
*All Crowd-Sourced Real Estate Investment Firms are Not Alike.
One Firm— iintoo— Stands out for its Offerings, Due Diligence,
Risk Management, Alliances and Social Networking Investment Platform.*

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Just about everyone wants to invest in real estate. What's the best, most efficient way for individual investors to invest in real estate in the U.S.?

More and more people are turning to crowd-sourced real estate investing via the internet. Through their web platforms, real estate investment firms offer individuals the opportunity to invest online in many different properties or in other real-estate related products. Now, just as easily as you can apply online for a credit card, you can invest online in real estate.

The internet made crowd-sourced real estate investing feasible. The 2012 JOBS Act (Jumpstart Our Business Startups) made it legal. Since Congress passed the JOBS act, more and more firms have begun offering online investing in real estate. Over the past few years, crowd-sourced real estate investors have been earning annual returns of 7% to 15%.

If you're thinking about participating in crowd-sourced real estate investing and you're assuming that all online investing firms, their offerings and their platforms must be pretty much the same, think again!

Firms are differentiating themselves in important ways. Different firms offer different investment products and structures. Some offer investments in REITs. Some offer investments in individual properties. Some offer investments in real-estate backed loans.

Different offerings and different investment structures give you different amounts of control over what your money is invested in, different risk exposures and different likely rates of return.

Some crowd-sourcing firms take an equity interest in the properties they offer to investors; some don't. Some perform due diligence on the properties shown on their websites; some don't. Some firms have formidable financial institutions as allies in property selection, due diligence and deal structuring; some don't. Some firms simply match investors up with real estate developers or sponsors and walk away with a fee for making the introduction.

Different firms tailor their offerings to investors of different levels of affluence. Firms have different investment minimums that range from \$1,000 to \$50,000. Some firms accept only Accredited Investors, that is, individuals with incomes of \$200,000 or higher, couples with incomes of \$300,000 or higher or with assets of \$1 million or more.

Under U.S. securities laws, firms that cater to less affluent investors are restricted in the amounts of money they can crowd source and in the size of real estate deals they can execute. If you are an accredited investor, you likely will get better offerings and more personalized attention at a firm that does business only with accredited investors.

With all these differences and choices, how do you pick which investment firm, products and platform are right for you?

IF YOU ARE NOT AN ACCREDITED INVESTOR, first decide which investment products or vehicles you wish to invest in: individual properties, a REIT, real-estate backed debt or just getting introduced to developers and sponsors. Then, identify and make a list of the firms that offer the product, products or introductions in which you are interested.

Among the candidate firms on your list, take a hard look at the due diligence that each firm performs on each property that it presents to investors. Make sure their due diligence addresses every factor that can affect a property's cash flow— location, demand, competing properties and construction or renovation plans and budgets.

Look at how each firm structures its agreements with property developers or sponsors. Look at how the firm allocates risk exposures between investors and the property developer or sponsor. How much of the risk and how much of the reward are you going to get?

The attractiveness of crowd-sourced investing has drawn not just real estate firms into offering online investing but also digital entrepreneurs who may have little experience in real estate. All firms in the arena benefit from having strategic alliances with solid real estate companies of long standing. In selecting the firm with which to do business, take a look at each candidate firm's strategic allies. If a firm with little background in real estate doesn't have a major mortgage broker or other real estate company as an ally, scratch that firm off your list of candidates.

If your scrutiny of firms' due diligence, risk-management practices and strategic partners leaves you with more than one candidate firm on your list, check out the ease with which you can use the remaining firms' online investment platforms. Other factors being equal, pick the firm whose platform gives you the greatest ease of interaction and most secure feeling.

IF YOU ARE AN ACCREDITED INVESTOR with \$25,000 or more to invest, one firm stands out on every important selection criterion:

- Opportunities to invest in individual properties
- Due diligence
- Risk management
- Background in real estate
- Strategic alliances
- Investment platform

This stand-out firm is iintoo.

Dov Kotler, Eran Roth and Jeff Holtzman formed and run iintoo. They combine years of experience, savvy and success in real estate, finance and digital innovation.

iintoo's preeminent strategic partner is Meridian Capital, a real estate finance and advisory firm that has arranged more than \$228 billion of real estate debt. Meridian has been in business for more than twenty-five years.

iintoo gives investors the opportunity to invest in individual properties. On each property, iintoo performs in-depth due diligence. iintoo CEO Eran Roth describes his firm's due-diligence process this way:

“On every property, we do due diligence as rigorously as our partner Meridian Capital does. We want cash flow. To get the cash flow we want, the property has to be in a location that will get demand. Construction or renovations plans have to be suitable to the property and to what the market wants. Budgets have to be realistic. The people developing the property and their contractors have to have reputations for delivering results on time and on budget. In our due diligence, we examine every aspect of these requirements. If anything threatens to derail the cash flow we want, we don't do the deal.”

iintoo typically structures its investments in each individual property as a limited liability company or LLC. The LLC, in turn, invests in an LLC or Limited Partnership or LP that holds title to the real property. iintoo uses its legal agreements with sponsors as vehicles to manage the financial risks that come with real estate investing. Here's how iintoo Managing Director Jeff Holzmann describes the firm's risk-management practices:

“Even with the best due diligence, real estate investing is not without risk. Things can still go wrong. So, on top of our due diligence, we structure our deals so that real estate developers and sponsors bear 100% of the first layer of risk. They make a profit if and only if they first deliver to our investors the return they promised.”

iintoo's chairman Dov Kotler emphasizes that risk-management is at the heart of iintoo's approach to investing. Says Kotler, “It takes a lot of return to earn back lost principal. That's why, at iintoo, we do due diligence the way we do. That's why, we structure our deals the way we do.

“I tell every iintoo employee, ‘Return is great! But, first and foremost, don't lose our investors' principal. In your due diligence, make sure the cash flow we want is almost certain to be there. Then, just in case it's not, structure your deals so that the developer or sponsor's equity will be wiped out before our investors lose a dime.’ ”

iintoo's investment platform also sets it apart from other firms. With capabilities similar to those of Facebook, iintoo's online platform makes it easy for investors to network with friends, colleagues, professional advisors and other iintoo investors. You can ask them to look at and comment on properties you are considering. You can share analysis, enthusiasm and points of view.

Says Dov Kotler, “People with little knowledge of online real estate investing may casually lump us together with crowdfunding sites, but that's not what we are. We are a real estate company that has gone online and established a community of real estate investors.”

If you think you might like to invest online in specific real estate properties that you believe have very favorable odds for success, check out the online investing websites. Chances are you can find one that offers products, due diligence, risk management, experience, alliances and an investment platform that work for you.

If you are an accredited investor, check out www.iintoo.com. There you are likely to find the opportunities, due diligence, risk management and digital sophistication you are looking for.

In your scrutiny of firms that want you to invest with them, keep in mind iintoo CEO Eran Roth's assessment of what's happening in this realm, “The excitement of online real estate investing is pulling a lot of naïve people into this arena—both as platform operators and as first-time investors. In real estate investing, naiveté is not a good thing. If you're naïve or gullible—in your due diligence or in your deal structures with sponsors—you can end up with too much of the risk and too little of the reward. At iintoo, we do not let that happen! Among the principals and staff at iintoo and at our strategic partner Meridian Capital, you will not find any naïve or gullible people. Our savvy works to our investors' advantage.”