

PALO DURO PORTFOLIO



OFFERING MEMORANDUM

203 NW 15th Ave
Amarillo, TX 79107

The **GO** Getters
multifamily real estate team



Presented

By:

INVESTMENT SALES

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Offering procedures

- Letter of intent
- Resume and/or business letter indicating assets owned
- Transaction references
- Banking references
- Source of equity for acquisition

Property tours

Prospective investors are encouraged to visit the subject property prior to submitting an offer. Please do not contact the on-site management or staff without prior approval. All property showings are by appointment only. Please contact us for more details.

Sales conditions

Interested prospective investors should be aware that the owner of the property is selling the property in as-is, where-is condition with all faults, if any, and without representations or warranties of any kind of nature, expressed or implied, written or oral.

Communications

All communications, inquiries and requests, including property tours, should be addressed to the listing agent.



TABLE OF CONTENTS

VALUE ADD SUMMARY	5
LOCATION HIGHLIGHTS	8
MAJOR EMPLOYERS	9
UNIT MIX	10
RENT COMPARISON	12
HISTORIC & PROFORMA FINANCIALS	14
FINANCIALS OVERVIEW	15



EXECUTIVE SUMMARY

The Go-Getters Multifamily Team is pleased to announce the exclusive listing of the Palo Duro Portfolio. This package deal includes 34 duplexes (68 units). Each of the 68 units is 660 square feet and has 2 - beds / 1 - bath. This property consists of a large HUD/PCS tenant portion for this property and it is well set up for that type of tenant. With average rents at \$863 and current HUD rate at \$1079, this allows new ownership to bring rents up to market rate.

Property

Address	201 - 501 NW 15th Ave
Market	Amarillo
# of Units	68
# of Stories	1
# of Buildings	34
Year Built	1953
Average Unit Size	660
Net Rentable Area	44,880

TAX INFORMATION

Potter - Randall CAD

Parcel ID	101530
Improvement Allocation	90%
Tax Rate	2.10%
Foundation	Pier and Beam
Framing	Wood
Roof	Pitched/Shingle

MECHANICAL

HVAC	PTAC
Electricity	Individually Metered
Type of Wiring	Copper
Hot Water	Shared

LAUNDRY

Washer/Dryer Connections	Yes
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UTILITIES/PAID BY

Electricity	Owner
Water and Sewer	Owner
Trash	Owner
Gas	Owner
Telephone	Owner
Cable	Owner
Internet	Owner

PERSONNEL

Management Company	On-Site
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SCHOOLS

Elementary	Lee Elementary School
Junior High	Mann Middle School
High School	Palo Duro High School
Colleges and Universities	Amarillo College



