

# Toledo Court Apartments

306 Toledo Ave, Lubbock, TX 79416



- \$2,000,000 Sales Price
- 70 Rentable Units  
1 Office, 1 Laundry  
72 Total
- February 13, 2009 Appraisal Available for review  
Appraised value \$1,920,000
- Property bought out of foreclosure in late 2007  
\$440,000 in renovations completed in 2008

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Minnix Companies



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**ANALYSIS**

**Analysis Date:** September 2009  
**Scenario:** Toledo Court Apartments Final



**PROPERTY**

**Property:** Toledo Court Apartments  
**Property Address:** 306 Toledo Ave  
 Lubbock, TX 79416

**PURCHASE INFORMATION**

**Property Type:** Multi-Family  
**Purchase Price:** \$2,000,000  
**Units:** 70  
**Total Rentable Sq. Ft.:** 45,149  
**Resale Valuation:** 9.5% (capitalization of noi)  
**Resale Expenses:** 8.0%

**FINANCIAL INFORMATION**

**Down Payment:** \$500,000  
**Passive Loss Rules:** No  
**Closing Costs:** \$20,000  
**Discount Rate:** 0%

**LOANS**

	Debt	Term	Rate	Payment	LO Costs
Fixed	\$1,500,000	25 yrs	6.0%	\$9,665	

**INCOME & EXPENSES**

**Gross Operating Income:** \$482,412  
**Monthly GOI:** \$40,201  
**Total Annual Expenses:** (\$256,237)  
**Monthly Expenses:** (\$21,353)

**CONTACT INFORMATION**

**Miranda Willey, Commercial Realtor**  
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**mkwilley@kw.com**

**DISCLAIMER: All information is believed to be accurate.**

The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis. The information provided is not intended to replace or serve as substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. The user of this software should consult with a professional in the respective legal, accounting, tax or other professional area before making any decisions.

### ***Toledo Court Apartments***

Toledo Court Apartments were built in 1975. There are a total of 4 buildings with 72 units. There is an on-site manager that office out of one of the units and a laundry facility. There are 70 rentable units. This property was recently appraised for \$1,920,000 in February 2009. This property sits on 1.53 acres (66,603 SF).

The subject property is located in the city of Lubbock, Lubbock County, TX. Lubbock County is located in northwest Texas. The county is influenced by its rural nature, cattle ranching, and agriculture. The 1,850-acre Texas Tech University campus is located minutes from the subject property.

Texas Tech has a total enrollment of 28,000. Lubbock is a viable community that has experienced moderate growth over the past few years. The areas relatively low cost of living, quality of life and the presence of Texas Tech University has been the catalyst for this growth. While most of the county has been experiencing rising unemployment, Lubbock has the stable and relatively low unemployment rate attributed to its education, health care and agriculture employment base.

Community services include a fire station within four-miles; a hospital within two-miles; a middle school within one-mile and freeway access (289 Loop) within one-mile. The entrance to the campus of Texas Tech University is located about 1.5 miles to the east of the subject along 4th Street. Neighborhood shopping centers along 4th Street include Big Lots, Albertsons, Walgreen's, Starbucks and minutes away from Super Wal Mart.

This property was acquired out of foreclosure in late 2007. In 2008 the property was completely renovated inside and out. Every stair on the property was replaced with new metal stairs; every unit was remodeled with new paint, new appliances, new air conditioning and heating units, new carpet, new flooring, etc... The outside was also repainted.

Lubbock's premiere management company, Minnix Property Management took over management in late 2007. At the time the property was 20% occupied. In a little over a year they have raised that to 99%. It continues to grow in the right direction every day.



