WELCOME TO THE INVESTOR CLUB!

Welcome To Our Investing Community!

[Click Here for Audio Version]

Our community has grown to encompass over 900 investors and acquired assets valued at over $2.1 billion across more than 70 projects. See holdings on GoogleMaps. Most notably, we have distributed over $45 million back to our investors. Throughout the years, our strategies may have evolved, but our core mission remains unwavering: to build a boutique syndication company founded on strong relationships with our partners, including you. Below are some of the most common questions we receive from prospective investors.

You have been given complimentary access to the Syndication eCourse to get up to speed on being an empowered LP in syndications - a separate email should get you instructions to access it,

or email: team@thewealthelevator.com
or call: 808-215-5531 (our team's service line).

If you refer others (please do so via email so we know who they are) we would also like to get them complimentary access - many people do this so they can have a ”study buddy” to go through the intense 8-12 hours of content in that one eCourse alone. Once you complete this content you will know more than most Accredited investors out there (because most Accredited investors are not really that educated) and you will be ready for a "live test drive" event with us to get to meet myself / team / community.

Our 2023 Hawaii Retreat

We recommend bookmarking these key resources:

Direct link to Investor Portal:
thewealthelevator.com/investor-portal

Direct link to eCourses:
thewealthelevator.com/courses

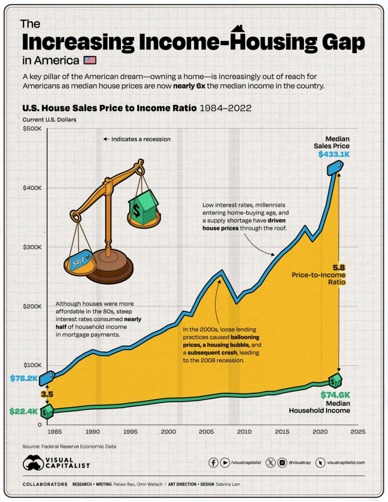
BEFORE YOU INVEST

Why is now a good time to invest?

There have been very favorable shifts in the commercial real estate market off the peak in 2021-2023. Our track record, before the 2023 market shift, showcases our team's capability to exceed expectations. The recent market correction has certainly introduced challenges - which we have survived, the vast majority of our deals have performed through these turbulent times. This is particularly evident in our approach to underwriting and managing risks, as detailed in section 2 of our Syndication eCourse, especially regarding the reversion cap rate.

For new investors, the current market offers a compelling entry point. The asset prices are approximately 30% lower than their peak, presenting a reduced basis in asset prices. This, combined with the insights and resilience our team has developed through navigating the recent market correction, offers a strategic advantage. We're dedicated to conservative underwriting and strategic asset management, positioning us well for future success.

It's understandable to consider the timing for an investment, however, we recommend bridging your investments across many deals and time (same idea as dollar-cost-averaging) to achieve diversification or invest through a diversified fund with many assets.



Our investment thesis remains unchanged due to future market demands (population) and the growing gap in affordable and desirable housing options. As a side note, if you are concerned with inflation (see visual example at visualcapitalist.com/...), there is really no better hedge than real estate which is essentially a diversified pool of commodities that rise with inflation and in addition provides society utility (people need a place to live) which cannot be said about precious metals or cryptocurrencies.

Understanding the unpredictability of the market is always going to be a constant element in any endeavor (unless you are investing in lower-risk T-Bills), and taking proactive measures to control our investment destiny is key. We not only invest in emerging markets (tradewinds at our backs pushing us) but also in actively enhancing the value of these investments through value-added strategies, ranging from modest unit rehabilitations to comprehensive ground-up developments. This is a key shift from the traditional buy-low, sell-high mentality. By improving the physical and operational aspects of an asset, you're directly contributing to its value enhancement. This approach not only increases the asset's market value but also its appeal to tenants and buyers, leading to potential income growth and capital appreciation. Again, the distinction between simply capitalizing on market fluctuations and actively enhancing an asset's value is significant. It's the difference between passively participating in the market (buy-hope-pray model) and strategically influencing the trajectory of your investments. Market fluctuations will occur but if we are value-adding the assets and implementing the business plan we give ourselves the best chance to take our own fate in our hands.

Why have you chosen to move to Developments and branch out?

1) Why buy a 1970-1980s beat-up class B property for $150-160K a unit when you can build it brand new for 180K that could give us 50 additional years of service with lower operation/capex costs? Developments also line up for multiple infinite return situations where we refinance (multiple) all our original capital out tax-free and continue to hold the asset and cash flow for a long long time. As opposed to most value-add Class C or B projects where you want to exit within 5-10 years due to the “capex tidal wave” eventually catching up with the asset and the asset just becoming old. Development projects, while more complex and capital-intensive, offer a higher velocity of money and potential for significant value add, thereby providing an attractive avenue for achieving rapid equity growth and cash flow through strategic refinancing. This strategy, coupled with a meticulous selection of properties based on location and market demand, aims to ensure resilience against market downturns and capitalize on the asymmetric opportunities presented by real estate development. The discussion further delves into the critical role of due diligence, particularly in development projects, highlighting the necessity of a thorough evaluation and strategic planning in the pre-purchase phase. It emphasizes the importance of a proactive approach in managing potential challenges, such as supply chain disruptions, and underscores the value of effective team communication and collaboration in mitigating risks and ensuring project success. More information on evaluating developments can be found in this section of the LP Syndication eCourse.

