



# 24-Unit Gilmore Apartments In Jeffrey, NH

WITH **MIKE PRESHMAN,**  
APARTMENT INVESTOR



Whitney Elkins-Hutten of PassiveInvesting.com interviews apartment investor [Mike Preshman](#), who shares his acquisition of the 24-unit Gilmore Apartments in Jeffrey, New Hampshire in November 2024. He explains his unconventional approach to due diligence and financing, particularly his strategy to raise debt instead of equity. Mike also reveals how he used his local market knowledge to gain a competitive advantage in his property acquisition, the right way to handle unexpected positives of a deal, and the importance of having a long-term vision.

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## 24-Unit Gilmore Apartments In Jeffrey, NH With Mike Preshman, Apartment Investor

With us is [Mike Preshman](#). Mike, welcome to the show.

Thank you for having me. I'm excited to be here.

Mike Preshman, Apartment Investor

**Mike, before we dive into Gilmore Apartments with 24-units in Jeffrey, New Hampshire. Tell us a little bit about you and where you are in the multifamily space.**

I live in the Boston area. I started years ago and I'm doing this full-time. I got into this business a decade ago. Now my wife and I do it full-time. We have 220 units surrounding the Boston area. It's an hour away, at most or maybe an hour and a half. We buy and hold mostly for cashflow. We have a Masters portfolio over a few years. We buy and hold cashflow operating these assets and looking to grow and scale the business even further.

Finding The Deal And Settling the Purchase Price

**We had a chance to meet each other at least once, if not twice at the Multifamily Investor Nation Conference. I'm so super excited to have you on the show. Let's kick it off. Gilmore Apartments with 24-units in Jeffrey, New Hampshire. When did you close on this property? What was the purchase price?**

We purchased this in November 2024 and we purchased it for \$2.4 million. It's 24 apartments in Southern New Hampshire.

**Roughly about \$100,000 a door.**

Exactly.

**What was the overarching business plan of this asset? What vintage is this property?**

This asset is probably around like maybe a B minus or C plus asset. It's mostly two-bedroom apartments. It's an area that I'm very familiar with, so that's the premise here. My thesis was I own a building very close by, so I know what the rents are. I know what the demand is. I knew that going into this deal, I had tried to purchase this building in the year prior. I reached out to the owners.

I tried to get a deal and they didn't want to sell at the time, then the broker brought me the deal for a price that I felt that the time, I wasn't 100% sure. Once I did the math and all the stuff, I was convinced that this is the right deal for me. Basically, just knowing the location and having an asset nearby give me the insider track to pursue this deal with confidence. We can go through the numbers but that was the thesis there.

**Tweet: Knowing the location of an asset will give you an insider track to pursue a real estate deal confidently.**

**To the sound of that back. It sounds like you had been trying to reach out to the owner and then a broker contacted you. I'm curious. You reached out to the owner. One would assume that you were comfortable with this property but the broker reached out to you. Was it just the numbers that you had to get over? Was the property price different?**

It was about a year after I reached out to them that the broker reached out to me. At the time that I reached out to the owners, I don't think they were ready to sell or maybe the price that I would have offered at the time was going to be substantially lower price per door. I think I was ready to offer maybe around \$80,000 a door or maybe \$75,000 or something around there. They were very hard on the number. When the broker came to me, he said \$2.4 million. I obviously negotiated.

I came back and said, "I'm interested in this deal. How about \$2 million?" Crickets. Nothing. I said, \$2.1 million and nothing. \$2.2 million and still nothing, so we ended up at \$2.4 million. I also knew that at \$2.4 million, the numbers made sense. At the time, it was a little bit scary but anyways, it worked out quite well. I'm very happy with that.

## Structuring The Offer And Negotiating Into The Deal

**How did you structure the offer? The seller is getting their price. What terms did you negotiate into this deal?**

It's pretty standard. We did just due diligence. We did a month of due diligence or something around. Not too long. The property was in good shape. The owners purchased the building themselves a couple years ago and they rehabbed a lot of stuff. They had new roofs and new heating systems. They rehabbed a lot of the apartments. The property was in pretty good shape. What they didn't do was they didn't raise the rent or they raised the rents very little.

