



INVESTMENT SUMMARY

104-Unit Apartment Conversion

7039 Orangethorpe Avenue, Buena Park CA, 90621



Hector Garcia
CEO | Managing Partner

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- Energetic entrepreneur with successful exits from businesses since age 18.
 - Deep understanding of the local California market.
 - Expert in identifying Value Add Real Estate for 7-figure profits.
 - Loves Negotiations
 - Skilled in dealing with contractors, pricing, and renovations.

Hector's story is one of remarkable financial success and entrepreneurial drive. Starting with a single property at seventeen, he quickly learned the value of specialized knowledge, mentorship, and relentless effort. This foundation propelled him through the creation and sale of multiple successful businesses in his twenties. While he initially found success flipping single-family homes, his true calling emerged with the discovery of commercial real estate, particularly the strategies of repositioning and forced appreciation. His first venture into this arena, a twenty-unit apartment complex in San Bernardino, California, proved to be a game-changer, yielding a near million-dollar profit in just eighteen months. Now, as a full-time commercial real estate investor, Hector channels his passion into transforming properties and positively impacting the communities they serve.



Lead
Sponsor



JD Singh, MD
Managing Partner

-
- Retired Bariatric Surgeon
 - Manages 12 Family Owned Hotels
 - 200M+ Assets under Management
 - Currently Developing 2 New Hilton Hotels
 - 1 Past Hotel Conversion in Orlando FL. Purchased for 8.5M Sold for 13.5M

Dr. Singh's story is one of remarkable reinvention, fueled by an unwavering passion and a commitment to community well-being. Leaving behind a successful career in medicine, he transitioned into the world of commercial real estate, driven by a desire to impact lives on a larger scale. This shift wasn't merely a career change; it was a deliberate move to leverage his skills and vision to cultivate thriving neighborhoods. His diverse portfolio, encompassing multifamily properties, hotels, industrial spaces, assisted living facilities, self-storage, offices, affordable housing, and development projects, reflects a comprehensive approach to community building. At the heart of Dr. Singh's endeavors lies a deep-seated compassion and a genuine desire to create environments where families can flourish and achieve their full potential.



Management and Advisor



CJ Yamada
Yamada Capital

CJ Yamada is a dynamic entrepreneur and seasoned real estate operator with a proven track record in multifamily and senior housing investments. He's the founder of the Multifamily Real Estate Investing Association in Las Vegas, demonstrating his commitment to sharing knowledge and fostering growth within the industry. CJ is also actively involved with the Nevada State Apartment Association, further solidifying his dedication to the real estate community. CJ leverages his business acumen to effectively manage a substantial portfolio that currently includes 200 multifamily units in Temple, TX, and 432 beds in senior housing facilities located in Wisconsin and Florida. He maintains an impressive 95% average occupancy across his portfolio, highlighting his operational efficiency and tenant satisfaction, resulting in a total of \$50 million under management.

■



Lead Architect



Ali Haddad
Prosper Architects

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- Licensed architect in nearly 4 states, with deep expertise in multifamily housing and adaptive reuse
 - Extensive experience asset repositioning projects
 - Hands-on in design, construction management, permitting, and value engineering
 - Brings clarity, cost-conscious solutions, and design strategies that maximize long-term asset value
 - Active investor with a portfolio spanning short-term rentals and long-term holds
 - Builds systems and processes that streamline execution and reduce risk

Ali plays a critical role in repositioning underutilized assets into vibrant, income-generating properties. With a strong track record in multifamily and office conversions, he brings both design leadership and operational insight to every phase of the deal. His involvement ensures projects are thoughtfully planned, financially sound, and technically executable from day one. Ali's ability to navigate between architects, engineers, contractors, and city agencies makes him an invaluable asset on complex redevelopment projects. His focus: unlock hidden value through design, optimize execution through systems, and deliver lasting returns—for investors and communities alike.



