

94 - Unit Apartment Complex Executive Summary

94 - Unit Multi-Family Portfolio

Company: Capital Return Investments, LLC

Principals: Nelson (Leon) Bruce capitalreturninvestments@gmail.com

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Attorney:

NA

Sourcing Broker:

NA

Project Overview:

A private seller is selling a 94 Unit Apartment Complex from their portfolio for \$1.9M that was purchased from a foreclosure from the current owner. Within the past 9 months they have serviced and rehabbed this development to get it performing at a strong 95-97% occupancy rate. The seller currently manages this property their selves and a new management company will need to be in place once the new owner closes.

This is a very unique opportunity for 3 reasons:

- 1) The portfolio produces significant cash flow from day one, without any changes in the occupancy since the leases are fairly new and won't need to be renewed until 2015. This allows for immediate debt repayment and savings.
- 2) Most of all the rehabs have been completed on this complex except for the standard cosmetic work that may need to be complete if current tenants decide to move out after their lease is up which give you the opportunity not to have to pour any more money into this complex once purchased.
- 3) The tenants pay their own utilities besides water which decreases your expenses saving you more money and increasing the value on this property.

Project Start and End Dates:

Our projected closing period is between 30-60 days from today. Our models have focused on 5 year holdings of the property, with resale or refinance.

When Do You Need the Capital:

To secure the deal, we need \$50,000 in earnest money, which is fully refundable during the due diligence period and can either be paid back or applied toward the purchase at closing. We will need the entire \$2,039,000 at closing, which should occur in the next 60 days or less.

Company Background

Capital Return Investments, LLC was established in 2013, as an acquisition and asset manager company for passive investors interested in cash flowing properties and lifetime income streams. Our specialty is Multifamily and Single Family rental properties in the Southeast and Midwest of the United States. We target markets that have lower purchase price relative to rents, creating typically 10% or better cap rates.

Principal Backgrounds

Prior to starting Capital Return Investments, LLC, Leon Bruce was a Financial Analyst, and Inventory Controls Tech at Cummins Turbo Technologies. Since becoming a full time real estate investor, Leon has gained extensive knowledge in acquiring properties, using both online and physical methods. He has studied under Sue Nelson, owner of over 1,500 apartment units, in how to evaluate and acquire cash flowing properties. In 2013 he has also attended Fortune Academy to get more knowledge of the real estate industry. In 2013 he has bought, sold, and in some cases helped sell Bulk Portfolio's, Multi-Family Apartments, and Single-Family Portfolios.

Key Management

Leon Bruce will be the managing member of the Apartment Complex which features 94-Units. His experience, expertise and support network, which includes some of the top real estate investors in the country, position him for success in managing and improving the performance of this rental portfolio. A 3rd party property management company will be taking over the management of this portfolio after the purchase, and Leon will be receiving weekly reports on the performance of this complex to ensure optimum efficiency in income and expenses. We utilize a Monday Report technique that the 3rd party property management company is expected to provide first thing every Monday.

Projected Revenue, Profit, and Costs: 1-5 years: (100% financing with capital investor)

Year

1:

Projected Revenue:	\$546,924
Projected Costs:	<\$361,566>
Less Debt Service:	<u><\$0.00></u>
Profit:	\$185,358
Debt Coverage Ratio (DCR) = 0	
Expense Ratio = 66.11%	

Year 2:

Projected Revenue:	\$557,862
Projected Costs:	<\$368,091>
Less Debt Service:	<u><\$0.00></u>
Profit:	\$189,771
Debt Coverage Ratio (DCR) = 0	

Expense Ratio = 65.98%

Year 3:

Projected Revenue: \$569,020
Projected Costs: <\$374,747>
Less Debt Service: <\$0.00>
Profit: \$194,273
Debt Coverage Ratio (DCR) = 0
Expense Ratio = 65.86%

Year 4:

Projected Revenue: \$580,400
Projected Costs: <\$381,535>
Less Debt Service: <\$0.00>
Profit: \$198,865
Debt Coverage Ratio (DCR) = 0
Expense Ratio = 65.74%

Year 5:

Projected Revenue: \$592,008
Projected Costs: <\$388,460>
Less Debt Service: <\$0.00>
Profit: \$203,548
Debt Coverage Ratio (DCR) = 0
Expense Ratio = 65.62%

Investor Net Cash Flow First 5 Years: \$680,271

Investor Equity in Year 5, assuming 9% cap rate for sale and 4% cost of sale: \$92,179

Investment /Capital Request:

First week: \$50,000 to hold property until closing – Fully refundable during 30 day due diligence period.

