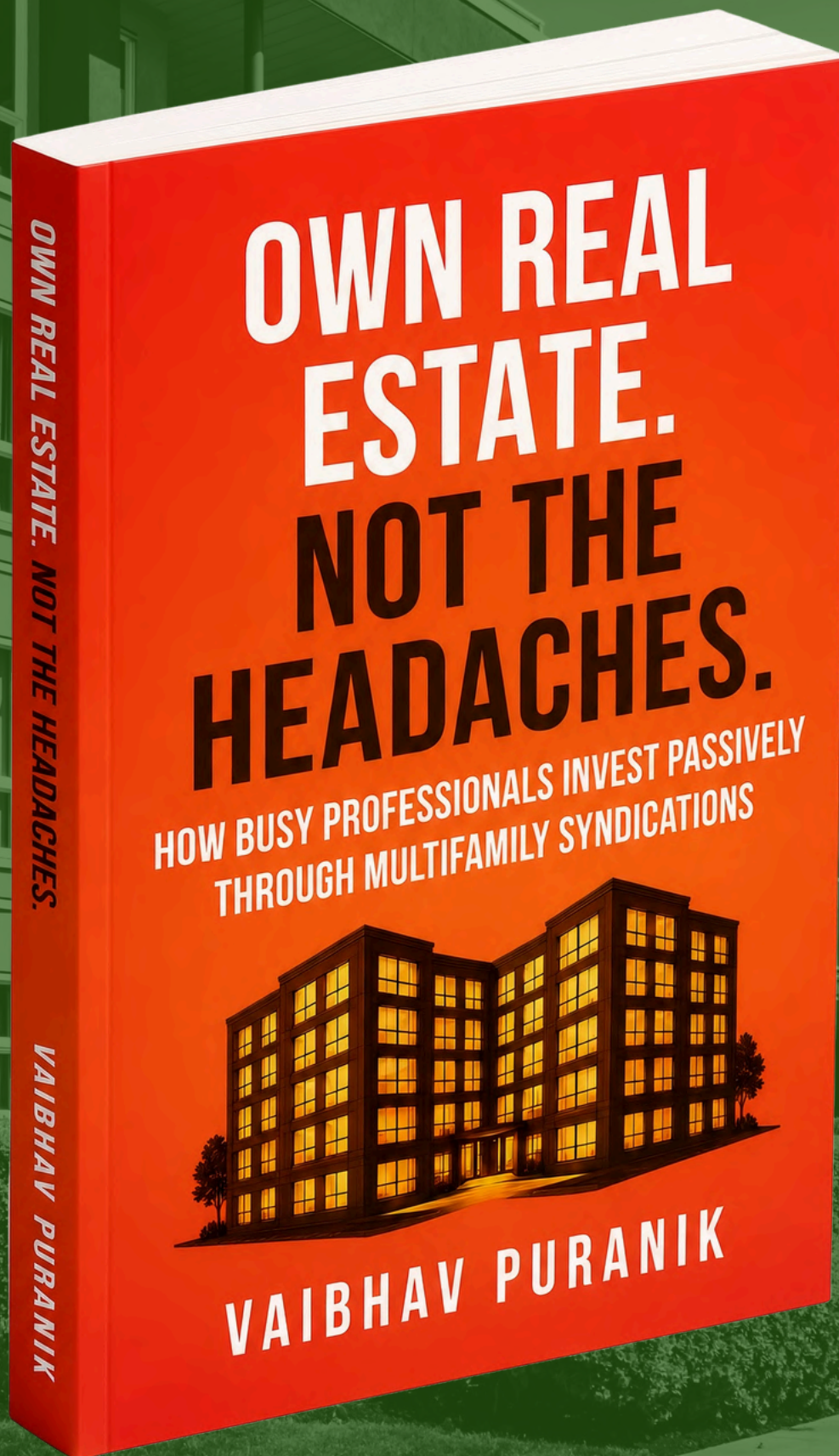




Accompanying Data

Examples, Figures, Checklists and Tools and Sources



This document is not a standalone book or publication. It is accompanying data for the audiobook - Own Real Estate. Not Headaches. by Vaibhav Puranik. The examples, figures, and checklists included here are designed to be used together with the audiobook and may not make full sense on their own. This PDF is intended solely as a companion resource for listeners and should not be taken out of context or relied upon independently.

CHAPTER 2 - WHY MULTIFAMILY?

Example - The Power of \$50



Imagine you own a 20-unit apartment building. Over a couple of years, through minor upgrades or simply adjusting to the market, you manage to raise the rent by just **\$50 per month per unit**.

That's not much. Tenants often expect rent bumps over time, and sometimes inflation alone gets you there.

But here's what happens behind the scenes:

- $\$50 \times 20 \text{ units} = \$1,000$ more per month
- $\$1,000 \times 12 \text{ months} = \$12,000$ more each year

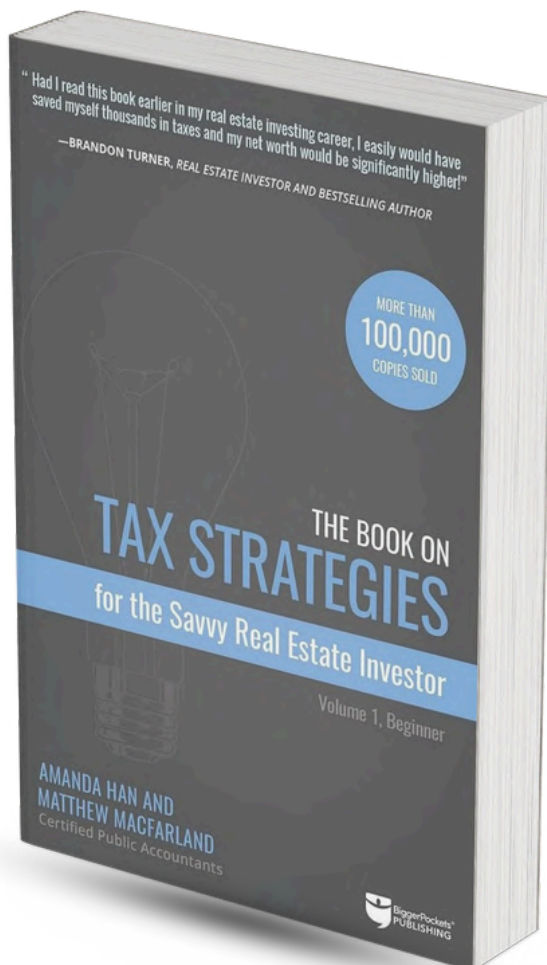
Assume your expenses stayed the same, and your market's cap rate is 5%. Using our formula:

$$\begin{aligned}\text{Value increase} &= \text{Increased NOI} \div \text{Cap Rate} \\ &= \$12,000 \div 0.05 \\ &= \mathbf{\$240,000}\end{aligned}$$

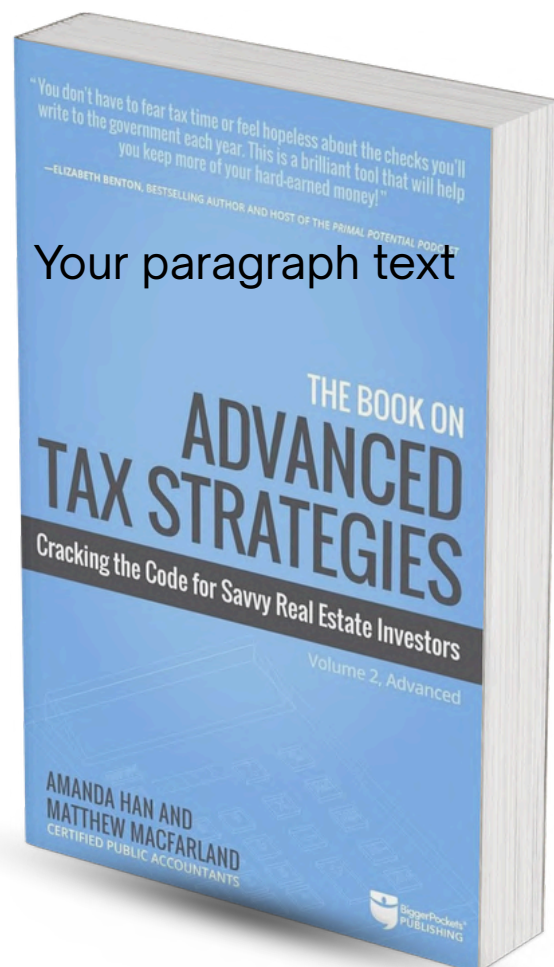
That's right—by raising the rent just \$50, you increased the property's value by **\$240,000**.

CHAPTER 3 - TAX BENEFITS

Reference Books



The Book on Tax Strategies
for the Savvy Real Estate
Investor by Amanda Han and
Matthew MacFarland



The Book on Advanced Tax
Strategies: Cracking the Code
for Savvy Real Estate Investors
by Amanda Han and
Matthew MacFarland

Example: Straight-Line Depreciation



If you buy a residential rental property, the IRS allows you to depreciate the building portion of it evenly over **27.5** years.

Let's run through a simple example:

- Imagine you buy a single-family rental house for \$1,000,000.
- You must first separate the value of the land and the building, because only the building depreciates.
- Let's say the land is worth \$200,000 and the building is worth \$800,000.

Your straight-line depreciation would be:

$$\$800,000 \div 27.5 \text{ years} = \$29,090.90$$

(Let's round that to \$29,091.)

This means the IRS lets you deduct \$29,091 every year as a "paper expense," even though you didn't actually spend that money.

Now here's the fun part:

Suppose your property generated \$10,000 in real profit that year after expenses. For tax purposes, you would show:

$$\$10,000 \text{ in income} - \$29,091 \text{ in depreciation} = \textbf{\$19,091 loss on paper}$$

Chapter 3 - Figure 1

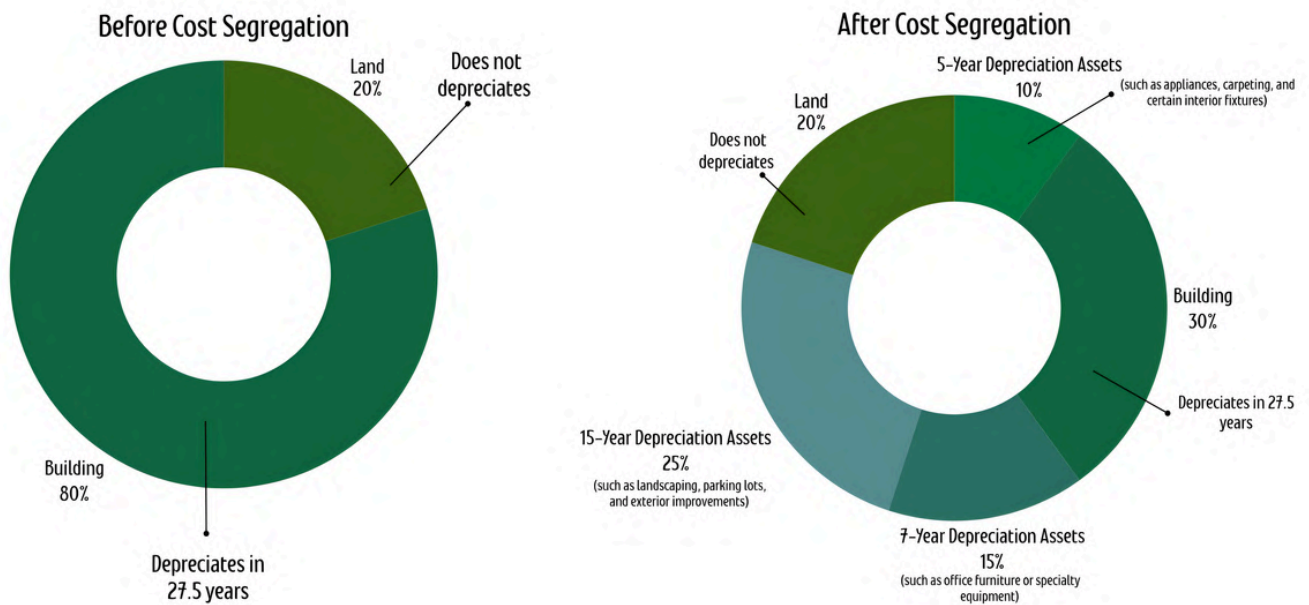


Figure 1: How cost segregation can increase depreciation by identifying property components that may be depreciated over shorter recovery periods.