Management and Advisor



Parker Tunnell
Westwood Acquisitions

Parker is a Surgical Physician Assistant specializing in Cardiothoracic Surgery, where precision and high-stakes decision-making are part of everyday life. He brings that same meticulous attention to detail and analytical mindset to the world of real estate investing.

With a strong focus on acquisitions and a passion for underwriting commercial deals, Parker has quickly established himself as a rising force in the multifamily real estate space. He approaches each investment with surgical precision—assessing risk, ensuring operational efficiency, and crafting strategies designed to deliver strong, reliable returns.

Driven by a relentless commitment to learning and excellence, Parker has built a robust network of seasoned professionals including CPAs, attorneys, general contractors, and operators managing millions in assets. This collaborative ecosystem gives him access to critical expertise and resources necessary for executing high-performing investments. Whether it's deal structuring, asset management, or in-depth underwriting, Parker is committed to mastering every facet of the business—building a track record of performance and trust along the way.



Management and Advisor



Fernando Mendez
Investor Relations

-
- Financial planning and wealth preservation
 - Manages over 100 investment accounts
 - Over 35 Million Dollars in assets under management
 - Skilled in maximizing profit and enhancing success rates for clients

With over a decade immersed in financial planning and investment management, Fernando brings a wealth of expertise to his clients, specializing in retirement planning, wealth preservation, and tax-efficient strategies tailored for high-net-worth individuals and families. His proven track record includes actively managing over 100 household investment accounts, culminating in over \$35 million in assets under his personal management, demonstrating a strong aptitude for wealth management and strategic asset allocation.

Beyond investments, Fernando is adept at crafting and executing business entry and exit strategies, designed to maximize profitability and increase success rates for clients undergoing business transitions. His understanding of the California real estate landscape is deeply rooted, stemming from his first investment purchase at the young age of 19. Passionate about community involvement, Fernando is an active member of the Temecula Chamber of Commerce, collaborating with local organizations to support and promote community events, driving economic development and strengthening bonds within the region.

Proven Partner for Hotel-to-Apartment Conversions

Why CWC is the Right Fit

- \$50M+ in Completed Projects Across CA, NV, and AZ, with strong focus on multifamily and adaptive reuse.
- Direct Hotel Conversion Experience
- Specialists in transforming hospitality assets into modern residential communities.
- Fully Licensed, Bonded & Insured
- Meets all compliance standards—reduces investor risk and delays.
- Trusted by Government & Private Clients
- Successfully delivers under public housing programs and private investment mandates.
- Expertise in Value-Add Renovations
- From kitchenettes to flooring, finishes, and amenities—CWC excels in high-impact upgrades.

When undertaking a complex conversion project, the expertise, dependability, and accuracy provided by CWC are invaluable. Their proven track record ensures a swift and economical execution, mitigating potential delays and minimizing costs. This translates directly to safeguarding project timelines and budgets, ultimately protecting investor returns and fostering confidence in the project's success. CWC's commitment to these key principles makes them a reliable partner for our conversion.



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This offering is under SEC Regulation D Rule 506B and is Investors who have a pre-existing and substantive relationship with one of the sponsors on this project.

Business Plan

Our business plan centers on transforming the Howard Johnson Hotel into a permanent studio apartment community. Upon the close of escrow, we will acquire a vacant hotel, enabling us to commence operations immediately. The negotiated six-figure cost for removing the Howard Johnson franchise prior to closing ensures compliance and allows for immediate demolition work. This vacant possession eliminates the risks associated with tenant buyouts, common in traditional multifamily property acquisitions. Our 3 million dollar renovation budget involves a straightforward yet comprehensive makeover by our licensed contractor, including the installation of kitchenettes, new flooring, kitchen cabinets, countertops, and fresh paint in each unit. Leveraging the hotel's existing shower in each unit, we aim to convert transient hotel rooms into attractive studio apartments. The existing hotel amenities will seamlessly transition into comfortable spaces for our future residents to enjoy. While our rent projections average \$1,800 per month, we are exploring partnerships with affordable housing programs in Buena Park, addressing a critical housing shortage while potentially securing above-market rents which will grant us higher Net Income and a higher exit price than currently projected.

