



Carriage House Apartments

606 W. Main
Waxahachie, Tx 75165

Quiet Neighborhood in Growing Community

Well Maintained Property

Low Vacancy

Easy to Manage

Excellent & Stable Cash Flow

Presented by

JP Lumbley & Associates, LLC

Monte Self
214-707-3223
monte@dallasincomeproperties.com



Executive Summary



Carriage House Apartments

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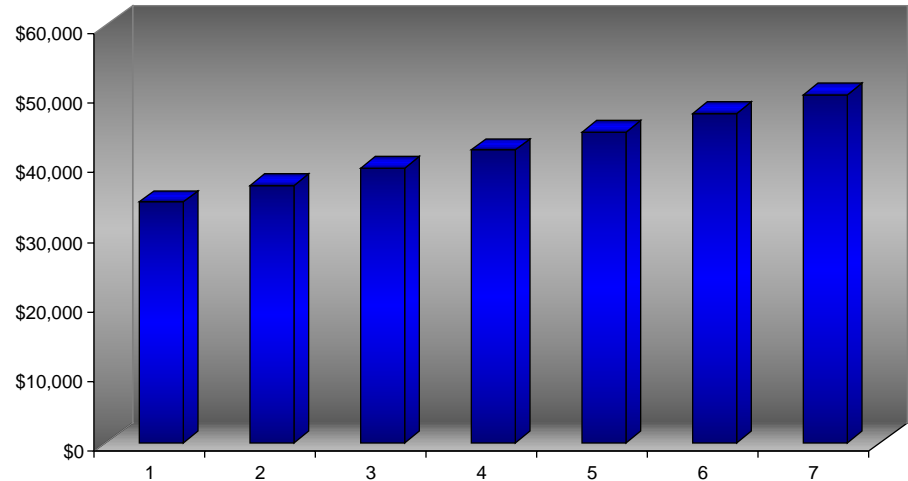


Property Information Financial Information

Type	Apartments	No. of Units	24	Down Payment: \$	232,000	% of Asking	25.00%	% of Cost	25.00%
Purchase Price	\$ 928,000	Price Per Unit	\$ 38,667	Initial Loan Balance: \$	696,000		75.00%		75.00%
Appreciation Rate	2.00%	Total Square Feet	16,950	<u>Loan Amount</u>		<u>Interest Rate</u>		<u>Term</u>	
Fair Market Value	\$ 928,000	Price Per Sq. Ft.	\$ 55	\$	696,000	5.90%		30	<u>Payment</u>
									\$4,128

Income & Expenses Projected Cash Flow Before Taxes

Monthly Rents:	\$ 14,400
Annual Rents:	\$ 172,800
Other Annual Income:	\$ 4,800
Annual Vacancy:	\$ (6,912)
Annual Expenses:	\$ (86,539)
Annual Debt Service:	\$ (49,539)
Net Operating Income (NOI)	\$ 84,149



Assumptions:

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Appreciation Rate	2.00%
Marginal Tax Rate:	33.00%
Capital Gain Tax Rate:	20.00%

Financial Measurements	Year 1	Year 3	Year 7	Summary Description & Notes
Debt Coverage Ratio (DCR)	1.70	1.80	2.01	Unit sizes are estimated. Ellis County CAD shows sf total area.
Loan-to-Value Ratio (LVR)	72.6%	67.9%	58.4%	
Capitalization Rate Based on Cost	9.07%	9.60%	10.73%	
Capitalization Rate Based on Resale Price	8.89%	9.04%	9.34%	
Net Present Value (NPV) - B/ Taxes	4.00%	(4,034)	99,521	
Net Present Value (NPV) - A/Taxes	2.50%	(4,992)	75,200	
Cash on Cash Return - Before Taxes	14.92%	17.03%	21.56%	
Cash on Cash Return - After Taxes	11.96%	13.86%	16.53%	
Internal Rate of Return - Before Taxes		18.90%	21.95%	
Internal Rate of Return - After Taxes		13.70%	17.11%	
Modified Internal Rate of Return - Before Taxes		17.72%	18.45%	
Modified Internal Rate of Return - After Taxes		13.21%	15.09%	

Disclaimer: All information presented is believed to be accurate.
 The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Carriage House Apartments



Front



Courtyard



4 - Studio Suites



Rear Parking, Laundry, & Office



8 - Covered Parking



Individual Heating/AC Units



West View



East View

Property Description



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Well maintained property with numerous upgrades. Consistent positive cash flow with low to no vacancy. Easy to manage this mix of units which consists of 10 - 2/1, 10 - 1/1, and 4 - 2/1 Suites that surround a well manicured courtyard. Suites have fenced in ground patios and upstairs balconies. Ample rear parking including 8 covered parking spaces. Laundry and office are free standing in rear parking lot.