**Toledo Court Apartments**  
*306 Toledo Ave*



Main View



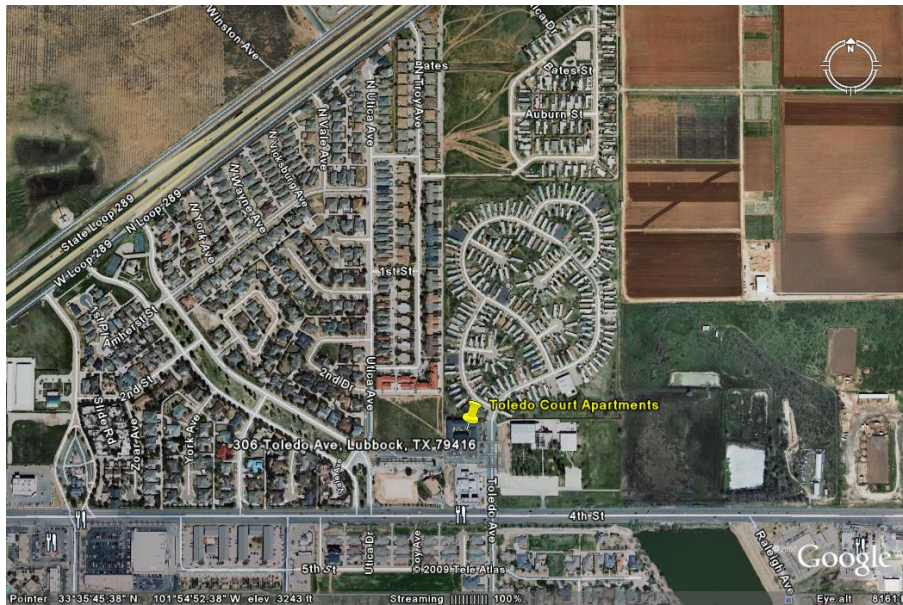
Efficiency



Kitchen



**Bird's Eye View**





## ACQUISITION COSTS

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Purchase Price, Points and Closing Costs	\$2,020,000
Investment - Cash	\$520,000
First Loan	\$1,500,000

## INVESTMENT INFORMATION

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Purchase Price	\$2,000,000
Price per Unit	\$28,571
Price per Sq. Ft.	\$44.30
Income per Unit	\$6,960
Expenses per Unit	(\$3,661)

## INCOME, EXPENSES & CASH FLOW

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Gross Scheduled Income	\$487,200
Total Vacancy and Credits	(\$4,788)
Operating Expenses	(\$256,237)
Net Operating Income	\$226,175
Debt Service	(\$115,974)
Cash Flow Before Taxes	\$110,200
Total Interest (Debt Service)	(\$89,274)
Depreciation and Amortization	(\$67,386)

## FINANCIAL INDICATORS

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Cash on Cash Return Before Taxes	21.19%
Debt Coverage Ratio	1.95
Capitalization Rate	11.31%
Gross Rent Multiplier	4.11
Gross Income / Square Feet	\$10.79
Gross Expenses / Square Feet	(\$5.68)
Operating Expense Ratio	53.12%



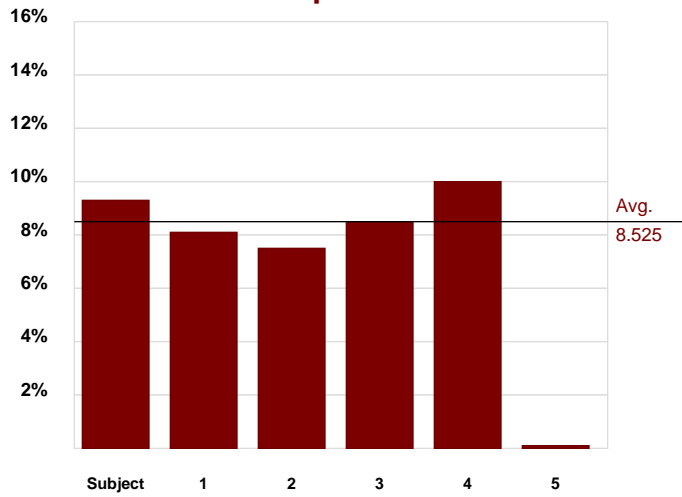
Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>GROSS SCHEDULED INCOME</b>	\$487,200	\$501,816	\$516,870	\$532,377	\$548,348	\$564,798	\$581,742	\$599,195	\$617,170	\$635,685
Turnover Vacancy	(\$4,788)	(\$4,932)	(\$5,080)	(\$5,232)	(\$5,389)	(\$5,551)	(\$5,717)	(\$5,889)	(\$6,065)	(\$6,247)
Total Operating Expenses	(\$256,237)	(\$263,924)	(\$271,842)	(\$279,997)	(\$288,397)	(\$297,049)	(\$305,961)	(\$315,140)	(\$324,594)	(\$334,332)
<b>NET OPERATING INCOME</b>	\$226,175	\$232,960	\$239,949	\$247,147	\$254,562	\$262,198	\$270,064	\$278,166	\$286,511	\$295,107
Loan Payment	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)	(\$115,974)
<b>NET CASH FLOW (b/t)</b>	\$110,200	\$116,986	\$123,974	\$131,173	\$138,587	\$146,224	\$154,090	\$162,192	\$170,537	\$179,132
Cash On Cash Return b/t	21.19%	22.50%	23.84%	25.23%	26.65%	28.12%	29.63%	31.19%	32.80%	34.45%
<b>NET OPERATING INCOME</b>	\$226,175	\$232,960	\$239,949	\$247,147	\$254,562	\$262,198	\$270,064	\$278,166	\$286,511	\$295,107
Depreciation	(\$67,386)	(\$70,326)	(\$70,326)	(\$70,326)	(\$70,326)	(\$70,326)	(\$70,326)	(\$70,326)	(\$70,326)	(\$67,415)
Loan Interest	(\$89,274)	(\$87,627)	(\$85,878)	(\$84,022)	(\$82,051)	(\$79,959)	(\$77,738)	(\$75,379)	(\$72,876)	(\$70,217)