2) Reflecting on our journey since 2016, it's remarkable to observe our growth and strategic pivots. Initially, our investments were primarily in smaller (under 100-unit), class C assets. These properties, while more affordable, presented challenges, notably in tenant consistency with about 80% payment regularity. As our expertise and team expanded, we transitioned towards acquiring larger class B apartments, targeting properties with 200 to 400 units. Despite our progress, we noticed the market becoming increasingly competitive, crowded with newcomers inspired by those guru-inspired real estate education. This influx heightened bidding wars, inadvertently inflating asset prices. In 2020, we adopted a forward-thinking approach to differentiate ourselves further from the competition. We ventured into development projects, recognizing the higher barriers to entry, such as stringent lending requirements. This move allowed us to leverage our proven track record and experience, setting us apart in a niche where few can compete effectively. Join us as we continue to innovate to stay ahead of the curve!

Not too big, not too new, just right!

There's a broad spectrum of operators, from large institutional ones managing billions and offering stable, though modest returns, to smaller ($500M in assets), perhaps less established operators who might promise higher returns but carry more risk. Institutional operators typically seek large investments too such as check sizes from LPs 500K to 2M range required, which might be inaccessible to individual investors without substantial capital. On the other hand, newer operators with less than $1 billion in assets may seem more accessible and could be enticing through aggressive marketing, but they often lack proven track records. These can be risky as they might still be in the "fake it till you make it" phase. For someone with a net worth under $2-3 million, finding a 'middle market' operator who offers a balance between accessibility and potential return might be the best fit. Avoid both extremes: the institutional behemoths that require hefty investments and the charismatic marketers with minimal real-world experience.

Recent Wins:

1. Harlow Apartments (AZ) sold Oct 2023 (despite the difficult market). 10% ROI/year!
2. Silverstone Apartments (AL) sold Aug 2023 - Purchased at $5.535M, we’re finalizing its sale at $8.4M
3. Brookridge (AL) sold Dec 2023 - Investors 2x in less than three-year hold!
4. Completed construction of our 230-unit in Huntsville, AL - 🎞️youtu.be/hUoAGZ6MI9M
5. Refinance w/ Cash - El Paso, TX - Class C 309-Unit
6. Fort Worth, TX - Class C 126-Unit (130% in 3.3 years, 40% per year or 50% IRR)
7. San Antonio, TX - Class B 192-Unit (92% ROI in 3.5 Years! 18%+ IRR)
8. Huntsville, AL - Class-C 44-Unit (34% in 3.5 years)
9. Atlanta GA - Class-C 114-Unit (134%+ in 2.5 Years)
10. Investment Summary (LP Investor Returns) - 🎞️youtu.be/TYEZuKiqFVw
    a. IRR 32%, Total Return 129%, Equity Multiple: 2.29X in only 2 and a half years!
11. Huntsville, AL - Class-C 70-Unit (108% in 3 years) - 🎞️youtu.be/DZtlEjALjcY
    a. We more than doubled people's money in three years!!!
12. Huntsville, AL - Class-C 49-Unit (26% in 2 years) - 🎞️youtu.be/DZtlEjALjcY
13. Chattanooga, TN - Class C - 56-Units (98% in 3 years!)

We were beneficiaries of this phenomenon before where we had 2.3X (134%) investor capital in just under 2.5 years. That is about 50% ROI per year - despite having a fire that burned down a few units. Full report on GoogleDrive. The key is to underwrite conservatively (study the Syndication LP eCourse) and get rewarded by a better-than-expected return.

What are your investment goals?

There are three goals of our projects in this respective order:

1. Capital preservation (don't lose money - do what is best for the asset's health in the long term).
2. Implement the business plan of bumping NOI or value-add strategy to achieve a higher price at sale in the business plan timeline.
3. Cashflow. When things go great you never hear anything and that is what we like but in some cases, we have to triage our management decisions based on the earlier.

Our video on this subject: 🎞️youtu.be/zJ-twK85RQg

Business plans and market conditions are always dynamic. We try to balance the safety of our investment with maximizing the returns investors realize. As Mike Tyson says: "Everyone's got a plan until they get punched." We have been punched many times in our billions of dollars of past projects, but most importantly arise from them with more experience to handle the next fight.

How are investments structured?

We structure two ways, either as a:

1) Direct Operator, which is typical of our apartment and development projects.

2) Fund Manager, when we venture out of our area of operator expertise, we invest our funds with carefully vetted operating partners and specific projects.

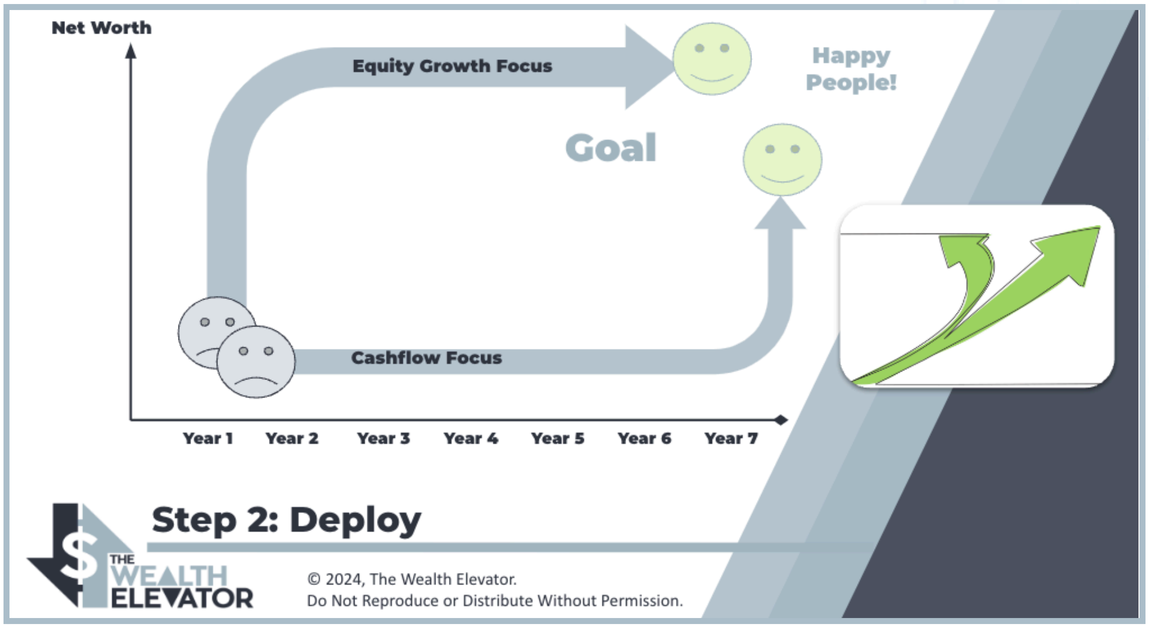
In the Fund Manager role, the operators are responsible for the day-to-day management of the property. We do intense due diligence on each operator before approving them and serve as a large capital provider assuming responsibility for oversight, reporting, and major decisions on behalf of our investors. By investing with us as your Fund Manager, we are often able to negotiate better terms or preferential positioning within the capital stack, akin to the benefits of buying in bulk at Costco. Moreover, should challenges arise, it's a collective—we're all in this together. As your Fund Manager, we would stand as your advocate in any necessary mitigation efforts. This highlights a less-discussed aspect of passive investment. In the rare event that things go awry, passive investors typically face these challenges alone, bearing the brunt of legal expenses and the management of legal representation if you want to go down that path. However, in our community, we embody the spirit of 'ohana'—meaning family. For full details on this structure, read through the Private Placement Memorandum. Many people use free forums or Facebook groups, where sponsorships or referral programs are common. The problem here is that a referring partner or stranger is not actively involved in the resolution process if there are issues. This lack of involvement is what sets us apart in our roles as fund managers or direct operators. We engage more directly, unlike those who are only temporarily connected through financial incentives on the front end.

