

Sponsor Evaluation Checklist



Sponsor Name: _____

Date: _____

Backgrounds		
Checked	No.	Description
	1	Does the company have a website?
	2	Does the company lay out its strategy and does it seem conservative and disciplined?
	3	Are the key partners listed with their bios? Does at least one of the key partners have 10 years' experience (through a full market cycle)?
	4	How long has the company been in business?
	5	Google the names of the principals, look them up on LinkedIn and Facebook. Review any articles or books they have written. Does anything raise concern?
	6	Are the principals (or company) active in online real estate investing forums?
	7	Review their marketing materials (deal summary deck, videos, conference call) if provided. Does everything look professional and organized? Is the business plan simple and clear? How do they handle investor questions on the conference call? Do they present themselves professionally and address all questions thoroughly?
	8	What's their reputation? What have the partners got to lose?
Item #	Comments	

Track Record		
Checked	No.	Description
	8	Does the company have a track record that you can review? Start with the company website. For more information, request it directly from the company.
	9	Do you see consistency in the types of projects they are working in?
	10	Are returns at or above the original business plan forecasts? Are returns within industry expectations? Evaluate: Cash on Cash, Internal Rate of Return (IRR), Average Annual Return
Item #	Comments	

References		
Checked	No.	Description
	11	Review references from current investors.
	12	Review sponsor communications with investors to assure that communication is regular, frequent, and transparent.
Item #	Comments	

Investor Relations		
Checked	No.	Description
	13	Does the sponsor collaborate with you?
	14	Does the sponsor have a reasonable communications schedule?
Item #	Comments	

Assumptions and Forecasts		
Checked	No.	Description
	15	Does the sensitivity analysis explain investment returns and their impact on: Occupancy Rent Interest Rates Cap Rates
	16	Are these numbers conservative?
Item #	Comments	

Payout Structure		
Checked	No.	Description
	17	Analyze the splits. Are they conservative and reasonable with industry standards?
	18	If a waterfall is presented, are the targets and payouts reasonable?
	19	If a preferred return is presented, are the targets and payouts reasonable?
Item #	Comments	

Sponsor Fees		
Checked	No.	Description
	20	Is the acquisition fee reasonable and paid as a one-time fee paid to the sponsor at closing?
	21	Is the asset management reasonable and paid out to the sponsor at regular intervals?
	22	Has the lender required any loan guarantors? If so, is the loan guarantee fee reasonable?
	23	Are there sponsor investment commitments? If so, are they reasonable?
Item #	Comments	

Property Management		
Checked	No.	Description
	24	Does the property management company's website lay out a reasonable, conservative strategy?
	25	Are the key partners and their bios listed? Does the information presented make sense?
	26	Does the company have a track record of solid performance?
	27	How many properties do they manage, and what types (classes) and sizes?
	28	Does the company focus on "making a community"?
	29	Is this property a new market or submarket for the manager?

	30	Does the property manager focus on education, training, and processes with state-of-the-art software?
	31	How does the property manager engage with the general contractor?
Item #	Comments	

Asset Management		
Checked	No.	Description
	32	What are the sponsor's key actions, plans, and routines to stay on top of the apartment manager and the community?
	33	Is the asset manager in the same town as the property? If not, is the asset manager stopping in enough to ensure that the property management is on top of its game?
	34	Is the sponsor team transparent and attentive (i.e., monthly emails to investors on project status)?
	35	Does the sponsor team provide financial communications? Quarterly, an investor should be able to get a full financial readout from the property manager on actual versus budget figures.
Item #	Comments	

The Win-Win Experience		
Checked	No.	Description
	36	Overall, do you believe that this deal provides a win-win experience for the investor, the sponsor, the tenants, and for you?
Item #	Comments	