Footnotes: b/t = before taxes; a/t = after taxes

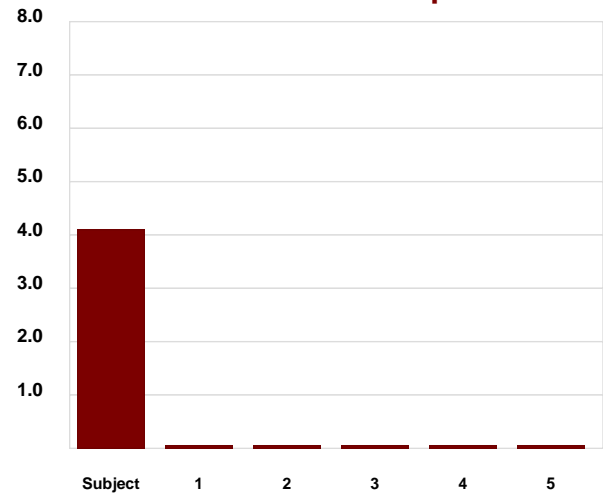




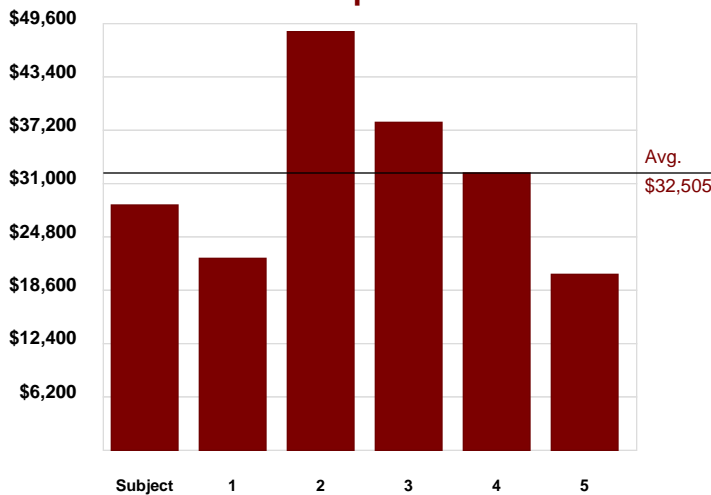
#### Cap Rate



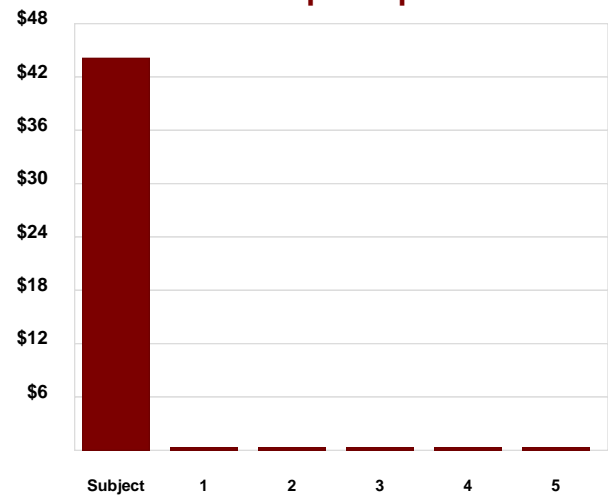
#### Gross Rent Multiplier



#### Price per Unit



#### Price per Sq. Ft.





**Toledo Court Apartments**  
**306 Toledo Ave, Lubbock, TX 79416**

Sale Price	\$2,000,000	Units	70
Price/Unit	\$28,571	Price/SqFt	\$44.30
Cap Rate	9.34	Year Built	1975
GRM	4.11		

1

**Meridian Park Apartments**  
**5710 4th Street, Lubbock, TX**

Sale Price	\$10,046,000	Units	448
Price/Unit	\$22,424	Price/SqFt	N/A
Cap Rate	8.1	Year Built	1984
GRM	N/A	Sale Date	5/19/2008

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**Willow Hill Apartments**  