What is the duration of the deals?

An investment in any project should be considered long-term in nature. Investors should be in a financial position that will enable an investor to hold their investment for the duration, which is projected as up to ten (10) years, or longer for the Income Fund. Development or value add deals can be shorter in length 3-5 years but investors are illiquid in their positions during its entirety. Real estate and value-add projects take time and business plans change, refer back to the earlier question "What are your investment goals?"

How is this different from a REIT?

REITs (Real Estate Investment Trust) are basically real estate holding stocks and are often highly correlated to the stock market's performance. Many investors invest directly in real estate through direct ownership or syndications in order to achieve a portfolio that is non-correlated with the market. Additionally, direct fractional ownership provides investors access to all of the tax advantages that are often unavailable to REIT Investors. REITs typically make the majority of their fees through transactions, while the bulk of our operator fees come after our investors make money.



Do we carry insurance on the asset?

Yes! Insurance is very important which is why we have stayed away from investments outside of the USA and in asset classes like some agriculture where the asset cannot be insured. Below is a further discussion into fires/natural disasters because it does happen and we are well experienced in this.

Here is a list of some of the major impacts we have faced so far since 2023:

1. At least 5 documented fires (three of which burned down the structure - here was one of them that we eventually sold for 129% Total Return or 2.29X Equity Multiple - over the 2.5-year ownership period, which equated to an IRR of 32%).
2. Two full-front hurricanes.
3. Multiple tornados (these are the easiest and the least of our worries because they are the simplest claims and isolated incidents plus there is much city support when it happens).
4. Iowa - In 2018, successfully got a "free" roof by submitting a claim on a hail storm from 2015.
5. One tree fell on a roof, taking out a dozen units.
6. And a freak ice storm in Texas - who knew!
7. Fire in our Huntsville development.
    a. Before Fire Video - youtu.be/DBlg-L6jld0
    b. After 2022 Video - youtu.be/hUoAGZ6MI9M
8. Fire in Phoenix... just a lot of fires but again we just bring in our 3rd party claims adjuster to fight on our behalf.

Dallas, TX 2021: In-progress rebuild of our Irving property that burned down. Upgraded from 1990s to 2022 standards (paid for by insurance company)!

Consider the following:

1) We carry adequate insurance coverage. Since we have a lender/bank on our projects these institutions mandate a higher level of protection as part of their loan requirements, more so than we would feel is cost-effective but is mandated by the uber-conservative bank to over-insure the asset where they have the greatest amount of interest in the capital stack. In our developments, we carry an additional layer of protection with our General Contractors' policy.

2) As with all disasters, we carry commercial-level insurance which includes loss rents. The only trouble here is paying for costs out of our operating account in the period between when the insurance company checks are cut to us the owner. This is why we have adequate working capital, cash reserves, and the sponsors are personally well-capitalized to minimize the chance of a capital call. Even in that extreme circumstance, we have countless ways to cut costs which is why we invest in this type of asset class. In past cases, units have been out of service for weeks or months however in a way we are "off the clock" racking up our loss rent checks even though the units are not occupied.

3) We always get third-party claims adjusters to maximize the claims paid to us. In our experience, we have gotten up to 2-3x what the claim settlement was originally proposed. Most amateur operators would accept these... I know when I was a single-family home investor from 2009-2015 I would have done just that and would not have the capital to pay for a claims adjustor plus the claims adjustor would not want to work my small claims anyway. In many cases, we come out ahead of where we started before the unfortunate incident! Once we were able to use a "hail storm" to get brand new roofs with just the $5,000 deductible on our already perfectly fine roof. However, we are not thrilled when any instance takes place because it stresses our asset management team's bandwidth temporality. We are cautiously optimistic that we can come out ahead!

4) When we had the unprecedented ice incident in Texas in 2021 and all the little mom-and-pop amateur landlords were frantically bugging their overwhelmed property managers who were trying to find any plumber in town, we were knocking out our work orders with our in-house maintenance staff. This was a great example of our staff's ability to be self-sufficient, of course, we do share human resources and some supplies if needed among assets in the same metro, as a side note this is why you see us cluster assets in the same MSA.