These owners are very good people. They're builders in the area. They own a bunch of stuff in Boston. They just knew their number. It was a pretty easy straightforward negotiation. Once we did the due diligence, once we went through the property and saw the asset, we knew we wanted to buy it. We saw the potential with the rent gap with what the potential was in the market, versus what they were getting and we jumped on it. We closed smoothly. Now, we happily work with that broker and they keep in touch with the sellers. It was a relatively smooth transaction.

**I'm curious. Let's back it up. Why did the seller sell if they acquired and rehab the property. They obviously put money into it. They make money on the deal if they never raise the rents.**

It's a timing thing. This market is in Southern New Hampshire, Boston area and COVID. They purchased it a few years ago and the price that they bought it for was like \$55,000 a door. The person that they purchased it from was also a person that I had bought a building from nearby down the street. I purchased that building at like \$50,000 a door. To give a very rough number. With \$50,000 a door, the rents now in these apartments are \$1,800 a month. It's very under market. It's way over the 1% rule.

Basically, they had purchased the building a couple years ago for \$1.3 million or somewhere around there, and then they put maybe like \$500,000 into the building, but the new roofs and new systems. They put in a lot but they wanted to take out the full profit on the deal. They were tired of managing it. It was a husband and wife and she was managing the property.

They had other ventures that they were pursuing. They just wanted to get some cash out of this deal to put it into other assets. In short, they were not exactly multifamily operators. They didn't have this long-term vision of raising rents and dealing with tenants and all this stuff. It was a perfect opportunity for me to come in and take over.

## Looking Back To The Physical Due Diligence

**It works for you. You've got the letter of intent out. You guys have landed on a price. Let's get into the physical due diligence of the property. At what point in time did you walk all the units? How did physical due diligence go?**

There's 24 apartments. We walked to just about all of the apartments. We looked at everything but with that said, I would say I have an interesting approach to doing due diligence, which is probably not aligned with some other people. I have a little bit of a gut feel, so I know what I'm looking for. I know what the price is. I knew that the price was going to work unless something was drastically wrong. I didn't get a formal third-party inspection and all the systems. I did a risk reward analysis where I saw that most of the units were in good shape.

The ones that weren't, I figured, that's maybe \$5,000 to \$10,000 per rehab with my crew. The roof was new, so we looked at the heating systems and the electrical. We got a holistic understanding of the property. We did the money rental and that stuff. Overall, I had a strong conviction that the property was in good shape and I didn't need to over invest in digging deeper because I also knew that there was no room for negotiating.

The sellers weren't going to drop the price. They knew that they were going to get the price from somebody else. I knew that it was a very good price for me. Unless something very compelling where it was something major. I wasn't going to walk away because a couple of refrigerators were old or something or what have you. I didn't go that deep because I had a very strong conviction in what this property was. I could tell that it was in good shape.

**How did you handle the earnest money then? Did you protect yourself that way? How much earnest money did you put down? Did you structure that in a way that if you did uncover something, you could recoup your earnest money?**

With the offer, I think \$50,000 was the deposit but the contingency was on inspection and on the financing. Basically, I had an out. It was pretty standard. I don't think anything went particularly hard. With the person sales, we submitted \$50,000 but nothing went hard even after due diligence. In theory, the financing fell through. I couldn't back out of it. Again, I looked through the asset. I spoke with the previous owner and I had a pretty good hunch. These people were builders. They build something.

They replaced the roofs and the heating systems. They replaced a lot of the apartments and a lot of the windows. The building was in solid shape and it was clean and neat. I could just tell by the way they were managing it. Again, part of it was unbelief but they were telling me they weren't taking money out. They weren't taking any of the cashflow. They were putting everything back into the building. You can trust but verify obviously but, in this case, I had a strong belief that there was at least \$500,000 equity that I was walking into pretty quickly. As you'll see, it turns out there just even more.

## Reviewing The Financial Due Diligence

**Let's shift from physical due diligence to financial due diligence. What did you do to confirm the finances on the property? How did that turn out?**

In this case, they provided me with their statements and who's paying and so forth. Again, in this case, because I walked the units and I saw that these are two-bedroom apartments. I saw what the current rents were. My assessment was, in the worst-case scenario, where if I had to evict every single tenant and I had to replace with a brand new tenant. I knew that this building was made. Basically, I would buy this building if I had to. On top of that, I had to add three months of eviction. That would be more expensive but I knew it would still make sense.

