

Three red flags. The pitched 2.0× leans on a first-year tax benefit you can't use this year and a six-figure recapture bill the deck never nets out. Underwrite this deal at about 1.7× after tax, not 2.0×.

THE DEAL	YOUR CHECK	YOUR TAX SEAT	PITCHED TO YOU
\$42M acquisition	\$100,000	37% / California	2.0× · ~15% IRR
5-yr hold, 70% LTV bridge-to-agency	~0.6% of the equity raise	MFJ, ~\$620K income, CA resident	"~\$40K year-one tax loss"

	PITCHED BY THE DECK	YOUR REAL SEAT (MODELED)
Year-one loss you can deduct	\$40,000	\$0
Equity multiple	2.0× pre-tax	~1.7× after tax
IRR over the 5-year hold	~15% pre-tax	~11% after tax

THE RED FLAGS

- FLAG 1

The big year-one loss is suspended, not deducted.

A syndication is a passive activity. With no other passive income, the ~\$40,000 loss the deck leads with parks on Form 8582 as a carryforward — your current-year tax saving is \$0, not the ~\$14,800 the “37% bracket” math implies. §469 · exception only if you or your spouse qualify for Real Estate Professional Status (REPS) under §469(c)(7) with material participation; active participation does not apply to an LP interest.
- FLAG 2

California doesn't follow the deck's depreciation — and taxes you anyway.

The shelter is a federal headline. California does not conform to federal bonus depreciation, so the state loss is smaller, and as a CA resident you owe California tax on this Texas deal with no offsetting state-level benefit of the same size. CA / NY / NJ non-conformity · residence-state tax on out-of-state K-1 income.
- FLAG 3

The 2.0× ignores the exit-year recapture.

The depreciation taken (bonus included) is clawed back at sale: \$1245 ordinary rates on the cost-seg personal property, unrecaptured \$1250 gain taxed at a 25% maximum federal rate on the building, plus 3.8% NIIT and California. On your share that is roughly \$31,000 the pitch never subtracts — which is the gap between 2.0× and ~1.7×. \$1245 / \$1250 / \$1411 NIIT / CA capital gain.
- FLAG 4

Confirm your basis can even hold the loss — before you wire.

If your share of the loss is debt-funded, your outside basis under §704(d) and your at-risk amount under §465 can cap it before §469 is ever reached. Resolve this from the operating agreement and the debt terms (is it qualified nonrecourse?) first. §704(d) outside basis → §465 at-risk → §469 passive.

THE DECISION

Not a pass — a reset of expectations.

The deal can still clear your bar, but underwrite it at ~1.7× after tax, expect no first-year shelter unless you or your spouse qualify for REPS with material participation, and confirm basis before you wire. Independent read: I don't broker this deal and earn nothing on your decision.

WHAT THE FULL PRE-WIRE REVIEW ADDS

- Year-by-year exit tax map on your actual bracket
- Suspended-loss release schedule and when it frees
- State layer: your residence state + the deal's state
- Basis / at-risk check from the operating agreement

\$750 flat, one deal