Next 60 days: \$1,989,500 which includes closing costs is required.

This amount would get us through closing and acquiring the 94 Unit Apartment Portfolio.

After closing, the monthly cash flow of approximately \$8,420 per month will be set aside until a substantial reserve of \$101,050 is satisfied and will be held in an interest bearing account for unforeseen expenses and replacement reserves. Every year after that we will increase these reserves by 2% and take them out of the monthly income to be held in the same account. If by the end of the 5 year term there is a substantial amount of reserves remaining, 50-75% of the funds will be split 2 or 3 ways depending on how many investors have invested into closing out this deal.

How Long have we been looking for this capital?

We have been working on raising the money for this investment for the past 1 week.

Are we currently looking elsewhere for capital?

Yes, until we have secured the capital to close out this investment deal, we will continue to market for lenders, brokers, and private investors who have the capital and want to invest. We could potentially split the capital requirements into two or three packages. For example, if one entity can lend 80% of the required funds as a debt lend, we could pursue a Joint Venture or Equity Shares for the remaining capital requirement. For example, if an Equity partner/investor could produce the 25-30% down payment, we could in return offer 40-60% ownership to that partner, which will give them more security with their investment.

Do you currently have a source for this capital?

No, we do not possess the capital to close this transaction. We have the brains and ability to find, secure and manage this deal, but we require the capital from another source, which we are willing to reward with substantial returns and ownership.

Capital Sources:

We have the ability bring 20-75% to the table for this investment, but we will need the remaining capital from another source to help close this deal out. For example, if a capital investor comes to the table with 75% of the purchase price plus closing cost, we can provide the remaining 25% to close out this deal.

We are looking for one of three desired outcomes in terms of capital:

1. 100% financed debt loan.
2. A combination of 75-100% debt loan, in conjunction with a JV or Equity Shares to a capital contributor for the down payment and closing costs.
3. 100% financed debt loan, with a portion of Equity Shares in ownership. For example: we would be willing to offer a 6.4% debt repayment to the lender for 100% loan, as well as a 70% ownership to the lender if they could cover all closing costs etc.

Projected ROI:**Option 1: 100% Investor financing with 70% Interest in Equity:**

This method proves significantly high ROI due to the minimal capital requirement of \$139,500 for closing costs, etc...

Net Cash Flows over 5 years:

\$680,271

Total Cash-on-Cash Return: 33.35%, 6.67% annualized ROI

Equity at sale in year 5: \$92,179 = 4.52% ROI

Total Return on Investment (Cash flow plus sale) = \$772,450 = 37.87%=
7.58% annualized ROI

Option 2: 75% Down by Capital Investor- Offering 40% equity, 25% financing at 6.25% interest.

Total combined net Cash Flows: \$783,810

Capital Investor Returns: 6.6%

Capital Investor net cash flow first 5 years: \$548,667

Capital Investor Cash-on-Cash Return: 35.07% = 7.01% annualized ROI
Capital Investor Equity at Sale: \$119,877 = 7.66%

Option 3: 75% Financing with 6.25% interest amortized over 25 years and 20% down plus closing costs and expenses (Capital Investor) - Offering 40% equity.

Capital Investor Total net Cash Flow: \$155,200
Capital Investor Total Returns: 27.69%
Capital Investor net cash flow first 5 years: \$124,014
Capital Investor Total Cash-on-Cash Return: 22.13% = 4.43% annualized ROI
Capital Investor Equity at Sale: \$31,186 = 5.56%

Please see three attachments for detailed illustrations on Option 1, 2, and 3.

**Exit
Strategy:**

Exit strategy 1: Hold as long-term rentals. Cash flow increases significantly each year, so potential to refinance to long term financing after 24 to 36 months with traditional financing if needed while additional loan is being paid down.

Exit strategy 2: Hold for the full 5 years term and sell off at a 9% cap to payoff investors and split the equity at sale.

We have some resources that we can use to secure a portion of the purchase.

We are able to move forward immediately from the moment capital is secured and begin making repayments to capital lender/partner within 1 month of purchase.