**4421 82nd Street, Lubbock, TX**

Sale Price	\$20,300,000	Units	415
Price/Unit	\$48,916	Price/SqFt	N/A
Cap Rate	7.5	Year Built	1984
GRM	N/A	Sale Date	5/19/2008

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**Stratford Place**  
**4901 4th Street, Lubbock, TX**

Sale Price	\$3,750,000	Units	98
Price/Unit	\$38,265	Price/SqFt	N/A
Cap Rate	8.5	Year Built	1977
GRM	N/A	Sale Date	2/10/2009



4

**Cedar Ridge**  
**5430 50th Street, Lubbock, TX**

Sale Price	\$1,100,000	Units	34
Price/Unit	\$32,353	Price/SqFt	N/A
Cap Rate	10.0	Year Built	1980
GRM	N/A	Sale Date	2/10/2009

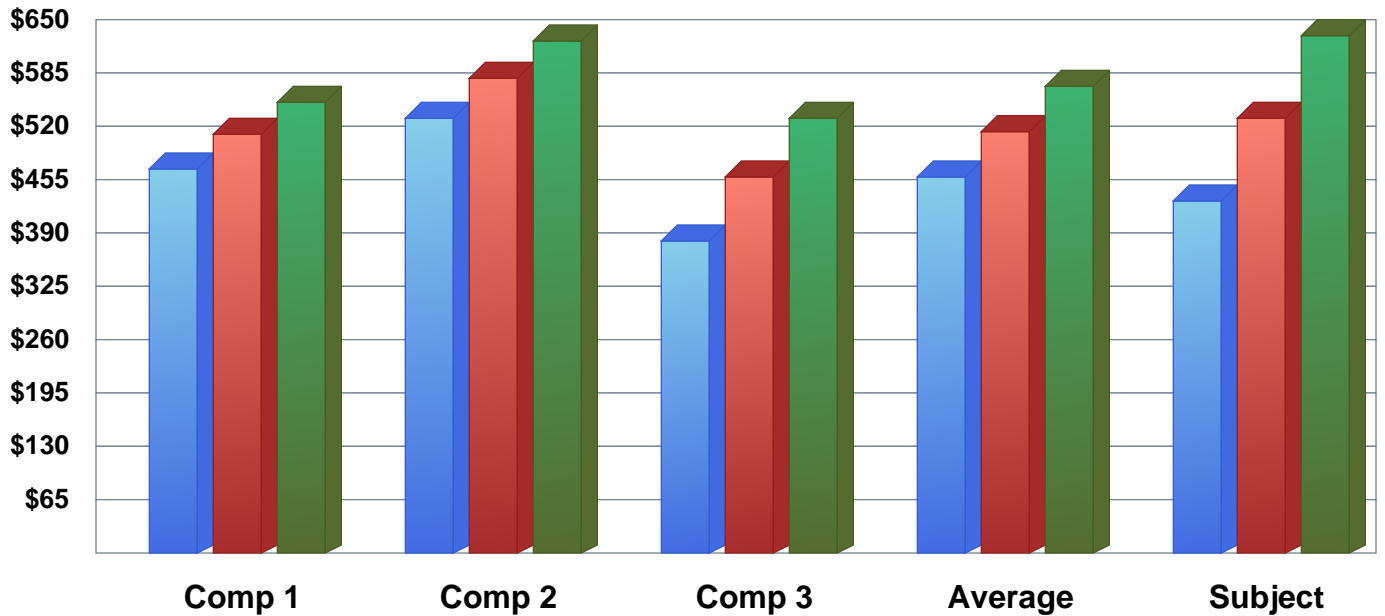
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**Coachlite Apartments**  
**7906 Indiana Place, Lubbock, TX**

