

How To Structure the Deal

Forming and running a syndication can seem a very daunting task but you have an ace up your sleeve because we will help you along the way to work with the attorneys and raise the capital needed.

You don't have to memorize these details, but you will want to be learning this so you can launch your own in the future.

What is a syndication?

A real estate syndication, essentially a real estate investor partnership, can be a viable way for multiple investors to pool their resources together to fund a single investment.

These partnerships can also open the door to larger investment opportunities like multifamily properties or commercial office buildings.

What is Reg D

Regulation D lets companies doing specific types of private placements raise capital without needing to register the securities with the SEC.

What is the Jobs act

When Congress first passed the JOBS Act in 2012, it transformed investing. First, the JOBS Act allowed entrepreneurs and small businesses to use crowdfunding platforms for fundraising.

This used to be exclusively available to very wealthy families through firms like Goldman Sachs and BlackRock.

Now anyone can register their investment with the SEC and pool funds which is called selling a security. You need a license to sell a security unless you register one of these Reg D Offerings like I'm teaching you.

Next, it mandated that the SEC write rules to allow non-accredited investors to invest in private transactions for the first time.

The Three positions in a Syndication

The Deal Getter

The Money Getter

The Administration

The Deal Getter

This is the tip of the spear.

The deal can't start until we get out in the streets and find one then get the info ready for the Capital Raise team.

This is often called the CIO Chief Investment Officer.

This person is what you are learning to be first.

They will have an infrastructure to find and analyze and present deals

The Money Getter

This is the fuel to the entire operation.

Without capital raised there is no investment.

This is often called Chief Capital Markets officer or Investor relations.

They will have long term connections with high net worth individuals and an infrastructure to connect with and nurture relationships with more.

This person will be attending Charity events and Golf tournaments to constantly network and

The Administrator

This is the oil that keeps the engine moving smoothly.

Without this the engine will burn out immediately.

This is often called a Fund Administrator.

This person will have skills in Accounting, Legal, Contracts, Insurance, Compliance, Systems and Processes.

They will be the one talking to the bank and will likely have an office and business working hours.

This is a person with extreme attention to detail.

They will form entities, setup bank accounts,

What is Rule 506(b)?

Rule 506(b) is part of Section 4(a)(2) in the Securities Act of 1933, which outlines rules companies or investors must follow to sell securities in a private offering.

506(b)'s defining feature: A GP can raise an unlimited amount of money as long as they do not publicly advertise or solicit investments for the fund.

Who can invest in 506(b) securities offerings?

Rule 506(b) permits GPs to raise money from an unlimited number of [accredited investors](#) and as many as 35 non-accredited investors. Non-accredited investors in the offering must be [sophisticated investors](#), and they must be given additional disclosure documents similar to those typically provided in Regulation A offerings. Issuers cannot publicly market a 506(b) offering; this means that GPs raising a VC fund under the 506(b) exemption can't advertise the fund or generally solicit investors.

What is Rule 506(c)?

In 2012, Congress passed the [Jumpstart Our Business Startups \(JOBS\) Act](#) to help the U.S. economy recover from the Great Recession. As part of the JOBS Act, Congress lifted the ban on publicizing securities offerings for issuers who raise exclusively from accredited investors. The SEC created Rule 506(c) to outline the requirements investors must meet to participate in those offerings.

506(c)'s defining feature: A GP can perform general solicitation and advertising without any limitation on how much capital they can raise.

Who can invest in 506(c) securities?

Accredited investors are eligible to invest in 506(c) offerings, but unlike with the 506(b) exemption, the fund's GP must take "reasonable steps to verify" that the purchasers are accredited or hire a third party to perform the verification.