Special Note: For all investors who invest with Capital Return Investments on the purchase of rental properties, they will also receive a free year of equity once exit strategies are executed and funds have been return as if your funds were still invested with the same rates.

To approve the terms, Leon will deliberate and decide within a 24 hour period from the offer.

We look forward to your reply,

Leon Bruce
843-531-3943
capitalreturninvestments@gmail.com

PROPERTY INFO

PROPERTY INFORMATION	
Apartment Name	0
Number of Units	94
Year Constructed	1981
Type of Buildings	Garden Style
Parking	Asphalt
Metering	Individual
HVAC	
Hot Water/gas	Owner Pays
Roofs	Pitched
Exterior	Brick
Acreage of Site	17
Density (units/acre)	5.5

INVESTMENT INFORMATION			
Asking Price		\$1,900,000	
Purchase Price			\$1,900,000
Rehab Costs			\$0
Initial Turns (Units/Cost)	5	\$1,000	\$5,000
Closing Costs, est.			\$139,500
Price-all in			\$2,039,500
Price / Unit		\$20,213	
Price / SF		\$29.93	
Pro Forma Cap Rate (Yrs 1-5)		9.09%	9.98%
Proposed Loan Amount		\$0	
Proposed Down Payment	100%	\$1,900,000	
Annual Interest Rate		6.50%	
Total # of Payments	25	\$300	
Loan Amount		\$0	
Monthly Payment (P+I) =		\$0	
Interest Only		\$0	

UNIT MIX & RENT SCHEDULE								
Units	Type	Style	Sq. Footage	Total Sq Feet	Scheduled Rent-Year 1	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF
23	1/1	Apt	650	14,950	\$520	\$11,960	\$143,520	\$0.80
48	2/1	Apt	650	31,200	\$570	\$27,360	\$328,320	\$0.88
22	2/1	Townhouse	1,000	22,000	\$650	\$14,300	\$171,600	\$0.65
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
Totals/ (Average)								
93			733	68,150	\$577	\$53,620	\$643,440	\$0.79

Scheduled Rent:								
	Units	Sq. Footage	Sq Feet	Yearly Scheduled	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF	
Year I	93	733	68,150	\$577	\$53,620	\$643,440	\$0.79	
Year II	93	733	68,150	\$588	\$54,692	\$656,309	\$0.80	
Year III	93	733	68,150	\$600	\$55,786	\$669,435	\$0.82	
Year IV	93	733	68,150	\$612	\$56,902	\$682,824	\$0.83	
Year V	93	733	68,150	\$624	\$58,040	\$696,480	\$0.85	

PRO FORMA FIVE YEAR PROJECTED BUDGET

0						
		Year I	Year II	Year III	Year IV	Year V
Income with assumed change per year			2%	2%	2%	2%
Scheduled Rent		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Other Income and Utility Reimbursement		\$0	\$0	\$0	\$0	\$0
		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Vacancy/Concessions with assumed change		15%	15%	15%	15%	15%
Less: Vacancy*		\$96,516	\$98,446	\$100,415	\$102,424	\$104,472
Total Income		\$546,924	\$557,862	\$569,020	\$580,400	\$592,008
Expenses with assumed increase per year			2%	2%	2%	2%
Administrative (/unit)	\$155	\$14,570	\$14,861	\$15,159	\$15,462	\$15,771
Advertising & Promotion (total)	\$100	\$9,400	\$9,588	\$9,780	\$9,975	\$10,175
Insurance (yr 1 prepaid /unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Payroll (/unit)	\$620	\$58,280	\$59,446	\$60,635	\$61,847	\$63,084
Repairs & Maintenance (/unit)	\$775	\$72,850	\$74,307	\$75,793	\$77,309	\$78,855
Contract Services (/unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Replacement Reserves (/unit)	\$300	\$28,200	\$28,764	\$29,339	\$29,926	\$30,525
Management Fee	6.0%		\$33,472	\$34,141	\$34,824	\$35,520
Real Property Taxes (yr 1 ppd/unit)	\$376	\$35,318	\$35,318	\$35,318	\$35,318	\$35,318
Utilities (/unit)	\$512	\$48,093	\$49,055	\$50,036	\$51,037	\$52,058
Total Operating Expense	\$3,846	\$361,566	\$368,091	\$374,747	\$381,535	\$388,460
Net Operating Income		\$185,358	\$189,771	\$194,273	\$198,865	\$203,549
Less: Debt Service		\$0	\$0	\$0	\$0	\$0
Projected Net Cash Flow		\$185,358	\$189,771	\$194,273	\$198,865	\$203,549
Total Cash-on-Cash Return**		9.09%	9.30%	9.53%	9.75%	9.98%
Return to Managing Member		\$55,607	\$56,931	\$58,282	\$59,659	\$61,065
Return to Investor		\$129,750	\$132,840	\$135,991	\$139,205	\$142,484
INVESTOR CASH ON CASH RETURN		6.36%	6.51%	6.67%	6.83%	6.99%
Debt Coverage Ratio		0.00	0.00	0.00	0.00	0.00
Expense Ratio		66.11%	65.98%	65.86%	65.74%	65.62%