Waxahachie is located on I-35E approximately 30 miles south of Dallas. It's a town of 30,000+ that 's grown almost 40% in the last 10 years. This Texas town attracts tenant who want to live here due to the small town feel, schools, and has numerous Victorian homes on the National Register of Historical Places. The beautiful courthouse & quaint downtown square draws visitors from DFW area to numerous community events. Many decide to move there.

HIGHLIGHTS

Quiet Neighborhood in Growing Coi

Well Maintained Property

Low Vacancy

Easy to Manage

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Highlight 6

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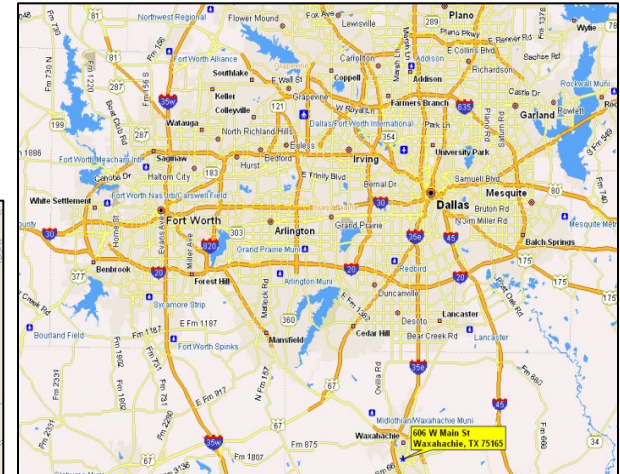
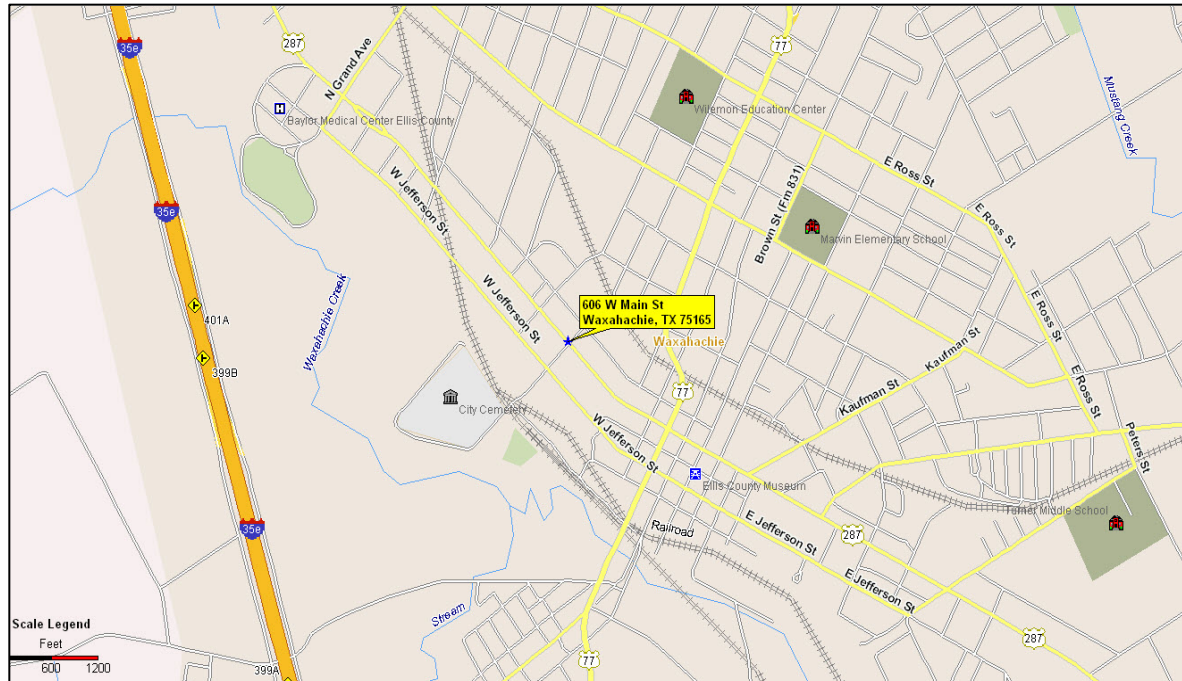
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Map/Aerial View