CHAPTER 4 - UNDERSTANDING SYNDICATIONS

**Figure 2 - Typical Structure of A
Syndication**

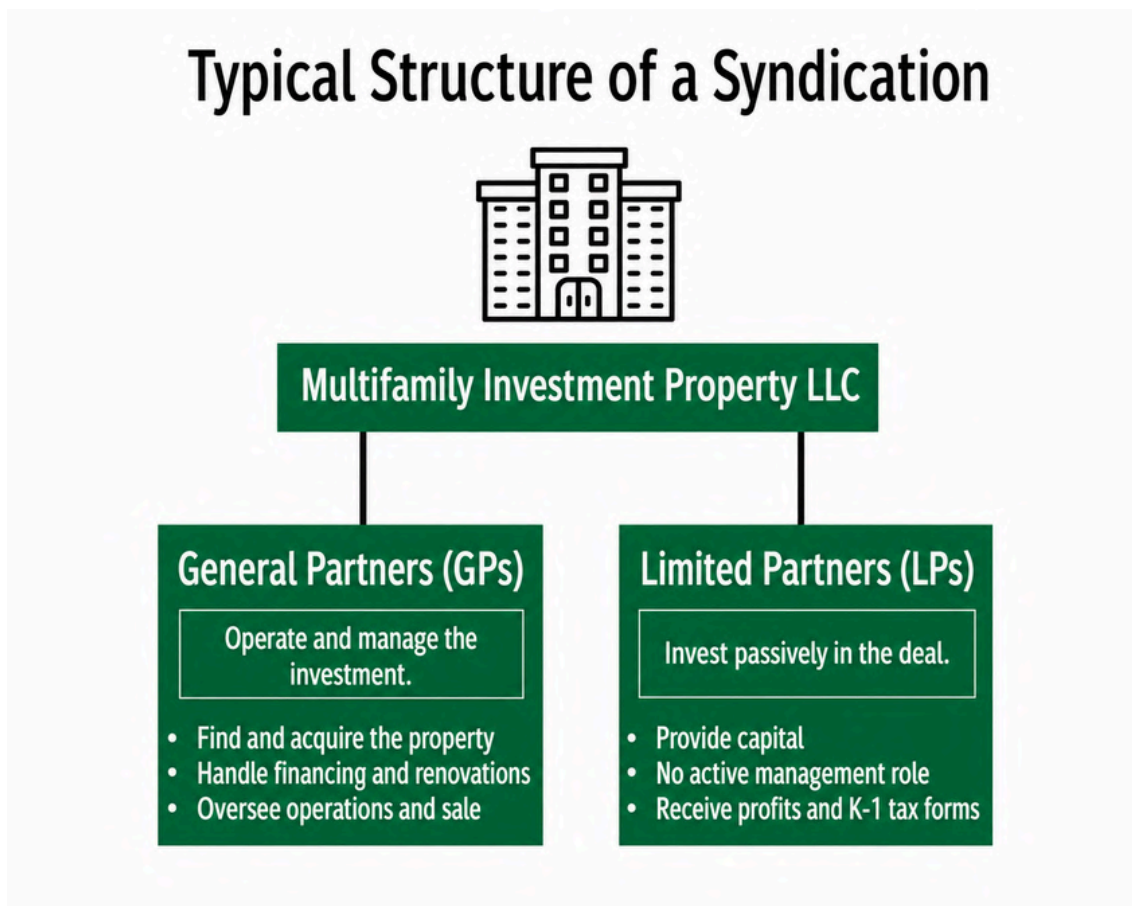


Figure 2: A typical multifamily syndication structure, showing the role of General Partners, who manage the property and operations, and Limited Partners, who provide capital as passive investors

CHAPTER 6 - LIMITED PARTNERS

Example Capital Event : Sale of The Property

Suppose investors (LPs) collectively invested \$1,000,000 into a syndication.

The property is held for 5 years.

During that time, the property produced \$150,000 in total cash flow that was distributed to investors.

At the end of 5 years, the property is sold, and after paying off the loan and closing costs, there's \$1,650,000 available.

Here's how it might play out:

1. **Return of Capital** — LPs must first get their initial investment back. Since \$150,000 has already been returned from cash flow, only \$850,000 of the original \$1,000,000 is still outstanding. That gets paid first.

2. **Preferred Return** — Let's assume the preferred return (see chapter 5) is 6% annually. Over 5 years, that's 30% of the original investment, or \$300,000 owed to LPs before any profit split happens.

3. **Profit Split** — After those payments, \$500,000 remains. If the waterfall specifies a 70/30 split, LPs receive \$350,000, and GPs receive \$150,000.

Total to LPs = \$150,000 (cash flow) + \$850,000 (capital return) + \$300,000 (preferred return) + \$350,000 (profit split) = \$1,650,000.

That's a 65% total return over 5 years—or 13% per year.

Example Capital Event: Refinance



Now let's look at a refinance instead of a sale.