Investor returns in Property Pkg

	Return \$	Return %
Investor net cash flow first 5 years	\$680,271	6.67%
Total CCR		47.65%
Investor Total CCR		33.35%
Investor equity at sale	\$92,179	4.52%
Total Return on Inv	\$772,450	37.87%

FIVE YEAR PROJECTED BUDGET related data

Acquisition Expenses for Property Pkg	
Purchase price excluding other costs	\$1,900,000
Purchase loan amount	\$0
Downpayment	\$1,900,000

Legal-Third Party					\$0
Lenders Fee	\$0		Points		0.00%
Insurance-prepaid, based on quote					\$0
Lender Escrows-Prepaid Real Estate Taxes					\$2,000
Survey					\$1,000
Recording-Title Work					\$2,000
Third Party Reports & \$5k appraisal, \$2,500 engineering, \$2,500 environmental			\$20,000		
Processing Fee-Title Work					\$8,000
Other					\$8,000
Funding Operating Accounts-approx. 1/12 of 2nd year					\$0
Reserves for Capital Improvements required by bank per unit			\$23,500		\$250.00
Realtor's commission (to be paid by seller)			\$0		
Acquisition Fee for EMT	\$39,000	2.00%	plus, if applicable, soft down of		\$0.00
Closing Costs			\$139,500		

Est unit turn @ \$5k/unit for 32 units (30% vac)	\$5,000
Current bids est. plus 10%	\$0
Total closing costs	\$139,500

Initial Investment Total	\$2,044,500.00
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Equity Return at Resale- CAP	9
Assumes sale after 5 years	
Exit price	\$2,261,650
Sales expense	4.00% \$90,466
Loan principal bal at sale	\$0
Investor funds in deal upon sale	\$2,039,500
Net owner appreciation	\$131,684
Equity Investor	\$92,179
Managing LLC Return	\$39,505

Capital Improvement Exterior Estimates:	
Paint/parking/misc	\$0
Down units 5k each	\$0
Update units	\$0
Exterior work	\$0
Others	\$0
Subtotal	\$0
Added 10%	\$0
Total	\$0
Notes	0

FIVE YEAR PROJECTED BUDGET related data

Cash Requirements		
Total Needed (ALL-IN cost)		\$2,039,500
Sales Price		\$1,900,000
Loan Amount		\$0
Downpayment		\$1,900,000
Earnest Money	Soft with LOI	\$50,000
	Hard after DD	\$50,000
Balance at Close		\$39,500
Cash Requirements		\$2,039,500

OWNERSHIP %			
Investor	Capital	Equity	Vot. rights
	Contribution	% Interest	
Equity Investor	\$2,039,500	70.00%	0.00%
Managing LLC Return	\$0	30.00%	100.00%
0	\$0	0.00%	33.30%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
Totals	\$2,039,500	100.00%	133.30%

Year 1 Projected Cash Flow				Year 2	
	Equity	Yearly	Monthly	Yearly	Monthly
Investor	Investment	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$2,039,500	\$129,750	\$10,813	\$132,840	\$11,070
Managing LLC Return	\$0	\$55,607	\$4,634	\$56,931	\$4,744
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
Totals	\$2,039,500	\$185,358	\$15,446	\$189,771	\$15,814

Year 3			Year 4		Year 5	
	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly
Investor	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$135,991	\$11,333	\$139,205	\$11,600	\$142,484	\$11,874
Managing LLC Return	\$58,282	\$4,857	\$59,659	\$4,972	\$61,065	\$5,089
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$194,273	\$16,189	\$198,865	\$16,572	\$203,549	\$16,962

