POWDER SUMMIT

RAISING AND INVESTING CAPITAL IN ALTERNATIVE INVESTMENTS

FREE RESOURCE 1 OF 3

IS A SYNDICATION RIGHT FOR YOU?

A SELF-CHECK, AND WHAT YOUR ANSWERS MEAN

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Before you look at a single deal, look at your own situation. A syndication can be a great fit for one investor and the wrong tool for another, and the deal itself has nothing to do with it.

This self-check does more than score you. Each statement comes with what your answer means, why it matters, and what to do next. A blank box isn't a failing grade. It tells you what to fix first, or what to look for instead.

1. Check honestly
Mark only what is true for you today, not what you hope will be true by closing.

2. Read what it means
Under each factor, read the side that matches your answers.

3. Find your next step
Count your checks and turn to Your score for what to do next.

The five factors

FACTOR	THE QUESTION IT ANSWERS	BOXES
Time horizon	Can this money stay put as long as the deal needs it?	1 and 2
Liquidity	Can you live without this money, even in an emergency?	3 and 4
Passive exposure	Do you want to be hands-off, and know enough to judge the people who aren't?	5 and 6
Professional management	Are you ready to vet a person, and then trust them with the decisions?	7 and 8
Projections, not guarantees	Do you see the projected return for what it is: an estimate?	9 and 10

1 Time horizon

WHY IT MATTERS

A syndication buys a property, improves it, and eventually sells or refinances it. That plan runs on the property's timeline, not yours. Three, five, seven, even ten years is normal, and a shift in the market can stretch a five-year plan to seven. You usually can't call it early.

- [ ] 1 I can leave this money invested for five to seven years, or longer if the market shifts.
- [ ] 2 My plans for the next several years don't depend on getting this money back.

IF YOU CHECKED BOTH

Your timeline matches how these deals actually work. Now compare the projected hold to your own plans, such as a retirement date, a business sale, or tuition, and add a cushion of a few years.

IF YOU LEFT ONE BLANK

This money probably has a job to do sooner than a syndication will hand it back. That rules out this money, not you. Invest a smaller amount you can truly leave alone, or wait until your timeline lines up.

Where you are in life matters. A seven-year lockup reads very differently at 35 than at 65.

ASK THE SPONSOR

What is the projected hold, and what happens if the market makes you hold longer? Has that happened on one of your past deals?

2 Liquidity

WHY IT MATTERS

These are private securities, and private securities come with limits on resale. There is no exchange where you can sell your interest, and the operating agreement often restricts transfers. Distributions can start later than projected, or pause.

- [ ] 3 I have an emergency fund and other savings I can reach quickly, outside this investment.
- [ ] 4 I'm comfortable that I may not be able to sell my interest or get my money out early.

IF YOU CHECKED BOTH

You can ride out a paused distribution or a longer hold without being forced into a bad decision somewhere else. That is exactly the position you want to be in when a deal hits a bump.

IF YOU LEFT ONE BLANK

Box 3 blank: the risk isn't the deal, it's your situation. Build reserves outside the investment first.

Box 4 blank: ask what transfer rights exist. Some agreements allow a sale to another investor or the sponsor. Many don't, and almost none at a price you choose.

ASK THE SPONSOR

When do distributions start, how often do they come, and have you ever paused them? Can I transfer or sell my interest, and on what terms?

3 Passive exposure

WHY IT MATTERS

Passive means you aren't running anything. It also means you need enough understanding to judge whether someone else is running it well. If you can't tell a sound business plan from a shaky one, the pitch is doing your thinking for you.

- ☐ 5 I want to be hands-off and let someone else run the property.
- ☐ 6 I understand the basics of how real estate makes money: rents, expenses, financing, and the sale.

IF YOU CHECKED BOTH

You fit the investor these deals are built for. If you are an active investor adding something hands-off next to your own properties, a syndication can round out your portfolio well.

IF YOU LEFT ONE BLANK

Box 5 blank: if you want a say in decisions, you will likely be frustrated. Look at direct ownership or a joint venture where you hold a vote.

