUT WAIT, THERE'S MORE!

STRATEGY #6: *Become A Passive Investor*

This is a very wise option. Let's say that you have investable cash on hand. You've worked hard in your particular industry and you know intuitively that investing in Multifamily apartment properties is a wise move.

However, you don't want the time commitment nor do you have the propensity to operate and manage a successful Multifamily acquisition.

Passive investing is one of the best ways to receive the benefits of owning a large apartment complex without funding the entire project or obtaining the experience to execute a successful business plan.

Remember the syndicator in strategy #5? The syndicator pools together the collective monies of investors to make a deal happen. Those investors in the syndication pool are known as Passive Investors.

As a Passive Investor you benefit from:

- Receiving a percentage of the monthly cash flow profit, known as NOI (net operating income); usually paid quarterly to Passive Investors
- Receiving an annual preferred rate of return usually between 8% and 10% on your invested amount
- Receiving the tax benefits from being a Passive Investor in a Multifamily investment property, i.e., cost segregation and depreciation
- Receiving a percentage of the equity accrued if/when the property undergoes a refinance
- Receiving a percentage of the equity created (the profit) at disposition of the property
- Placing your investment in the hands of experienced Multifamily operators who take on the day-to-day business operations and decisions
- Having fully transparent access to all business and accounting records of the Multifamily project
- A return of your initial investment along with the interest and percentage of profits proportionate to your investment

Each Multifamily acquisition has its requirement for minimum investment into the project. The most common minimum investment is $100K. As a Passive Investor, you receive a Private Placement Memorandum (PPM). A PPM is a legal document provided to prospective investors, which describes the company selling the securities or shares in the investment company, the terms of the offering, and the risks of the investment, amongst other things.

Of course, there are never any guarantees of profit, only reasonable and probable projections based on market indicators and the track record of the operators of the property. All of these projections are specifically outlined in a pro forma, which is distributed to investors.

With an annual 8% to 10% preferred rate of return added to a potential 50% to 70% profit split once the property sells, it is conceivable that a Passive Investor will experience a potential 15% to 20% annualized rate of return on their initial investment. That stacks up pretty stoutly against normal stock market returns and REIT returns. It is no wonder why becoming a Passive Investor in Multifamily properties is gaining an unprecedented popularity.

As with any investment, you'll need to do your own due diligence on the property and the operators. After all, when the sun goes down, it is your money on the line.

Some important elements of proper due diligence of the property and its operators are:

- Investigate the market conditions, i.e., job growth, population growth, unemployment, household income, housing availability, etc. All of these can be found with a basic Google search.
- Check the school districts, transportation access, hospitals and medical facilities, road and highway conditions, etc.
- Check market absorption, i.e., what apartments are available and how quickly are they being leased out, as well as what the competition is in the market area.
- Check the property condition and the plan for improvements.
- Check the tax rolls and the projected taxation of the property once it is acquired.
- Investigate the operators, their history, their successes and their failures.
- Read and understand all documents thoroughly.
- Understand the overall plan for improving the property and know the exit strategy.
- Understand your potential return on investment. Know what the following terms mean:
  - Internal Rate of Return (IRR)
  - Cash on Cash Return (COC)
  - Return on Cost (ROC)
  - Annualized Rate of Return
  - Preferred Rate of Return
- Understand what the projections are for each of the above and know how the operator plans to get those accomplished.
- Thoroughly understand the plan and timeline to sell the project for a profit.

These are just a few of the many facets of a Multifamily property investment. As a Passive Investor, you are 100% entitled to know all of this information and to receive all documentation supporting the projections for the asset.

The good news is that a professional and experienced Multifamily apartment operator will have all of this information neatly and conveniently placed for you in an Offering Memorandum and Pro Forma.

Here is the real benefit of being a Passive Investor...as the operator works diligently to make the property an ongoing profitable venture, your money is working for you without you doing all that heavy lifting.

Watch this quick 10-minute video where I discuss "The nitty gritty of doing due diligence on a property"

STRATEGY #7: *Self Direct Your IRA*

This is a savvy option. One of the more astute ways to get into Multifamily investing is to open a self-directed Individual Retirement Account (IRA). If you want to open a self-directed IRA, you'll need a qualified IRA custodian who specializes in that type of account.

You may already have an IRA account that qualifies as a self-directed IRA. Your custodian can confirm this in a matter of moments.

How does it work with Multifamily investing? Essentially, the funds that are in your IRA qualify for certain kinds of investments. Multifamily real estate is one of those investments.

The funds are sent to the entity that holds the Multifamily investment.