PROPERTY INFO

PROPERTY INFORMATION

Apartment Name	0
Number of Units	94
Year Constructed	1981
Type of Buildings	Garden Style
Parking	Asphalt
Metering	Individual
HVAC	Individual
Hot Water/gas	Owner Pays
Roofs	Pitched
Exterior	Brick
Acreage of Site	17
Density (units/acre)	5.5

INVESTMENT INFORMATION

Asking Price		\$1,900,000	
Purchase Price			\$1,900,000
Rehab Costs			\$0
Initial Turns (Units/Cost)	5	\$1,000	\$5,000
Closing Costs, est.			\$139,500
Price-all in			\$2,039,500
Price / Unit		\$20,213	
Price / SF		\$29.93	
Pro Forma Cap Rate (Yrs 1-5)		9.09%	9.98%
Proposed Loan Amount		\$475,000	
Proposed Down Payment	75%	\$1,425,000	
Annual Interest Rate		6.25%	
Total # of Payments	25	\$300	
Loan Amount		\$475,000	
Monthly Payment (P+I) =		(\$3,133)	
Interest Only		(\$2,474)	

UNIT MIX & RENT SCHEDULE

Units	Type	Style	Sq. Footage	Total Sq Feet	Scheduled Rent-Year 1	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF
23	1/1	Apt	650	14,950	\$520	\$11,960	\$143,520	\$0.80
48	2/1	Apt	650	31,200	\$570	\$27,360	\$328,320	\$0.88
22	2/1	Townhouse	1,000	22,000	\$650	\$14,300	\$171,600	\$0.65
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	

Totals/ (Average)

93			733	68,150	\$577	\$53,620	\$643,440	\$0.79
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Scheduled Rent:

	Units	Sq. Footage	Sq Feet	Yearly Scheduled	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF
Year I	93	733	68,150	\$577	\$53,620	\$643,440	\$0.79
Year II	93	733	68,150	\$588	\$54,692	\$656,309	\$0.80
Year III	93	733	68,150	\$600	\$55,786	\$669,435	\$0.82
Year IV	93	733	68,150	\$612	\$56,902	\$682,824	\$0.83
Year V	93	733	68,150	\$624	\$58,040	\$696,480	\$0.85

PRO FORMA FIVE YEAR PROJECTED BUDGET

0						
		Year I	Year II	Year III	Year IV	Year V
Income with assumed change per year			2%	2%	2%	2%
Scheduled Rent		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Other Income and Utility Reimbursement		\$0	\$0	\$0	\$0	\$0
		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Vacancy/Concessions with assumed change		15%	15%	15%	15%	15%
Less: Vacancy*		\$96,516	\$98,446	\$100,415	\$102,424	\$104,472
Total Income		\$546,924	\$557,862	\$569,020	\$580,400	\$592,008
Expenses with assumed increase per year			2%	2%	2%	2%
Administrative (/unit)	\$155	\$14,570	\$14,861	\$15,159	\$15,462	\$15,771
Advertising & Promotion (total)	\$100	\$9,400	\$9,588	\$9,780	\$9,975	\$10,175
Insurance (yr 1 prepaid /unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Payroll (/unit)	\$620	\$58,280	\$59,446	\$60,635	\$61,847	\$63,084
Repairs & Maintenance (/unit)	\$775	\$72,850	\$74,307	\$75,793	\$77,309	\$78,855
Contract Services (/unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Replacement Reserves (/unit)	\$300	\$28,200	\$28,764	\$29,339	\$29,926	\$30,525
Management Fee	6.0%		\$33,472	\$34,141	\$34,824	\$35,520
Real Property Taxes (yr 1 ppd/unit)	\$376	\$35,318	\$35,318	\$35,318	\$35,318	\$35,318
Utilities (/unit)	\$512	\$48,093	\$49,055	\$50,036	\$51,037	\$52,058
Total Operating Expense	\$3,846	\$361,566	\$368,091	\$374,747	\$381,535	\$388,460
Net Operating Income		\$185,358	\$189,771	\$194,273	\$198,865	\$203,549
Less: Debt Service		(\$37,601)	(\$37,601)	(\$37,601)	(\$37,601)	(\$37,601)
Projected Net Cash Flow		\$147,757	\$152,170	\$156,672	\$161,264	\$165,947
Total Cash-on-Cash Return**		9.44%	9.73%	10.01%	10.31%	10.61%
Return to Managing Member		\$44,327	\$45,651	\$47,002	\$48,379	\$49,784
Return to Investor		\$103,430	\$106,519	\$109,670	\$112,885	\$116,163
INVESTOR CASH ON CASH RETURN		6.61%	6.81%	7.01%	7.22%	7.42%
Debt Coverage Ratio		4.93	5.05	5.17	5.29	5.41
Expense Ratio		66.11%	65.98%	65.86%	65.74%	65.62%