- **Purchase Price:** \$5,000,000
- **Initial Loan:** \$3,500,000 (70% loan-to-value)
- **Equity Raised from LPs:** \$1,500,000

Over 3 years, the GP executes the business plan, raising rents and improving operations. A new appraisal values the property at \$7,000,000.

The GP arranges a new loan at 70% LTV:

- New Loan = \$4,900,000
- Old Loan Balance = \$3,300,000
- Net Cash from Refinance = \$1,600,000

Here's what happens next:

1. **Return of Capital** — The first \$1,500,000 goes back to LPs, fully returning their original investment.
2. **Excess Cash** — The extra \$100,000 (beyond the original capital) is shared between LPs and GPs according to the waterfall agreement.

What's powerful here is that the LPs now have their entire capital back in their pockets—yet they still own their share of the deal. They'll continue receiving quarterly cash flow and will share profits again when the property is eventually sold.

Chapter 6

Tax Savings at Sale: An Illustration



		Scenario
Item	Account	
Property Purchase Price	\$ 2.5M	
LP Equity Invested	\$ 1M	
Hold Period	5 Years	
Total Cash Flow Distributed	\$ 150,000	
Net Sale Proceeds to LPs	\$ 1.5M	

		Scenario
Description	Account	
Initial Investment	\$ 1M	
LP Equity Invested	\$ 150,000	
Sale Proceeds	\$ 1.5M	
Total Cash Received	\$ 1.65M	
Total Return	65% over 5 years	



Chapter 6

Depreciation During Ownership

Item	Account
Purchase Price	\$ 2.5M
Building Allocation (70%)	\$ 1.75M
Land Allocation (30%)	\$ 750,000
Depreciation Period	27.5 Years
Annual Depreciation	\$ 63,636.00
Five-Year Depreciation	\$ 318,000.00

Depreciation Calculation

Description	Account
Cash Flow Received	\$ 150,000
Depreciation Deduction	(\$ 318,000)
Taxable Paper Loss	\$ 168,000



Chapter 6 -Example 7

Taxes at Sale

Depreciation Recapture

Description	Account
Depreciation Claimed	\$ 318,000
Tax Rate	25%
Recapture Tax	\$ 79,500

Capital Gains Tax

Description	Account
Capital Gain	\$ 550,000
Suspended Passive Losses	(\$ 168,000)
Taxable Capital Gain	\$ 382,000
Capital Gains Tax (20%)	\$ 76,400



Chapter 6 -Example 8

Tax Summary

Description	Account
Depreciation Recapture Tax	\$ 79,500
Capital Gains Tax	\$ 76,400
Total Tax Liability	\$ 155,900

After-Tax Cash to Investors

Description	Account
Total Cash Received	\$ 1.65M
Less Total Taxes	(\$ 155,900)
Net After-Tax Cash	\$ 1,494,100



Chapter 6

Comparison with No Depreciation Scenario

Tax Comparison

	With Depreciation	Without Depreciation
Cash Flow Received	\$ 150,000	\$ 150,000
Tax During Hold	\$ 0	\$ 52,500
Depreciation Deduction	\$ 318,000	--
Suspended Passive Losses	\$ 168,000	--
Capital Gain	\$ 550,000	\$ 550,000
Taxable Capital Gain	\$ 382,000	\$ 550,000
Capital Gains Tax	\$ 76,400	\$ 110,000
Depreciation Recapture Tax	\$ 79,500	--
Total Taxes Paid	\$ 155,900	\$ 162,500

CHAPTER 7 - FUND VS PROPERTY

Chapter 7 -Figure 3



SINGLE-PROPERTY SYNDICATIONS: ONE WIRE AND YOU'RE DONE



FUNDS: A COMPLETELY DIFFERENT RHYTHM

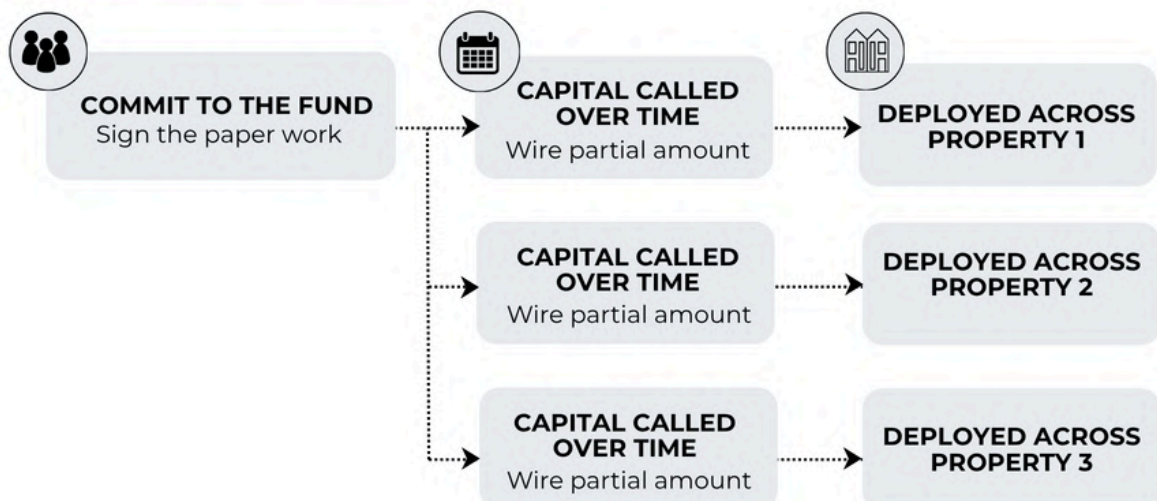


Figure 3: Capital calls work differently in a property deal vs fund deal.