Technically, the self-directed IRA does business with the Multifamily investment entity. When profits are generated from the investment, the investment entity pays the IRA. You do not get paid personally. The money is sent to your IRA and the money is governed by the same rules as usual.

As of this writing, the average IRA is earning about 4% to 6% interest on the money in the account. As was established earlier in this eGuide, a Multifamily investment can pay upwards of 20% for profits earned in the investment.

The process of transferring, or self-directing your funds from an IRA to a Multifamily investment are quite simple. Your custodian can walk you through what is needed and your Multifamily investment operator will supply your custodian with needed information also.

Note: In my experience, I will occasionally come across a custodian that says this type of self- directed investing is not allowed in your IRA. Beware! Likely, that custodian does not have your best interest (pun intended) at heart. Unless you have some very unusual account structure, self-directed IRA's are quite simple to set up.

A quick Google search indicates that the average IRA balance is just under $100k. If you have a

retirement account that is earning low single digit interest rates, you should seriously consider opening a self-direct IRA for Multifamily investment.

Self directed IRA is one of the easiest strategies for investing in Multifamily properties.

STRATEGY #8: *Be A Deal Locator*

This is a hustler's option. Once again, let's imagine your available investable cash is very limited or even non-existent. In other words, you are cash poor.

Let's also imagine that you really want to get into the Multifamily investing game. Let's imagine that you are creative and have decent interpersonal communication skills.

You could be a prime candidate to be a Deal Locator. A Deal Locator is just what it says it is. By way of your networking and scouring the market, you'll find Multifamily deals that are ripe for the taking. Often referred to as birddogs or property finders, Deal Locators can earn a finders fee for their efforts. Deal Locators can also negotiate to have a slice of the profits on a deal.

Here are a handful of ways to find 'off-market' Multifamily properties that are ready to be acquired.

- Talk to everyone you know. Let them know that you work with groups of Multifamily apartment operators and that you help them find deals. Have your 'elevator speech' ready. In other words, be ready to make a compelling statement in thirty seconds or less. If you were finding deals for my group and me you might say something like, "I work with a group of high net worth individuals who invest in Multifamily apartment properties around the country. I help them locate value-add properties and they buy these properties quickly." The "buy these properties quickly" comment usually gets their attention.

- Online research. Search engines and real estate sites can provide you ample leads. You'll need to check these daily. Why? Because operators and investors (like me) are doing the very same thing. Some sites to check regularly are:

  - Loopnet.com
  - Costar.com
  - Realtor.com
  - Trulia.com
  - Zillow.com
  - FSBO.com
  - EBay.com
  - Craigslist.com
  - Redfin.com

- Attend Multifamily Meetup groups or networking events. You might think this is counter-productive, that operators and investors are already there with their own deals. In my experience networking with other investors and operators is all about shaking the bushes and letting people know what you do.

- Attend mixer events for CPA's, Bankers and Attorneys. You'll need to put your big boy pants on for this one. Think about it. CPA's, Bankers and Attorneys always have clients who are in the real estate business and who are struggling. Struggling Multifamily property owners need a solution, and you could be the answer.

- Post your own ads on Facebook, Craigslist, or other online search engines. "I buy Multifamily investment properties."

- Search the records of divorce court, probate court, bankruptcy court, zoning and health code violations from the city or municipality.