Investor returns in Property Pkg

	Return \$	Return %
Investor net cash flow first 5 years	\$548,667	7.01%
Total CCR		50.10%
Investor Total CCR		35.07%
Investor equity at sale	\$119,877	7.66%
Total Return on Inv	\$668,543	42.73%

FIVE YEAR PROJECTED BUDGET related data

Acquisition Expenses for Property Pkg	
Purchase price excluding other costs	\$1,900,000
Purchase loan amount	\$475,000
Downpayment	\$1,425,000

Legal-Third Party					\$0
Lenders Fee	\$0		Points	0.00%	
Insurance-prepaid, based on quote	\$0				
Lender Escrows-Prepaid Real Estate Taxes	\$2,000				
Survey	\$1,000				
Recording-Title Work	\$2,000				
Third Party Reports & \$5k appraisal, \$2,500 engineering, \$2,500 environmental			\$20,000		
Processing Fee-Title Work	\$8,000				
Other	\$8,000				
Funding Operating Accounts-approx. 1/12 of 2nd year	\$0				
Reserves for Capital Improvements required by bank per unit			\$23,500	\$250.00	
Realtor's commission (to be paid by seller)			\$0		
Acquisition Fee for EMT	\$39,000	2.00%	plus, if applicable, soft down of		\$0.00
Closing Costs			\$139,500		

Est unit turn @ \$5k/unit for 32 units (30% vac)	\$5,000
Current bids est. plus 10%	\$0
Total closing costs	\$139,500

Initial Investment Total	\$2,044,500.00
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Equity Return at Resale- CAP		9
Assumes sale after 5 years		
Exit price		\$2,261,650
Sales expense	4.00%	\$90,466
Loan principal bal at sale		\$435,432
Investor funds in deal upon sale		\$1,564,500
Net owner appreciation		\$171,252
Equity Investor		\$119,877
Managing LLC Return		\$51,376

Capital Improvement Exterior Estimates:	
Paint/parking/misc	\$0
Down units 5k each	\$0
Update units	\$0
Exterior work	\$0
Others	\$0
Subtotal	\$0
Added 10%	\$0
Total	\$0
Notes	0

FIVE YEAR PROJECTED BUDGET related data

Cash Requirements		
Total Needed (ALL-IN cost)		\$2,039,500
Sales Price		\$1,900,000
Loan Amount		\$475,000
Downpayment		\$1,425,000
Earnest Money	Soft with LOI	\$50,000
	Hard after DD	\$0
Balance at Close		\$89,500
Cash Requirements		\$1,564,500

OWNERSHIP %			
Investor	Capital	Equity	Vot. rights
	Contribution	% Interest	
Equity Investor	\$1,564,500	70.00%	0.00%
Managing LLC Return	\$0	30.00%	100.00%
0	\$0	0.00%	33.30%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
Totals	\$1,564,500	100.00%	133.30%

Year 1 Projected Cash Flow				Year 2	
	Equity	Yearly	Monthly	Yearly	Monthly
Investor	Investment	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$1,564,500	\$103,430	\$8,619	\$106,519	\$8,877
Managing LLC Return	\$0	\$44,327	\$3,694	\$45,651	\$3,804
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
Totals	\$1,564,500	\$147,757	\$12,313	\$152,170	\$12,681

Year 3			Year 4		Year 5	
	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly
Investor	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$109,670	\$9,139	\$112,885	\$9,407	\$116,163	\$9,680
Managing LLC Return	\$47,002	\$3,917	\$48,379	\$4,032	\$49,784	\$4,149
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$156,672	\$13,056	\$161,264	\$13,439	\$165,947	\$13,829

Option 3 - 20% down plus closing costs and expenses.

