

# SCUTTLEBUTT

A FWCI Monthly Newsletter



**FAIR WINDS**  
CAPITAL INVESTMENTS

MAR'23 | Issue No. 2



## GREETINGS, FAIR WINDS INVESTOR FAMILY!

I hope that all of you are enjoying a prosperous 2023 so far. As we work through acquisitions and fine tuning our existing assets, we are excited about the progress the company is taking in terms of efficiency in operations, deal identification, and investor relations. Onward. Forward.

### LINKEDIN NEWSLETTER

We are delighted to share with you the inaugural edition of our LinkedIn newsletter, which is packed with actionable tips, analysis on industry trends, and insights into real estate investing. Our goal is to provide you with insight and resources that will help you stay informed about the current state of the real estate market. We want to ensure that you have the knowledge and confidence to make well-informed decisions when it comes to investing in real estate, and it is recommended to subscribe to it, so that you get notified whenever we release the upcoming editions.

This edition covers:

- A detailed article on how Multifamily Real Estate syndications are structured and what does it mean for you.
- The top questions investors should ask a Multifamily Syndication before investing
- How does Multifamily Syndication work
- and more ...

Let's dive in.



## ELEVATE YOUR REAL ESTATE INVESTING KNOW-HOW WITH US\*

Tips & Strategies To Create Passive Income Streams, Achieve  
Financial Freedom & Grow Wealth

<http://fwcinvestments.com>

\*FWCI is a veteran-owned and operated company

# PERFORMING ASSETS

738 UNITS ACROSS 5 MARKETS

## CALI CROSSING (134 UNITS – HOUSTON, TX)

We have turned over 82 tenants since acquiring this property a year ago. 72 of those were due to evictions. This is a much faster turnover than what we had originally intended, but this is a blessing as well since we get the tenant community improved faster as well. While income is lower than anticipated due to the high turnover, expenses are tracking along our original projections nicely, which means the end point will match projects once we get the right tenant “fit.”



## HERITAGE (121 UNITS – HOUSTON, TX)

Unfortunately, the property management team that we hired at acquisition was not performing to a point that we felt would sustain the property, so we were forced to bring in another group. Leasington blew us away during the interview process with their vision of marketing to a younger generation looking for bigger units as we certainly lead the market on unit size – one of our tenants has a baby grand piano in her 1 bedroom... The economic vacancy at Heritage was due largely in part due to tenant application conversion rate being sub-par. Leasington takes over at the end of February, and we will be conducting our weekly meetings with them and increasing communications with the limited partners of Heritage to a monthly basis. I will be back out in Houston to see new acquisitions in March and will be inspecting their progress.

## USNA ALUMNI HOUSE (BOUTIQUE HOTEL CONVERSION – ANNAPOLIS, MD)

We have sent out for logo designs on this for when we are finally able to open it up as a Historic Inn and events space.



### **SUNNY BROOK (48 UNITS – CHESAPEAKE, VA)**

The new property management team in Inlet Property Management group has taken us from 65% occupancy up to fully leased! We have started talking to a Freddie/Fannie lender for the refinance, ahead of schedule!



### **OCEAN VIEW 1 (28 UNITS – NORFOLK, VA)**

We are closing on the refinance into permanent debt before the end of February, and will be using Inlet Property Management to further tighten the day to day management before relisting this portfolio for exit later this year.

### **PARK AT BLANDING (117 UNITS – JACKSONVILLE, FL)**

· The operations team is maintaining about a 15% vacancy to get units turned while balancing cash flow to ensure a healthy DSCR (Debt Service Coverage Ratio) that keeps the mortgage paid while maintaining and increasing reserves. While we don't anticipate distributions just yet, the progress here is tracking ahead of schedule.



### **RAINIER DEVELOPMENT HOTEL CONVERSION (220 UNITS – HOUSTON, TX)**

Vadim and I visited the site late January to see that the top three floors have been gutted, and the renovations plan is trending ahead of schedule at this time.

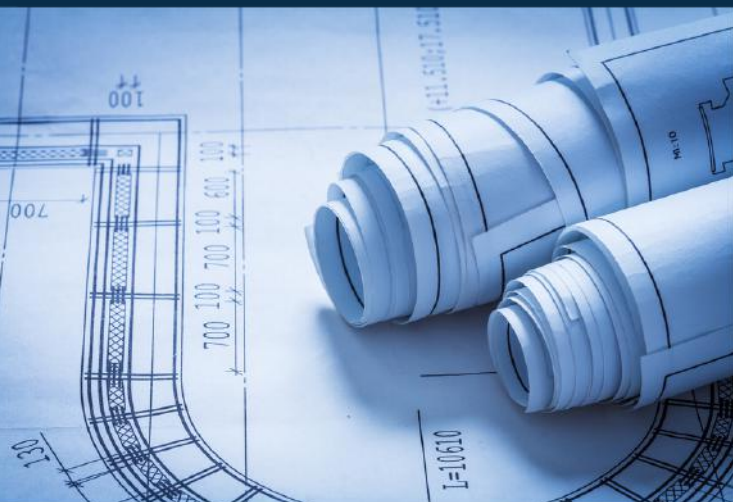
# ACQUISITION PIPELINE

We had Las Palmas II under contract for a month before discovering some items about the surround area and properties that made the price point too risky, which is a lot to say about \$72k/door in Houston. We will revisit this deal in March, after the federal reserves conduct another rate hike of .25%. We have two smaller projects under contract, three offers out for big projects in Houston, and are helping raise capital for a select few partners to give our investor base a plethora of options to grow out their investment portfolios. A term to know for the next update: Master Lease Option (MLO). Simply put, this is like seller financing except the current owner remains the guarantor on the in-place loan. We put up equity to take control of the property, run our business plan, and either sell or place new debt on the property at the new value. We normally offer between 5-15% up front with lower monthly lease payments to have good cash flow upon take over.