Following the close of escrow, demolition commences swiftly, targeting the initial 50 units situated at the rear of the property. Strategically, the front 50 units will remain operational as hotel rooms to mitigate carrying costs during the renovation phase. The first 50 units are anticipated to undergo complete renovation within approximately six months, after which attention will shift to the front 54 units, aiming for full renovation completion by month 12. Subsequently, from months 12 through 18, the focus will be on vetting potential tenants from various city housing programs, with the goal of achieving full occupancy by month 18. At this juncture, the first distributions to investors will be disbursed. Finally, from months 18 to 36, the fully remodeled and stabilized property, ideally located in the heart of Orange County, will be listed for sale, allowing time to secure the optimal buyer before our 36 month projected Exit.

EXECUTIVE SUMMARY

Passive Partners Capital, is arranging for the acquisition of the Howard Johnson 104 Unit Hotel by a limited number of sophisticated and accredited investor.

2-story, 104 units
Property

\$13M
Purchase Price

\$125,000
Price Per Unit

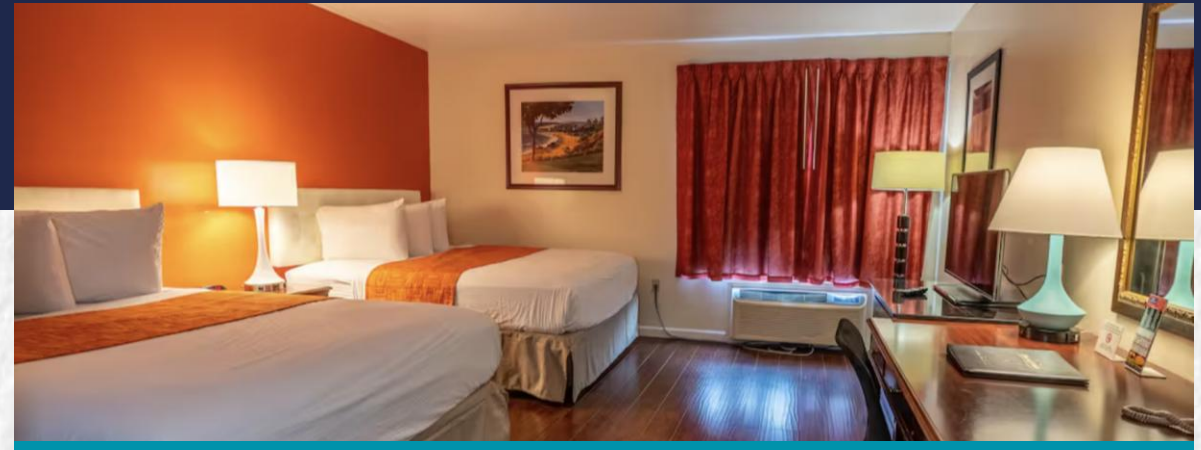
\$5M
Total Investment Sought

\$50,000
Minimum Investment

8% Annual Return
Preferred Return Rate

1st Distribution
Approximately 18 months after
closing or 90% Occupancy

36 months
Investment Lock-in Period



Investors should be prepared to leave their money in for a minimum of **36 months**, even though there is a possibility to sell or refinance and repay the investor's principal before then.