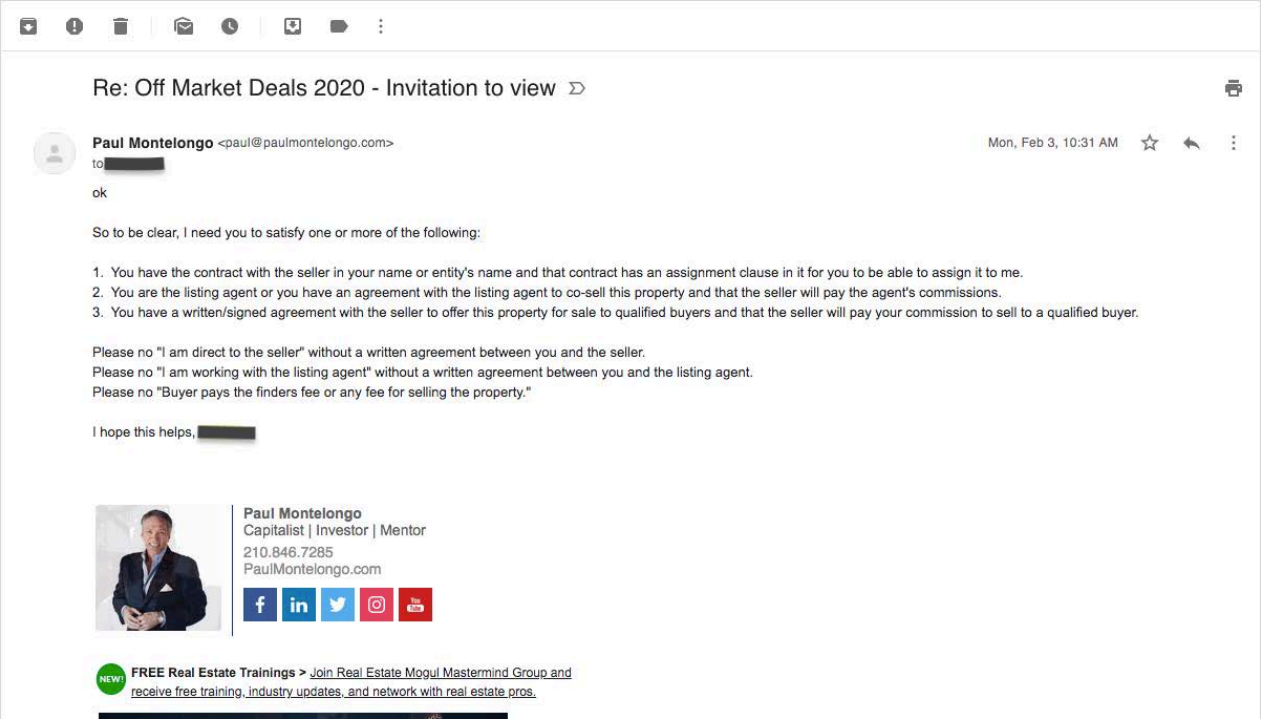
- Drive-bys. As you move about your community and city, notice all of the apartment complexes. If you see any that are in disrepair, unkempt, look abandoned, or seem to have low occupancy, those could be prime for the taking. It is not difficult at all to locate the owners of an apartment property. At first you'll see the name of the company or LLC that owns the property. Once you have the entity name, a simple name search on the state government website usually yields good results.

- Talk to residential real estate agents. Often, a Multifamily property owner will list their property with residential agents rather than commercial agents.

- Network with Multifamily apartment management companies. They often know what properties are in trouble and who wants to sell.

FYI, my last three deals came from LoopNet, Probate court and a real estate agent at a mixer. I have also got leads from vendors and contract service workers and my banker, in addition to the normal real estate agents in my network. Any bona fide Multifamily investor and operator will gladly pay you a finders fee when you bring them an exclusive deal that has good profit potential.

Pet Peeve Note: I am okay with wholesalers bringing me a deal. However, I despise 'daisy chain' deals. If you don't know what a 'daisy chain' is, I will spare you the definition. Google it. If you want a high level of credibility in the Multifamily investment business, be authentic with how you contacted a Multifamily property seller. Here is a cut and paste of an email I recently sent to a 'daisy chainer'. Enjoy.



Re: Off Market Deals 2020 - Invitation to view

Paul Montelongo <paul@paulmontelongo.com> Mon, Feb 3, 10:31 AM
to [redacted]

ok

So to be clear, I need you to satisfy one or more of the following:

1. You have the contract with the seller in your name or entity's name and that contract has an assignment clause in it for you to be able to assign it to me.
2. You are the listing agent or you have an agreement with the listing agent to co-sell this property and that the seller will pay the agent's commissions.
3. You have a written/signed agreement with the seller to offer this property for sale to qualified buyers and that the seller will pay your commission to sell to a qualified buyer.

Please no "I am direct to the seller" without a written agreement between you and the seller.
Please no "I am working with the listing agent" without a written agreement between you and the listing agent.
Please no "Buyer pays the finders fee or any fee for selling the property."

I hope this helps, [redacted]

Paul Montelongo
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NEW! **FREE Real Estate Trainings >** Join Real Estate Mogul Mastermind Group and receive free training, industry updates, and network with real estate pros.

As a Deal Locator, you'll want to vet the deal and do some basic due diligence on your own. You want to bring deals to a Multifamily investor/operator that have room in them for value- add profits. You'll want to bring deals that have willing, motivated sellers. You'll want to bring deals that are in the Multifamily investor's wheelhouse.

Bringing a deal that is unqualified, not vetted or has been shopped around all over the country is a waste of the Multifamily investor's time and a waste of your time.

I can tell you from personal experience, a reputable Deal Locator is a treasure to have. If that sounds like a good way for you to get knee deep into the Multifamily investing game, then Good Hunting to you!