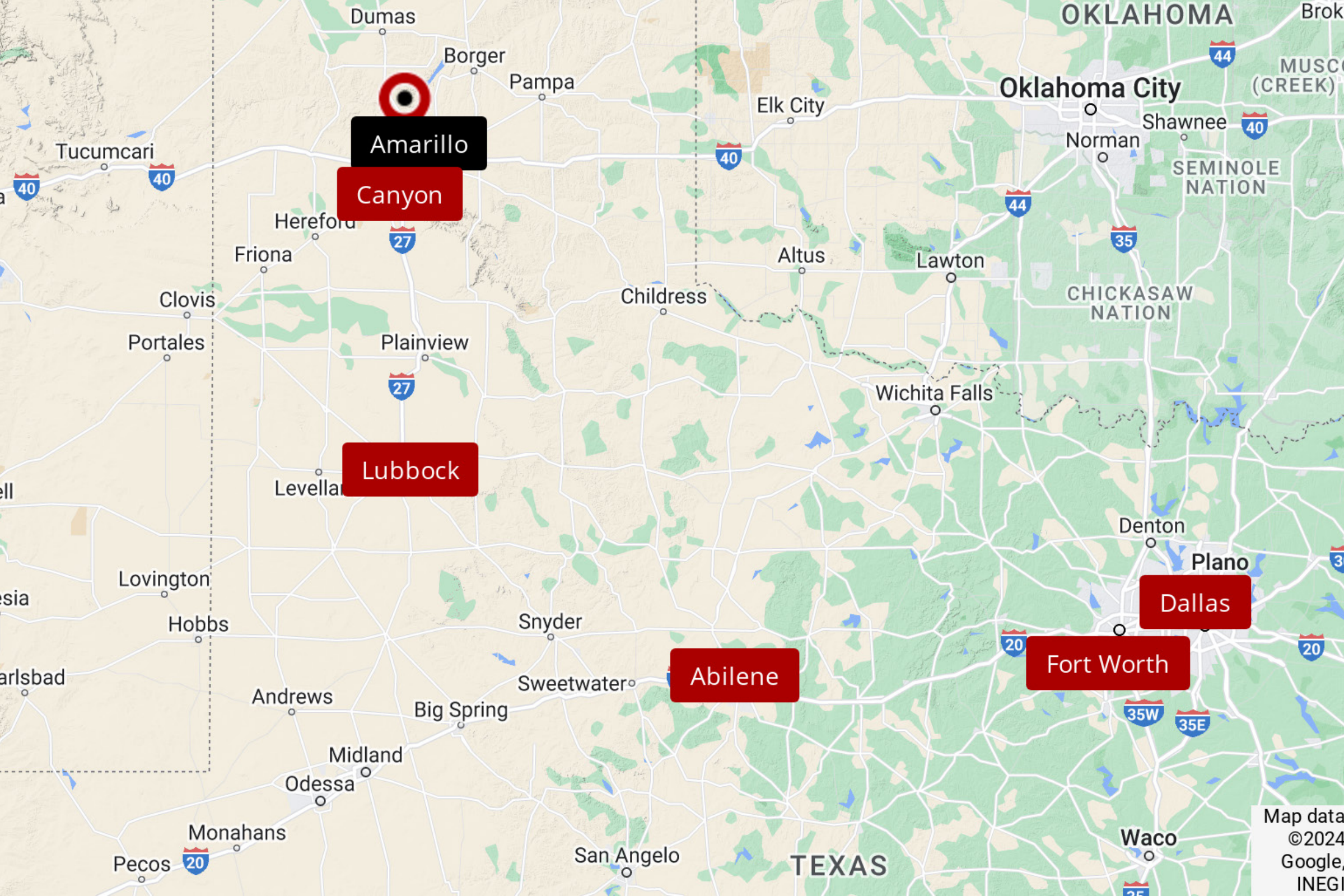
ALLO HURO HOMES
REASING
306-410-1470
2 BED / 1 BATH UNIT
HUD/PCS ACCEPTED

203A

Prime Property Location with Proximity to Major Employers

Located in North Amarillo, this property is situated north of the downtown core and encompasses several neighborhoods and districts. It's bordered roughly by Interstate 40 to the south, extending northward to the city limits. Key areas within this zone include neighborhoods like North Heights, San Jacinto, and Eastridge. Several large employers include Northwest Texas Healthcare System, BSA, Pantex Plant, and Tyson Foods.





