EXCLUSIVE PREVIEW — PRE-PUBLICATION EXCERPT

Everything I Ask Before I Ever Consider Writing a Check

The Due Diligence Playbook

From The Real Estate Edge Playbook (forthcoming)
by Jeremiah Boucher
Founder & CEO, Patriot Holdings

Explore the full interactive guide at ddplaybook.patriotholdings.com

---

$500M+ Transaction Volume | 100+ Properties Under Management | 17+ Years Operating | 25% Average Net IRR

INSIDE THIS EXCLUSIVE PREVIEW

1. Why Due Diligence Matters
2. The 6-Point Jockey Test
3. The 3 Enemies of Real Estate Investing
4. Red, Yellow & Green Flags
5. The 12-Item Due Diligence Checklist
6. 8-Category Expense Verification
7. War Stories & Lessons Learned
8. Questions Most LPs Never Ask (But Should)

Why Due Diligence Matters

Most investors lose money not because of bad markets — but because they never asked the right questions. Due diligence isn't a checklist you complete; it's a discipline you practice. After 17+ years, $500M+ in transactions, and 100+ acquisitions, Jeremiah has developed a systematic approach to evaluating every deal. This framework protects capital first, then positions it for growth.

The 6-Point Jockey Test

Before evaluating a single property, evaluate the person asking you for capital.

From Jeremiah's Genius Network talk:

1. TRACK RECORD — Have they done this exact thing before? Not similar. Exact. A multifamily operator pivoting to industrial is a first-time operator in industrial.
2. SKIN IN THE GAME — What percentage of their own net worth is invested alongside you? If they won't risk their own capital, why should you risk yours?
3. OPERATIONAL INFRASTRUCTURE — Do they have real teams, real systems, real processes? Or are they a "sponsor" with a laptop and a PowerPoint? Ask: How many full-time employees? What functions are in-house vs. outsourced?
4. ALIGNMENT OF INTERESTS — How do they get paid, and when? The fee structure tells you everything about whose interests come first.
5. TRANSPARENCY & COMMUNICATION — How often do they report? What do they report? Can you call them? The best operators over-communicate. The worst ones go silent when things get hard.
6. REFERENCES & REPUTATION — Talk to their existing investors. Not the ones they give you — find your own. Ask: "Would you invest with them again?"

The 3 Enemies of Real Estate Investing

Enemy #1: EMOTION

Every bad deal starts with excitement. The property looks great, the numbers seem to work, and you want to believe. Professional operators remove emotion from the equation entirely.

Enemy #2: IGNORANCE

Not stupidity — simply not knowing what you don't know. The cure is systematic due diligence: asking the same questions in the same order for every deal.

Enemy #3: INERTIA

The deal is moving, the deadline is approaching, and stopping feels harder than continuing. The best operators walk away from more deals than they close.

Red, Yellow & Green Flags

RED FLAGS — Walk Away

- Sponsor has no skin in the game
- Projected returns seem too good to be true (30%+ IRR promised)
- No audited financials or third-party reports
- Sponsor gets paid regardless of performance
- High-pressure tactics or artificial urgency
- Sponsor won't provide references

YELLOW FLAGS — Dig Deeper

- First-time fund but experienced operator
- Concentrated geography without local expertise
- Complex fee structures that are hard to follow
- Limited operating history in the specific asset class

GREEN FLAGS — Positive Indicators

- Significant co-investment from the sponsor
- Conservative underwriting with realistic assumptions
- Strong existing investor re-up rates
- Institutional-quality reporting and communication
- Experienced, tenured team with low turnover

The 12-Item Due Diligence Checklist

1. Title & Survey Review — Verify clear title, easements, encroachments, and boundary disputes
2. Environmental Assessment — Phase I minimum; Phase II if any concerns flagged
3. Physical Inspection — Roof, HVAC, plumbing, electrical, structural integrity
4. Financial Audit — 3 years of operating statements, rent rolls, and tax returns
5. Lease Review — Every lease, every tenant, every term
6. Market Analysis — Supply/demand dynamics, population trends, employment base
7. Zoning & Entitlements — Current use conformity and expansion potential
8. Insurance Review — Coverage adequacy, claims history, flood zone status
9. Capital Expenditure Assessment — Deferred maintenance, replacement reserves
10. Management Evaluation — Current team capability, transition planning
11. Debt Analysis — Loan terms, prepayment penalties, rate exposure
12. Legal Review — Entity structure, operating agreement, PPM terms

8-Category Expense Verification

1. Property Taxes — Verify current assessments; model reassessment at purchase price
2. Insurance — Get actual quotes; don't rely on seller's numbers
3. Utilities — 24 months of actual bills; identify who pays what
4. Repairs & Maintenance — Historical spend vs. deferred maintenance backlog
5. Management Fees — Market rate comparison; in-house vs. third-party
6. Payroll — On-site staff costs; verify positions are necessary
7. Contract Services — Landscaping, snow removal, pest control, etc.
8. Administrative — Legal, accounting, marketing, technology

War Stories & Lessons Learned

The $40K EMD Lesson

Jeremiah once put down $40,000 in earnest money on a deal that looked perfect on paper. During due diligence, the environmental Phase II revealed contamination that would have cost $300K+ to remediate. He walked away and lost the $40K.

Earnest money is insurance against a worse outcome. Never let sunk costs drive your decision.

The $500K Gas Line

On another acquisition, a routine utility check revealed that a gas line running through the property didn't belong to the local utility — it belonged to a transmission company, and the easement restricted 40% of the buildable area. That one phone call saved approximately $500K in lost development potential.

Always cross-reference the ALTA survey against the title policy.

The Escape Clause Philosophy

Every contract should have clearly defined outs during the diligence period. Time-bound due diligence windows, financing contingencies, and inspection periods exist for a reason — use them. The best operators negotiate generous diligence periods and use every day.

Questions Most LPs Never Ask (But Should)

- What is your current portfolio occupancy, and how has it trended over the last 3 years?
- How many full-time employees do you have, and what functions are in-house vs. outsourced?
- What is your investor re-up rate? What percentage of existing LPs invest in subsequent funds?
- Walk me through your last deal that went sideways. What happened, and what did you learn?
- What is your personal co-investment in this fund as a percentage of your liquid net worth?
- How do you handle capital calls, and have you ever had to make one?
- What happens if the fund underperforms? How do fees adjust?
- Can I speak with 3 existing investors of my choosing — not ones you select?
- What is your succession plan if something happens to the principal?
- How do you handle conflicts of interest between funds or between GP and LP interests?

PATRIOT HOLDINGS

Ready to See How We Run Diligence?

$435M+ AUM | 100+ Properties Across 18 States

3.7M+ SF Managed | 1,300+ Homesites | 80+ Employees

investorrelations@patriotholdings.com

(702) 550-3808

www.patriotholdings.com