

Presented by Derrick Ruiz - Apartment Broker and Expert



For Apartment Sellers
Updated for 2025

The Seller's Guide to Apartment Sales

The Strategic Advantage of partnering with an experienced multifamily real estate broker to finally sell your building.



DERRICK RUIZ
HOMES AND INVESTMENTS
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(Photos generated by the Midjourney AI App)



1. THINK STRATEGICALLY ABOUT SELLING

Selling a building is a big deal. You need to think strategically. What outcome are you looking for? Is it time to retire from management? Do you want to move to another city to be close to the grandkids? Do you just want to reduce the stress of running a building and dealing with tenants, rent control, vacancies, and repairs? Maybe you just want to take advantage of the high prices, free up some cash, and finally take that dream vacation you've been putting off.

There is a fair amount of planning you need to do before you sell. You need to know the value of your building, how much cash you will net from the sale, and what you are going to do with that cash. Maybe there are certain things that need to be cleared up before you can sell like talking to family members, making certain repairs, or getting your living trust together. These are things that you and I can discuss when we meet.

*"I've had this building for years.
It's time to let it go"*



*“I’ve owned this building for awhile.
I can’t believe how much it’s now worth!”*

2. UNDERSTAND YOUR TAX LIABILITY

If you’ve owned your building for a long time, you have probably enjoyed a huge run up in value. Congrats! That is a good thing. But before you sell, you need to understand your tax implications.

There are four different taxes that make up capital gains: Federal, State, Net Investment Income Tax, and Depreciation Recapture. The amount of taxes that you will owe depends on many factors including when you bought it, how much you paid for it, how much you depreciation you claimed, any capital improvements you have made, did you buy it or inherit it, and other potential items.

If you have a CPA or tax attorney, ask them to estimate your potential capital gains taxes. If you don’t have anyone to help you, call me. I work with many competent professionals. You need to know your bottom line before you sell.



*“You mean I can sell and pay
NO taxes? Wow!”*

3. CONSIDER ALTERNATE TAX STRATEGIES

There are several ways to defer or even eliminate capital gains taxes. A 1031 exchange is a well known strategy, but for seniors who want to get out of management, buying another building is not a good option.

A Delaware Statutory Trust (DST) 1031 exchange into a professionally managed commercial property is a very popular way for seniors to defer taxes and still receive monthly cash flow. Plus a DST has amazing tax benefits.

Using a Family Charitable LLC is one strategy to actually **eliminate** capital gains taxes. There are things in the tax code that smart tax planners can use to help sellers eliminate their taxes.

I work with a well known Tax Planning firm called TaxWealth.com. They have helped many property and business sellers eliminate millions of dollars of capital gains taxes. If you are selling, I highly recommend you meet with them. Let me know and I will set up a meeting.



“I know we have those leases somewhere”

4. GET YOUR PAPERWORK TOGETHER

Before you put your property on the market you need to start preparing and gathering certain documents that you need to supply to any potential buyer. You will need to supply copies of all of your rental agreements including tenant applications and any rent increase notices. You'll need to prepare a year to date profit and loss statement, a tenant phone number list, the LAHD rent control certificate of registration, a current rent roll, copies of utility bills, parking agreements, a copy of your current insurance policy, your mortgage statement, and any service contracts like pest control, gardener, or washer/dryer leases. If you have any repair or maintenance invoices you should prepare those to give to the buyer as well.

Start gathering all of these important documents before you sell so you are not scrambling around for everything during escrow. It will save you a lot of stress and hassle.



“I know I have been a little lax on raising rents but my tenant are so nice”

5. RAISE YOUR RENTS

Your building's value comes from the rental income. Many owners choose not to raise rents regularly, often out of compassion, a fondness for their tenants, or simply because they appreciate tenants who are reliable and always pay on time. While these are valid reasons, this approach can ultimately work against you when it comes time to sell the property and maximize its value.

A building's income is the biggest factor in determining its worth. If rents are below market, they may see the property as less profitable. This perception can reduce the price buyers are willing to pay. It's essential to raise rents consistently to try to keep them at or near market rates. If any tenants are due for an increase, consider sending them a rent adjustment notice as soon as possible. By managing rents strategically, you can ensure that your building's income potential is fully realized, setting yourself up for a stronger sale when the time comes.