Based on that, there was a couple. When I was buying it, there were one or two vacant apartments or somebody was moving out. My thesis there was that, once I was going to buy the building, we were going to slowly incrementally adjust the rent, and then people that move out then we're going to start turning the units and then getting a market value. With the financing, we validated the heating expenses.

We would get to the finances for heating and verify the taxes and insurance. All of that standard stuff. We went through the whole proforma on that. For individual tenants, I didn't go into their bank accounts. I have a building very close by with some more tenants, I know that 90% of the tenants are paying and then 10% of the tenants, you have to nudge. Sometimes, you have to do an eviction. I had the same proforma where if out of the 24 apartments, let's say four of them are going to be a problem or if we have to end up turning five more of them. That's going to be okay if it fits within my business model.

## Leaving Enough Room For Your Mistakes

**You mentioned earlier that this is a probably a little bit different approach than most multifamily investors would take but I do want to draw something. You said you would have bought this building vacant because the numbers worked. I love the fact that you identified the opportunity here and see some multifamily investors do. They try to get a deal just to get the deal just to wheel and deal. You knew what you had in front of you and you took it. I love it. Let's pivot to the financing piece. What financing did you put on the property? Was it public, private or fixed rate? Let's go through all these terms.**

My thesis in doing deals, I just want to just add a comment. Usually, if the deal doesn't make sense in the back of a napkin, then it doesn't make sense. It either has to be an amazing deal where I don't have to go as deep on so many nuances. It's either a great deal or it's not a deal. For that reason, I leave myself enough room where if I make mistakes or I miss something on due diligence or the finance or something is slightly off. The deal is still going to make sense and then I project. I'm usually the only investor like I'm the primary person and I invest it with my wife. I don't have as much of a responsibility to somebody.

**Tweet: If a real estate deal does not make sense from the back of an applicant, it does not make sense.**

## Strategies In Financing The Deal

If I make a mistake, I own it. I can absorb it and because I know that it's going to make sense in the long run. I'm not as particular about some details. I'm very conservative and still detail oriented but I'm not as particular about something when I know they won't make a difference anyway. That's the caveat about that. With regards to financing, we worked with a great bank that we've done a lot of work with like NBT Bank. It's in the New England area. We got a commercial loan. We work with the same person. We've closed like six deals with them in the last couple of years.

They provided 75% LTV. Here, we have to put on 25%, so \$600,000. For this deal, we pretty much came up with almost all of it ourselves. We raised, I want to say \$150,000 from friends and family. Again, this is probably going to be a little bit unconventional, but this is my approach and it's worked very well. Not to complicate things. I don't raise equity. I raise debt. It's very fixed and predictable. It's a preferred return but it's debt.

I give 12% fixed on, so \$100,000. It was to two different investors. One was \$50,000 and one was \$100,000. For me, the rationale there is that I have to worry less about the details again. I just know that they're getting a very predictable fixed return and it's pretty good. Twelve percent is good. It's better than 10%, which I know a lot of people offer. The IRR is not 15% or 20% or whatnot, but they also don't have that risk. There's no capital calls. There's nothing.

If this deal goes under, they're getting their 12% and it's guaranteed by me, my net worth and all of my assets. In order to protect them, there's like a private note but the way that we structured it is we would give them percentage equity in the deal. As I said, we don't do equity but it's just a formality. They have a 5% equity but it's not tied to any returns of the property. At the time the note is due, its exchange for that equity.

Basically, it's just a way to protect the investor. Basically, I can't sell this property and run away with their money. They own the percentage of the property but they don't have any of the upside of the downside or risk or reward with this deal. This is just something that I've structured with my lawyers and it's worked quite well. Whenever I do raise money, which is pretty rare. That's what we would do.

**What were the terms on the primary alone? You did a great job explaining how you brought in the additional capital. On that primary loan in August of 2025, everybody's going, "When are interest rates coming down?" We know that's not the full story when it comes to mortgage rates.**

With 75%, they gave us \$1.8 million. That was November 2024. This is hard to believe but the percentage that we had was 5.85%. That was a window of opportunity. I think it went up very soon after but during that closing, we got 5.85%. Maybe it was even like 5.78% or something, but it was in the fives. It's a 25-year amortization and then it's five years fixed and then it will adjust.