5) One of our fires burned down an entire building under construction. In this circumstance, it puts us in a better position because at that point, the GC owns the delivery of the final product and they are ensuring the completed product. Although it is not our job as the owner, Lane's attitude when he was in the construction industry was that every contractor/owner wants a completed project to move on to the next one, and as the owner we want the contractor to complete the project in such fashion to make a fair profit so we can do business again. It comes down to honor. So we do our part to ensure contractors are not cutting corners to ensure a properly paid insurance claim (which would probably result in a huge loss or bankruptcy by the CG) by doing the little things like recommending and in some cases paying for wifi security cameras to keep an eye on expensive materials like lumbar, quality assurance to ensure safety protocols are met, and communicating with municipalities site impacts we feel it's the right way to do business and that we are all accountable to a project that is on time, on budget, and meets expectations. Lane spent 12 years as an engineer mostly on the owner's side overseeing construction and unfortunately, a lot of it was on the boring side ensuring the project was covered insurance-wise, documentation, arguing unforeseen conditions with contractors... or in other words a lot of the stuff that had to be done due to the existence of lawyers and natural disasters/acts of god/human factors errors.

Overall, passive investors should not worry about specific events, and why we always recommend diversifying your portfolio with not more than 5-10% of your net worth into any one deal or seek out diversified funds like the Income Fund. By doing that you can relax and let your GP (who is incentivized to achieve the same goals) do the stressing and leg work that is necessary to manage the asset (and property management team) to maximize the returns.

What legal risks do I assume in this investment?

Your liability cannot exceed the amount of your investment plus amounts distributed to you. Additionally, passive investors carry no lending risk. This is the beauty of being an LP or limited partner.

Is my investment guaranteed?

No. We do not make any guarantees regarding investments in these funds (if anyone does... **run**). Although we underwrite conservatively, higher than most professional underwriters, it is not possible to predict market events. We have seen from our track record of owning billions of dollars of real estate as a GP Operator that once you get into a project anything can happen such as 40-year high-interest rate hikes and even pandemics. Guaranteed investments generally carry very low returns as compared to the potential returns projected for these funds. If an operator has never encountered any issues, it's probable that they haven't managed assets exceeding $1 billion, as we have with over $2 billion. Our experiences and the challenges we've overcome are what we consider valuable lessons, which we carry forward into future engagements.

How do the GP(s) get compensated?

Our team leverages years of real estate experience and our connections to maximize each project's success. We pay our staff via asset management fees and a share of upside profits after investors receive priority distributions. This arrangement is referred to in the industry as the "promote" structure.

Typically, the GP does not receive compensation until the investors have been fully reimbursed and are receiving their returns. This principle marks a significant departure from the way Wall Street operates, where fees are often collected regardless of whether investors realize profits. See the corresponding PPM for specifics on your particular project.

General Partners and Key Principals
(loan guarantors on behalf of the partnership)

Why don't you provide "IRR" (Internal rate of return) projections?

While the Internal Rate of Return (IRR) is a widely recognized metric, it's not without its complications. IRR is distinct from other return measures because it accounts for the time value of money, providing an annualized average return over a specific period. This can be quite insightful, especially as an LP trying to evaluate unique deals with different business plans and timelines. For a straightforward example, investing $10,000 and earning a 7% return annually over five years, compounded yearly, would yield a 7% IRR, assuming the principal is fully returned at the end of the period.

We have chosen to purposely not provide IRRs due to its susceptibility to manipulation which many other operators commonly do. Minor adjustments in the project timeline, such as an anticipated refinance happening in the second year instead of the third or fourth, can disproportionately inflate the IRR, transforming a 13% projection into something as high as 19-24%. This volatility undermines the reliability of IRR as a solitary metric for investment decisions and we would prefer to under promise, over deliver.

As described in the Syndication eCourse numbers section, it is common for other operators out there to engineer the underwriting spreadsheet to present an overly optimistic outlook especially with IRRs. A more general metric that takes out this variability is to prioritize total return over a five-year period. This metric, akin to evaluating a football player's speed through their 40-yard dash time, provides a straightforward, albeit imperfect, snapshot of an investment's potential. It's a method that strives for consistency and pragmatism in selecting the most promising opportunities, foregoing the intricacies—and potential manipulations—of cashflow coming a little earlier or later via IRR calculations.

For a deeper dive into how IRR works and why it may not always serve as the best standalone metric for investment evaluation, we recommend exploring various resources such as 🎞this 1st video and / or 🎞this 2nd video. While engaging with spreadsheets allows for hands-on experimentation with different scenarios.

Are there any other investors I can talk to prior to investing?

Please review the testimonials here.

In accordance with our company's commitment to confidentiality and with respect to the privacy of all our investors, we are unable to disclose or share that specific information. We take the trust placed in us seriously and have stringent measures in place to ensure the privacy and confidentiality of our investor community. As you can imagine we get a lot of these requests and allowing such requests would turn into a part-time (unpaid job) for people to keep doing this for new people coming in. Except if an investor is over 6M or we have common connections where we can verify you.

As an additional thought, we've often pondered the effectiveness of references, considering operators tend to only provide contacts who would share positive feedback. This is why we created the Family Office Ohana Mastermind (FOOM) where accredited investors can connect and foster relationships, share their experiences with investments, and grow in the other aspects of investing (tax strategy, asset protection, and family/estate planning). If you'd like to learn more about the FOOM please reach out to team@thewealthelevator.com

Our 2019 Hawaii Investor Retreat

Can I add a beneficiary to my investment?

There isn't an option to add beneficiaries in our private placements, typically our other investors discuss this with their estate planners as they set up beneficiaries with their personal trust/wills. Please make sure you have your correct information in your signing portals to make sure we know who to get a hold of if the unfortunate happens.

Who can invest?

