

The Passive Investor's Operator Checklist

How to evaluate a multifamily operator before you invest: the questions to ask, the documents to request, and the red flags to watch for.

The operator is the investment

When you invest passively in an apartment building, you aren't just buying into a property. You're betting on the people who run it.

The building matters, of course. But two people can buy the same building on the same street and end up in completely different places. The difference is almost always operations: how well the team plans, renovates, manages, communicates, and handles the problems that inevitably come up.

I'm Saj Shah, and I run Shah Multifamily. I buy older apartment buildings, mostly in Oakland and the East Bay, and I'm involved in the operations myself, from walking units to working with contractors and property managers. I've spent 20 years in hands-on real estate work. I wrote this guide because I think investors deserve a clear way to tell a strong operator from a polished pitch.

This isn't a sales document. Use it with any sponsor you're considering, including us. Good operators welcome hard questions. If someone gets uncomfortable when you ask them, that tells you something too.

1. Why the operator matters more than the deal

- **Same building, different outcomes.** Execution is the biggest variable in how a property performs.
- **What an operator actually does day to day:** acquisition, renovation, management oversight, and investor reporting.
- **Capital raiser vs. hands-on operator.** Some sponsors mainly raise money and outsource the work; others run the buildings themselves. Know which one you're talking to.
- **Value-add and distressed properties raise the stakes.** The more a business plan depends on fixing things, the more it depends on the team doing the fixing.

2. Experience and track record, and how to verify it

Ask: How many buildings have you actually operated? In what markets? Through what kinds of conditions?

- Ask for specifics: full-cycle projects vs. ones still in progress, and projects that didn't go as planned.
- Verify claims through public records and references from past investors, lenders, and property managers.
- **Red flag:** only highlight reels, no honest misses.

3. Operations and the business plan

- Who manages the property: in-house or a third party? How are they overseen?
- How are renovation budgets and timelines built, and what does the contingency look like?
- How does the team handle local regulations and resident relations (for example, rent stabilization and tenant protections in markets like Oakland)?

Ask: "Walk me through what happens in the first 90 days after closing." · "What happens if the renovation takes twice as long?"

4. Risk: how does the operator think about what can go wrong?

- The main risk categories: construction, regulatory, market, financing, liquidity, and execution.
- Stress-test the plan: ask how it holds up if things go worse than expected.
- **Red flag:** projections presented as certainties, or "can't-lose" language.
- **Green flag:** operators who volunteer the risks before you ask.

5. Alignment of interests

- Does the operator invest their own money alongside investors?
- How are fees and compensation structured, and when are they earned?
- Who makes decisions, and what rights do investors typically have?

Ask: "How do you get paid, and when?"

6. Communication and transparency

- What does reporting look like: frequency, format, and what's included?
- How does the operator deliver bad news?
- Access: can you reach the person actually running the property?

Ask: "Can I see a sample investor update?" · "Tell me about a time you had to share bad news."

7. Legal and document basics

- Private real estate offerings commonly involve a private placement memorandum, an operating agreement, and a subscription agreement.
- Read them, and have your own attorney or advisor review them before you commit.
- Many private offerings are open only to investors who meet eligibility rules, such as the SEC's accredited investor definition. Your advisor can explain how those rules apply to you.

8. Red flags quick list

- Pressure to decide fast
- Guarantees or promises of specific outcomes
- Vague answers about experience or who's running the property

- Reluctance to share references or documents
- No clear plan for things going wrong

Keep learning

The operator is the investment. If you found this useful, join the Shah Multifamily list at **kingofapartments.com** for occasional, plain-spoken notes on value-add multifamily and what it's like to actually run these buildings. And if you have questions, email **saj@kingofapartments.com**. I read every message.

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9. The one-page checklist

Question	Operator A	Operator B
How many buildings have you operated, where, and through what conditions?		
Which projects are full-cycle? Which didn't go as planned, and why?		
Can I speak with past investors, lenders, and property managers?		
Who manages the property, and how are they overseen?		
What happens in the first 90 days after closing?		
How are budgets, timelines, and contingencies built?		
How do you handle local regulations and residents?		
What are the main risks, and how does the plan hold up if things go worse?		
Do you invest your own money? How and when do you get paid?		
What rights and decisions do investors have?		
Can I see a sample investor update? How do you share bad news?		
Has my own attorney or advisor reviewed the documents?		
Any red flags (pressure, guarantees, vague answers, no plan B)?		