“I'll reach out to the couple of tenants who might be receptive to cash-for-keys”

6. CONSIDER STRATEGIC TENANT RELOCATIONS

Many buyers prefer properties with vacant units. Why? Vacant units allow buyers to rehab and rent them at market rents or maybe even occupy a unit. If you have low-rent tenants, it can hinder a sale and lower the potential sale price compared to a building with vacancies.

Relocating tenants can be challenging. That's why it's essential to strategically plan for tenant relocations if possible. One common approach is a "cash for keys" arrangement, where tenants receive a financial incentive to move. You might be surprised by how many tenants are open to this if there's money on the table.

I recommend reviewing your leases and developing a tailored strategy for each tenant. With tenant relocation becoming increasingly difficult, having a well-thought-out strategy is more important than ever to maximize the property's value.



“Yeah I know, I could’ve been a little more diligent with repairs”

7. DO REQUIRED MAINTENANCE AND REPAIRS

If you have deferred maintenance or repairs it's crucial to handle them before listing your building. When buyers go through inspections, the last thing you want is for them to discover unaddressed problems, as this can raise red flags and lead to negotiations over repair costs or even a lower offer.

Additionally, unaddressed maintenance can impact your tenants' satisfaction. If tenants feel maintenance requests are ignored, they might see the buyer as an opportunity to vent, bringing up every unresolved issue in their units. This can create a negative impression and make buyers question the overall management of the property, potentially jeopardizing the sale.

By addressing repairs upfront, you not only make the property more attractive but also show that it has been well-cared for, giving buyers greater confidence in their investment. Taking a proactive approach to maintenance ultimately supports a smoother sale process and helps you achieve the best possible price for your building.



*“Do I have to tell them?
Ok I will.”*

8. PREPARE THE TENANTS FOR THE SALE

I believe it's best to inform and prepare tenants for the upcoming sale. Some sellers view tenants like family and worry about causing them stress, while others may have strained relationships and prefer not to notify them until the sale is final. However, it's usually better to let tenants know upfront what to expect during the listing and escrow process. After all, it won't stay a secret for long—tenants will see buyers and agents touring the property, and it will quickly become apparent that something is happening.

When I take a listing, I always provide tenants with a letter of introduction. This letter explains that I have been hired to sell the building, outlines what they can expect during the listing and escrow period, and provides my contact information. Selling a property is much smoother when tenants are well-informed and know they can reach out with any questions. In contrast, keeping them in the dark often leads to frustration and uncooperative behavior once they find out.



“I have all my keys and tenant info right here”

9. GET ALL TENANT INFO, KEYS, AND CODES

It's essential that I have a complete contact sheet for all tenants, including their phone numbers and email addresses. Additionally, make sure you have a set of keys for all units, gates, garages, laundry rooms, storage areas, and any other secured spaces. If any of your gates or other spaces have key codes for entry, I will need those as well.

During the marketing period, I'll be at the property for pre-inspections, unit walkthroughs, and photography. I need to provide tenants with at least 24 hours' notice, and I like to follow up with a text reminder. Of course during escrow we will have more inspections and most likely an appraisal as well.

Having complete tenant information is crucial; otherwise, it complicates communication. Occasionally, tenants change locks without informing the owner, which can create issues. It's important to address these details before the sale process begins.



“My ex is still on title? We gotta clear that up now!”

10. CLEAR UP ANY TITLE ISSUES

It's essential to address any title issues, as unresolved issues can delay a sale. The first step I take is to order a preliminary title report from the title company. This report allows us to review the property's title history and identify any potential problems, such as liens, outdated loans, citations, or other items that could complicate the sale.

Sometimes an ex-spouse remains on the title because a quitclaim deed was not properly recorded, or cases involving inherited property where the original owners or their trust still appear on the title because the heirs did not correctly transfer ownership after inheritance. These issues, though important to address, are usually straightforward to resolve with the right documentation.

By identifying and correcting title discrepancies early in the process, we can ensure a smoother transaction and avoid last-minute complications that might disrupt or delay the closing.



“We need an expert”

11. CHOOSE THE RIGHT BROKER - PT 1

Choosing the right listing broker is crucial when it comes to selling your property. It's essential to work with someone who is an expert in apartment sales and has a deep understanding of commercial finance.

Look for a broker with a proven track record of success and experience specifically in your market. Additionally, strong communication skills are key—you want someone who is approachable, easy to talk to, and able to provide clear, practical advice tailored to your goals.

Selecting the best broker to market and sell your building is one of the most important choices you'll make. Take the time to review their past sales, request references, and make sure they align with your needs and expectations. Making an informed decision here will set you up for a smoother, more successful transaction.