Check out this 🎞️resource video. Most of our investments are open to Accredited investors. Since our offerings fall under Rule 506(c) of Regulation D, investors will be required to verify their Accredited status through a third party such as a CPA, financial advisor, attorney, or a service like parallelmarkets.com or verifyinvestor.com. However, the best practice is to get a third-party letter from your CPA or lawyer, often for no cost. Reach out to our team for simple form letters to make it easy for your service providers to 3rd party certify you, then load that PDF into our portal. Accredited Investors are individual investors who either have a net worth of at least $1,000,000, excluding the value of one's primary residence or have earned income over each of the last two years of at least $200,000 and have the expectation to make the same amount in the current calendar year. If you don't qualify under that standard, you can choose to combine your income with your spouse and the new threshold for qualification would be $300,000.

In addition, entities such as LLCs, partnerships, corporations, nonprofits, and trusts may be Accredited investors. Of the entities that would be considered Accredited investors and depending on your circumstances, the following may be relevant to you:

1. any trust, with total assets in excess of $5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person; or,
2. any entity in which all of the equity owners are Accredited investors.

Where do I see what is open to invest?

Check out our investor portal via this link. If you are looking to deploy capital with us or have a specific question about an open deal, book a call with Peter our Director of Investor Strategies here: calendly.com/peter-twe, or call (808) 698-5853

Are these offerings confidential?

We ask that you maintain confidentiality in our projects through a gentlemen's agreement because we aim to protect our competitive edge. By keeping offer and bid prices private, we prevent competitors from leveraging this information within the broker or seller community. Additionally, we safeguard our innovative strategies, for example our focus on private equity arrangement in 2022 and our shift towards developments in 2020, to prevent others from imitating our leading approaches. That said, if you have friends/family you would like to get added to the list or get access to the educational content please connect us via email.

How do I Connect with Lane?

After we surpassed $1B of assets owned in 2020, we needed to expand the team (with better skill sets), and therefore our communication methods needed to change. At one time when our investor club was under 300 live investors in the 2016-2018 period, we were able to interact with investors frequently. After going full cycle on many deals, our investor community has expanded significantly, now encompassing over 900 active members who have collectively received $45M in distributions, alongside a portfolio growth to $2.1B in assets. Thus it has made it increasingly challenging to sustain the personalized Zoom/phone calls that were once a cornerstone of our relationship-building efforts. That said please understand that we have diverted our key principal team to managing the assets and searching for and negotiating future deals for our community.

2018 Lane involved in Masterminds
to connect with the best operators in the country

Other than our 🎞️expanded investor relations team, here are the current ways to connect:

1. Investor Education Webinars (Every Third Saturday at 10AM PST) - Register Here (Zoom)
2. Office Hours & Open deals questions (Every 1st Saturday at 10AM PST) - Register Here (Zoom)
    a. 23.08.20 🎞️Syndication eCourse (Part 1: Intro)
    b. 23.08.27🎞️ Syndication eCourse (Part 2: Structure)
    c. 23.09.18 🎞️Syndication eCourse (Part 3: People)
    d. 23.10.18 🎞️Syndication eCourse (Part 4: Numbers pt1)
    e. 23.11.18 🎞️Syndication eCourse (Part 4: Numbers pt2)
    f. 23.12.16 🎞️Syndication eCourse (Part 5: LP Checklist)
    g. 24.02.17 🎞️Syndication eCourse (Part 6: PPM Documents)
    h. 23.13.19 🎞️Syndication eCourse (Part 7: Other Asset Classes)
3. Join the Family Office Ohana Mastermind (FOOM) to build a more personal relationship (see next page)

THE WEALTH ELEVATOR

JOIN OUR FAMILY OFFICE OHANA MASTERMIND!

What is the Family Office Ohana Mastermind (FOOM)?

You are welcome to invest in our offerings regardless of if you are in our FOOM or not.

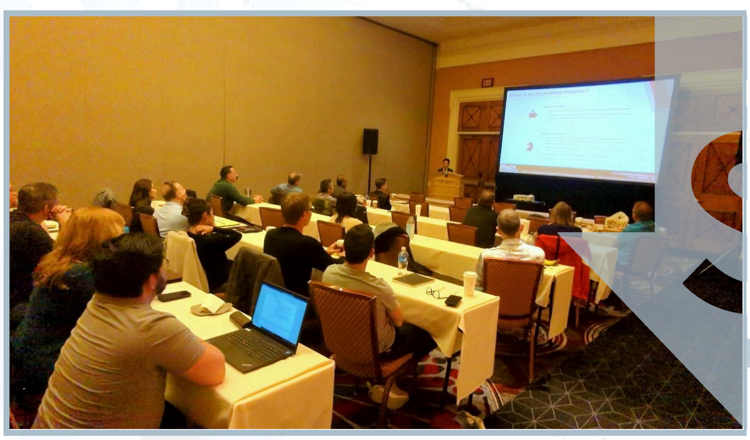
The biggest part of being an Accredited passive investor is building your network of other peer purely passive investors. We urge you not to waste your time at the local REI Club, meetups, or those free online forums because it is filled with non-accredited investors who are into house flipping.

