

# Company Information



**Country View**  
**3990 Stephanie lane**  
**Memphis, TN 38128**

Country View is an example of what a true Value-Add property is. Built in 2 phases, 1973 / 1985. The original owner has not updated the property or the interiors, further mis-management has created an excellent opportunity to renovate and reposition it to current market rates.

#### Description of Property:

- 321 Units - 101 - 1973 and 220 in 1985
- Class B Sub-market of Memphis, TN

#### Opportunity:

- Value Add
- Rents \$100-150 a month under market for comparable renovated units
- Poor management
- No Utility RUBS program in place
- Memphis has RE Tax program allowing for lock up period of 10 years @ 50% of tax rate, provided 50% of purchase price is invested in property.
- No down units, only dated interiors need be updated
- New exteriors will bring property to modern standards
- Original owner has not updated property

#### Location

- Best sub-market of Memphis
- NIKE facility 2 miles from location
- Excellent retail nearby

#### Demographics within 5 miles

- Average Household Income - \$59,465
- White Collar Employees - 52.2%
- Average single-family home value - \$130,390
- Average Age - 33.8
- Numbers of Employees - 65,584
- Population from Country View
  - 1 mile - 10,406
  - 3 miles - 55,151
  - 5 miles - 143,641

#### Overall Capital Requirements

- Acquisition - \$16,500 a door - \$5,296,500
- Closing Costs - \$891 a door - \$286,030
- Renovations - \$16,333 a door - \$16,333
- Bridge Loan costs - \$437,259
- Bridge Loan Interest Reserves - \$400,000
- Total Cost - \$11,662,668 - \$36,332 a door

## Deal Metrics

- Total Cost - \$11,662,668
- Bridge Loan - 75% - \$8,747,608
- Equity Required - \$2,915,059
- Sponsor Participation - 20% - \$583,012
- Equity Investor - \$2,352,048
- Equity Investor Ownership of Property Entity - 75%

## Projected Equity Investor Term:

- 3 year term
- 10% Deferred Interest
- 100% of Distributable Income - Until Equity Investment Paid
- 100% of any Cash out at Perm Loan - Until Equity Paid
- 50% of all Income after Sponsor Equity is Paid.

## Investor Projected Returns

During Repositioning		Net Income / Perm Loan	Sponsor	Investor
Investor Equity				\$ 2,346,344
Rental Income	3 yrs.	\$ 453,419		\$ 453,419
Investor Equity at Perm Loan				\$ 1,892,925
Perm Loan Payoff		\$ -		\$ 1,706,626
Perm Loan Deferred Interest Payment		\$ 703,903		\$ 703,903
Investor Carry Over				\$ 186,299
Investor Interest	18%	1 yr.		\$ 33,534
<b>Investor / Sponsor Projected Returns and Return of Loan</b>				
		Income	Sponsor	Investor
Year 1 - First Repay Balance of Investor		\$ 93,135		\$ 93,135
Year 2 - First Repay Balance of Investor		\$ (25,112)		\$ (25,112)
Year 3 - First Repay Balance of Investor		\$ 385,396		\$ 385,396
Carry Over Equity / Interest		\$ 703,903		\$ 186,299
Continued Equity / Interest Due after Perm Loan			\$ 586,586	\$ 33,534
Year 4 - First Repay Investor - Then Sponsor		\$ 421,277	\$ 201,444	\$ 219,833
Year 5 - Repay Sponsor / then 50/50		\$ 453,069	\$ 385,142	
			\$ 33,963	\$ 33,963
Year 6 - 50/50		\$ 485,506	\$ 242,753	\$ 242,753
Year 7 - 50/50		\$ 518,601	\$ 259,300	\$ 259,300
Year 8 - 50/50		\$ 570,981	\$ 285,490	\$ 285,490
Year 9 - 50/50		\$ 624,942	\$ 312,471	\$ 312,471
Year 10 - 50/50		\$ 680,773	\$ 340,387	\$ 340,387

## Purchase Metrics - Bridge Loan and Investor Equity required

Item			Total / Item Defined	Unit Price	Item Defined
<b>Property Costs</b>					
Purchase Price			\$ 5,296,500	\$16,500	Per Door
Closing Costs			\$ 286,030	\$891	Per Door
Operating Expenses			\$ -		
Deferred Maintenance			\$ -		
Renovations			\$ 5,101,218	\$15,892	Per Door
Equity Loan Fees			\$ 93,854	\$292	Per Door
<b>Total Cost</b>			\$ 10,683,748	\$33,283	Per Door
<b>Bridge Loan Fees</b>					
Bridge Loan Fees		6%	\$ 520,432		
Bridge Loan Interest Reserve	0.5	10%	\$ 433,693	6 Months	
<b>Total Cost</b>			\$ 11,731,721	\$36,547	Per Door
Bridge Loan		75%	\$ 8,798,791		
Equity Required		25%	\$ 2,932,930	\$9,137	Per Door
Sponsor Participation		20%	\$ 586,586		
Equity Loan Required		80%	\$ 2,346,344		
Equity Deffered Interest	3	10%	\$ 703,903	3 Years	