Amarillo

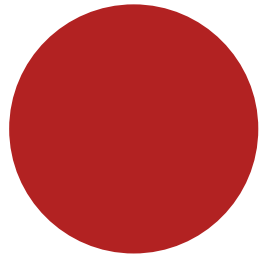
Canyon

Lubbock

Abilene

Fort Worth

Dallas



202,914

Population



36.4

Median Age



2.7%

2023
Unemployment
Rate



0.18%

2023-2028
Population:
Annual Growth

HOUSING STATS



\$176,336

Median Home Value



\$57,213

Median Household
Income



2.50

Household Size



37.5%

% Rentals



10.3%

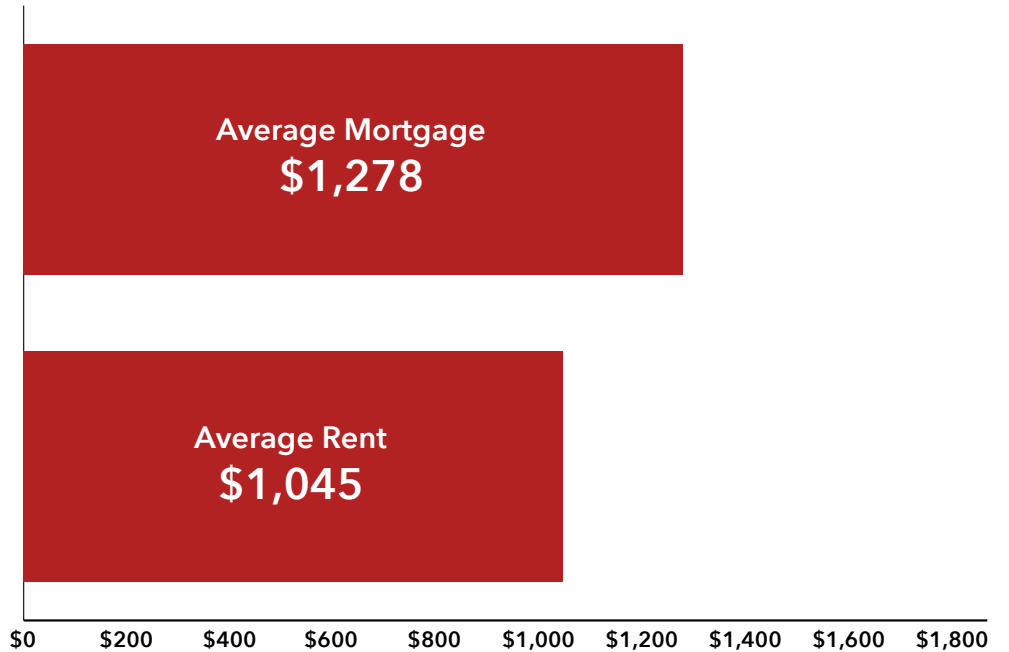
Vacant Housing Units



30,064

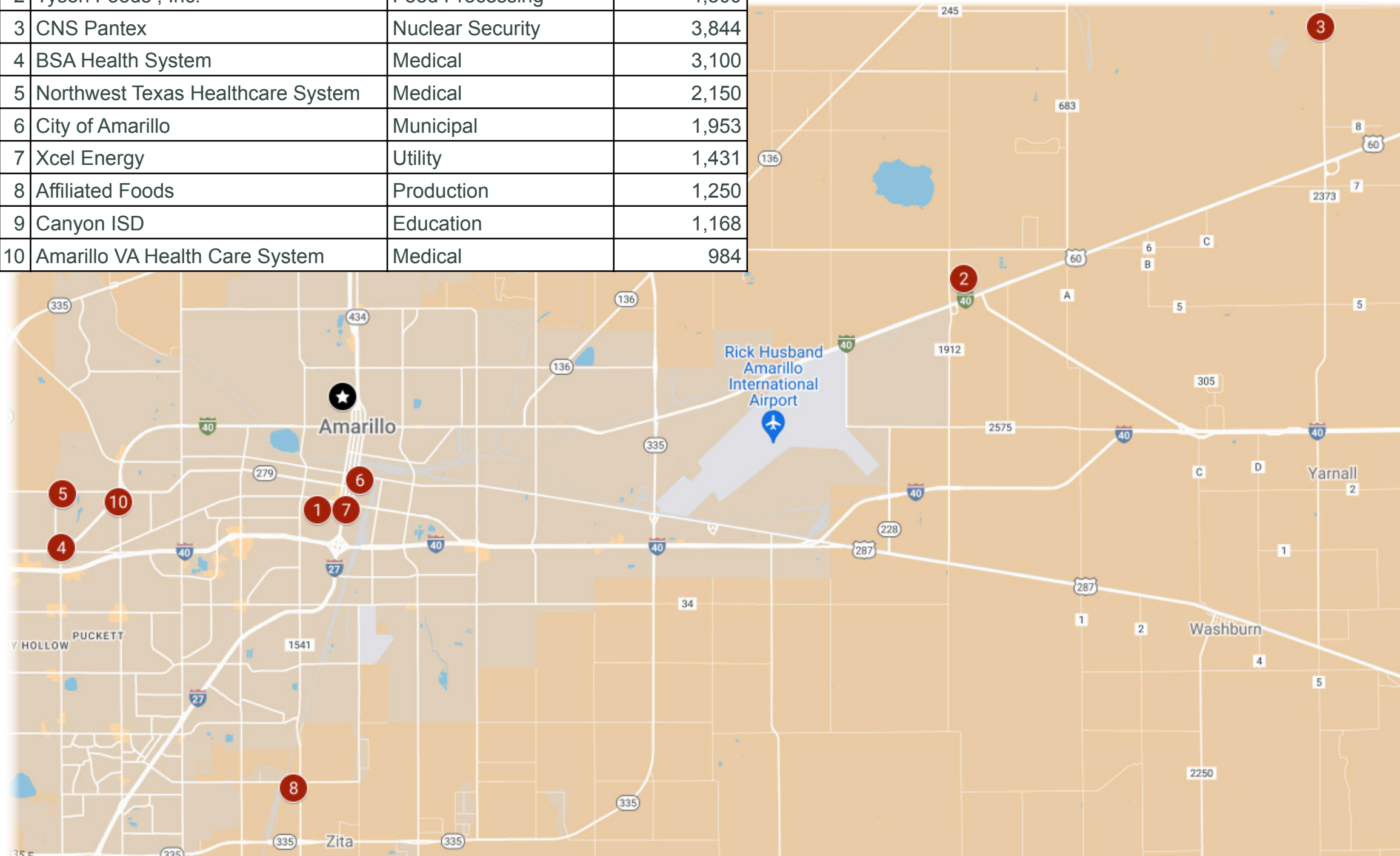
Rental Unit Demand

Housing Costs



MAJOR EMPLOYERS

	Company	Industry	Employees
1	Amarillo ISD	Education	4,500
2	Tyson Foods , Inc.	Food Processing	4,300
3	CNS Pantex	Nuclear Security	3,844
4	BSA Health System	Medical	3,100
5	Northwest Texas Healthcare System	Medical	2,150
6	City of Amarillo	Municipal	1,953
7	Xcel Energy	Utility	1,431
8	Affiliated Foods	Production	1,250
9	Canyon ISD	Education	1,168
10	Amarillo VA Health Care System	Medical	984



Palo Duro Portfolio

203 NW 15th Ave, Amarillo, TX 79107

Property Overview	
Units	68
Occupancy	75%
Year Built	1953
Utilities	All Bills Paid

Unit Type	No. of Units	Avg. SF	Asking Rent	Rent/SF	Proforma Rent	Rent/SF
2 Bed / 1 Bath	68	660	\$863	\$1.31	\$1,068	\$1.62
Totals / Avg.	68	660	\$863	\$1.31	\$1,068	\$1.62
GPR			\$703,968		\$871,488	





Stabilized

Rental Income		
Gross Potential Rent	\$	871,488
Vacancy	\$	(69,719)
Loss to Lease	\$	(17,430)
Concessions	\$	(8,715)
Bad Debt / Delinquency	\$	(8,715)
Net Rental Income	\$	<u>766,909</u>

App Fees	\$	1,700