Sale Price	\$1,275,000	Units	62
Price/Unit	\$20,565	Price/SqFt	N/A
Cap Rate	N/A	Year Built	1978
GRM	N/A	Sale Date	2/26/2008

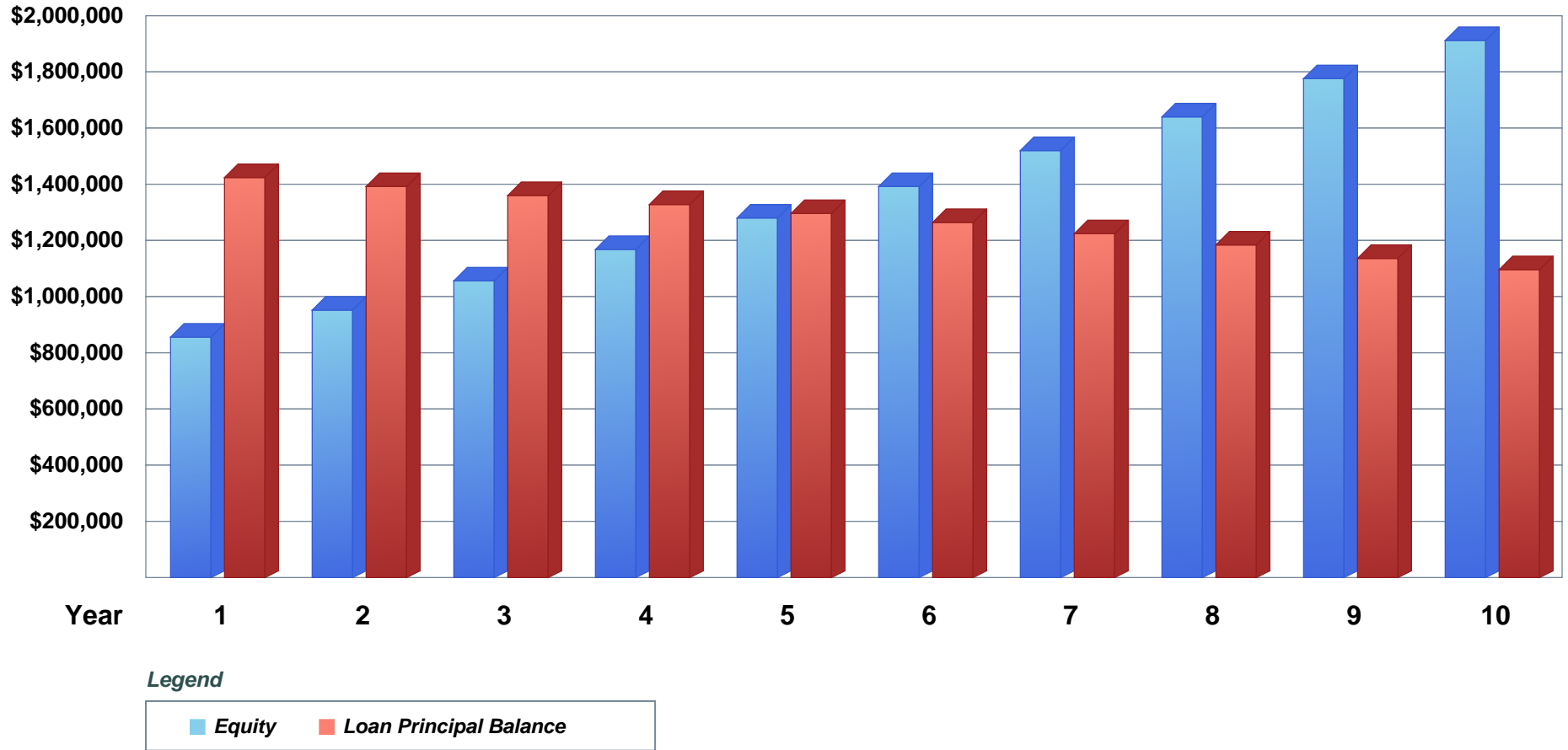


**Legend**



Address	Studio	One Bedroom	Two Bedroom	Number of Units	Year Built
<b>Waterford Place Apartments</b>	\$490	\$530	\$570	228	1971
<b>Branchwater Apartments</b>	\$550	\$598	\$645	72	1963
<b>Somerset Square Apartments</b>	\$400	\$479	\$550	128	1973
<b>Average</b>	\$480	\$536	\$588	143	1969
<b>Subject</b>	\$450	\$550	\$650	70	1975

# Equity vs. Debt





Toledo Court Apartments

306 Toledo Ave  
Lubbock, TX 79416

## Financial Report July 2009

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## Toledo Court

Through July 2009

Acct ID	Description	Actual Month	Budget Month	Actual YTD	Budget YTD
	<b>RENTAL INCOME</b>				
4005	Rent Income	39,450.20	40,000.00	208,104.08	280,000.00
	<b>EFFECTIVE GROSS INCOME</b>	<b>39,450.20</b>	<b>40,000.00</b>	<b>208,104.08</b>	<b>280,000.00</b>
	***% of Economic Occupancy***				
	<b>OTHER INCOME</b>				
4008	Application Fees	395.00	260.00	1,565.00	1,820.00
4010	NSF Fees	0.00	25.00	25.00	175.00
4015	Late Charges	0.00	10.00	200.00	70.00
4018	Laundry Income	0.00	205.00	1,494.61	1,435.00
	<b>TOTAL OTHER INCOME</b>	<b>395.00</b>	<b>500.00</b>	<b>3,284.61</b>	<b>3,500.00</b>
	<b>GROSS OPERATING INCOME</b>	<b>39,845.20</b>	<b>40,500.00</b>	<b>211,388.69</b>	<b>283,500.00</b>
	<b>PROPERTY MANAGEMENT</b>				
7005	Leasing Fee	0.00	0.00	50.00	0.00