Howard Johnson Hotel

7039 Orangethorpe Ave, Buena Park CA 90621



1968
Year Built







104 units
52 units / each floor

Stucco
Finishing






35,082
Sqft

1.7 Acre
Lot Size

Past Renovations

-  80% Carpet-free Units
-  Solar Panels
-  Flat Screen TVs
-  Refrigerators
-  Fire Sprinklers
-  Modern Furniture

About

-  Larger than average 300sqft units
-  Room to Add amenities
-  Plenty of Parking
-  2 Bedroom Managers Unit
-  Prime Orange County Location

Location Overview



The Opportunity and Business Plan

Business Plan

- ✓ Remove Howard Johnson Franchise
- ✓ Reposition Property from Hotel to Multifamily
- ✓ Implement \$3M in renovations for upgrades
- ✓ Complete Exterior Makeover

Value Proposition

- ✓ Remove All Hotel Operational Costs, Franchise Fees, Room Tax, Food and Beverage, Large Staff
- ✓ Stable cash Flow from Multifamily
- ✓ Pass utilities down to Tenants
- ✓ Average 35% Lower Operational Cost
- ✓ Result in nearly 2x Increased Net Operating Income (NOI)



Capital Improvements (\$3M)

Budget allocated for improvements on the following:

- Installation of full-size kitchenettes with new cabinets, quartz countertops, sinks, stoves, microwaves, and full-size refrigerators.
- Add Amenities, Gym, Business Center, Coin Laundry
- Upgrades to plumbing and electrical panels.
- Replace Carpeted Units with Vinyl Floors.
- Interior painting of units.
- Landscaping improvements for the exterior.
- Installation of a new monument sign.
- Modernize Building Facade
- Exterior painting of the building.
- City Permitting Fees

Current Interior





Current Exterior



Repurposing Hotels for Affordable Housing

Innovative Solutions at Fraction of Cost



San Diego Plans to Buy More Hotels to Convert to Homeless Housing



Scan to Read Article

This Article Written by Coronado times Explains how the City of San Diego is on the Hunt to buy Hotels to Convert into Housing while Paying an average 383k per unit. Passive Partners Capital has Secured the Howard Jonson for only 125k Per unit. Its no secret that California is in Need of affordable Housing. With High land cost and high cost to build it only makes sense to Reposition older Hotels into affordable Housing.



California Has 14K Apartment Conversions in the Pipeline



Scan to Read Article

Article on California’s commercial-to-apartment conversions have a promising future despite a slowdown in completed projects over the past year, according to a RentCafe report. The pipeline for such conversions is robust, with nearly 14,000 apartments in different stages of development. City of Buena Park has Pre approved various Hotels to be Converted over to Permanent Housing. This Howard Jonson Hotel is one of them.

Purchase Summary

104

Units

\$14 M

Asking Price

\$13 M

Purchase Price

\$125K

Price per Unit

\$250K

Earnest Money
Deposit

\$17 M

Total Project Cost
13M Purchase
3M rehab
1M Interest Reserves

\$13.6 M

80% Loan Amount of
Total Project Cost

12%

Lender Interest Rate

3.4 M

20% Down PMT of
Total Project Cost

\$1M

33% of 3M Capital
Improvements

\$350k

Closing Cost

\$250K

Operational
Reserves

\$5M

Total Member Capital
Needed to Close

Down Payment
Capital Improvements
Closing Cost
Operational Reserves

Side by Side Comparison With Government Subsidies

Brief Rent Stability Analysis

Scenario: 60 of 104 units (≈58%) subsidized through vouchers

Metric	Without Subsidies (\$1,800–\$1,950 Avg.)	With 60 Subsidized Units (\$2,100 Avg.)
Average Monthly Rent (est.)	\$1,800 – \$1,950	\$2,100
Vacancy Risk	Moderate	Low
Rent Collection Stability	Variable	High (due to guaranteed payments)
Tenant Turnover	Higher	Lower (due to support services)
Annual Rent Revenue (est.)	~\$2.2M–\$2.4M	~\$2.6M

Please note: As of the most recent data, the HUD-VASH voucher amount for a studio apartment in Orange County typically aligns with the Fair Market Rent (FMR) set by HUD. For FY2025, the estimated FMR for a studio in Orange County is approximately \$2,100 per month, though this can vary slightly depending on the exact location and utility allowances