**Any payment penalties, lockouts or anything like that there?**

There's prepayment penalties like five years but I think that's like, if you refinance with somebody else. Not if you don't sell the property. There's prepayment penalties. Maybe there was an origination fee. I think they wanted like \$9,000 and negotiated them to like half of that, so maybe like \$4,500 origination fee but a pretty relatively standard term with this bank. We've done a lot of deals with them, so we've gotten substantially better deals from them than other banks in the area. I think other banks at the time were offering like 6.3% or 6.4% in that range. The terms and interest rate was pretty good.

**Do they build their own notes?**

The bank does. It's a small commercial bank. It's not a big bank. I don't know how much money they have. I don't know their set operations, but they probably have a number of branches. They're based out of Massachusetts, New Hampshire, Connecticut, and Upstate New York. It's in this region. I ran through the numbers with them and provided the performance. They knew me as an operator from other deals that we've done. I'll share what the rents are and what the expenses are. The deal just made sense and they were confident then the deal got better and better with time.

Some things I'll highlight there. 1) You have a relationship with them already. 2) They're a local lender that sounds like it holds their own paper or holds the known eternally. They're not packaging and then reselling. They do that. They have a lot more flexibility as opposed to packages everything up and it has to conform to whoever they're selling or where they are remarketing the loan.

## Putting A Debt Structure In Place

I want to go back to the debt structure that you put in place. I think I know the answer here but just for the reader's identification. When you close, you brought in \$150,000 of capital and debt structure. Did you charge any fees to them for acquisition or anything like that? Did you just put them strictly in the depth position?

Flat debt position. Nothing. It's a very simple structure. No acquisition fee. These are friends. I wanted the deal to make sense for everybody. I want them to come back. My philosophy with these close friends was, I'd rather drop dead than not give them what I promised or more. I'm very conservative on borrowing money and so forth. My general philosophy with how I build up my business is, we buy and hold or we've we started out slow and we had some vacation rental. We built a snowball machine.



*Gilmore Apartments: I built up my business with a buy-and-hold approach.*

We haven't relied that much on other people's money to build out our business. Whenever I go to conferences, I'm always questioning if I am doing the right thing or can I grow it faster or can I go after

bigger things? Maybe I'll change my philosophy at some point but for the time being at least, we have stuck to our guns. We own most of our assets basically.

**You do have a partner. It's your wife.**

Exactly.

**That's what I say all the time when somebody says, "Do you want to partner on a deal?" I'm like, "I already have a partner."**

I convinced or forced her to quit her job a few years ago. At first, she was scared and then now she's not a single bit. Bills get paid if not for her. It works out well and we're still married. It works.

## Few Months After Takeover

**That's good. Business partners and you're still married. Partners in life. First, how did the takeover go? How did those first few months go? You brought in your profiler structure from the property that you own that's down the street. Are those assumptions whole? What happened immediately after takeover? Were there any issues?**

No. I'll just share. When we purchased, most of the rents were about \$1,100 dollars a month, so two-bedroom apartments in the area. Some of these are very nice apartments with a balcony and just a nice kitchen. It's a very large and beautiful apartment. It's apartments that I would even consider living in myself. It was a nice quality apartment in a decent area and so forth. We had them at like \$1,500 or \$1,600. I knew that there was a good amount of room. There were a couple of three-bedroom apartments here. I think we have 3 or 4 three-bedroom apartments. These apartments are nicer.

I felt like we could test the market. We had a vacancy, and so we got that rent ready. We put it on the market at \$1,800 and it rented from the first person that came to see it. It was just rented right away. 0 Now, we rent them out to \$1,850 or even \$1,900. Basically, the tenants that were there with a rent of \$1,100, obviously that's a huge job, without making very substantial changes to the building and they're not getting more value. The approach that I take is, you want to run a business but you also don't want to upset people too much.