SUE Nelson
REO Note Profits

PROPERTY INFO

PROPERTY INFORMATION	
Apartment Name	0
Number of Units	94
Year Constructed	1981
Type of Buildings	Garden Style
Parking	Asphalt
Metering	Individual
HVAC	Individual
Hot Water/gas	Owner Pays
Roofs	Pitched
Exterior	Brick
Acreage of Site	17
Density (units/acre)	5.5

INVESTMENT INFORMATION			
Asking Price		\$2,090,000	
Purchase Price			\$2,090,000
Rehab Costs			\$0
Initial Turns (Units/Cost)	5	\$1,000	\$5,000
Closing Costs, est.			\$142,500
Price-all in			\$2,232,500
Price / Unit		\$22,234	
Price / SF		\$32.76	
Pro Forma Cap Rate (Yrs 1-5)		8.30%	9.12%
Proposed Loan Amount		\$1,672,000	
Proposed Down Payment	20%	\$418,000	
Annual Interest Rate		6.25%	
Total # of Payments	25	\$300	
Loan Amount		\$1,672,000	
Monthly Payment (P+I) =		(\$11,030)	
Interest Only		(\$8,708)	

UNIT MIX & RENT SCHEDULE								
Units	Type	Style	Sq. Footage	Total Sq Feet	Scheduled Rent-Year 1	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF
23	1/1	Apt	650	14,950	\$520	\$11,960	\$143,520	\$0.80
48	2/1	Apt	650	31,200	\$570	\$27,360	\$328,320	\$0.88
22	2/1	Townhouse	1,000	22,000	\$650	\$14,300	\$171,600	\$0.65
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
0	0	0	0	0	\$0	\$0	\$0	
Totals/ (Average)								
93			733	68,150	\$577	\$53,620	\$643,440	\$0.79

Scheduled Rent:								
	Units	Sq. Footage	Sq Feet	Yearly Scheduled	Monthly Scheduled Rent	Total Scheduled Rent	Rent/SF	
Year I	93	733	68,150	\$577	\$53,620	\$643,440	\$0.79	
Year II	93	733	68,150	\$588	\$54,692	\$656,309	\$0.80	
Year III	93	733	68,150	\$600	\$55,786	\$669,435	\$0.82	
Year IV	93	733	68,150	\$612	\$56,902	\$682,824	\$0.83	
Year V	93	733	68,150	\$624	\$58,040	\$696,480	\$0.85	

PRO FORMA FIVE YEAR PROJECTED BUDGET

0						
		Year I	Year II	Year III	Year IV	Year V
Income with assumed change per year			2%	2%	2%	2%
Scheduled Rent		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Other Income and Utility Reimbursement		\$0	\$0	\$0	\$0	\$0
		\$643,440	\$656,309	\$669,435	\$682,824	\$696,480
Vacancy/Concessions with assumed change		15%	15%	15%	15%	15%
Less: Vacancy*		\$96,516	\$98,446	\$100,415	\$102,424	\$104,472
Total Income		\$546,924	\$557,862	\$569,020	\$580,400	\$592,008
Expenses with assumed increase per year			2%	2%	2%	2%
Administrative (/unit)	\$155	\$14,570	\$14,861	\$15,159	\$15,462	\$15,771
Advertising & Promotion (total)	\$100	\$9,400	\$9,588	\$9,780	\$9,975	\$10,175
Insurance (yr 1 prepaid /unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Payroll (/unit)	\$620	\$58,280	\$59,446	\$60,635	\$61,847	\$63,084
Repairs & Maintenance (/unit)	\$775	\$72,850	\$74,307	\$75,793	\$77,309	\$78,855
Contract Services (/unit)	\$330	\$31,020	\$31,640	\$32,273	\$32,919	\$33,577
Replacement Reserves (/unit)	\$300	\$28,200	\$28,764	\$29,339	\$29,926	\$30,525
Management Fee	6.0%		\$33,472	\$34,141	\$34,824	\$35,520
Real Property Taxes (yr 1 ppd/unit)	\$376	\$35,318	\$35,318	\$35,318	\$35,318	\$35,318
Utilities (/unit)	\$512	\$48,093	\$49,055	\$50,036	\$51,037	\$52,058
Total Operating Expense	\$3,846	\$361,566	\$368,091	\$374,747	\$381,535	\$388,460
Net Operating Income		\$185,358	\$189,771	\$194,273	\$198,865	\$203,549
Less: Debt Service		(\$132,356)	(\$132,356)	(\$132,356)	(\$132,356)	(\$132,356)
Projected Net Cash Flow		\$53,002	\$57,415	\$61,917	\$66,509	\$71,192
Total Cash-on-Cash Return**		9.46%	10.24%	11.05%	11.87%	12.70%
Return to Managing Member		\$31,801	\$34,449	\$37,150	\$39,905	\$42,715
Return to Investor		\$21,201	\$22,966	\$24,767	\$26,604	\$28,477
INVESTOR CASH ON CASH RETURN		3.78%	4.10%	4.42%	4.75%	5.08%
Debt Coverage Ratio		1.40	1.43	1.47	1.50	1.54
Expense Ratio		66.11%	65.98%	65.86%	65.74%	65.62%