Admin Fees	\$	6,800

Total Other Income	\$	<u>8,500</u>
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Gross Operating Income	\$	<u>775,409</u>
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Operating Expenses

Admin	\$	10,200
Advertising	\$	3,400
Payroll	\$	81,600
Repairs & Maintenance	\$	40,800
Management Fee	\$	23,262
Property Taxes	\$	75,994
Insurance	\$	54,400
Turnover	\$	13,600
Utilities	\$	132,000
Replacement Reserves	\$	20,400

Total Operating Expenses	\$	<u>455,656</u>
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Net Operating Income (NOI)	\$	<u>319,753</u>
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Income	Stabilized	% of GPR	Per Unit
Gross Potential Rent	\$871,488	100.0%	\$12,816
Vacancy	-\$69,719	-8.0%	-\$1,025
Loss to Lease	-\$17,430	-2.0%	-\$256
Concessions	-\$8,715	-1.0%	-\$128
Bad Debt / Delinquency	-\$8,715	-1.0%	-\$128
Net Rental Income	\$766,909	88.0%	\$11,278
App Fees	\$1,700	0.2%	\$25
Admin Fees	\$6,800	0.8%	\$100
Total Other Income	\$8,500	1.0%	\$125

Total Operating Income	\$775,409	89.0%	\$11,403
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Expenses	Stabilized	% of GPR	Per Unit
Admin	\$10,200	1.2%	\$150
Advertising	\$3,400	0.4%	\$50
Payroll	\$81,600	9.4%	\$1,200
Repairs & Maintenance	\$40,800	4.7%	\$600
Management Fee	\$23,262	2.7%	\$342
Property Taxes	\$75,994	8.7%	\$1,118
Insurance	\$54,400	6.2%	\$800
Turnover	\$13,600	1.6%	\$200
Utilities	\$132,000	15.1%	\$1,941
Replacement Reserves	\$20,400	2.3%	\$300

