



The Multi-Family Team Builder

- Acquisition Stage Guidebook

As you grow in your real estate career, you will want to engage various real estate professionals to support you in your success. Ensure you are taking the time to finding the right member to be part of your power team.

When acquiring a multi-family building in Canada, assembling a skilled team is crucial for a smooth and successful transaction. Here are the core team members you'll need:



1. **Commercial Loan Broker**



3. **Insurance Agent**



5. **Building Inspector**



2. **Realtor**



4. **Real Estate Lawyer**



6. **Property Management Company**

While the core team members discussed above are essential for the acquisition phase, additional professionals may be needed in the future, such as a general contractor, an accountant, a bookkeeper, an engineering consultant, an environmental consultant, maintenance personnel, etc.

Commercial Loan Broker – Team Member #1

Role: Coordinates with lenders to secure financing on multi-family investment properties.

Cost: Origination fees, broker fees, lender fees, and potential additional fees.

What to Look For: Choose between a commercial loan broker who works with multiple lenders or a direct lender who represents one institution.



Lending on properties with five or more units are classified as commercial mortgages, a designation that affects financing, taxation, and applicable legal regulations. Multi-family properties with five or more units represent just one of the many property types included in this category. It's important to note some brokers cater to investors in both the residential and commercial sectors, while others specialize exclusively in the commercial space.

Commercial loan brokers operate independently. Unlike bank loan officers, they collaborate with multiple lending institutions to find the best financing options for their clients. This flexibility is their greatest strength—they shop around and negotiate on your behalf.

Why do lenders work with brokers?

Brokers help lenders by sourcing deals, saving the lenders time and resources. Brokers earn commissions for their efforts, and in some cases, they may secure you a better rate than you would get on your own. However, brokers typically do not reduce their commissions unless you become a repeat client with a high volume of deals.

Lenders use underwriters to review your application and make the final decision. The underwriter is the key decision-maker, and a broker's relationship with them can sometimes expedite or improve your chances of approval.

While you can work directly with a lender, you'll often find that brokers can offer similar financing because they collaborate with the same institutions. Brokers save lenders money by reducing their need to hire additional in-house loan officers and maintain costly overheads.

Where to Start: Ask fellow investors, real estate groups, or local multi-family property owners for broker recommendations. Word of mouth is invaluable. If you don't have referrals, consider meeting with brokers and lenders to compare options.

Set up appointments with commercial loan brokers and lending specialists. Each meeting will provide valuable insights into your financing options. Comparing brokers and lenders will help you find the right financing partner to support your multi-family investment goals.

Realtor - Team Member #2

Role: Specializes in buying, selling, and marketing multi-unit properties, guiding clients through complex transactions and investment opportunities.

Cost: Paid by the seller to listing brokerage.



It's important to note that multi-family realtors and residential realtors can be one and the same. However, when qualifying a real estate agent, look for one that has specific experience and knowledge of multi-family buildings.

Multi-family realtors are specialized real estate professionals dedicated to assisting clients in buying, selling, or leasing multi-family properties. With their deep understanding of the complexities involved in real estate transactions, they bring valuable skills, knowledge, and resources to every project, ensuring clients achieve their goals effectively.

When searching for a multi-family realtor, look for an individual who possesses a strong combination of interpersonal and professional skills. A great realtor should be:

- **Knowledgeable and Experienced:** Well-versed in local market trends, property values, and investment strategies.
- **Detail-Oriented and Organized:** Meticulous in handling paperwork, inspections, and other essential tasks.
- **Strong Negotiator:** Skilled in achieving the best possible deals for their clients.
- **Effective Communicator:** Able to clearly explain complex concepts and maintain open lines of communication.
- **Empathetic and Patient:** Understanding of clients' needs and able to provide support throughout the process.
- **Proactive and Solution-Oriented:** Anticipating potential challenges and offering creative solutions.

Additionally, a multi-family realtor should be able to:

- **Conduct in-depth market research:** Analyze local property values, vacancy rates, and demographic trends to identify lucrative investment opportunities.
- **Provide data-driven recommendations:** Offer strategic advice based on thorough market insights to help clients make informed decisions.
- **Evaluate potential investments:** Offer expert guidance on property values, potential risks, and expected returns.

- **Navigate due diligence and negotiation:** Assist clients in navigating the complexities of the process to secure favorable deals.
- **Empower clients:** Provide personalized support to maximize investment outcomes.

