



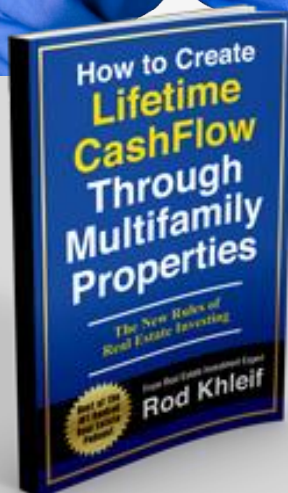
The  
Lifetime CashFlow  
Academy

# Lifetime CashFlow Through Multifamily Properties

**Thank you for  
investing in your  
future!**

You're about to begin the most comprehensive multifamily investment course on the market. You'll find in this course all the tools you need to be successful, but only when you take action.

Many people buy courses and never use them, but you're different!



## Rod Khleif

*Author of **How to Create Lifetime CashFlow Through Multifamily Properties***

*Host of the #1 ranked Real Estate Podcast on iTunes:  
**Lifetime CashFlow Through Real Estate Investing***

**BONUS  
MODULE**

**The 5-30 Unit Sweet Spot**



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*Through Multifamily Properties*



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## The 5-30 Unit Sweet Spot

### The Advantages of 5-30 Unit Properties

#### Little Competition

Real Estate Investment Trusts (REIT), hedge funds, and other huge players buy 100+ unit apartment complexes or very large single family home portfolios. They don't bother with 5, 12, and 15 unit buildings, or even 30 or 40 units.

So you're competing against other individual investors or small investment groups.

Example: A young couple in Houston bought a 32-unit apartment building. All they did to find it was mail 300 letters. They now have a net cashflow of \$10,000 a month for life!

#### Perfect Size

You won't find an overwhelming number of 5-30 unit properties in any given county. That makes it manageable to market to each and every one of them. On this smaller scale, you can build relationships with the owners. It's not overwhelming and direct mail works well.

#### Same Work, More Profit

Duplexes, Triplex's and Quads (2-4) unit buildings are considered residential. Their values are based on comparable sales, while the value of 5+ unit buildings are valued based on the NOI.

Each dollar you raise the NOI on the 5+ unit increases its value. It's exponential and doesn't depend on comps like the 4 unit and smaller properties.

As we covered in the course, there are many ways to improve the NOI by increasing income and decreasing expenses.

#### Seller Financing is Common

Seller financing on smaller 5-30 unit apartments is much more common than on larger complexes. If you target smaller complexes that have been owned 20 plus years, they are often owned by elderly people. They are looking for retirement income, and seller financing can provide it to them as well as create a fantastic deal for you. Seller financing is a win-win for both of you.

## Flexible Sellers

Almost all small apartments are owned by mom and pops, individual investors, and small groups. These sellers don't need to have a board of director's approval so you can be very creative in deal structuring and financing.

Dealing on this more personal level gives you a chance to bond with them and help each other.

## Save Time

When dealing with 2-4 unit properties, you ideally need to see the property and comparable properties before you make an offer. But properties with more than 5 units are businesses. Because they're driven by numbers, you only need to see the income and expense reports to start the offer process once you've done your market research and basic due diligence all from your laptop.

## Less Turn / Longer Term Tenants

It varies from property to property, but smaller complexes and buildings tend to have less turnover compared to larger complexes. Maybe it's the more "home" like feel that encourages many to stay for decades. With turnover being one of your biggest expenses, this tenant retention is a big advantage.

## A Lot of Potential Buyers

I prefer holding forever, but if you want to sell, it's not hard with smaller complexes. You have several pools of buyers:

- Single family investors who want to move up
- Single family investors who are burned out
- Multifamily investors
- Single family investors will want to "move up" to a 6-10 unit but not a 60 unit

At REIAs when everyone is pitching houses, you'll be surprised by how much interest you get with a few plexes or small apartments.

## Easy Management

On complexes with 10 units and under, management is not as hard as you may think. You can give one resident a discount on rent to show units, make units ready for new tenants, and be your "eyes and ears" at the property. You don't need a large staff, which reduces expenses.

## Easier to Take Down/Financing

Local and smaller banks love to finance smaller apartments in the local area. It's also easier to work with and build relationships with them. Closings on smaller properties are typically faster as well.

## You Can Own it Yourself or With 1 or 2 Partners

Because you'll need less equity to take down the deal you can regularly be the sole owner or involve just one or two partners/investors. You won't need to syndicate. With large apartments and syndications you would have to give a lot more of the equity away.

## Mentally Easier

The amount of work needed to take down a 30 unit is similar to a 100 unit property. However, many people are afraid and overwhelmed to take down a larger property. Mentally it's easier to grasp and take action on a 30 unit. It's less overwhelming and intimidating.

Smaller complexes are a good place to start. I started small too. There's less fear, and any mistakes you might make will be smaller.

## Higher COC Return & Cap Rate

Smaller properties regularly have a higher Cash on Cash return and higher Cap Rates.

## More "Value Add" Opportunities

Mom and pop owners of small apartments are often afraid to raise rents in fear of tenants getting mad and moving out. They become more attached and don't treat their properties like businesses as you've been trained to do. This opens up a huge value-add opportunity in raising rents to market and making improvements that may have been neglected over the years.