CHAPTER 9 - PROPERTY

Location Analysis Checklist

1. Offering Memorandum or Pitch Deck

- a. Check the OM or the pitch deck given for location data
- b. Costar - <https://www.costar.com/>
- c. Yardi Matrix - <https://www.yardimatrix.com/>

2. Google Maps and Google Earth

- a. Google Maps - <https://www.google.com/maps>
- b. Google Earth - <https://earth.google.com/web/>
- c. Google Street View - <https://www.google.com/streetview/>

3. Rents in the Area

- a. Rentometer - <https://www.rentometer.com/>
- b. Zillow Rental Listings - <https://www.zillow.com/rent/renter-search-center/>

4. Median Household Income

- a. Census.gov - <https://data.census.gov/>

5. Crime in the Area

- a. Perplexity - <https://www.perplexity.ai/>
- b. crimemapping.com - <https://www.crimemapping.com/>
- c. spotcrime.com - <https://spotcrime.com/>

CHAPTER 9 – PROPERTY

Property Analysis Checklist

1. Unit Mix

- Check how many 1-bed, 2-bed, and 3-bed units the property has. Make sure the mix matches what renters in that market actually want.

2. Upgraded vs. Older Units

- Compare rents between renovated and classic units. If upgraded units aren't achieving higher rents, it may be a red flag for the business plan.

3. When the Property Was Built

- The building's age can reveal potential maintenance and renovation costs. Pay attention to systems such as plumbing, electrical, roofing, and possible asbestos in older properties.

4. Laundry: On-Site or In-Unit

- In-unit laundry can help properties attract renters and command higher rents. If laundry upgrades are planned, make sure the expected rent increase is realistic.

5. Clues About the Tenant Base

- Property photos can provide clues about how well the property is maintained and managed. Look for signs of clutter, poor upkeep, or other issues that may indicate management challenges.

6. Property Class (A, B, C, D)

- Understand whether you're investing in a Class A, B, C, or D property. Each class comes with different levels of quality, age, location, tenant profile, and risk.

7. Capital Upgrades

- Check recent major improvements such as roofs, HVAC, plumbing, and electrical systems. Also review planned upgrades to understand future costs and potential opportunities to increase rents.

8. Are There Any Lawsuits Against the Owner?

- Ask whether there are any pending lawsuits involving the owner or tenants. Even if the seller says an issue will be resolved before closing, ongoing legal matters can create liabilities for the new owner.



CHAPTER 10 – PEOPLE

Fundraiser Checklist

1. **Track Record**

- Review the deals or funds they have previously raised money for and their actual results. Look for consistency and comparable deals, including cash yield, IRR, equity multiple, and hold period.

2. **Communication**

- Look for clear, timely, and direct communication. Ask for a sample investor update to see how they report performance, challenges, and important changes.

3. **References**

- Speak with past investors and ask about their real experience. Focus on how the fundraiser handled challenges, communicated, and delivered items such as K-1s.

4. **Skin in the Game**

- Find out how much of their own money the fundraising GP has invested alongside LPs. Personal investment can be an important sign of alignment.

5. **Prior Operating Experience**

- Previous experience underwriting or managing properties can help a fundraiser evaluate deals and operators. More important, however, is whether they have a strong due diligence process.

CHAPTER 10 – PEOPLE

6. Integrity & Reputation

- Research the fundraiser's background and reputation before investing. Check for lawsuits, regulatory issues, or other concerns beyond what the firm presents.

Operator Checklist

1. Track Record

- Look beyond headline returns and examine how the operator performed during difficult market conditions. Strong performance through rising rates, refinancing challenges, and market downturns can demonstrate disciplined execution.

2. Asset Management Philosophy

- Understand how the operator balances cost control with protecting the property's long-term value. Ask about repairs, accounting, investor reporting, and situations where spending today can prevent larger costs later.

3. Site Visits

- Regular site visits help operators identify issues that property managers may overlook. Look for a clear process for documenting visits, tracking problems, and holding the property management team accountable.

CHAPTER 10 – PEOPLE

Operator Checklist

4. **Ability to Implement the Business Plan**

- Make sure the operator has experience executing the type of business plan being proposed. Similar past successes can provide confidence, while past failures can also reveal valuable lessons and experience.

5. **Experience in the Market**

- Local market knowledge can be a major advantage because regulations, operating costs, and rental rules vary by city and state. The operator should understand which local rules could materially affect the deal's underwriting and returns.



CHAPTER 11 – RETURNS

Understanding IRR Scenario 1: The Early Bird Deal

You invest **\$100,000** in an apartment project.
Over five years, here's what happens:

Year	Cash Flow (In \$)
1	+\$30,000.00
2	+\$40,000.00
3	+\$10,000.00
4	+\$10,000.00
5 (Property Sale)	+\$110,000.00
IRR	23%

Understanding IRR

Scenario 2: The Waiting Game



Now let's flip it. You still invest **\$100,000**.
But this time, the deal is structured differently:

Year	Cash Flow (In \$)
1	0
2	0
3	0
4	0
5	+\$200,000.00 (you get all your return at the end)
IRR	15%

The Steady Climb: Understanding AAR



AAR Calculation	Value
Initial Investment	\$100,000
Investment Period	5 Years
Total Amount Received	\$200,000
Total Profit	\$100,000
Average Annual Profit	\$20,000
Average Annual Return (AAR)	20% per year

The Multiplier Effect: Understanding Equity Multiple

Equity Multiple Calculation	Value
Initial Investment	\$100,000
Total Amount Received	\$200,000
Equity Multiple	2.0×



Equity Multiple - Multi Year Example

Equity Multiple Calculation	Amount
Initial Investment	\$100,000
Year 1 Cash Flow	\$30,000
Year 2 Cash Flow	\$40,000
Year 3 Cash Flow	\$10,000
Year 4 Cash Flow	\$10,000
Year 5 Cash Flow	\$10,000
Return of Original Investment	\$100,000
Total Money Received	\$200,000
Equity Multiple	2.0×
Total Return	100%

The Pulse of Profit: Understanding Cash-on-Cash Return

Cash-on-Cash Return Calculation	Amount
Total Cash Invested	\$100,000
Annual Cash Flow	\$8,000
Cash-on-Cash Return	8%



Cash on Cash Return - Multi Year Example

Let's say you invest \$100,000 in a property that sends you \$6,000 in cash distributions in the first year.