## Mortgage Projections

<b>Mortgage - 3 Years</b>			
Stabilized Value			\$ 14,445,000
Perm Loan		80%	\$ 11,556,000
Mortgage		4.50%	\$ 703,760
Loan Fees		3%	\$ 346,680
<b>Total Gross Distributable Cash</b>			\$ 11,556,000
<b>Total Bridge Loan</b>			\$ 8,798,791
<b>Total Gross Loan Proceeds</b>			\$ 2,410,529
<b>Deferred Investor Interest</b>			\$ 703,903
<b>Total Cash to Distribute to Equity</b>			\$ 1,706,626
<b>Total Balance Investor Equity Loan</b>			\$ 1,892,925
<b>Total Cash Out</b>			\$ (186,299)

## Sales / Re-Finance in Future Value

<b>After Repair Value (ARV) Future Perm Loan Potential</b>					
			Year 3	Year 7	Year 10
ARV Cap rate			8.00%	8.00%	8.00%
Projected Net Operating Income			\$ 1,185,457	\$ 1,318,661	\$ 1,480,834
Projected Value NOI Approach			\$ 14,818,207	\$ 16,483,264	\$ 18,510,420
Per Unit			\$ 46,163	51,350	57,665
80% Value Approach	80%		\$ 36,930.11	\$ 41,080	\$ 46,132
Comps in Area (estimated)			\$ 45,000	48,000	53,000
<b>Total Value</b>			\$ 14,445,000	15,408,000	17,013,000
<b>Total Future Loan Value</b>	80%		\$ 11,556,000	12,326,400	13,610,400
<b>Loan in Place</b>				\$ 11,556,000	12,326,400
<b>Potential cash Out</b>				770,400	1,284,000
<b>Sales Cost</b>	6%		\$ 866,700	\$ 924,480	\$ 1,020,780
<b>Net Proceeds / Equity in Place</b>			\$ 2,022,300	2,157,120	2,381,820

Years	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Income Categories</b>					
Gross Income	\$ 2,110,800	\$ 2,174,124	\$ 2,412,300	\$ 2,460,546	\$ 2,509,757
Loss to Vacancy	527,700	130,447	144,738	147,633	150,585
Total Rental Inc.	1,583,100	2,043,677	2,267,562	2,312,913	2,359,172
Concessions	50,000	50,000	10,000	10,000	10,000
Bad Debt	47,493	40,874	45,351	46,258	47,183
Utiliy Income	25,000	26,250	50,000	51,500	53,045
Other Income	\$ 75,000	\$ 75,000	\$ 85,000	\$ 87,550	\$ 90,177
<b>Effective Income</b>	<b>\$ 1,510,607</b>	<b>\$ 1,979,053</b>	<b>\$ 2,347,211</b>	<b>\$ 2,395,705</b>	<b>\$ 2,445,210</b>
<b>Expenses</b>					
Management Fee	\$ 75,530	\$ 98,953	\$ 117,361	\$ 119,785	\$ 122,260
Marketing	36,000	30,000	24,000	24,000	24,000
Repairs and Maint.	96,300	96,300	99,189	102,165	105,230
Payroll	266,400	271,728	277,163	282,706	288,360
Administrative	96,300	96,300	96,300	96,300	96,300
Exterior Contracts	75,000	75,000	75,000	75,000	75,000
Turnover	-	125,000	240,750	245,565	250,476
Security	50,000	50,000	50,000	50,000	50,000
Utilities	55,706	55,000	55,000	55,000	55,000
Real Estate taxes	43,500	47,850	48,568	49,296	50,036
Insurance	\$ 80,250	\$ 81,855	\$ 83,492	\$ 85,162	\$ 86,865
<b>Total Expenses</b>	<b>\$ 874,986</b>	<b>\$ 1,027,986</b>	<b>\$ 1,166,822</b>	<b>\$ 1,184,979</b>	<b>\$ 1,203,527</b>
Expense Percentage	58%	52%	50%	49%	49%
<b>Net Operating Income</b>	<b>\$ 635,621</b>	<b>\$ 951,067</b>	<b>\$ 1,180,389</b>	<b>\$ 1,210,726</b>	<b>\$ 1,241,682</b>
<b>Capital Reserves</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>
<b>Gross Distributable Income</b>	<b>\$ 539,321</b>	<b>\$ 854,767</b>	<b>\$ 1,084,089</b>	<b>\$ 1,114,426</b>	<b>\$ 1,145,382</b>
Debt Service	446,186	879,879	703,760	703,760	703,760
Debt Service Coverage	1.21	0.97	1.54	1.58	1.63
<b>Net Distributable Income</b>	<b>\$ 93,135</b>	<b>\$ (25,112)</b>	<b>\$ 380,328</b>	<b>\$ 410,666</b>	<b>\$ 441,622</b>
Projected Value of Property	\$ 7,945,258	\$ 11,888,342	\$ 14,754,860	\$ 15,134,075	\$ 15,521,030
Cost of Sale			\$ 885,292	\$ 908,045	\$ 931,262
<b>Net Value of Property</b>			<b>\$ 13,869,569</b>	<b>\$ 14,226,031</b>	<b>\$ 14,589,768</b>