“Derrick is really plugged in”

12. CHOOSE THE RIGHT BROKER - PT 2

Beyond the usual skills expected from an experienced broker, they should also have deep expertise in areas such as rent control, the L.A. Housing Department, city and state laws, the Ellis Act, SCEP inspections, Calif AB-1482, SB8 development regulations, the tenant relocation process, and cash-for-keys scenarios. Search for a broker who is focused is on listing multifamily property, not a broker who mainly focuses on residential property.

Navigating the Los Angeles rental housing market in 2025 and beyond is complex, with numerous local and state rules and restrictions affecting landlords and sellers. Ensure your broker is a true expert in these aspects of selling rental property in L.A. to avoid costly mistakes.

Make sure your broker stays on top of these important issues as L.A. and state politicians are always passing new bills and laws that greatly affect apartment owners and sellers. Brokers nowadays have to be politically aware.



“I like your digital marketing strategy”

13. MARKETING YOUR BUILDING

Marketing your building requires both traditional real estate expertise as well as digital strategies. Drone photography and videography add a unique perspective, which can be valuable in a city like L.A., where neighborhood context and views play a major role in buyer appeal.

Platforms like The MLS, Co-Star, & Crexi combined with email marketing, help investors find your property online. Altogether, these modern marketing tools create a robust online presence that amplifies the property's exposure and appeal. As you may know, most investors will find your property online.

Preparing a traditional “Offering Memorandum” is also an important tool at attracting and motivating investors to consider your property. A good OM will have all the financial data about your building, many high quality photos, neighborhood characteristics, and a compelling narrative highlighting the beneficial aspects of your building.



“Looking for your guidance on the best offer for our building:

14. CHOOSE THE RIGHT OFFER

The highest offer isn't always the best one, and even a cash offer may not be the right choice. I will work with you to thoroughly review and analyze each offer that comes in, providing recommendations on which is truly in your best interest and explaining the reasons behind it. Additionally, I'll advise you on how to structure a counteroffer that protects you from common financing pitfalls, such as low appraisals or loan denials.

To help avoid appraisal issues, I personally meet with the appraiser, provide carefully selected comparable sales data, and make myself available for any additional information they may need. This proactive approach significantly reduces the chance of appraisal problems. I'll also show you how to safeguard yourself if the buyer's loan is denied by structuring the contract strategically before escrow begins, ensuring your interests are protected throughout the process.



“What? My sewer line is busted?”

15. THE ESCROW PROCESS PART 1 - INSPECTIONS

There are two parts to the escrow process in my opinion, the inspections and everything else. Getting through inspections is the most difficult part of the escrow process especially if you have an older building. Sewer lines get inspected with video cameras and half the time sewer pipes are busted up and needs to be replaced. Older buildings often have outdated and dangerous circuit breakers. Mold is a common issue in bathrooms. Water intrusion into the foundation from rain or sprinklers can a big problem.

99% of the time, the buyer is going to ask for a credit towards repairs to rectify any problems to the major mechanical systems like the roof, plumbing, foundation, electrical, HVAC, water heaters, and other mechanical components.

It's a negotiation process but fortunately I have been through hundreds of inspections in my career and will help negotiate with the buyers to come to an agreement on how to deal with the repair issues and get the deal closed.



“Dang! So much paperwork?”

16. THE ESCROW PROCESS PART 2 - PAPERWORK AND EVERYTHING ELSE

During escrow the first thing that happens is the buyers puts their earnest money deposit (EMD) into escrow. Both parties sign their escrow instructions that reflect what is on the contract. The seller fills out and provides disclosure documents to the buyer. If the seller is doing an exchange we will set that up with an exchange accommodator. If the property is being financed the escrow officer works with the loan officer to provide documentation for the lender and coordinates the funding of the loan with the bank. There will be an appraisal ordered of course and once everything is complete the buyer will put their down payment into the escrow and the escrow officer will arrange for the title company to record the loan after the bank has funded. Once we close I will notify the tenants and provide the buyer with their contact information and make sure the buyer notifies the tenants where to send their rent checks to. Success!



“Thanks Derrick for all your help!”