Box 6 blank: a passive deal can sound wonderful when you've never owned real estate. Some hands-on experience first, even one rental, teaches you what you'll need to judge a sponsor's plan.

ASK THE SPONSOR

Walk me through how this property makes money, in plain terms: where the income comes from, what it costs to run, and how the debt gets paid.

4 Professional management

WHY IT MATTERS

In a syndication, you hand the decisions to the sponsor: the roof, the rents, the refinance, and when to sell. You don't get a vote on any of it. That means you are underwriting a person as much as a property.

- ☐ 7 I'm prepared to vet the sponsor's experience and track record as carefully as the deal itself.
- ☐ 8 I'm comfortable giving up control of day-to-day decisions.

IF YOU CHECKED BOTH

You are ready for the most important diligence there is: who runs the deal. Look at the full track record, talk to past investors, and ask how they handled a deal that went sideways.

IF YOU LEFT ONE BLANK

Box 7 blank: skipping the sponsor means relying on the pitch deck. Slow down. A deal is only as good as the people running it.

Box 8 blank: if giving up control would keep you up at night, listen to that. It points you toward investments where you keep a say.

ASK THE SPONSOR

Show me your full track record, including deals that didn't go to plan. Can I talk with investors from your past deals?

Ben Banner, Esq., 3 Pillars Law
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5 Projections, not guarantees

WHY IT MATTERS

Every projected return is an estimate built on assumptions about rents, expenses, interest rates, and the eventual sale price. A polished deck can make a projection feel like a promise. It isn't one. Every real investment carries risk, and syndications are no different.

- ☐ 9 I understand the projected returns are estimates, not promises.
- ☐ 10 I could lose some or all of the money from the investment without it fundamentally inhibiting my financial condition.

IF YOU CHECKED BOTH

You will read the risk factors and ask hard questions instead of anchoring on the headline return. That is how you invest with clarity and confidence.

IF YOU LEFT ONE BLANK

Box 9 blank: spend time on the assumptions before anything else. Ask what happens if rents grow slower or the sale price comes in lower.

Box 10 blank: if losing this money would fundamentally hurt your financial condition, it is too much money for this kind of investment. Invest less, or wait.

ASK THE SPONSOR

What assumptions drive these projections, and what does your downside case look like?

Your score

One blank box can matter more than your total. A blank in box 3 (no emergency fund) or box 10 (can't afford a loss) is a stop sign, whatever your score. Fix those first.

8 to 10 You fit the profile syndications tend to suit

Your situation lines up with how these deals work. The risk now moves from you to the deal and the sponsor, so that is where your homework goes.

WHAT TO DO NEXT

1. Get clear on what you want from this money: income now, growth over time, or both.
2. Vet the sponsor before you fall for the deal.
3. Read the offering documents, starting with the fees and the risk factors.

WATCH OUT FOR

Confidence turning into speed. Being a good fit for syndications doesn't make you a good fit for every syndication.

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5 to 7 You may be a fit, with gaps to close first

One or two factors could turn a reasonable deal into a bad experience for you. The good news is you know which ones.

WHAT TO DO NEXT

1. Find your blank boxes and reread what they mean above.
2. Close timeline and liquidity gaps first. Those hurt most when a deal hits a bump.
3. If you go ahead, start with a smaller amount than you planned.

WATCH OUT FOR

Investing now and planning to fix the gap later. The gap shows up exactly when the deal needs patience.

0 to 4 Not yet

A syndication probably isn't the right tool for this money right now. That is a fit problem, not a judgment, and the best time to find it is before you wire the money.

WHAT TO DO NEXT

1. Build your reserves and stretch your timeline.
2. Learn the basics: hands-on experience, education, and rooms full of experienced investors.
3. Take this self-check again in a year.

WATCH OUT FOR

A great pitch that makes the blank boxes feel unimportant.

Plan Ahead: Many syndications are open only to accredited investors. Ask the sponsor what's required before you go further, or before it's too late and you are unable to invest.



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