Monte Self



Carriage House Apartments

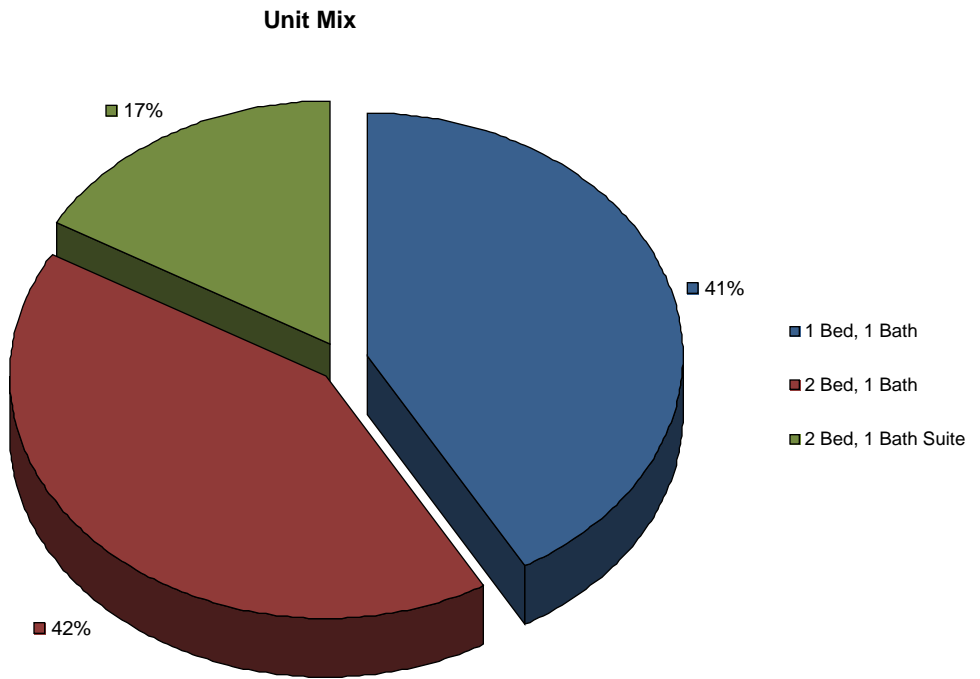
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Rent Roll Summary



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Unit Description	Number of Units	Per unit Sq. Ft.	Total Sq. Ft.	Percent of Total	Annual Rev/Sq. Ft.	Rent Per Unit	Monthly Rent	Annual Rent
1 Bed, 1 Bath	10	640	6,400	37.76%	9.840	\$ 525	\$ 5,250	\$ 63,000
2 Bed, 1 Bath	10	725	7,250	42.77%	10.340	\$ 625	\$ 6,250	\$ 75,000
2 Bed, 1 Bath Suite	4	825	3,300	19.47%	10.550	\$ 725	\$ 2,900	\$ 34,800
Totals	24	2,190	16,950	100.0%	10.195	1,875	\$ 14,400	\$ 172,800



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Other Income



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Description	Monthly Amount	Per Unit	Per Unit Sq. Ft.	Total Sq. Ft.
Laundry	\$ 400	\$ 16.67	\$ 0.18	\$ 0.02
Totals	\$ 400	\$ 16.67	\$ 0.18	\$ 0.02