Your Cash-on-Cash Return is **6%**.

If the next year your distributions increase to \$10,000, your return jumps to **10%**.

It's important to note that this has nothing to do with how frequently distributions are actually paid. The cash may be distributed monthly, quarterly, or even annually, but Cash-on-Cash Return is always measured on an **annual basis**, just like most other return metrics. I'll address the frequency of distributions separately in the chapter dedicated to distributions.

Unlike IRR or AAR, this metric is not about the total life of the investment — it's about your annual cash yield while you hold it.



Chapter 11 -Figure 4

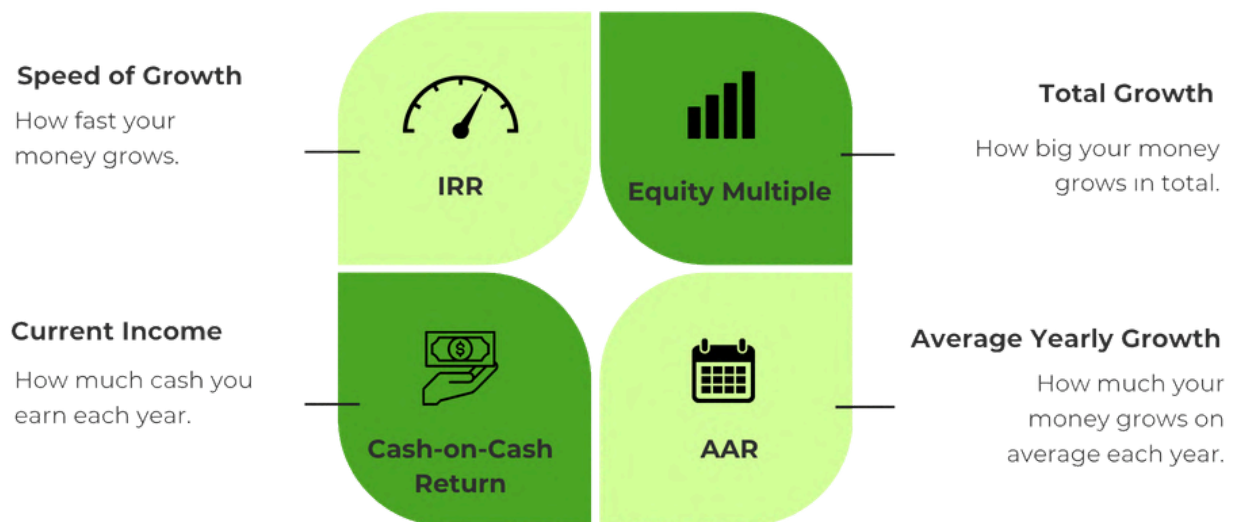


Figure 4: A summary of the four key return metrics discussed in this chapter.

CHAPTER 12 - GROWTH ASSUMPTIONS

Rent Growth Assumptions

- **Tools to Compare Rents**

- [Zillow.com](https://www.zillow.com)
- [Rentometer.com](https://rentometer.com)

- **Looking at Historical Trends**

- Apartment.com Rental Trends - <https://www.apartments.com/rent-market-trends/us/>
- HUD Fair Market Rent Data - [huduser.gov](https://www.huduser.gov)
- Zillow Rental Market Trends - <https://www.zillow.com/rental-manager/market-trends/>

Property Taxes

- **Lincoln Institute's Significant Features**

- <https://www.lincolninst.edu/data/significant-features-property-tax/>

- **The Brookings County Level Map**

- <https://www.brookings.edu/articles/map-property-taxes-in-your-county/>

CHAPTER 12 - GROWTH ASSUMPTIONS

How Exit Cap Rate Shapes Returns

Imagine a property purchased for \$4 million.

Half of that—\$2 million—comes from a loan, and the other half from investors' equity.

There are 20 investors, each contributing \$100,000.

The property's Net Operating Income (NOI) starts at \$200,000 in Year 1 and grows to \$250,000 by Year 5.

Now, let's see what happens when the only thing that changes is the exit cap rate—the rate used to determine the sale price at the end of Year 5.

Scenario	Exit Cap Rate	Sale Price
Optimistic	4.5%	\$5,556,000
Base Case	5%	\$5,000,000
Conservative	5.5%	\$4,545,000

After paying off the \$2 million loan and returning the \$2 million initial equity, here are the profits investors actually receive:

Scenario	Sale Price - Loan Payoff	Proceeds to Investors
4.5 %	\$5,556,000 - \$4,000,000	+\$1,556,000
5 %	\$5,000,000 - \$4,000,000	+\$1,000,000
5.5 %	\$4,545,000 - \$4,000,000	+\$545,000

And for each of the 20 investors:

Scenario	Investor's Share	Per Investor Gain	Equity Multiple	AAR
4.5 %	\$177,800	\$77,800	1.78x	15.6 %
5 %	\$150,000	\$50,000	1.5x	10 %
5.5 %	\$127,250	\$27,250	1.27x	5.45 %

That's a huge difference.

Just a **1% change** in the exit cap rate can swing investor returns by almost **10% per year**.

CHAPTER 13 - FEES

Chapter 13-Figure 5



Figure 5: A summary of the syndication fees discussed in this chapter.

