



LIVE YOUR *Dream Life!*

Set Financial Goals and Achieve Them!



Day Two

**3 DAYS TO
FINANCIAL**

Freedom

Three Part Mini-Series
Taught by:
Sarah Sullivan, SuGo Capital

Day 2: Due Diligence & Finding Money

How to do due diligence on an investment team, on an investment market, and on a specific investment deal.



Homework Review > What was your ROI?



RESOURCE: Compound Interest Calculator

<https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator>

Family Office Portfolio Goals

Family Office

Family offices are private wealth management advisory firms that serve ultra-high-net-worth individuals.

What do Family Offices balance? _____

- Adjust _____ with uncorrelated _____ classes.
- _____ investments.
- Investments that benefit from _____ and _____ .
- Assets that the government _____ .

Examples: _____

EVALUATION!



PEOPLE

- SPONSORS
- PROPERTY MANAGEMENT TEAM
- EXTENDED TEAM

I want to remember:

- _____
- _____
- _____
- _____
- _____
- _____



MARKET

- POPULATION
- JOB ANNOUNCEMENTS
- JOB GROWTH
- VACANCY RATES
- MARKET RENTS

I want to remember:

- _____
- _____
- _____
- _____
- _____
- _____

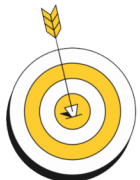


PROPERTY

- VACANCY RATES
- RENTS
- NEIGHBORHOOD
- GOOGLE STREET VIEW
- TENANT PROFILE

I want to remember:

- _____
- _____
- _____
- _____
- _____
- _____



I want you to feel confident about investing in private investments!

PEOPLE



SPONSORS

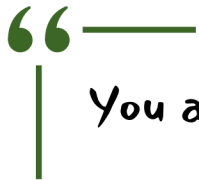
- Google their names
- Background check
- Talk to people who have invested with them
- Ask for a track record
- VeriVest.com

PROPERTY MANAGEMENT COMPANY

- Google them
- Talk to people who have used them or who rent from them (tenants)
- Ask for a track record

EXTENDED TEAM

- Google their names
- Background check
- Talk to people who have invested with them
- Ask for a track record



You always bet on the jockey, not the horse.



Key Insights:

-
-
-
-
-
-

SPONSORS

? *Have they accomplished what they say they have?*

Things to look for on their record:

- _____
- _____
- _____
- _____



PROPERTY MANAGEMENT COMPANY

- Look at current & future company
- Why are the sponsors working with them?
- Compare market stats with property management company stats.

Key Insights:

-
-
-
-
-



What is your process for dealing with a non-paying tenant? Does it align with your values?



RESOURCE: ALN Apartment Data

<https://alndata.com/>



EXTENDED TEAM

- Who are the key team members of the sponsors? (employees, support crew, etc.?)
- Who are lawyers, CPA's, & accounting firms?
- Who has access to financials and is authorized to send and receive funds?

Key Insights:

-
-
-
-
-



Continued Due Diligence is always necessary with passive investing!



MARKET

State + County + Subdivision + Asset Class



Do you have specific values (ie: sustainability, green buildings, socioeconomic goals?)

① Population

② Job Stability

- Who are the _____ ? Do their _____ fit the _____ of the property?
- Are the _____ all in the same _____ ?
- What does the next _____ look like for that industry?

③ Job Growth

- Job _____
- Google job announcements in the _____ / _____
- Google _____ and _____ job growth rates

★ Want > 2% for last 2 years and above national average for future

④ Household growth vs national average

⑤ Vacancy Rates: Historical and Predicted

★ Don't want < 80% occupancy

⑥ Market rents

- Search for market rents at <https://alndata.com/>

⑦ New Construction

- Call city for approved housing, # of units, etc.





PROPERTY

① Property vacancy rates

★ > market vacancy rates = awesome!

② Rents

★ < market rents = awesome!

● Search for rents at www.apartments.com

Types of Occupancy

Physical = # of people
living in property
Economic = # of people
paying rent

③ Neighborhood

A Might want to consider how the US market is looking

B Almost always good

C Can be ok if surrounded by A or B

D Avoid

Ask your Sponsor for a
Heat Map of the area.

④ Google street view

⑤ Property Accessibility

⑥ What is next door

● Near a prison? Near a church? Near an automotive business?

⑦ Tenant profile should match jobs

RESOURCE: SuGo Capital Due Diligence Hub

<https://sugocapital.com/checklist-hub/>

FIND THE MONEY



① _____

② _____

③ _____

④ _____

⑤ _____

I want to remember:



HOMEWORK
Is there anything that you have that you can take a line of credit on that will you give a higher yield? (excluding your primary residence)

TERMINOLOGY

UBIT

UBIT: Unrelated Business Income Tax

"UBIT (also known as UBTI) is a tax that can apply to IRA or 401(k) accounts. The tax may apply to gains on investments inside IRA accounts if leverage is used on the investment and the tax is based on the percentage of the investment that is leveraged. For example, a business or fund with a 50% LTV may have 50% of the gains subject to UBIT. According to the IRS, UBIT is "unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption."

SDIRA

SDIRA: Self Directed IRA

A self-directed individual retirement account (SDIRA) is a type of individual retirement account (IRA) that can hold various alternative investments normally prohibited from regular IRAs. Although a custodian or trustee administers the account, it's directly managed by the account holder (you!), which is why it's called self-directed.

Available as either a traditional IRA (to which you make tax-deductible contributions) or a Roth IRA (from which you take tax-free distributions), self-directed IRAs are best suited for savvy investors who already understand alternative investments and want to diversify in a tax-advantaged account.

Solo 401K

Solo 401K

A solo 401(k) is an individual 401(k) designed for a business owner with no employees. In fact, IRS rules say you can't contribute to a solo 401(k) if you have full-time employees, though you can use the plan to cover both you and your spouse.

1031X

1031X

A 1031 exchange allows real estate investors to swap one investment property for another and defer capital gains taxes, but only if IRS rules are met. If a business owner has property they currently own, they can sell that property, and if they reinvest the proceeds into a replacement property, there's no immediate tax consequence to that particular transaction. They can defer any capital gains taxes associated with that sale.

TERMINOLOGY

\$
Value

Cash Value Life Insurance

Cash value life insurance is a form of permanent life insurance—lasting for the lifetime of the holder—that features a cash value savings component. The policyholder can use the cash value for many purposes, including borrowing or withdrawing cash from it, or using it to pay policy premiums.

LOC

LOC: Line of Credit

A line of credit is typically offered by lenders such as banks or credit unions, and, if you qualify, you can draw on it up to a maximum amount for a set period of time. You'll pay interest only when you borrow on the line of credit. Once you pay back borrowed funds, that amount is again available for you to borrow.

Arbit-
rage

Arbitrage

Arbitrage describes the act of buying a security in one market and simultaneously selling it in another market at a higher price, thereby enabling investors to profit from the temporary difference in cost per share. An example of arbitrage is when somebody buys a stock on one exchange for ten dollars and immediately sells it on another exchange for eleven dollars.

Cash

Cash

Cash is legal tender—currency or coins—that can be used to exchange goods, debt, or services. Sometimes it also includes the value of assets that can be easily converted into cash immediately, as reported by a company.

★

“Taking Down” (industry term)

This is an industry term that means the same as “acquiring.” If a sponsor refers to “tanking down” a multi-family apartment building, they mean “acquiring” the building.