7100	Management Fee	1,550.46	3,600.00	9,777.50	25,200.00
7101	Closing Costs	0.00	0.00	12,587.34	0.00
7402	Assistant Manager	1,746.67	2,000.00	12,455.17	14,000.00
7421	Payroll Taxes	133.62	153.00	956.44	1,071.00
7104	Accounting - Other	0.00	0.00	820.00	0.00
7201	Evictions	734.00	75.00	2,535.00	525.00
7110	Manager's phone	0.00	0.00	196.67	0.00
7106	Mileage	0.00	0.00	95.52	0.00
7218	Telephone	106.40	110.00	732.83	770.00
7208	Office Supplies	0.00	0.00	309.80	0.00
7205	Credit Checks	133.25	150.00	1,219.47	1,050.00
7214	Education Expense	0.00	0.00	64.25	0.00
7215	Printing & Computer	0.00	0.00	76.18	0.00
7220	Meals & Entertainment	0.00	0.00	139.27	0.00
	<b>TOTAL PROPERTY MANAGEMENT</b>	<b>4,404.40</b>	<b>6,088.00</b>	<b>42,015.44</b>	<b>42,616.00</b>
	<b>ADVERTISING &amp; MARKETING</b>				
7300	Advertising	762.02	475.00	3,366.49	3,325.00
	<b>TOTAL ADVERTISING &amp; MARKETING</b>	<b>762.02</b>	<b>475.00</b>	<b>3,366.49</b>	<b>3,325.00</b>
	<b>MAINTENANCE PAYROLL</b>				
7410	Assistant Maintenance	1,840.00	3,520.00	17,920.00	24,640.00
7420	Payroll Taxes	140.76	275.00	1,370.76	1,925.00
7120	Maintenance Phone	9.36	0.00	9.36	0.00
	<b>TOTAL MAINTENANCE PAYROLL</b>	<b>1,990.12</b>	<b>3,795.00</b>	<b>19,300.12</b>	<b>26,565.00</b>
	<b>CONTRACT SERVICES</b>				
7500	Landscaping	400.00	0.00	729.90	0.00
7502	Pest Control	116.91	185.00	1,016.11	1,295.00
7505	Trash Removal	542.29	285.00	2,562.09	1,995.00
7510	Contract Labor	0.00	0.00	830.00	0.00