2024 Payment Standards

The following Payment Standards will be used by OCHA for administration of the Housing Choice Voucher Program effective October 1, 2023. These amounts are based on the Fair Market Rents (FMRs) published by HUD on the HUD User Website at:

<https://www.huduser.gov/portal/datasets/fmr.html>

TRADITIONAL RENTAL HOUSING UNITS

Number of Bedrooms (BR):	<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR*</u>
<u>Basic Payment Standards:</u>	\$2,150	\$2,225	\$2,600	\$3,505	\$4,155
<u>Central Payment Standards:</u> (For selected cities - see below)	\$2,200	\$2,300	\$2,725	\$3,695	\$4,380
<u>Restricted Payment Standards:</u> (For selected cities - see below)	\$2,250	\$2,390	\$2,850	\$3,850	\$4,560

**Payment Standards for unit sizes larger than 4 bedrooms are calculated by adding 15 percent to the 4 bedroom Payment Standard for each additional bedroom.*

SPECIAL HOUSING UNITS

Single-Room Occupancy (SRO) and Shared Housing

Payment Standard: \$1,613

** SRO and shared housing units are 0.75 times the 0 bedroom Payment Standard*

PROFORMA

Market Tenants at \$1,800 Month

FINANCIAL ASSUMPTIONS	Year 2		Year 3		Year 4		Year 5		Year 6
Annual Rent Escalator	\$50		\$50		\$50		\$50		\$50
Annual Expense Escalator	3.00%		3.00%		3.00%		3.00%		3.00%
INCOME	1		2		3		4		5
Average Monthly Rent	\$1,800		\$1,850		\$1,900		\$1,950		\$2,000
Gross Potential Rent	\$2,246,400		\$2,308,800		\$2,371,200		\$2,433,600		\$2,496,000
- Vacancy	-\$112,320	5.00%	-\$115,440	5.00%	-\$118,560	5.00%	-\$121,680	5.00%	-\$124,800
Gross Potential Income	\$2,134,080		\$2,193,360		\$2,252,640		\$2,311,920		\$2,371,200
Coin Laundry Income	\$25,000		\$25,000		\$25,000		\$25,000		\$25,000
Rubs income \$150 Each	\$187,200		\$187,200		\$187,200		\$187,200		\$187,200
Effective Gross Income	\$2,346,280		\$2,405,560		\$2,464,840		\$2,524,120		\$2,583,400
EXPENSES									
Utilities Based on Current	\$360,000	15.34%	\$370,800	15.41%	\$381,924	15.49%	\$393,382	15.58%	\$405,183
Contract Services	\$59,603	2.54%	\$61,391	2.55%	\$63,233	2.57%	\$65,130	2.58%	\$67,084
Insurance \$700 per unit	\$72,800	3.10%	\$74,984	3.12%	\$77,234	3.13%	\$79,551	3.15%	\$81,937
Legal	\$12,000	0.51%	\$12,360	0.51%	\$12,731	0.52%	\$13,113	0.52%	\$13,506
Real Estate Taxes	\$162,000	6.90%	\$166,860	6.94%	\$171,866	6.97%	\$177,022	7.01%	\$182,332
Trash Removal	\$7,580	0.32%	\$7,807	0.32%	\$8,042	0.33%	\$8,283	0.33%	\$8,531
3rd Party Offsite Management	\$117,314	5.00%	\$120,278	5.00%	\$123,242	5.00%	\$126,206	5.00%	\$129,170
Onsite Management Salary	\$75,000	3.20%	\$77,250	3.21%	\$79,568	3.23%	\$81,955	3.25%	\$84,413
Repairs and Maintenance \$600 per unit	\$62,400	2.66%	\$64,272	2.67%	\$66,200	2.69%	\$68,186	2.70%	\$70,232
Yearly Turnovers	\$20,000	0.85%	\$20,600	0.86%	\$21,218	0.86%	\$21,855	0.87%	\$22,510
Total Expenses	\$948,697	40.43%	\$976,602	40.60%	\$1,005,256	40.78%	\$1,034,681	40.99%	\$1,064,899
Net Operating Income (NOI)	\$1,397,583		\$1,428,958		\$1,459,584		\$1,489,439		\$1,518,501