Years	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Income Categories</b>					
Gross Income	\$ 2,559,952	\$ 2,611,151	\$ 2,689,486	\$ 2,770,170	\$ 2,853,275
Loss to Vacancy	153,597	156,669	161,369	166,210	171,197
Total Rental Inc.	2,406,355	2,454,482	2,528,116	2,603,960	2,682,079
Concessions	10,000	10,000	10,000	10,000	10,000
Bad Debt	48,127	49,090	50,562	52,079	53,642
Utiliy Income	54,636	56,275	57,964	59,703	61,494
Other Income	\$ 92,882	\$ 95,668	\$ 98,538	\$ 101,494	\$ 104,539
<b>Effective Income</b>	<b>\$ 2,495,746</b>	<b>\$ 2,547,336</b>	<b>\$ 2,624,056</b>	<b>\$ 2,703,078</b>	<b>\$ 2,784,470</b>
<b>Expenses</b>					
Management Fee	\$ 124,787	\$ 127,367	\$ 129,914	\$ 132,512	\$ 135,163
Marketing	24,000	24,000	24,000	24,000	24,000
Repairs and Maint.	108,386	111,638	114,987	118,437	121,990
Payroll	294,127	300,010	306,010	312,130	318,373
Administrative	96,300	96,300	98,226	100,191	102,194
Exterior Contracts	75,000	75,000	76,500	78,030	79,591
Turnover	255,486	260,596	265,807	271,124	276,546
Security	50,000	50,000	51,000	52,020	53,060
Utilities	55,000	55,000	56,100	57,222	58,366
Real Estate taxes	50,786	51,548	52,321	53,106	53,903
Insurance	\$ 88,602	\$ 90,375	\$ 92,182	\$ 94,026	\$ 95,906
<b>Total Expenses</b>	<b>\$ 1,222,475</b>	<b>\$ 1,241,833</b>	<b>\$ 1,267,048</b>	<b>\$ 1,292,389</b>	<b>\$ 1,318,237</b>
Expense Percentage	49%	49%	48%	48%	47%
<b>Net Operating Income</b>	<b>\$ 1,273,271</b>	<b>\$ 1,305,503</b>	<b>\$ 1,357,008</b>	<b>\$ 1,410,689</b>	<b>\$ 1,466,233</b>
<b>Capital Reserves</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>	<b>\$96,300</b>
<b>Gross Distributable Incom</b>	<b>\$ 1,176,971</b>	<b>\$ 1,209,203</b>	<b>\$ 1,260,708</b>	<b>\$ 1,314,389</b>	<b>\$ 1,369,933</b>
Debt Service	703,760	703,760	703,760	703,760	703,760
Debt Service Coverage	1.67	1.72	1.79	1.87	1.95
<b>Net Distributable Income</b>	<b>\$ 473,210</b>	<b>\$ 505,443</b>	<b>\$ 556,948</b>	<b>\$ 610,629</b>	<b>\$ 666,173</b>
Projected Value of Prop	\$ 15,915,881	\$ 16,318,793	\$ 16,962,602	\$ 17,633,611	\$ 18,327,918
Cost of Sale	\$ 954,953	\$ 979,128	\$ 1,017,756	\$ 1,058,017	\$ 1,099,675
<b>Net Value of Property</b>	<b>\$ 14,960,928</b>	<b>\$ 15,339,665</b>	<b>\$ 15,944,846</b>	<b>\$ 16,575,595</b>	<b>\$ 17,228,243</b>