- Mostly Accredited high paid professionals to connect with personally and build your own network (currently 105+ members).
- 27 modules in a closed membership site.
- Bi-weekly Zoom Video calls (100+ on-demand recordings a year plus all library of past calls).
- Two in-person retreats annually (nonmembers get to only "Test Drive" our events out once).
- We are more than deal vetting / investing; we share the best practices for Tax, Legal, Infinite Banking, and Legacy creation.
- Now with a membership coordinator to help facilitate what you are doing and connect you with the right people in the group (if you are shy).
- (1) strategy consult with Lane to discuss developing your own family office or sharp-shoot a potential deal.
- Education scope is one-third deal vetting/investing, one-third Tax and Legal guidance to create your own Family Office, and one-third Infinite Banking and other 🎞️Legacy creation tactics.
- New members are given at least one mentor to help them individually.
- We now have mini mastermind groups where we split the larger group of 8-10 people (based on net worth and industry) who build stronger relationships. Some of these are geographic bases and those members meet routinely in person.
- Here is a sample of the level of detail we get into the Mastermind (behind the paywall):

  Sample 1: 🎞️youtu.be/zfObEfPuZIc

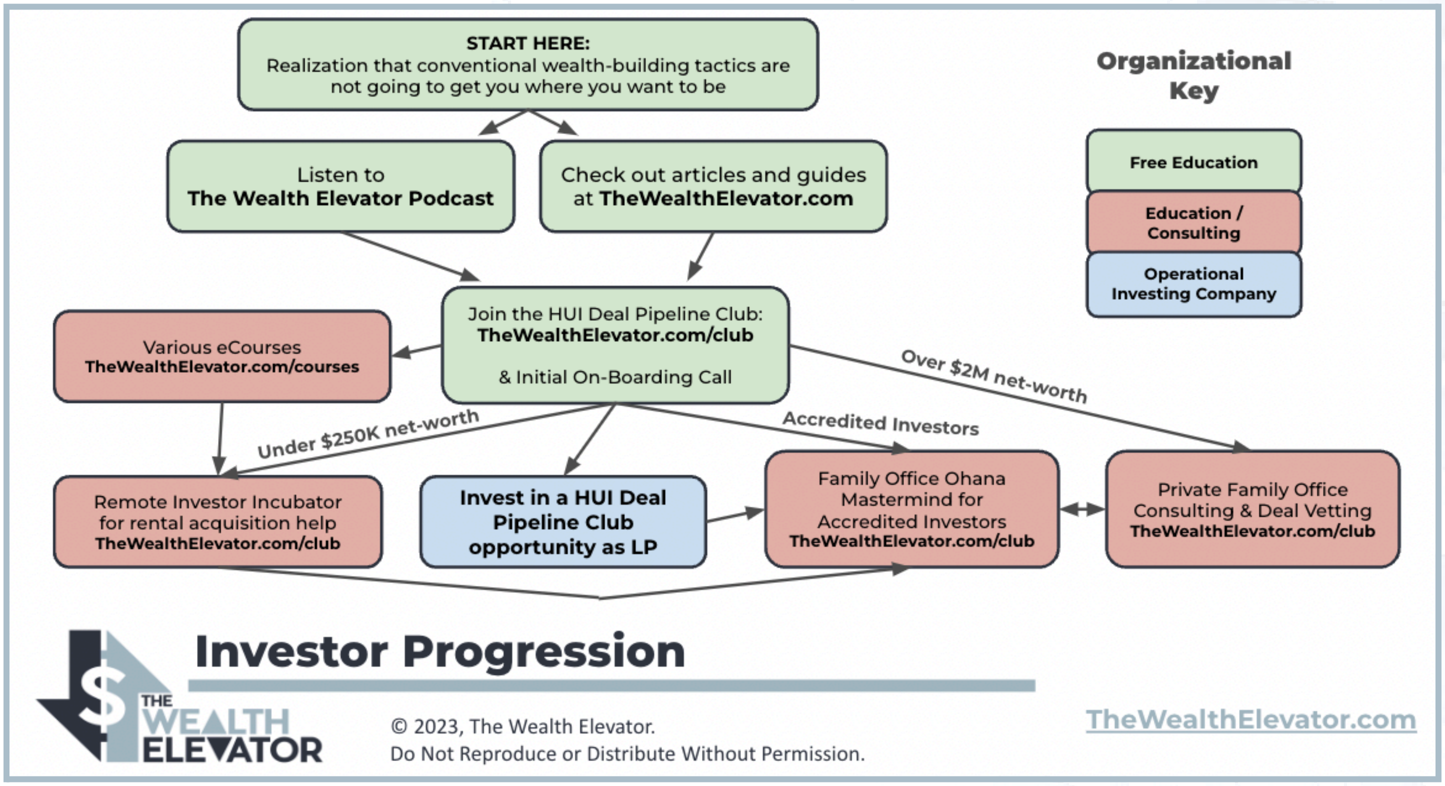
  Sample 2: 🎞️youtu.be/MHcRlMHNhEg
- Email our Director of Membership, peter@thewealthelevator.com for more info or apply here.

When I first learned about private placements or syndications in 2012, I thought it was a Ponzi scheme. As I have mentioned in my first deal I went in as a Limited Partner (LP) and I lost $40,000 because I worked with a shyster. If only I had the network to be able to ask around about the deal or operator I likely would have not done that deal. I would eventually step on more "landmines" in terms of people in 2016-2018 but soon got traction in my network to know who was who out there. Navigating your first few years as a private investor is a bit of a journey, my hope is to assist you in this process as much as possible. This is the concept of "The Wealth Elevator" is to send the elevator back down for the next guy and help those making the journey.



2024 Las Vegas Investor Retreat

2023 FOOM group in Hawaii

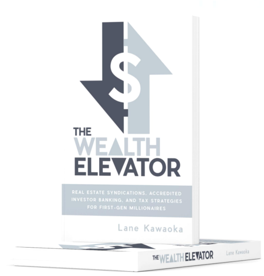


What are the next steps?

1. ✅ Complete your on-boarding call with our team to understand which floor of the elevator you are at
2. Get access to the eCourses. Email team@thewealthelevator.com or 808-215-5531 is our team's service line
3. Complete Syndication LP eCourse, refer a friend via email so they can be your study buddy
4. Book call with Investor Strategies team for deals open for funding
5. Come to Investor Education Webinars (Every Third Saturday at 10AM PST) - Register Here (Zoom)
6. Office Hours & Open deal (Every 1st Saturday at 10AM PST) - Register Here (Zoom)
7. If Non-Accredited investor under $500k net worth, complete Remote Rental eCourse and Incubator
8. Complete Accredited Investor Banking eCourse, and email bank@theWealthElevator.com for a policy illustration
9. Let us know if you need a referral to 💼 CPA ⚖️ Lawyer or other vendor here (Google form)
10. Complete Passive Investor Banking eCourse (if time permits)
11. Test Drive an Event to meet the team and community; our annual retreat is typically in January
12. Join the FOOM!