Exit Sale Projection

Sale	36 months
Net Operating Income	\$1,397,000
Cap Rate	5.97%
Sales Price (225k Per Unit)	\$23,400,000
Closing Cost / Broker Commissions	\$400,000
Outstanding Loan Balance	\$13,600,000
Total Equity Left Over	\$9,400,000
Return of Original Capital	\$5,000,000
Total Profit	\$4,400,000

LP Equity Returns

Total Equity to Class A1 LP Members	65%	\$2,860,000
Total Equity to Class A2 LP Members	55%	\$2,420,000
Total Equity to Class B1 LP Members	45%	\$1,980,000
Total Equity to Class B2 LP Members	35%	\$1,540,000

NOTE: The rates of return displayed on this page are only projections, Although conservative they are not guarantees of any sort. Projections are Assuming project will take 36 months to sell. Actual returns may vary widely.

Sold Comps



6343 Lincoln Ave.

Built 1962	Unit Count 88 Units
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Sale Date Feb 2024	Sale Price \$35M
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Price/Unit \$397,000



8080 Bever Pl.

Built 1971	Unit Count 58 Units
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Sale Date May 2022	Sale Price \$19M
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Price/Unit \$327,000



5699 Fullerton Ave.

Built 1960	Unit Count 24 Units
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Sale Date May 2024	Sale Price \$7.25M
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Price/Unit \$302,000



11500 Colima Rd.

Built 1958	Unit Count 43 Units
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Sale Date Oct 2022	Sale Price \$11.5M
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Price/Unit \$267,000

Investor Returns

CLASS A1

- 8% Annual Return
- 160k Depreciation Tax Credit
- 1st Distribution Approximately 18 months after closing or 90% Occupancy
- 65% Equity participation
- 10% Ownership

EXAMPLE 500k Minimum Investment

$$\begin{aligned} 8\% &= \$40,000 \text{ Annual Return} = \$3,333 \text{ Monthly Distribution} \\ 65\% \text{ of LP Equity} = \$2.86\text{M} &= \$500\text{K} / 5\text{M Raise} = 10\% \text{ Ownership, } 2.86\text{M} \times 10\% = \mathbf{286\text{k Profit}} \\ 18 \text{ Month Distribution } \$60\text{k} &+ \text{ Profit } \$286,000 = \mathbf{\$346,000 \text{ Total Profit}} \\ 500\text{k Original Investment} &+ \text{ Equity } \$346,000 = \$846,000 = \mathbf{69.2\% \text{ Return}} \end{aligned}$$

A 69.2% total return over the 3yr hold period is equal to an impressive 23.06% yearly return.



Investor Returns

CLASS A2

- 8% Annual Return
- 96k Depreciation Tax Credit
- 1st Distribution Approximately 18 months after closing or 90% Occupancy
- 55% Equity participation
- 6% Ownership

EXAMPLE

300k Minimum Investment

8% = \$24,000 Annual Return = \$2,000 Monthly Distribution

55% of LP Equity = \$2.42M = \$300K / 5m Raise = 6% Ownership, $2.42\text{M} \times 6\% = \mathbf{145k \text{ Profit}}$

18 Month Distribution \$36k + Profit \$145,000 = **\$181,000 Total Profit**

Original Investment \$300k + Equity \$181,000 = \$481,000 = **60% Return**

A 60% total return over the 3yr hold period is equal to an impressive 20% yearly return.