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Annual Expenses



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Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq. Ft.	% of Expenses	% of Revenue
Accounting	1,035	1.0%	43.13	0.06	1.2%	0.6%
Advertising	1,765	1.0%	73.54	0.10	2.0%	1.0%
Association Fees	28	1.0%	1.17	0.00	0.0%	0.0%
Office Supplies	210	1.0%	8.75	0.01	0.2%	0.1%
Carpet Cleaning	1,357	1.0%	56.54	0.08	1.6%	0.8%
Insurance	6,758	1.0%	281.58	0.40	7.8%	4.0%
Landscaping	3,786	1.0%	157.75	0.22	4.4%	2.2%
Legal	108	1.0%	4.50	0.01	0.1%	0.1%
Maintenance	11,834	1.0%	493.08	0.70	13.7%	6.9%
Management Fee	12,432		518.00	0.73	14.4%	7.3%
Pest Control	1,559	1.0%	64.96	0.09	1.8%	0.9%
Plumbing Repairs	10,407	1.0%	433.63	0.61	12.0%	6.1%
Property Taxes	10,540	1.0%	439.17	0.62	12.2%	6.2%
Trash Removal	1,910	1.0%	79.58	0.11	2.2%	1.1%
Gas	3,615	1.0%	150.63	0.21	4.2%	2.1%
Electricity	3,434	1.0%	143.08	0.20	4.0%	2.0%
Telephone	860	1.0%	35.83	0.05	1.0%	0.5%
Water	10,766	1.0%	448.58	0.64	12.4%	6.3%
Electrical	350	1.0%	14.58	0.02	0.4%	0.2%
Painting	3,785	1.0%	157.71	0.22	4.4%	2.2%
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Total Annual Operating Expenses	\$ 86,539		\$ 3,606	16,950	100.0%	50.7%

Carriage House Apartments

Annual Property Operating Data



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Monte Self
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	Year 1	\$/Sq Ft	Year 2	\$/Sq Ft	Year 3	\$/Sq Ft	Year 4	\$/Sq Ft	Year 5	\$/Sq Ft
Potential Rental Income	\$ 172,800	10.19	\$ 176,256	10.40	\$ 179,781	10.61	\$ 183,377	10.82	\$ 187,044	11.04
Less: Vacancy & Credit Losses	(6,912)	-0.41	(7,050)	-0.42	(7,191)	-0.42	(7,335)	-0.43	(7,482)	-0.44
Effective Rental Income	<u>\$ 165,888</u>	9.79	<u>\$ 169,206</u>	9.98	<u>\$ 172,590</u>	10.18	<u>\$ 176,042</u>	10.39	<u>\$ 179,563</u>	10.59
Other Income	4,800	0.28	4,896	0.29	4,994	0.29	5,094	0.30	5,196	0.31
Gross Operating Income	<u>\$ 170,688</u>	10.07	<u>\$ 174,102</u>	10.27	<u>\$ 177,584</u>	10.48	<u>\$ 181,135</u>	10.69	<u>\$ 184,758</u>	10.90
Operating Expenses										
Accounting	1,035	0.06	1,045	0.06	1,056	0.06	1,066	0.06	1,077	0.06
Advertising	1,765	0.10	1,783	0.11	1,800	0.11	1,818	0.11	1,837	0.11
Association Fees	28	0.00	28	0.00	29	0.00	29	0.00	29	0.00
Office Supplies	210	0.01	212	0.01	214	0.01	216	0.01	219	0.01
Carpet Cleaning	1,357	0.08	1,371	0.08	1,384	0.08	1,398	0.08	1,412	0.08
Insurance	6,758	0.40	6,826	0.40	6,894	0.41	6,963	0.41	7,032	0.41
Landscaping	3,786	0.22	3,824	0.23	3,862	0.23	3,901	0.23	3,940	0.23
Legal	108	0.01	109	0.01	110	0.01	111	0.01	112	0.01
Maintenance	11,834	0.70	11,952	0.71	12,072	0.71	12,193	0.72	12,315	0.73
Management Fee	12,432	0.73	12,681	0.75	12,934	0.76	13,193	0.78	13,457	0.79
Pest Control	1,559	0.09	1,575	0.09	1,590	0.09	1,606	0.09	1,622	0.10
Plumbing Repairs	10,407	0.61	10,511	0.62	10,616	0.63	10,722	0.63	10,830	0.64
Property Taxes	10,540	0.62	10,645	0.63	10,752	0.63	10,859	0.64	10,968	0.65
Trash Removal	1,910	0.11	1,929	0.11	1,948	0.11	1,968	0.12	1,988	0.12
Gas	3,615	0.21	3,651	0.22	3,688	0.22	3,725	0.22	3,762	0.22
Electricity	3,434	0.20	3,468	0.20	3,503	0.21	3,538	0.21	3,573	0.21
Telephone	860	0.05	869	0.05	877	0.05	886	0.05	895	0.05
Water	10,766	0.64	10,874	0.64	10,982	0.65	11,092	0.65	11,203	0.66
Electrical	350	0.02	354	0.02	357	0.02	361	0.02	364	0.02
Painting	3,785	0.22	3,823	0.23	3,861	0.23	3,900	0.23	3,939	0.23
Total Operating Expenses	<u>\$ 86,539</u>	5.11	<u>\$ 87,529</u>	5.16	<u>\$ 88,531</u>	5.22	<u>\$ 89,545</u>	5.28	<u>\$ 90,573</u>	5.34
Net Operating Income (NOI)	<u>\$ 84,149</u>	4.96	<u>\$ 86,573</u>	5.11	<u>\$ 89,053</u>	5.25	<u>\$ 91,590</u>	5.40	<u>\$ 94,185</u>	5.56
Less: Annual Debt Service	(49,539)	-2.92	(49,539)	-2.92	(49,539)	-2.92	(49,539)	-2.92	(49,539)	-2.92
Cash Flow Before Taxes	<u>\$ 34,610</u>	2.04	<u>\$ 37,034</u>	2.18	<u>\$ 39,514</u>	2.33	<u>\$ 42,051</u>	2.48	<u>\$ 44,647</u>	2.63