Further learning:

1. Subscribe to and (5-star review!) the The Wealth Elevator Podcast
2. Subscribe to The Wealth Elevator YouTube Channel
3. Check out the The Wealth Elevator Book



TAXES

What are the tax benefits or advantages of investing in syndications?

Syndication deals can provide several tax advantages to an investor:

- Cash flow distributions will often flow to you on a tax-deferred basis as passive income.
- Proceeds from refinance events typically come to you with no immediate tax obligation as it is loan proceeds, not a capital gain.

Other tax resources:

- thewealthelevator.com/costseg
- thewealthelevator.com/tax
- 🎞️How to offset your capital gains syndications
- Past Coaching calls here

This is not professional tax advice and should not be relied upon for making investment decisions. Investors should consult with their financial advisor, accountant, and/or tax attorney for tax advice specific to their particular needs and objectives. Please let us know if you need a referral to 💼 CPA ⚖️ Lawyer or other vendor here or reach out to team@thewealthelevator.com

What is a K-1?

Similar to a 1099, a K-1 form is an accounting of the tax income for the year. It is a very simple form in comparison to a Schedule E or C and makes filing for passive investors with dozens and dozens of K-1s easy (with the right CPA). 🎞️Here is a video with additional information.

When are K1s going to be sent?

K1s are targeted to be sent out by mid to late March. We wrap up all final bills/late rent checks by late February and rush our document to our 3rd party tax team who work on the returns. At that time it's in the CPA's hands to complete and sometimes we might strategically file later in the year to see how tax law formulates if we feel it is an advantage to the partnership.

With that said most investors always extend to file taxes in October. In fact, only an extension form is really due on April 15 whereas the 1040 forms are truly due in October. By extending you 1) allow your personal tax return preparer a longer timeline for proper completion for better quality, 2) you can see the latest changes in the tax code unfold through the summer which might allow you to make changes in your tax strategy (S Corp split optimization, retirement fund allocation), 3) plus some think that giving the IRS six fewer months to audit your file is prudent too. Video on this topic 🎞️here.

Below is a message from our CPA that we wanted to pass along:

For LLCs and Partnerships

The IRS deadline is March 15, but we encourage you to file extensions for both your personal and business tax returns. An extension **does not** increase your risk of audit. It does, however, reduce the chances of filing an incorrect return in the rush to get information together by yearly deadlines. Filing a business extension also gives you time to contribute to retirement plans that your business may sponsor. Extensions provide an additional six months to file but do not provide additional time to pay taxes. When you're ready to file an extension, we will help determine if you need to make a payment with your extension. Extended returns are due September 15.

For Individual Tax Returns

The IRS deadline is April 16, but we encourage you to file extensions for both your personal and business tax returns. Extensions provide an additional six months to file but do not provide additional time to pay taxes. When you're ready to file an extension, we will work with you to determine if you need to make a payment with your extension. Extended returns are due October 15.

LOGISTICAL

What are the steps to invest?🎞️youtube.com/6PlUH-xQwvY

Here is an outline of the steps below:

1. Create an account in the (signing) investor portal, you might have to upload a third-party Accreditation form.
2. Fill out an investment commitment and electronically sign the investor documents.
3. Wire your funds and mark that you have done so in the portal so it will alert us that you have done so. For added security, please ensure to obtain the wiring instructions exclusively from our secure portal, and exercise caution with instructions sent via email.

Do I receive a wire confirmation when I fund? 🎞️youtube.com/qINFaoB22ZM

Once your funds arrive it will take an additional 1-2 business days to settle into account (where someone can view the wire details like who sent it and how much was sent). Once the funds settle, we will mark the funds received in the signing portal and that will automatically send an email from our team confirming your wire was received. In addition, you can check in your portal to see that it was confirmed, if you forgot to activate the alerts or missed the email. *If you do not see that notification email, or your portal does not show the wire received, please email us 3 business days after wiring.*

Can I send a check/ACH instead of a wire?

We do not accept checks because they take a long time to send, don't clear right away, and may get lost. Also from a security standpoint wires are more trackable. Lawyers say checks get lost in people's personal bank account ledgers where wires have external records and are better to be used as evidence.

Is it recommended to hold all investments in one LLC or create multiple LLCs to hold each investment?

Generally, our investors opt to not use any LLC let alone multiple ones due to the low nature of liability as an LP limited partner. There are some other nuances based on your personal situation so we recommend attending Lane's next office hour to discuss further. And of course, we are not attorneys so let us know team@thewealthelevator.com if you need a referral to 💼 CPA ⚖️ Lawyer or another vendor.

Is there a need to have or renew my Accreditation letter? 🎞️youtu.be/hoIUaLgG0_0

If you need a sample accreditation letter to send to your CPA/lawyer to sign, please reach out to the team team@thewealthelevator.com to receive a template.

Do you accept IRA, SDIRA, ROTH IRAs, QRP, Solo 401ks, C Corps, and S Corps? 🎞️youtube.com/AdoJruvqNSA

Yes we do!

Do you accept 1031s into the deal? 🎞️youtu.be/ziEbO_tayrU

Typically, our structure does not involve directly facilitating 1031 exchanges unless an investor is contributing significantly, in the realm of a few million dollars, which could potentially warrant a Tenant In Common (TIC) arrangement. We would suggest mitigating taxes through an alternative to the 1031 exchange called the "lazy 1031 exchange". Investors get ample bonus depreciation in syndications, which often outweigh the benefits of a 1031 exchange and associated fees. We believe that engaging in a 1031 can inadvertently limit an investor's flexibility, potentially locking them into less advantageous positions over time.