Investor returns in Property Pkg

	Return \$	Return %
Investor net cash flow first 5 years	\$124,014	4.43%
Total CCR		55.31%
Investor Total CCR		22.13%
Investor equity at sale	\$31,186	5.56%
Total Return on Inv	\$155,200	27.69%

FIVE YEAR PROJECTED BUDGET related data

Acquisition Expenses for Property Pkg	
Purchase price excluding other costs	\$2,090,000
Purchase loan amount	\$1,672,000
Downpayment	\$418,000

Legal-Third Party					\$0
Lenders Fee	\$0		Points		0.00%
Insurance-prepaid, based on quote	\$0				
Lender Escrows-Prepaid Real Estate Taxes	\$2,000				
Survey	\$1,000				
Recording-Title Work	\$2,000				
Third Party Reports & \$5k appraisal, \$2,500 engineering, \$2,500 environmental			\$20,000		
Processing Fee-Title Work	\$8,000				
Other	\$8,000				
Funding Operating Accounts-approx. 1/12 of 2nd year	\$0				
Reserves for Capital Improvements required by bank per unit			\$23,500		\$250.00
Realtor's commission (to be paid by seller)			\$0		
Acquisition Fee for EMT	\$42,000	2.00%	plus, if applicable, soft down of		\$0.00
Closing Costs			\$142,500		

Est unit turn @ \$5k/unit for 32 units (30% vac)	\$5,000
Current bids est. plus 10%	\$0
Total closing costs	\$142,500

Initial Investment Total	\$2,237,500.00
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Equity Return at Resale- CAP		9
Assumes sale after 5 years		
Exit price		\$2,261,650
Sales expense	4.00%	\$90,466
Loan principal bal at sale		\$1,532,720
Investor funds in deal upon sale		\$560,500
Net owner appreciation		\$77,964
Equity Investor		\$31,186
Managing LLC Return		\$46,779

Capital Improvement Exterior Estimates:	
Paint/parking/misc	\$0
Down units 5k each	\$0
Update units	\$0
Exterior work	\$0
Others	\$0
Subtotal	\$0
Added 10%	\$0
Total	\$0
Notes	0

FIVE YEAR PROJECTED BUDGET related data

Cash Requirements		
Total Needed (ALL-IN cost)		\$2,232,500
Sales Price		\$2,090,000
Loan Amount		\$1,672,000
Downpayment		\$418,000
Earnest Money	Soft with LOI	\$50,000
	Hard after DD	\$50,000
Balance at Close		\$42,500
Cash Requirements		\$560,500

OWNERSHIP %			
Investor	Capital	Equity	Vot. rights
	Contribution	% Interest	
Equity Investor	\$560,500	40.00%	0.00%
Managing LLC Return	\$0	60.00%	100.00%
0	\$0	0.00%	33.30%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
0	\$0	0.00%	0.00%
Totals	\$560,500	100.00%	133.30%

Year 1 Projected Cash Flow				Year 2	
	Equity	Yearly	Monthly	Yearly	Monthly
Investor	Investment	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$560,500	\$21,201	\$1,767	\$22,966	\$1,914
Managing LLC Return	\$0	\$31,801	\$2,650	\$34,449	\$2,871
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0
Totals	\$560,500	\$53,002	\$4,417	\$57,415	\$4,785

Year 3			Year 4		Year 5	
	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly
Investor	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Equity Investor	\$24,767	\$2,064	\$26,604	\$2,217	\$28,477	\$2,373
Managing LLC Return	\$37,150	\$3,096	\$39,905	\$3,325	\$42,715	\$3,560
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0
Totals	\$61,917	\$5,160	\$66,509	\$5,542	\$71,192	\$5,933