Cash Flow Analysis



Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 172,800	\$ 176,256	\$ 179,781	\$ 183,377	\$ 187,044
Other Income	4,800	4,896	4,994	5,094	5,196
Less: Vacancy & Credit Losses	(6,912)	(7,050)	(7,191)	(7,335)	(7,482)
Less: Operating Expenses	(86,539)	(87,529)	(88,531)	(89,545)	(90,573)
Net Operating Income (NOI)	\$ 84,149	\$ 86,573	\$ 89,053	\$ 91,590	\$ 94,185
Less: Annual Debt Service	(49,539)	(49,539)	(49,539)	(49,539)	(49,539)
CASH FLOW Before Taxes	\$ 34,610	\$ 37,034	\$ 39,514	\$ 42,051	\$ 44,647
Income Taxes: Benefit (Expense)	(6,874)	(6,345)	(7,348)	(8,380)	(9,443)
CASH FLOW After Taxes	\$ 27,737	\$ 30,689	\$ 32,167	\$ 33,671	\$ 35,203

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 946,560	\$ 965,491	\$ 984,801	\$ 1,004,497	\$ 1,024,587
Less: Selling Expenses	(56,794)	(57,929)	(59,088)	(60,270)	(61,475)
Adjusted Projected Sales Price	\$ 889,766	\$ 907,562	\$ 925,713	\$ 944,227	\$ 963,112
Less: Mortgage(s) Balance Payoff	(687,292)	(678,057)	(668,261)	(657,872)	(646,853)
SALE PROCEEDS Before Taxes	\$ 202,474	\$ 229,505	\$ 257,452	\$ 286,355	\$ 316,259
Income Taxes from Sale: Benefit (Expense)	2,472	(8,107)	(19,394)	(29,961)	(40,487)
SALE PROCEEDS After Taxes	\$ 204,947	\$ 221,398	\$ 238,057	\$ 256,395	\$ 275,772

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 27,737	\$ 30,689	\$ 32,167	\$ 33,671	\$ 35,203
Cash Generated in Previous Years	n/a	27,737	58,426	90,592	124,264
Cash Generated from Property Sale	204,947	221,398	238,057	256,395	275,772
Original Initial Investment	(232,000)	(232,000)	(232,000)	(232,000)	(232,000)
Total Potential CASH Generated	\$ 683	\$ 47,823	\$ 96,650	\$ 148,658	\$ 203,240