## **VERDIR AT HERMANN PARK (224 UNITS – HOUSTON, TX)**

506(C) Accredited Only. · Vadim and I toured this project during our Houston trip, and I've honestly never seen such beautiful skyline views in an apartment complex. Partnering with QC Capital on this A Class 2003 build, we are exceptionally excited to assume the in place HUD loan at 2.5% interest rate with 28 years left on the senior debt! YES – 2.5% fixed interest... God bless HUD! Closing in March, this will provide our investors with some steady cash flow for years to come. This deal will bring the Fair Winds portfolio over the \$100M AUM mark and will be our first A Class property.



## **DIRECTOR'S EQUITY FUND (ALL FWCI PORTFOLIO)**

506(B) for all investors, regardless of accreditation. Taking part in ownership profit of our portfolio as well as the FWCI tax advantages from real estate, investors in this fund should expect 5-7 years of profit sharing until being bought back out after earning a 18% IRR and 2.0x equity multiple.



## OLD POWDER HOUSE AND PORTSMOUTH 8 UNIT (20 TOTAL UNITS – ST AUGUSTINE, FL AND PORTSMOUTH, VA)

This will be a 506(B), so anyone can invest! We'll be closing these in April and are packaging them together to give investors a small but identifiable range of diversification in strategies. The Portsmouth deal is a vacant 8 unit in the best area of Portsmouth that needs significant work to turn into a 10 unit. This should take us about 18 months to work and get fully stabilized. The Old Powder House is a 10 unit bed and breakfast in the Historic section of St Augustine and is steps away from the most tourist centric area in all of North Florida. Also buying the OPH below market, and there is several business efficiency aspects that we can make quick work to change! Location, location, location on both properties.

**FAIR WINDS**  
CAPITAL INVESTMENTS

MULTIFAMILY INVESTMENT OPPORTUNITY  
FOR PASSIVE INCOME & EQUITY

## CARDINAL PARK APARTMENTS

**CLOSING SOON**

Mentor, OH  
57 Units | 91% Occupied

A 506 (c) deal open only for accredited investors

**PROJECTED RETURNS**

- ✓ IRR: 20-23%
- ✓ PREFERRED RETURNS: 8%
- ✓ EQUITY MULTIPLE: 1.92X

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## CARDINAL PARK APARTMENTS (57 UNITS – MENTOR, OH)

Cardinal Park Apartments is a 57-unit, well-located garden-style property at Mentor Avenue in Ohio.

Mentor, Ohio is a suburb northeast of the city of Cleveland and located on the south shore of Lake Erie. Mentor is the largest city in Lake County, Ohio. Lake County is one of the five counties within the Cleveland MSA or "Greater Cleveland". Greater Cleveland has the 34th most populous MSA in the United States.

Over 1,700 companies and more than 59,000 employees call Mentor home. Mentor has 10 industrial parks, which house a diverse range of industries and

over 3,200 acres zoned for manufacturing use. The nearby deep-water Port of Cleveland handles over 200 ships carrying 13 million tons of cargo annually. Top employers in Mentor include The Rogers Company, Steris PLC, Royal Plastics, Polychem and Air Power Dynamics. Mentor employs over 1,800 workers in the aerospace industry. In addition The Cleveland Clinic, University Hospitals and Metro Health Systems employ a staggering 55,747 people.

Not only is manufacturing booming in Mentor, but the city is the 6th largest in retail sales volume in Ohio with \$1.5 Billion in retail sales annually. There are over 325 retailers and 170 eateries in the suburb, which has a 95.5% retail occupancy rate.

IF YOU WISH TO EXPLORE THESE INVESTMENT OPPORTUNITIES, GET IN TOUCH WITH US AT [INVEST@FWCINVESTMENTS.COM](mailto:INVEST@FWCINVESTMENTS.COM) OR SCHEDULE A CALL DIRECTLY AT [FWCINVESTMENTS.COM/CONTACT](https://FWCINVESTMENTS.COM/CONTACT) WITH VADIM REY

# COMPANY GROWTH AND DIRECTION

We continue to build out our following through events such as the upcoming Best Ever Conference as well as appearing on dozens of podcasts and speaking events such as "The Daily Syndication Show" that Corey was recently featured on. Improving on our internal frameworks remains a continuous endeavor for us. We recently moved over two of our assistants to more prominent rolls in investor relations and investment conversions. I am picking up junior executives as my Associate Director for Deal Sourcing and Associate Director for Analytics. Having a talented team that is the right "fit" is so vital to providing different perspectives and forceful backup to ensure sound decision making. We anticipate picking up ownership in another 1200 units in Houston over the next several months, which will require a build out of our Asset Management department to maintain team efficiency and stability through growth.

Sincerely,



*Jonathan New*

## TRIVIA: WHAT DOES "SCUTTLEBUTT" MEAN?

**scuttlebutt** noun

Save Word

scut-tle-butt | \ 'ska-tl-ē-, bət \

### Definition of *scuttlebutt*

- 1 **a** : a cask on shipboard to contain fresh water for a day's use
- b** : a drinking fountain on a ship or at a naval or marine installation
- 2 : RUMOR, GOSSIP



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Ready to set sail?  
Invest in Multifamily Real Estate  
with Fair Winds.



## FAST FACTS

**675**

Units Under Management

**\$83Mn**

Assets Under Management

**125**

Units Full Cycle