I would write a letter to these tenants just explaining that we purchased the building and respectfully this is like what the rents are in the area. Here's the market to prove. I would send them maybe some Rentometer, comps and so forth. I would still leave their rent under market and raise the rent over a substantial final time. Maybe in three months, your rent will go up by \$150. Another two months after that, it will go another \$150 or \$170. Eventually, it will end up at \$1,500 as opposed to \$1,800. It's still under market and it's going to take them maybe 6 or 7 months out there, so everybody wins.

I get my numbers eventually. I'm not in a rush to get those numbers right away. I'm playing the long game. I want to hold this asset. That's how NY works, if I want to resell it. It's not just going to have overnight and so forth. I'm looking at all the buildings but with permission. With that, I would say we had a couple believe but not a lot. I would say probably a third tenant eventually. It has helped. The apartments are now at \$2,000.

The building is in pretty good shape, so we haven't had a lot of problems. We had minor stuff. A leak here and there, but for the most part normal stuff. The monthly rent roll we bought was about roughly

around \$24,000. Now, we're at like nine. It's a huge jump. The development that we've had to put into the building is to renovate apartments. Let's say we've renovated just roughly six apartments at this point. Only very rough numbers and let's say we put in \$6,000, so that's \$30,000, plus some other auxiliary and maintenance and all this stuff. Maybe \$40,000 we invested into the building since purchasing it.

**Tweet:** If you are lucky enough to get a building in pretty good shape, you will not encounter a lot of problems in your real estate deal.

We raise their NOI pretty substantially where their monthly rent roll is \$39,000 and I would say the expenses are roughly maybe \$11,000 or \$12,000 a month and then we have our mortgage. It's roughly \$11,000 or \$12,000 a month. The ballpark just from a cashflow perspective is maybe we're spending \$24,000 on the building and it's bringing in \$39,000. There is over \$12,000 a month of cashflow. If you just do very rough numbers. You say \$12,000 times 12 months. That's \$144,000 ballpark. If you do that divided by roughly \$600,000. We put in \$450,000 but just roughly. You're at about 25% cash on cash.

Obviously, it makes a lot of sense and that's not counting all the other benefits of owning real estate and so forth. This is one of our better deals. It's one of our better deals also just because the apartments are pretty nice. Therefore, the tenant base is pretty decent. For that reason, there's not as much business to court and things of that nature.



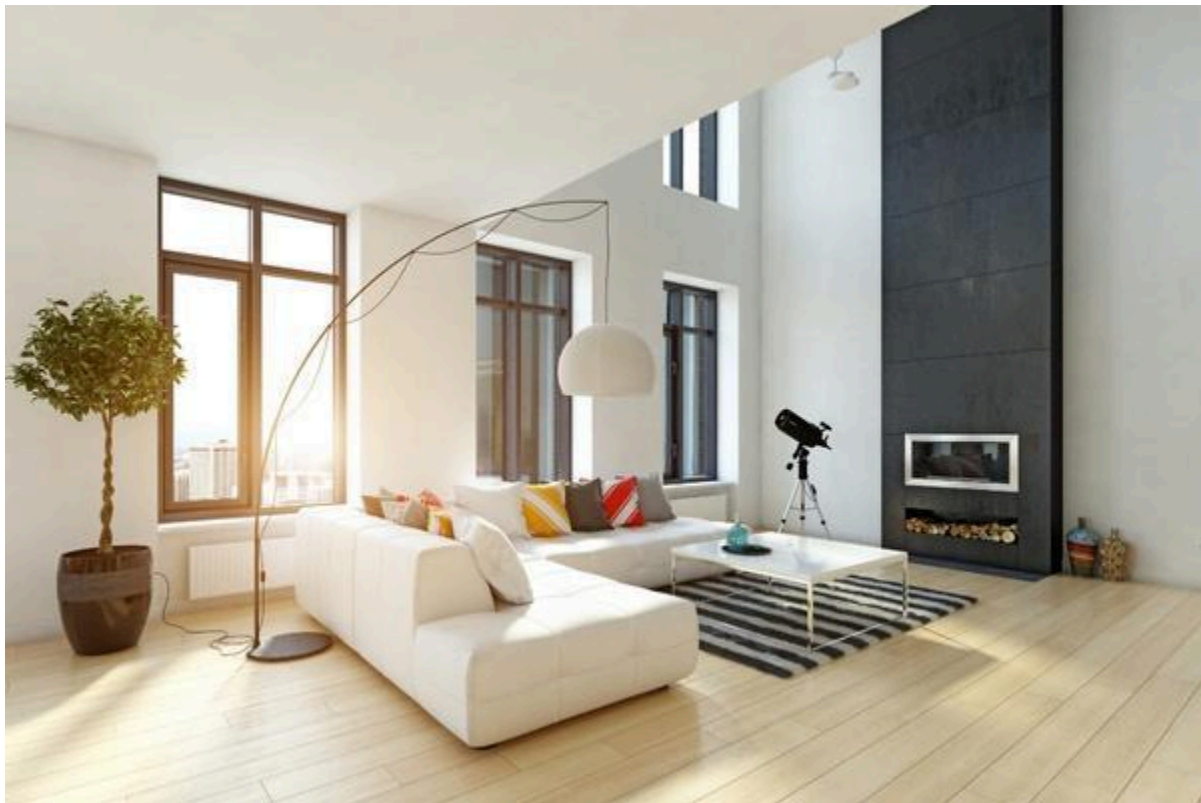
*Gilmore Apartments: This is one of our better deals, not because the apartments are pretty nice, but also because the tenant bases are quite decent.*