CHAPTER 15 - CAPITAL STACK

Chapter 15-Figure 6

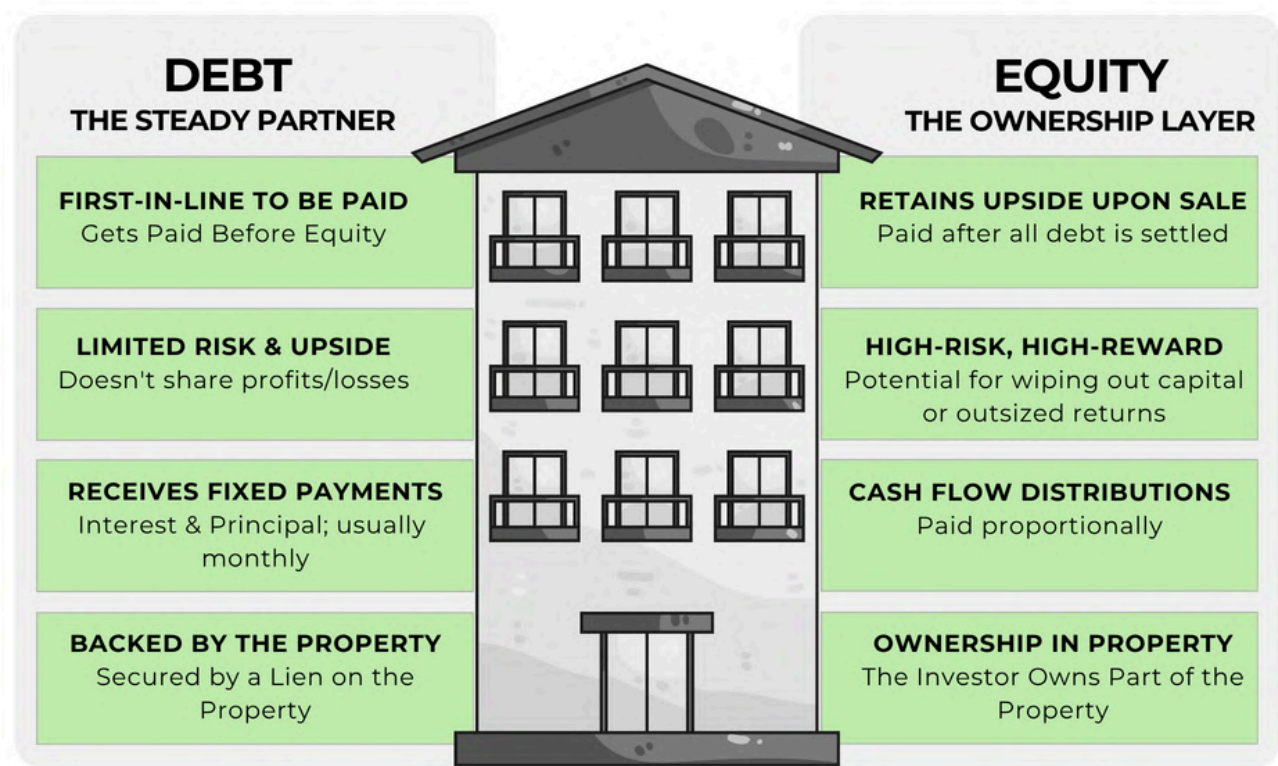


Figure 6: Debt & Equity - The two pillars of a real estate deal.

Why Debt Is a Good Thing—Even for Passive Investors

Imagine you have \$100,000 to invest. You find a neighborhood where homes are appreciating steadily, and houses cost \$100,000 each.

You have two choices:

- **Buy one house all cash.**
- **Or buy five houses**—putting down \$20,000 on each and borrowing \$80,000 from the bank per house.

Now let's see how this plays out after one year.

If you bought one house in cash and it appreciated 20%, that home would now be worth \$120,000. You sell it and make a \$20,000 gain—so **your return is 20%**.

But if you used leverage and bought five houses, and each one appreciated the same 20%, your total portfolio would be worth \$600,000 (five homes × \$120,000 each). You pay back the combined \$400,000 in loans (\$80,000 × 5), leaving you with \$200,000.

You started with \$100,000 and ended with \$200,000—a **100% return**.

Yes, this simplified example ignores loan interest, closing costs, and taxes, but even after those, the leveraged return is still far higher than the all-cash scenario.

That's the beauty of leverage—it amplifies returns.

And that's why debt, when used responsibly, is good for investors.