For instance, when Lane sold off his rentals in 2016 he offset $200k of capital gains with an equal amount of passive losses accrued through syndication investments in 2014-2016, bypassing the need for a 1031 exchange entirely. The reality is that 1031 exchanges, while deferring taxes, come with stringent timelines and constraints that can make them impractical for most investors. Especially in a market that favors sellers, finding a "hot" deal within the 45-day identification window is exceptionally challenging, and the process may not align well with the investment opportunities that syndications offer.

Moreover, considering the financial profile of most investors we work with, who typically enjoy substantial annual cash flow and liquidity, participating as a Limited Partner (LP) in syndications tends to offer a more scalable and diversified investment strategy. This not only facilitates exposure across various markets and asset types but also aligns better with tax-efficient strategies, leveraging cost segregation for bonus depreciation, which effectively makes the traditional 1031 exchange an obsolete method.

Should you have a considerable capital gain scenario you're navigating, I'd recommend discussing further, as there could be alternative strategies to a 1031 exchange that would suit your situation better, especially given the administrative complexities and limitations associated with a 1031 exchange and TIC arrangements for syndication involvement. This is detailed in IRC Sec. 469(g)(1)(A). Here is an article that explains it in-depth: thetaxadviser.com/...

Who do I reach out to for investor support?

For Investor Relations requests please send us an email at: team@thewealthelevator.com

We don't want to lose track of your request and so we can route your request to the right team member. 808-215-5531 is our team's service line too if you want to reach out to us during business hours.

OUR STORY

Our 2022 Hawaii Investor Retreat

In 2007, Lane Kawaoka, PE began his engineering career with hands-on management of construction crews with BNSF Railway to municipal projects with the City of Kirkland, before moving on to the State of Hawaii's Department of Transportation focusing on airport projects, and eventually taking a position within the federal government in facility management.

Parallel to his career in engineering, in 2009, Kawaoka ventured into the real estate market, purchasing his first rental property. Starting as a “side-gig”, this expanded over the years, as he gradually expanded his portfolio, acquiring a duplex in Seattle and then extending his investments out of state, amassing a total of 11 rentals by 2015. By expanding his network with other Accredited investors (which is why we emphasize your network) he transitioned his remote rental properties and laid the groundwork for his subsequent foray into syndications and private placements, both as a passive investor and a general partner. Lane left W2 employment to focus full time on the real estate investment company in 2018.

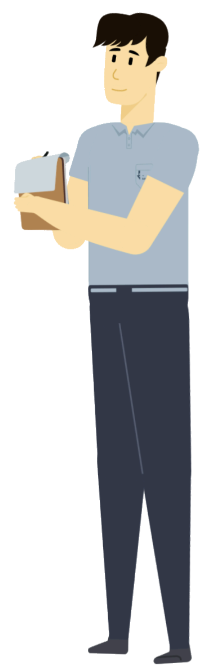
Kawaoka's journey into real estate investment was not without its challenges. From 2012-2018, encountered issues with trust with partners, navigating the complexities of dealing with less-than-reputable operators (under $1B in assets) in the industry, which led to some setbacks, including a situation where he had to oust a fraudulent general partner. Despite these hurdles, his investment strategy proved successful, enabling the investor group he led to grow significantly. By 2020, amidst the pandemic, his group's strategic positioning which many other investment groups sitting on the sideline allowed him to surpass $1 billion in assets. As a company, this was also a period where the team was created with better skill sets and experiences in specific areas of operation that allowed Lane to focus on business development and finding new deals. This allowed the portfolio to survive the correction in 2023 (caused by 40-year high interest rates) and gave our team immense experience to weather future storms once in operation and evaluate future opportunities that come across our desk.

In 2020, the establishment of a development arm, focusing on sectors like workforce housing added another investment product for our community in addition to the traditional and competitive “light/medium value add class C/B” multifamily repositions. Going into developments was also driven by the observation of widening economic disparities between the rich and poor, positioning his investments to benefit from long-term demographic and economic trends.

Looking forward, Kawaoka and his team are exploring opportunities beyond real estate, venturing into venture capital and private equity, thanks to their extensive network and industry relationships. This next chapter aims to leverage these connections to access higher-quality projects and partnerships on the Family Office level, focusing on sectors that align with their investment philosophy and the broader market trends they anticipate will shape the future.

As they navigate these new avenues, Kawaoka emphasizes the importance of adaptation and evolution in their strategies, inviting others to join in the unfolding journey of their investment group's next chapter.

INVESTMENT PHILOSOPHY



1. **Long-term investment horizon:** focus on meeting the essential needs of the general public that are expected to become increasingly important in the future and are resistant to recessions and industry disruptions or technology advancements. This includes addressing real estate demands driven by population growth, as well as exploring solutions outside traditional asset classes to cater to broader human necessities.
2. **Seek emerging markets:** diversify holdings in the best growing markets with population and economic growth. We don’t count on appreciation to happen but when it happens it's the icing on top of the cake.
3. **Emphasis on purchase price and buying from sellers with non-economic reasons for selling** (estate sales, partnership dissolutions, or strategic divestitures): we don’t buy distressed assets (properties under 70% occupancy) but from sellers who are motivated to lower their pricing due to their overall situation.
4. **Focus on controllable factors:** Value creation through forced appreciation by driving NOI, reducing expenses, increasing occupancy, and upgrading assets.
5. **People:** We prioritize collaboration with individuals and entities that uphold the highest ethical standards and moral integrity, ensuring that all our stakeholders—be it our customers (tenants), contractors, staff, or investors—are treated with the utmost respect and fairness.