## Easiest And Less Challenging Aspects Of The Deal

**I like you've put that, not as many visits to court. Let's wrap up for this episode. What did you find about this deal that was easier than expected? What was harder that you thought would be a little bit easier?**

On the easier front, I try to be conservative but also optimistic on the performance. How do you do both? On the performa, I put the rent to be \$1,600. Now, we're getting \$1,850 on the rent. I think I was in some ways pleasantly surprised by the fact that the rents did go up and the people are so quick to rent, the people who are at the buildings. That was a very pleasant finding. For example, one of the apartment's was a two-bedroom apartment in the notes, but then when I walked up the apartment. It was a three-bedroom apartment, so it helps.

Basically, there was an extra bedroom that I learned about. The rent went up on that apartment from the projected \$1,800 to now with \$1,950. That was the positive and the negative, it's a maintenance thing. That I had done more due diligence, maybe I would have learned. During winter, this is in New Hampshire. The winters are cold. We've had a couple times pipes freeze in some areas. We hadn't had any damage. A couple of pipes didn't have insulation and that was surprising. Not a huge deal. I have my own maintenance person that works for us full-time. He went there and addressed it.



*Gilmore Apartments: With a strong conviction that the property was in good shape, I did not need to over-invest.*

Managing this building hasn't been a nightmare thus far and things have changed. I don't want to jinx it by coming here and saying that everything is great. There's always maintenance stuff that comes up. Again, as I mentioned, this building is C plus or probably B minus or somewhere in that range. We can't afford to buy A class assets. We also don't buy those kinds of assets because they don't have cash flow and so forth. This is how I justify the cashflow on these kinds of assets. This is the heartache and the struggle that you have to hustle and you have to grind with somebody's problems.

With the turnover with the tenants, a few people had a little bit of attitude about when we raise the rent. People aren't happy about that, but then everybody adjusts and people understand they're still getting a good value. For the most part, I would say that this has done as we had hoped. This is one of these deals that I would love to keep buying these kinds of assets. They're just impossible to find. You put yourself in a position to get lucky then once in a while you do.

## Get In Touch With Mike

**Thank you for sharing your time, knowledge and expertise with us here. If people want to find out more about you and connect with you, how can they do so?**

They can email me directly [MPresh@Gmail.com](mailto:MPresh@Gmail.com). They can also call me directly. If somebody wants to chat, I'm always happy to answer questions and talk deals. It's (617) 653-6638. Call my direct number. We run a small lean operation in the Boston area. We're scaling. We have a website, [BNPLiving.com](http://BNPLiving.com). We're just doing multifamily stuff and trying to get more into commercial stuff and want to go to court less and enjoy life more.

**Again, Mike, thank you for being with us here. We look forward to hearing about you for future deals.**

Thank you for having me. I appreciate it.

## Important Links

- [Mike Preshman on LinkedIn](#)
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- [BNP](#)