Clearly communicating your criteria and preferences to a multi-family realtor is essential for finding a property that aligns with your goals. While it's important to understand that not all criteria may be met due to market conditions or budget constraints, sharing your priorities helps your realtor focus their search and present options that best fit your needs. Open communication also allows them to offer professional insights, manage expectations, and explore creative solutions to help you achieve your investment objectives.

- **Budget and Financing:** Specify your budget range and whether you have pre-approval for financing.
- **Property Type and Size:** Indicate the number of units, square footage, or type of property (duplex, triplex, apartment complex, etc.) you're seeking.
- **Preferred Location:** Define the neighborhoods, cities, or regions you're interested in, including proximity to amenities or transit.
- **Investment Goals:** Clarify whether your focus is on cash flow, appreciation, or a mix of both.
- **Condition of Property:** State your preference for turnkey properties or value-add opportunities.
- **Tenant Preferences:** Outline tenant demographics, such as students, families, or professionals, if relevant to your goals.
- **Management Plans:** Indicate whether you plan to self-manage or hire a property management company.
- **Timeline:** Provide your desired timeframe for purchasing or selling the property.
- **Future Development Goals:** Discuss any long-term plans, such as expansion, redevelopment, or resale.
- **Other Requirements:** Mention specific features, such as parking spaces, shared amenities, or zoning considerations.

By partnering with a professional who understands this niche, you gain access to resources and insights that maximize your investment potential and streamline the buying or selling process.

Insurance Agent - Team Member #3

Role: Finds the best insurance for your investment property.

Cost: Monthly premium varies based on many factors, including property value and total amount of payout.



While insurance companies are typically competitive and offer similar rates, it's essential to compare quotes from at least three providers. Shopping around encourages insurance agents to compete for your business, ultimately helping you secure the best deal. When agents compete, you benefit.

What to Look for: Larger companies typically have a more established corporate infrastructure and spread their risk across a broader client base. As a result, they often offer lower premiums for the same level of coverage compared to smaller companies.

It may be beneficial to seek out insurers who specialize in coverage for rental or multi-family properties. These specialized insurers understand the unique challenges and risks associated with investment

properties, such as tenant-related liabilities, property maintenance, and loss of rental income. While they may not always offer the lowest premiums, they provide tailored coverage options that can better protect your investment. Specialized insurers can also offer expert advice on managing risks specific to income-generating properties, ensuring that you are adequately covered in the event of a claim.

Customer service is often the key factor that differentiates one insurance company from another. Dealing with automated systems and endless menu options can be frustrating, while prompt, professional assistance from a knowledgeable representative is invaluable. To evaluate an insurer's customer support, try calling their toll-free number and asking specific questions about their policies and processes. A good company will have trained representatives who can provide clear, accurate information and ensure claims are handled swiftly and effectively. Prioritizing strong customer service can make a significant difference in your overall experience.

Where to Start: The most effective way to find a reliable insurance agent is through a recommendation. You can use the same process you followed to find your mortgage broker and real estate agent to choose an insurance agent. In fact, it's a good idea to ask the person who referred you to your mortgage broker or real estate agent for their recommendation as well. Your realtor can also recommend reliable insurance agents as well as guide you by outlining the documents they will need to provide an accurate quote.

Find an Insurance Agent

- **Comprehensive Coverage Options:** Ensure they offer a range of coverage types (e.g., property, liability, loss of income, etc.) that match your specific needs.
- **Competitive Pricing:** Compare quotes from multiple insurers to ensure you're getting a competitive price, but don't sacrifice necessary coverage for a lower premium.
- **Transparency:** The agent should clearly explain the terms, exclusions, and limits of your policy, so you fully understand your coverage.
- **Claims Handling Process:** Ask about the insurer's claims process to ensure it is efficient and straightforward in case you need to file a claim.
- **Flexibility:** Look for an insurer who can adjust your policy as your property portfolio grows or as your needs change over time.
- **Licensing and Credentials:** Ensure the agent or broker is properly licensed and has the necessary certifications to operate in your province/state or region.
- **Long-Term Relationship:** Seek an agent or broker who is interested in building a long-term relationship, offering ongoing support, and reviewing your coverage regularly to keep it up to date.

Provide All Required Documents: Ensure you provide all the necessary documents and specific information related to the property. It is important to be as accurate as possible and that they receive all the necessary documentation should an event occur that requires a claim to be filed.

