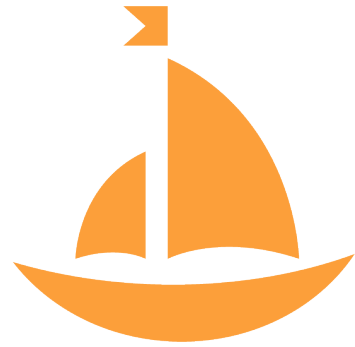


HARBORSIDE PARTNERS



The Real Estate Syndication Process

Purchasing commercial real estate is a multi-step process, when structured as a syndication, involving both general partners and limited partners. Syndications can be more complex, but that is the responsibility of the general partners.

Fortunately, the Process for Passive Investors is Very Simple.

This outline provides a glimpse into the process of purchasing commercial real estate through the syndication model. Syndications are group investment structures comprised of two groups; the general partners (operators/sponsors) and the limited partners (passive investors). In essence, the **general partners actively find and manage the deals** while the **limited partners provide capital**.

Syndications have become excellent vehicles for passive investors, like yourself, to directly invest in commercial multifamily real estate and take advantage of all the tax benefits without the hassles of being a landlord.



Sections of the process that require participation from passive investors are highlighted in RED.

Prior to Finding and Underwriting any Properties:

- Markets are reviewed and selected.
- Viable sub-markets and neighborhoods are reviewed and selected.
- A “boots on the ground” team is assembled (property manager, brokers, lenders, contractors, attorney etc.)

Underwriting Properties and Making Offers:

- 100+ commercial properties are typically underwritten before one is purchased.
- 10 – 20+ offers are submitted
- ~1 offer is accepted (usually negotiated and then accepted)
- A purchase and sale agreement is signed and an earnest money deposit is made (usually 1% – 3% of the purchase price).

The Acquisition Process

- Begin the financing process
- Begin the syndication legal process
- New deal alert email sent to database of passive investors
- **Passive investors submit their soft commitments**
- Perform property inspection and due diligence
- Property price and terms are finalized with seller – closing date is set.
- Arrange property insurance, property management, entities etc.
- **Passive investors confirm their investment**

Closing on the Property

- Financing is approved and the rate is locked
- **Passive investors complete legal paperwork and wire the funds to escrow**
- Closing paperwork is finalized and signed.
- Lender funds the loan and the property closes!

The Value-Add Process Starts!