Investor Returns

CLASS B1

- 8% Annual Return
- 48k Depreciation Tax Credit
- 1st Distribution Approximately 18 months after closing or 90% Occupancy
- 45% Equity participation
- 3% Ownership

EXAMPLE

150k Minimum Investment

$$\begin{aligned} 8\% &= \$12,000 \text{ Annual Return} = \$1,000 \text{ Monthly Distribution} \\ 45\% \text{ of LP Equity} &= \$1.98\text{M} = \$150\text{K} / 5\text{M} = 3\% \text{ Ownership, } 1.98\text{M} \times 3\% = 59\text{k Profit} \\ 18 \text{ Month Distribution } \$18\text{k} &+ \text{Equity } \$59,000 = \$77,000 \text{ Total Profit} \\ \text{Original Investment } \$150\text{k} &+ \text{Equity } \$77,000 = \$227,000 = 51\% \text{ Return} \end{aligned}$$

A 51% total return over the 3yr hold period is equal to 17% yearly return.



Investor Returns

CLASS B2

- 8% Annual Return
- 16k Depreciation Tax Credit
- 1st Distribution Approximately 18 months after closing or 90% Occupancy
- 35% Equity participation
- 1% Ownership

EXAMPLE

50k Minimum Investment

$$\begin{aligned} 8\% &= \$4,000 \text{ Annual Return} &= \$333 \text{ Monthly Distribution} \\ 35\% \text{ of LP Equity} = \$1.54\text{M} &= \$50\text{K} / 5\text{M} = 1\% \text{ Ownership} = 1.54\text{M} \times 1\% = \mathbf{15,400 \text{ Profit}} \\ 18 \text{ Month Distribution } \$6\text{k} &+ \text{Equity } \$15,400 &= \mathbf{\$21,400 \text{ Total Profit}} \\ \text{Original Investment } 50\text{k} &+ \text{Equity } \$21,400 &= \$71,400 &= \mathbf{42.8\% \text{ Return}} \end{aligned}$$

A 42.8% total return over the 3yr hold period is equal to 14.26% yearly return.





Passive Partners will conduct a **Cost Segregation Study** upon Purchase of the Property and Pass on Depreciation losses to LP Investor based on equity Ownership.

A cost segregation study is a federal income tax tool that increases near-term cash flow by deferring taxes.



With a cost segregation analysis, we were able to write off a percentage of the building's original purchase price in the first year! The basis for 2025 is 40% Bonus depreciation which equals to around \$1.6M in depreciation for year one! Depreciation will be passed down to each investor based on percentage ownership in form of a K1 for 2024 Tax Year. K1 will be sent no later than March 15, 2026.



Because depreciation occurs when a purchased building ages, it loses value over time. Actually, the building is not only one piece of property, but comprised of subcomponents (such as lighting fixtures, heating and air conditioning systems, and other components that deteriorate over time).



But unlike the whole of a building, which is seen as having either 27.5- or 39-year lifespan, subcomponents are granted a five- or 15-year lifespan, making the depreciation deduction larger, especially in the first several years. Consequently, whether the property is residential or commercial, you can write off that cost either in a 27.5- or 39-year timeframe.

Depreciation Schedule using Cost Segregation

How your Depreciation is Calculated: A 6-year Snapshot

Without Cost Segregation

With the standard method, you claim an even amount of depreciation annually over the depreciable life of the property, offering you just a small benefit yearly.

First year savings: \$251,160

Total 6 year savings: \$2,023,710

1-6 Year Method

Cost-seg gives you the option to collect your depreciation over a shorter period of time for select assets. Instead of waiting the total depreciable time, you claim it as a deduction over the first 6 years.

First year savings: \$528,967

Total 6 year savings: \$3,918,533

First-Year 40% Method

BONUS
METHOD

For many, the best way to maximize cash flow is to use the first-year Bonus method: claim 40% of your depreciation for select assets in the first year, allowing all unused depreciation to carry forward to following years.

First year savings: \$1,579,841

Total 6 year savings: \$4,105,764



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