Real Estate Lawyer - Team Member #4

Role: Keeps your transactions legal.

Cost: Will vary depending on the documents and agreements that require review.



What to Look for: A lawyer represents your interests during the closing process, handling the majority of the paperwork and coordination involved.

Lawyers play a pivotal role in the sale and closing of a multi-family property by reviewing and ensuring that all contracts and documents are legally sound and aligned with the client's best interests. They will assist in drafting, revising, and negotiating the purchase agreement, ensuring that terms such as price, contingencies, and timelines are clear and fair. Throughout the process, the lawyer will review other essential documents, such as title reports, leases, and zoning regulations, to identify any potential legal issues or risks. During the closing, the lawyer will ensure that all necessary legal requirements are met, facilitate the transfer of ownership, and verify that funds are properly handled. Their expertise helps ensure a smooth transaction and protects the buyer's or seller's rights in complex property deals.

Real estate lawyers typically fall into two categories: litigators, who specialize in handling lawsuits, and transactional lawyers, who focus on contract matters. While some lawyers practice both areas, most tend to specialize in one. If you're involved in a lawsuit or expect to be, a litigator is the right choice. However, if your needs are centered around contracts and transactions, a transactional lawyer would be more suitable.

Real estate law is further divided into many subcategories. Your lawyer should be experienced with legalities and responsibilities in order to facilitate the closing of a multi-family property.

Where to Start: Ask for referrals from your realtor, local real estate agent association, or local bar association.

Use the same process as you did in choosing the other members of your power team.

When selecting a lawyer, it's a good idea to narrow your options down to two or three recommendations. Schedule a meeting with each one and be sure to choose a lawyer who offers a free initial consultation, ideally lasting about half an hour. This gives you an opportunity to gauge their expertise and approach. Additionally, search the lawyer's name online to check for any reviews or news articles. Look for both positive and negative feedback to help you make an informed decision about their reputation and suitability for your needs.

- **Familiarity with Property Leases:** They should have experience reviewing and negotiating multi-unit property leases, as well as understanding tenant rights and obligations.
- **Experience with Financing and Tax Issues:** A lawyer with expertise in handling multi-family property financing, tax strategies, and related incentives can be valuable.
- **Reputation and References:** Research their reputation within the real estate community and ask for references from clients who have dealt with similar property types.
- **Strong Negotiation Skills:** Choose a lawyer with proven negotiation skills to handle complex contracts, contingencies, and any disputes that may arise.
- **Knowledge of Risk Management:** The lawyer should be able to identify and address potential legal risks, including environmental, structural, and liability issues that are common with multi-family properties.
- **Experience with Closing Procedures:** Ensure they are familiar with all the necessary legal steps and documentation for closing multi-family transactions smoothly.
- **Communication and Availability:** Select a lawyer who is responsive, easy to communicate with, and readily available for advice and updates throughout the transaction.

Choosing the right lawyer to manage the sale and closing of a multi-family property is essential for a smooth and secure transaction. A lawyer with experience in multi-family real estate can effectively handle

complex contracts, review important documents, and resolve any legal issues that may come up. By selecting a lawyer with the right expertise and a strong track record, you can ensure that your interests are safeguarded, and the sale process proceeds with confidence and efficiency.

Inspector - Team Member #5



Role: Prepares reports and inspections that lenders require.

Cost: Varies depending on the number of units.

What to Look for: Experience preparing reports on multi-family properties.

Investing in multi-family properties can be a lucrative venture, but it's important to approach it with due diligence. One crucial step in the acquisition process is hiring a specialized home inspector. While a standard home inspection can be beneficial, a dedicated inspector with expertise in multi-family properties can provide a more comprehensive assessment, helping you avoid costly surprises down the line.

Multi-family properties, such as duplexes, triplexes, and apartment buildings, present unique challenges that standard home inspectors may not be equipped to address. These properties often have shared systems and infrastructure, such as plumbing, electrical, and HVAC systems, that require careful evaluation. Additionally, the condition of the property can significantly impact tenant satisfaction and rental income.