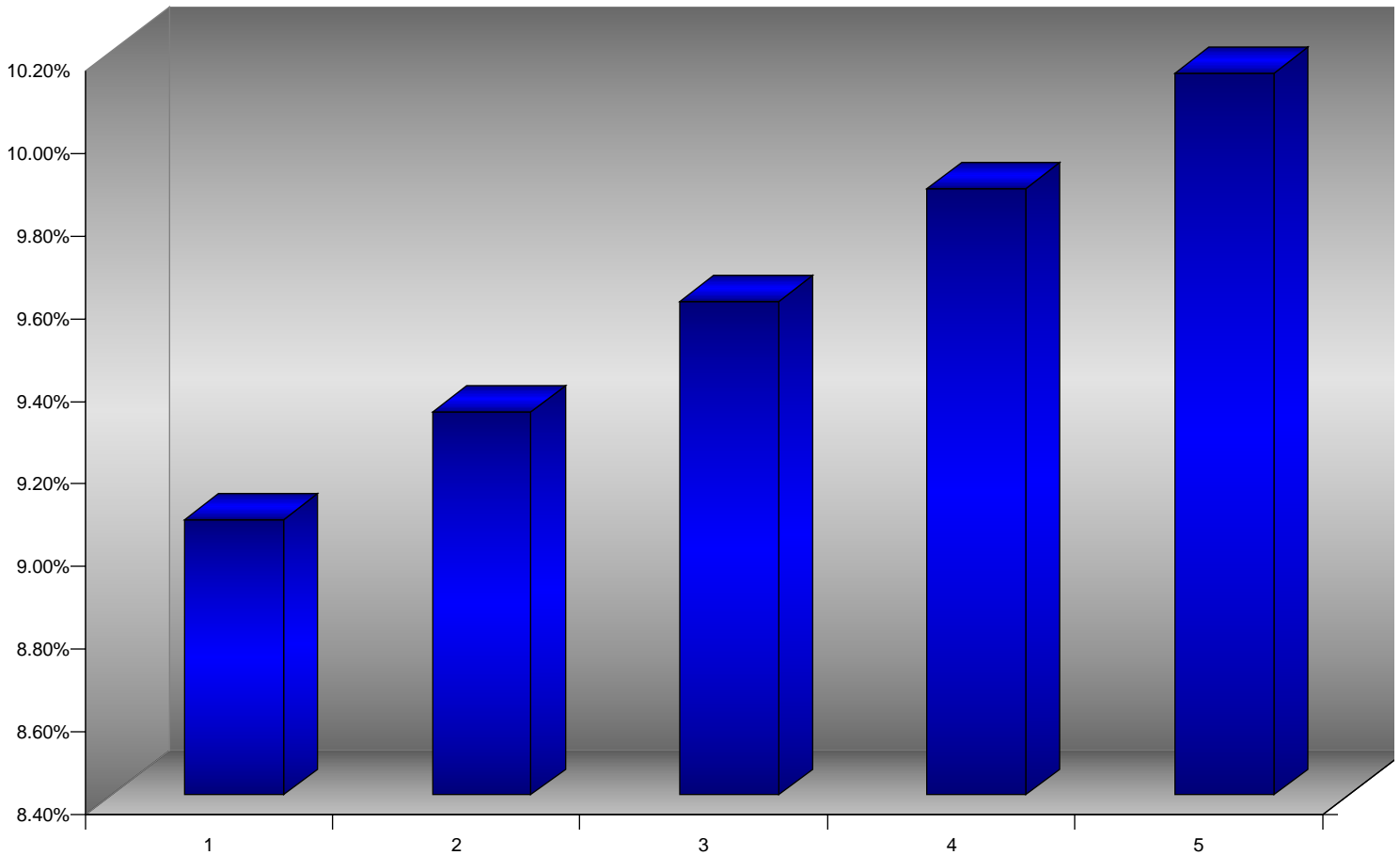
Financial Measures	Year 1	Year 2	Year 3	Year 4	Year 5	
Debt Coverage Ratio (DCR)	1.70	1.75	1.80	1.85	1.90	
Loan-to-Value Ratio (LVR)	72.6%	70.2%	67.9%	65.5%	63.1%	
Capitalization Rate Based on Cost	9.07%	9.33%	9.60%	9.87%	10.15%	
Capitalization Rate Based on Resale Price	8.89%	8.97%	9.04%	9.12%	9.19%	
Net Present Value (NPV) Before Taxes	4.00%	(4,034)	47,710	99,521	151,371	203,231
Net Present Value (NPV) After Taxes	2.50%	(4,992)	35,000	75,200	116,926	159,502
Cash-on-Cash Return with Equity	0.29%	23.00%	22.05%	21.85%	21.29%	
Cash-on-Cash Return - Before Taxes	14.92%	15.96%	17.03%	18.13%	19.24%	
Cash-on-Cash Return - After Taxes	11.96%	13.23%	13.86%	14.51%	15.17%	
Internal Rate-of-Return (IRR) - Before Taxes	2.19%	14.90%	18.90%	20.59%	21.39%	
Internal Rate-of-Return (IRR) - After Taxes	0.29%	10.39%	13.70%	15.34%	16.24%	
Modified Internal Rate-of-Return (MIRR) - Before Taxes	2.19%	14.52%	17.72%	18.68%	18.87%	
Modified Internal Rate-of-Return (MIRR) - After Taxes	0.29%	10.31%	13.21%	14.41%	14.91%	

