









THE BEST ASSETS TO ASSUME AND AVOID

These strategies work best with **stabilized assets**, meaning they are already operating at close to their highest and best use. Starting out, you should target smaller assets that are local to you the operator or your buyer.

Some smaller assets less than **\$2 million** in value will not have assumable loans. That is OK if structured correctly.

	Mobile Home Parks	Minimum Size: 40 pads Use a managed <i>lock box</i> to collect payments if not managed correctly
	Self-Storage Facilities	Minimum Size: 100 units
	Smaller Student Housing Complexes	Large, well known NCAA Universities, No "For Profits"
	Suburban Office	Best: "Steady Eddie" Professional Corporate Tenants Such as Title companies, accountants, law firms, doctors and dentists, insurance and financial advisors. AVOID: Realtors®, mortgage companies, oil-related and other economically sensitive tenants who can go dark quickly. Be Paranoid: "Will these tenants be in business the economy sinks into a recession/depression?"
	Land Leases	Minimum Lease Duration: 20 years left
	Retail	Grocery or Pharmacy-Anchored ("Broadline Retailers") Lifestyle Centers Big Box Anchors (rare, but not impossible to find)
	Multifamily	In your market. Must be professionally managed Minimum Size: 8 units (probably not be CMBS) CMBS Minimum Value: \$5 million Class: C or Higher
	Hotels	Minimum Keys: 100 Flagged or already well established and managed boutique hotels. No "Bed and Breakfasts"

AVOID

	Restaurants	Thin margins, completely discretionary and sensitive to weak economic downturns
	Bulk SFR Product	Not attractive to larger investors looking for bigger deals that are considered to be more stable.
	Defaulted, Re-Performing, and Performing Residential Mortgages	Too fragmented, retail investors don't understand the risks. Higher expense to maintain and foreclose. No income coming in. Not attractive to larger investors looking for bigger deals that are considered to be more stable.
	Agricultural	No cash flow or very thin cash flow
	Land	No cash flow. Just expenses such as taxes and insurance. Depending on area, could have environmental issues seller is not willing to disclose
	Senior Living Facilities	Increased liabilities and higher operating expenses. Changes in sentiment in government entitlement programs could render some not profitable to own.
	Healthcare	Increased liabilities and higher operating expenses. Changes in sentiment in government entitlement programs could render some not profitable to own.
	Golf Courses	Generally not profitable
	Special Situations (i.e.: LP Secondaries)	By their very nature not stabilized and not profitable

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