A specialized home inspector will examine various aspects of the property, including:

- **Structural Integrity:** They will assess the foundation, walls, and roof for any signs of damage or deterioration.
- **Plumbing System:** They will inspect the plumbing pipes, fixtures, and drainage system to identify potential leaks, clogs, or outdated components.
- **Electrical System:** They will evaluate the electrical wiring, panel, and outlets to ensure they are safe and up to code.
- **Heating and Cooling Systems:** They will assess the HVAC system, including furnaces, air conditioners, and ductwork, to determine their efficiency and overall condition.
- **Roofing:** They will inspect the roof for leaks, damage, and proper ventilation.
- **Insulation:** They will check the insulation levels in the walls, attic, and basement to ensure energy efficiency and comfort.
- **Shared Spaces:** They will evaluate common areas such as hallways, stairwells, and laundry rooms for safety and maintenance needs.
- **Exterior Features:** They will examine the exterior of the building, including siding, windows, doors, and landscaping, to identify any issues.

Ignoring potential defects in a multi-family property can have significant financial consequences. For example, a faulty plumbing system can lead to water damage, mold growth, and costly repairs. A poorly maintained HVAC system can increase energy bills and reduce tenant comfort. Additionally, structural issues can compromise the property's value and safety.

By hiring a specialized home inspector, you can gain valuable insights into the property's condition and identify potential problems before closing the deal. This information can help you negotiate a fair purchase price or allocate funds for necessary repairs.

When selecting a home inspector, it's important to choose someone who is experienced, knowledgeable, and reliable. Look for an inspector who:

- **Specializes in multi-family properties:** This ensures they have the expertise to assess the unique challenges of these properties.
- **Is certified and insured:** Certification demonstrates their qualifications, and insurance protects you in case of accidents or errors.
- **Has a good reputation:** Check online reviews and ask for referrals from other investors.
- **Provides a detailed inspection report:** The report should include clear and concise information about the property's condition, along with photos and recommendations.

By investing in a comprehensive home inspection, you can protect your investment and ensure the long-term success of your multi-family property.

Where to Start: Ask your realtor for recommendations. If you cannot get a recommendation, leverage others within your inner circle, contact a local landlord association or investment groups.

Property Management Company - Team Member #6

Role: Oversees the daily operations, maintenance, rent collection, and tenant relations.

Cost: Between 7% and 10% depending on the services required.



What to Look for: The Property Management company should have a reputable track record and the capacity to manage your property.

Where to Start: Ask for referrals from your realtor, local real estate agent association, or local bar association.

Having a reputable property manager on your team is essential for streamlining property operations and maximizing returns. They take care of critical tasks such as tenant screening, rent collection, maintenance, and resolving tenant issues, which allows you to focus on other aspects of ownership. With their expertise, property managers ensure the property remains well-maintained, compliant with laws, and free from operational disruptions. Their ability to reduce vacancies, improve tenant satisfaction, and maintain the property's value leads to more consistent rental income and long-term success for owners.

They should have the following:

- **Strong Communication Skills:** The ability to clearly communicate with tenants, property owners, and service providers, addressing concerns and resolving issues promptly.
- **Organizational Abilities:** Managing multiple properties, tenant records, maintenance schedules, and financial documents requires strong organizational skills.
- **Problem-Solving Capabilities:** A good property manager must quickly address issues such as maintenance problems, tenant disputes, and unexpected challenges.
- **Knowledge of Local Laws and Regulations:** Understanding property laws, tenant rights, and building codes is essential for legal compliance and smooth operations.
- **Financial Acumen:** The ability to manage budgets, set appropriate rental rates, track expenses, and ensure profitability while maintaining the property's value.

A skilled property manager is essential for the efficient operation and profitability of a multi-family property, allowing owners to focus on their investment's long-term growth and success.

Some lenders may require a property management company for multi-family investment buildings. This is especially common for larger multi-family properties or for borrowers with limited experience in property management.

Lenders may require property management for several reasons:

- **Risk mitigation:** Property management companies can help mitigate risks for lenders by ensuring timely rent collection, maintenance, and tenant screening.
- **Cash flow stability:** Professional property managers can help maintain a stable cash flow by effectively managing vacancies and expenses.
- **Borrower experience:** If a borrower lacks experience in property management, a lender may require a property management company to ensure the property is well-maintained and generates consistent income.

It's important to note that lender requirements can vary depending on factors such as the size of the property, the borrower's experience, and the specific lender's policies.

Therefore, it's crucial to consult with your lender to determine their specific requirements before purchasing a multi-family investment property.

Once you have selected the first six members on your success team, record the information on
The Multi-Family Team Builder – Acquisition Stage Tool
provided with this guidebook.





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