Capitalization Rate



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214-707-3223



<i>Time Period</i>	<i>Net Operating Income (NOI)</i>	<i>Cap Rate on Cost</i>	<i>Resale Value</i>
Year 1	\$ 84,149	9.07%	\$ 946,560
Year 2	86,573	9.33%	965,491
Year 3	89,053	9.60%	984,801
Year 4	91,590	9.87%	1,004,497
Year 5	94,185	10.15%	1,024,587

Input Data Screen

Carriage House Apartments
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I. Rental Income & Expenses

Rental Income / Rent Roll:
 Operating Expenses:

II. Property Costs & Characteristics

Select Property Type from Drop-Down Menu: Apartments

Purchase Price of Property: **Contract Purchase Price** \$ 928,000
 Initial Improvements _____
 Closing Costs _____
 Personal Property (5 Yr Life)
 Land Improvements (15 Yr Lif)
 Land Improvements (15 Yr Lif)
 % of Cost Allocated to Land 20.00% \$ 928,000

IMPROVEMENTS: Capital Reserve or Specific Method
 Use Reserve Method Use Specific Method

	Reserve Amount	Annual Increase	Expense Portion
	\$	1.00%	50.00%

Description	Amount	Select Year	Increase FMV?
Specific Method for Improvements	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
	\$	1 <input type="button" value="v"/>	No <input type="button" value="v"/>
Total	\$		

III. Resale Valuation Method

Choose Resale Method

- Enter FMV and Use One Appreciation Rate for All Years
- Enter FMV and Enter Different Annual Appreciation Rates
- Use Cap Rate Based on Current Year's NOI
- Use Cap Rate Based on Following Year's NOI

Current Fair Market Value (FMV):	\$ 928,000
Enter Property's Appreciation Rate	2.00%
Future Selling Expense (% of Selling Price):	6.00%

IV. Financing

Use % on Contract Price

	Mortgage #1	Mortgage #2	Mortgage #3
Down Payment Percentage	25.0%		
Amount Borrowed or Assumed:	\$ 696,000		
Interest Rate:	5.900%	<input type="button" value="Enter Loan Rate"/>	<input type="button" value="Enter Loan Rate"/>
Term / Remaining Term of Loan (In Months):	360	360	360
Interest Calculation Type:	Simple Interest <input type="button" value="v"/>	Simple Interest <input type="button" value="v"/>	Simple Interest <input type="button" value="v"/>
Start Month:	Month 1 <input type="button" value="v"/>	Month <input type="button" value="v"/>	Month <input type="button" value="v"/>
Start Year:	Year 1 <input type="button" value="v"/>	Year 1 <input type="button" value="v"/>	Year 1 <input type="button" value="v"/>
Refinance Mortgage #1 or #2?	No - New Loan <input type="button" value="v"/>	No - New Loan <input type="button" value="v"/>	
Additional Monthly Payment:			
Monthly Mortgage Payment: (Formula)	\$ 4,128	\$	\$
Finance Points <input type="radio"/> Yes <input checked="" type="radio"/> No	Loan Origination Points	-	-
	Loan Origination Points (In Dollars)	\$	\$
	Amortization Type	12 Months First Year <input type="button" value="v"/>	
	MIP Payments? <input type="radio"/> Yes <input checked="" type="radio"/> No		
	Initial Investment or Down Payment (Cost less Debt - Automatically Calculated)	232,000	
	Down Payment as a % of Cost	25.00%	
	Down Payment as a % of FMV	25.00%	

V. Income Taxes

Before Tax Presentation? Yes No

Federal Marginal Income Tax Rate:	33% <input type="button" value="v"/>
Federal Long-Term Capital Gains Rate:	20% <input type="button" value="v"/>
State Marginal Income Tax Rate:	0% <input type="button" value="v"/>
Are Your Losses Limited by the Passive Loss Rules?	Yes <input type="button" value="v"/>
Like-Kind Exchange on Disposition?	No <input type="button" value="v"/>
Property Held in Roth/IRA/401k Account?	No <input type="button" value="v"/>