Chapter 15-Figure 7

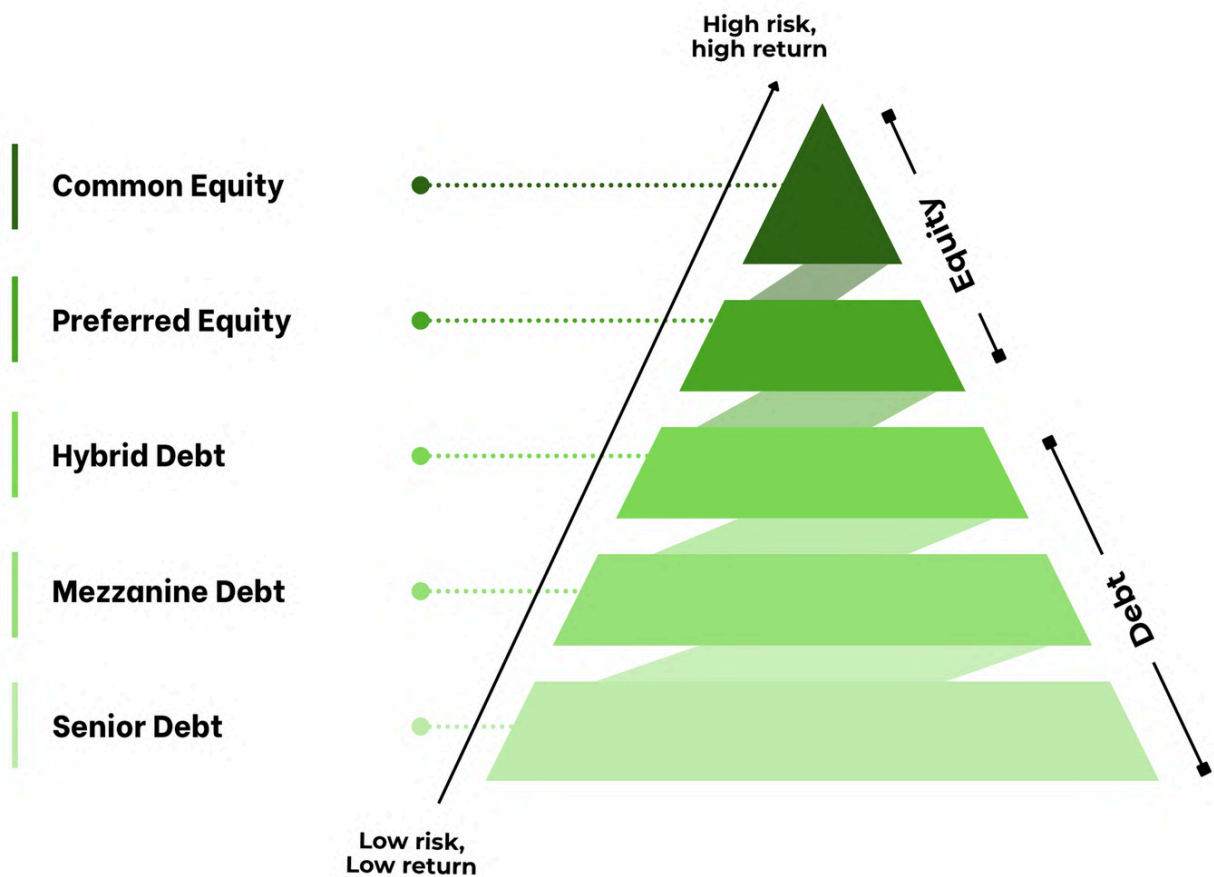


Figure 7: The risk-return structure of a typical multifamily syndication capital stack, showing how each component sits at a different level of priority, risk, and potential return.

CHAPTER 18 - PAPERWORK

Chapter 18-Figure 8



Figure 8: The 5 documents you will receive as a Limited Partner

Chapter 18 -TOOLS & DATA SOURCES

- **Redaction Tool**

- Adobe Acrobat - <https://www.adobe.com/learn/acrobat/web/redact-pdf>

- **Accreditation Verification Platforms**

- VerifyInvestor.com - <https://www.verifyinvestor.com/>
- EarlyIQ - Got bought by InvestorReady. Doesn't exist as independant tool anymore.
- InvestorReady- <https://investready.com/>

CHAPTER 19 - DISTRIBUTIONS AND K1

Chapter 19 - Figure 9

651123
OMB No. 1545-0123

2025

Schedule K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

For calendar year 2025, or tax year
beginning 1/1/2025 ending 12/31/2025

Partner's Share of Income, Deductions, Credits, etc.
See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number _____

B Partnership's name, address, city, state, and ZIP code _____

C If the partner is a disregarded entity (DRE), enter the partner's name _____

D Check if this is a publicly traded partnership (PTP) ☐

Part II Information About the Partner

E Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.) _____

F Name, address, city, state, and ZIP code for partner entered in E. See instructions. _____

G ☐ General partner or LLC member-manager ☐ Limited partner or other LLC member

H1 ☐ Domestic partner ☐ Foreign partner

H2 If this partner is a disregarded entity (DRE), enter the partner's name _____

I1 What type of entity is this partner? _____

I2 If this partner is a retirement plan (IRA/SEP/Keogh/401k), check here ☐

J Partner's share of profit, loss, and capital (see instructions)

	Beginning	Ending
Profit	\$ _____ %	\$ _____ %
Loss	\$ _____ %	\$ _____ %
Capital	\$ _____ %	\$ _____ %

Check if decrease is due to:
☐ Sale or ☐ Exchange of partnership interest. See instructions.

K1 Partner's share of liabilities:

	Beginning	Ending
Nonrecourse	\$ _____	\$ _____
Qualified nonrecourse financing	\$ _____	\$ _____
Recourse	\$ _____	\$ _____

K2 Check this box if item K1 includes liability amounts from loans for partnership ☐

K3 Check if any of the above liability is subject to guarantee or other payment obligations by the partner. See instructions ☐

L Partner's Capital Account Analysis

Beginning capital account	\$ _____
Capital contributed during the year	\$ _____
Current year net income (loss)	\$ _____
Other increase (decrease) (attach explanation)	\$ _____
Withdrawals and distributions	\$ _____
Ending capital account	\$ _____

M Did the partner contribute property with a built-in gain (loss)?
☐ Yes ☐ No If "yes," attach statement. See instructions.

N Partner's Share of Net Unrecognized Section 751(d) Gain or (Loss)

Beginning	\$ _____
Ending	\$ _____

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	14 Self-employment earnings (loss)
2 Net rental real estate income (loss)	
3 Other net rental income (loss)	15 Credits
4a Guaranteed payments for services	
4b Guaranteed payments for capital	16 Schedule K-3 is attached if checked ☐
4c Total guaranteed payments	17 Alternative minimum tax (AMT) items
5 Interest income	
6a Ordinary dividends	
6b Qualified dividend	18 Tax-exempt income and nondeductible expenses
6c Dividend equivalents	
7 Royalties	
8 Net short-term capital gain (loss)	19 Distributions
9a Net long-term capital gain (loss)	
9b Collectibles (20% gain) (loss)	20 Other information
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	21 Foreign taxes paid or accrued
13 Other deductions	
22 More than one activity for at-risk purposes?	
23 More than one activity for passive activity purposes?	

*See attached statement for additional information.

For IRS Use Only

Figure 9: The IRS K1 form for the tax year 2025. The form may change from year to year.

Commonly Used Investor Management Platforms

- **Syndication Pro**
 - <https://syndicationpro.com/>
- **Cash Flow Portal**
 - <https://www.cashflowportal.com/>
- **Covercy**
 - <https://www.covercy.com/>
- **InvestNext**
 - <https://www.investnext.com/>
- **Janover**
 - <https://connect.janover.co/>

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