VETTING A SPONSOR

I know you're excited about diving into passive real estate investing, but before you do, there's one crucial step that can make or break your investment: vetting the sponsor and the deal. I'm sure you've heard it before, but real estate investing isn't just about property—it's about the people behind the property. That's why the sponsor you are partner with is key.

Let's break this down together so you can feel confident when choosing who to trust with your hard-earned capital.

01 STEP 1: VETTING THE SPONSOR—WHO'S DRIVING THE SHIP?

The sponsor is the person or team responsible for the real estate investment. Imagine you're getting on a ship: You wouldn't set sail without knowing who the captain is, right? You need someone experienced at the helm, especially when navigating potentially rough waters.

Here's how to assess your sponsor:

- Experience Matters: Ask yourself, how many deals has the sponsor closed? Have they weathered different market cycles? A sponsor who has sailed through both smooth and stormy seas is someone you can trust.
- Track Record: Success isn't just measured by deals completed but by their outcomes. Have they consistently delivered returns to investors? Have they brought non-syndication deals to a successful ending? What kind of projects do they specialize in—commercial, residential, value-add, or new builds? Make sure their expertise aligns with your investment goals.
- Skin in the Game: Is the sponsor investing their own money in the deal? When they do, it shows they're committed to seeing it through successfully, because they have as much to lose as you do.

02 STEP 2: UNDERSTANDING THE DEAL - IT'S MORE THAN NUMBERS

Now, even if the sponsor checks all the boxes, the deal itself needs to stand up to scrutiny. Think of this part as assessing the ship's condition before setting sail. The numbers, the market, and the property all need to be in good shape.

Here's what to look for:

- Market & Location: Is the property in a growing market? Research the job growth, population trends, and local demand for the type of property you're investing in. No matter how good the property looks on paper, it's got to be in the right place at the right time.
- Business Plan: What's the strategy for this property? Whether it's a value-add where improvements will be made or a turnkey property already cash-flowing, or a new development, the plan should make sense for you and align with your risk tolerance.
- Projections: Are the financial projections reasonable, or do they seem too good to be true? A conservative projection might not seem as exciting, but it's more likely to keep you afloat if the market shifts. Focus on deals with solid margins of safety—like conservative estimates for rent growth or reserves to handle unexpected expenses.

STONECREST EQUITY

VETTING A SPONSOR

STEP 3: STRESS-TESTING THE DEAL—LOOKING AT "WHAT IFS"

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A seasoned sponsor won't just present the best-case scenario.

They'll also tell you what they've done to prepare for any unexpected challenges—because let's be honest, surprises happen. Has the sponsor stress-tested the deal against worst-case scenarios, like higher interest rates or a market downturn?

Knowing how well the deal holds up under pressure is crucial to your peace of mind.

STEP 4: TRANSPARENCY & COMMUNICATION—KEEPING YOU IN THE LOOP

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You deserve to know what's happening with your investment every step of the way.

A trustworthy sponsor will communicate regularly—whether through monthly updates, quarterly reports, or at the very least, quick responses when you have questions.

You should feel confident that you're getting the full picture, not just the highlights.

CONCLUSION: YOU'RE THE HERO OF THIS JOURNEY

When it comes to real estate syndication, you're the hero in your financial story.

The sponsor is the guide, but the choices you make—how you vet them, the questions you ask, and the deals you invest in—are what will steer you toward success. And remember, it's not just about chasing high returns.

A great sponsor, paired with a solid deal, is how you build lasting wealth and security.
Ready to take the next step? Let's get your questions answered and deal together.

P.S. WANT HELP WITH YOUR NEXT INVESTMENT? REPLY TO THIS EMAIL, AND I'LL BE HAPPY TO CHAT ABOUT YOUR GOALS AND HOW WE CAN WORK TOGETHER. OR SCHEDULE A CALL BELOW

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LET'S TALK