17. FINAL THOUGHTS

I hope you found this guide helpful. I've poured 39 years of real estate experience into this report. My focus is listing apartment buildings and providing guidance to sellers, so they have an excellent outcome. Owning and selling rental properties is a lot more complicated than it used to be. You really have to step up your game and make sure you are well informed. It's crucial to hire an experienced broker who understands all the rules and regulations that the state and city place on sellers. Tenants have a lot more rights and “protections” than they used to due to politicians favoring renters over housing providers. It's very unfair in my opinion, but we have to deal with the hand that we've been dealt. I closely follow the political situation here in Los Angeles and stay up to date with everything that they throw at us so I can better advise my clients. I look forward to talking to you someday and by the way I am happy to make house calls. Thank you!

Derrick Ruiz



I look forward to helping you when it's time to sell. Feel free to call me any time. I'm here to help you! Thanks, Derrick Ruiz.

Derrick Ruiz - Apartments - Probate & Trust Sales
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Derrick's brief bio & experience

- 39 years of real estate experience
- Over 500 closed transactions
- Residential, multifamily, probate and trust sales
- Inherited property expert - Hoarder / Fixer Uppers
- Expert in rent control issues and dealing with LAHD.
- Expert at solving complex title & ownership issues
- Capital gains tax strategist
- Delaware Statutory Trust (DST) Expert
- 1031 exchange expert
- Tenant relocation expert (Ellis Act & Cash For Keys)
- Commercial & residential finance experience
- Triple net commercial experience
- AI, technology, and marketing expert
- I close the toughest most complicated transactions

In addition to my vast experience, I have many contacts that can help you such as landlord attorneys, probate attorneys, contractors, CPAs, painters, plumbers, handymen, architects, and more. Call me for a referral.

Disclaimer: The information provided here is for general informational purposes only and does not constitute legal advice. Real estate laws can be complex and vary based on individual circumstances. It is recommended that you consult with a qualified attorney to address your specific legal needs and ensure proper handling of your matters.



Bonus: A tax lien title issue case study

My 87 year old client owned a 4 plex worth about \$1.5M. She wanted to retire and go live with her daughter. When I pulled the title report, I noticed she had four Federal and State tax liens totaling a whopping \$345,971.02!

It turns out that these were her ex-husband's tax liens. Even though she got the 4plex in the divorce, somehow the Fed and State put these liens on her property after the fact. Of course when she found out she was mad!!



So what i did is hunt down her divorce decree from 35 years ago. These records were not easily available online or over the phone. I had to go down the L.A. Superior Court downtown and look through the microfiche to find their old divorce decree. I then sent the decree to my title officer who reviewed it with their attorneys and they did determine that these liens should not have been placed on my client's property because the liens were filed after she was the sole owner of the property so they removed them. Success!

These are the type of title issues that I often have to solve before a property can be sold.

You can see that these tax liens were filed long after the divorce and long after she solely owned the property. The quicker I solve the problems the quicker you can sell the property.

7. Notice of **Federal Tax Lien** against [REDACTED] in the amount of **\$92,336.65**, plus costs, interest and additional taxes recorded May 24, 2013, as Instrument No: [REDACTED], of Official Records.
8. Notice of **Federal Tax Lien** against [REDACTED] in the amount of **\$134,137.11**, plus costs, interest and additional taxes recorded June 3, 2013, as Instrument No: [REDACTED], of Official Records.
9. **A tax lien** for the amount shown, and any other amounts due, in favor of the State of California:

Amount: **\$7,194.95**
Filed by: State of California Franchise Tax Board
Taxpayer: [REDACTED]
Certificate No: [REDACTED]
Recorded: July 27, 2018
Instrument/File No.: [REDACTED] of Official Records.

10. **A tax lien** for the amount shown, and any other amounts due, in favor of the State of California:
- Amount: **\$112,302.31**
Filed by: State of California Franchise Tax Board
Taxpayer: [REDACTED]
Certificate No: [REDACTED]
Recorded: August 3, 2022
Instrument/File No.: [REDACTED] of Official Records.



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HOMES AND INVESTMENTS
POWERED BY AI

I am available for phone consultations or zoom meetings. I also make house calls! If you are thinking about selling your building, call me. After 39 years of real estate sales, I am certain I can help you. Shoot me a message and lets chat! Thank you!

[Youtube.com/@derrickruiz](https://www.youtube.com/@derrickruiz) - Tons of real estate videos

[Linkedin.com/in/derrickruiz](https://www.linkedin.com/in/derrickruiz) - Let's connect!

[Instagram.com./DerrickRuiz](https://www.instagram.com/DerrickRuiz)

[Calendly.com/derrick-ruiz](https://www.calendly.com/derrick-ruiz) (to book a short zoom meeting)

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