## Toledo Court

Through July 2009

Acct ID	Description	Actual Month	Budget Month	Actual YTD	Budget YTD
	TOTAL CONTRACT SERVICES	1,059.20	470.00	5,138.10	3,290.00
	UTILITIES				
7600	Electric-Common	3,846.33	3,495.00	26,470.27	24,465.00
7605	Gas-Common	394.47	845.00	3,974.18	5,915.00
7610	Water & Sewer	1,979.35	1,111.00	11,797.31	7,777.00
	TOTAL UTILITIES	6,220.15	5,451.00	42,241.76	38,157.00
	MAINTENANCE				
7700	Appliance Repair	0.00	0.00	449.76	0.00
7703	Cleaning	565.00	0.00	3,463.30	0.00
7705	HVAC	216.59	0.00	632.59	0.00
7710	Carpentry	17.65	0.00	161.14	0.00
7712	Electrical	137.50	0.00	1,186.08	0.00
7715	Plumbing	693.76	0.00	7,307.75	0.00
7718	Lights & Ballast	0.00	0.00	25.27	0.00
7722	Carpet Cleaning & Repair	360.47	0.00	2,597.43	0.00
7732	Locks & Keys	0.00	0.00	23.70	0.00
7733	Paint	69.13	0.00	1,811.63	0.00
7736	Fence Repair	4.51	0.00	4.51	0.00
7738	Windows & Glass	0.00	0.00	140.27	0.00
7739	Doors	99.59	0.00	222.74	0.00
7740	Make Ready	0.00	0.00	646.72	0.00
	TOTAL MAINTENANCE	2,164.20	0.00	18,672.89	0.00
	TAXES & INSURANCE				
7910	Prop/Gen Liab Insurance	0.00	1,854.36	11,109.68	12,980.52
	TOTAL TAXES & INSURANCE	0.00	1,854.36	11,109.68	12,980.52
	TOTAL OPERATING EXPENSES	16,600.09	18,133.36	141,844.48	126,933.52
	NET OPERATING INCOME	23,245.11	22,366.64	69,544.21	156,566.48
	DEBT SERVICE				
8019	NP - LNB Interest	4,019.42	0.00	30,914.24	0.00
	TOTAL DEBT SERVICE	4,019.42	0.00	30,914.24	0.00
	CASH FLOW	19,225.69	22,366.64	38,629.97	156,566.48
	CAPITAL IMPROVEMENTS				
9002	Carpet Replacement	0.00	0.00	3,864.60	0.00
9005	Carpet Repair	0.00	0.00	50.00	0.00
9008	Vinyl & Tile	0.00	0.00	2,504.50	0.00
9010	Doors	0.00	0.00	135.66	0.00
9012	Window Covering	0.00	0.00	141.12	0.00
9015	Locks & Keys	0.00	0.00	215.40	0.00
9020	Paint Supplies	1,201.15	0.00	7,324.69	0.00
9022	Plumbing	0.00	0.00	3,677.41	0.00

**Profit/Loss Statement**  
**Toledo Court**  
 Through July 2009

Acct ID	Description	Actual Month	Budget Month	Actual YTD	Budget YTD
9025	Electrical Supplies	0.00	0.00	55.00	0.00
9030	Carpentry	679.98	0.00	754.10	0.00
9040	Water Heater	0.00	0.00	1,631.24	0.00
9045	Appliances	0.00	0.00	1,491.33	0.00
9052	Disposal	0.00	0.00	209.99	0.00
9060	Renovation	0.00	0.00	934.60	0.00
	<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>1,881.13</b>	<b>0.00</b>	<b>22,989.64</b>	<b>0.00</b>
	<b>CASH FLOW AFTER IMPROVEMENTS</b>	<b>17,344.56</b>	<b>22,366.64</b>	<b>15,640.33</b>	<b>156,566.48</b>