Watch this short video where I discuss the "10 things you need to evaluate about the location of your Multifamily property"

SUMMARY: *Leverage Your Skill Sets*

Regardless of your availability of cash or the level of your experience in real estate, you can get into Multifamily investing. As you have discovered in the eGuide there are a multitude of ways in which you can participate in order to get into the game of Multifamily investing.

I believe at the end of the day, it really comes down to desire. How much do you want it?

It is my hope that you want it really goodly (not badly). Seriously, a real estate investment career can be life changing for you and your family.

Even if you do not make Multifamily investing your career, but only make it a goal to invest in a few properties so that you have passive income, that can change the legacy of your family.

I hope this quick eGuide has been helpful and that it opens your mind and desire to the many ways you can become a Multifamily investor.

Happy Hunting,

Please join my fere Facebook group for Multifamily Investors. You'll have acess to hours of free video training, motivation training, industry interviews and podcasts, forms, tutorials and regular Q&A.

JOIN OUR FB GROUP HERE >

MULTIFAMILY MOGULS
with PAUL MONTELONGO

INVESTORS

As you have seen in this eGuide there are a number of ways to become an investor. If you would like to discover what strategies fit you the best, I am happy to discuss those options with you.

We can discuss your potential role in a deal, what your return on investment would be and how you can put your money and skills to work in a way that benefits you most.

All of my deals have a pro forma with supporting financial documentation of the projected returns on investment. You'll receive full disclosure on everything along with the road map for profits on any of our investment properties. You'll see how we evaluated the deal to get the best possible profit.

I offer a complimentary strategy session in which we discuss where you currently are in your investing career and where you would like to go.

Should you be interested in investing or partnering with my team and I on deals, click the button below.

MULTIFAMILY MENTORING

If you are in the business of investing in real estate and you would like to receive coaching and mentoring from me, I offer several ways that you can work with me.

If you want to know how to raise money, locate profitable properties, become an operator and manager of Multifamily properties or how to run a Multifamily investment business, then reach out to me.

In order to determine the best fit between us, I would highly recommend that you take advantage of my complimentary coaching strategy session.

Should you be interested in a mentoring partnership between us, click the button below..

SCHEDULE A CALL WITH ME HERE >

GET INSTANT ACESS NOW AND DISCOVER THE FOUR PILLARS FOR INVESTING FROM ANYWHERE IN THE WORLD

Here is a free gift for you. Learn to invest from anywhere in the world. In this eGuide, I discuss the four pillars of creating a legacy through real estate investing from anywhere in the world. It's yours FREE. Tap on the icon and download it.

GET IT HERE >

ABOUT PAUL MONTELONGO

I am Paul Montelongo and I am a lifelong real estate investor and business entrepreneur.

My real estate investment company, Torchbearer Investments Group, LLC develops, manages and invests in residential and commercial properties in emerging markets of the United States. We concentrate on acquiring mixed-use, multi-family and specialty properties, like apartments, marinas, resorts, and RV parks. Our properties are repositioned and improved to maximize equity growth and investment potential. As of this writing, I am currently invested in 555 units.

We invite accredited investors to learn about the investment opportunities we offer. Investment opportunities are available in several forms. Please reach us for an initial consultation and for additional information about our properties

I also coach, mentor and lead high earning conscious entrepreneurs to get their businesses lives back on track. I've built, owned, and operated eight multi-million dollar businesses in my 40-year career. These companies have generated over $60million in revenue and I've employed well over a thousand awesome people.

I make speaking appearances at Real Estate and Construction Industry conferences around the country and world, including Canada, New Zealand, Italy and Romania.

Out of my real world industry experience, I have written hundreds of articles for the real estate industry and been published in more than 20 industry publications. I have coached and mentored hundreds of entrepreneurs. I would like to help you.

Get on my calendar for a complimentary session...

LEARN MORE >

Some Of My Favorite Quotes About Real Estate

"Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world."

- **Franklin D. Roosevelt,** *U.S. President*

"Landlords grow rich in their sleep without working, risking or economizing."

- **John Stuart Mill,** *Political Economist*

"Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined. The wise young man or wage earner of today invests his money in real estate."

- **Andrew Carnegie,** *Billionaire Industrialist*

"Don't wait to buy real estate. Buy real estate and wait."

- **Will Rogers,** *Actor*

"Buy land, they're not making it anymore."

- **Mark Twain,** *Writer and humorist*

"The best investment on Earth is earth."

- **Louis Glickman,** *Real estate Investor*