Total Expenses	\$455,656	52.3%	\$6,701
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Net Operating Income	\$319,753	36.7%	\$4,702
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Income	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Rent	\$ 871,488	\$ 901,990	\$ 933,560	\$ 966,234	\$ 1,000,053
Vacancy	\$ (69,719)	\$ (72,159)	\$ (74,685)	\$ (77,299)	\$ (80,004)
Loss to Lease	\$ (17,430)	\$ (18,040)	\$ (18,671)	\$ (19,325)	\$ (20,001)
Concessions	\$ (8,715)	\$ (9,020)	\$ (9,336)	\$ (9,662)	\$ (10,001)
Bad Debt / Delinquency	\$ (8,715)	\$ (9,020)	\$ (9,336)	\$ (9,662)	\$ (10,001)
Net Rental Income	\$ 766,909	\$ 793,751	\$ 821,533	\$ 850,286	\$ 880,046
App Fees	\$ 1,700	\$ 1,760	\$ 1,821	\$ 1,885	\$ 1,951
Admin Fees	\$ 6,800	\$ 7,038	\$ 7,284	\$ 7,539	\$ 7,803
Total Other Income	\$ 8,500	\$ 8,798	\$ 9,105	\$ 9,424	\$ 9,754
Total Operating Income	\$ 775,409	\$ 802,549	\$ 830,638	\$ 859,710	\$ 889,800
Expenses					
Admin	\$ 10,200	\$ 10,506	\$ 10,821	\$ 11,146	\$ 11,480
Advertising	\$ 3,400	\$ 3,502	\$ 3,607	\$ 3,715	\$ 3,827
Payroll	\$ 81,600	\$ 84,048	\$ 86,569	\$ 89,167	\$ 91,842
Repairs & Maintenance	\$ 40,800	\$ 42,024	\$ 43,285	\$ 44,583	\$ 45,921
Management Fee	\$ 23,262	\$ 24,076	\$ 24,919	\$ 25,791	\$ 26,694
Property Taxes	\$ 75,994	\$ 78,274	\$ 80,622	\$ 83,040	\$ 85,532
Insurance	\$ 54,400	\$ 56,032	\$ 57,713	\$ 59,444	\$ 61,228
Turnover	\$ 13,600	\$ 14,008	\$ 14,428	\$ 14,861	\$ 15,307
Replacement Reserves	\$ 20,400	\$ 21,012	\$ 21,642	\$ 22,292	\$ 22,960
Total Expenses	\$ 455,656	\$ 469,442	\$ 483,646	\$ 498,280	\$ 513,357
Net Operating Income	\$ 319,753	\$ 333,107	\$ 346,992	\$ 361,431	\$ 376,443

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income	\$ 319,753	\$ 333,107	\$ 346,992	\$ 361,431	\$ 376,443

Cash Flows

Annual Debt Service	\$ 222,180	\$ 266,416	\$ 266,416	\$ 266,416	\$ 266,416
Cash Flow	\$ 97,573	\$ 66,690	\$ 80,576	\$ 95,014	\$ 110,027

Debt Paydown

Loan Paydown	\$ -	\$ 45,473	\$ 48,278	\$ 51,256	\$ 54,417
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Sales Analysis

Projected Sales Price	\$ 5,422,887	\$ 5,565,030	\$ 5,711,507	\$ 5,862,452	\$ 6,018,006
Cost of Sale	\$ 379,602	\$ 389,552	\$ 399,805	\$ 410,372	\$ 421,260
Loan Balance	\$ 3,703,000	\$ 3,657,527	\$ 3,609,249	\$ 3,557,993	\$ 3,503,576
Refunded Reserves and Prepaids	\$ 244,394	\$ 244,394	\$ 244,394	\$ 244,394	\$ 244,394
Sales Proceeds	\$ 1,584,679	\$ 1,762,345	\$ 1,946,846	\$ 2,138,481	\$ 2,337,563

Return Metrics

DSCR	1.44	1.25	1.30	1.36	1.41
Debt Yield	8.6%	9.1%	9.6%	10.2%	10.7%
Cap Rate / Yield on Cost	6.4%	6.7%	6.9%	7.2%	7.5%
Total Return	6.1%	7.0%	8.0%	9.1%	10.3%
Equity Multiple	1.0	1.2	1.4	1.5	1.7
Cash on Cash Return	6.1%	4.2%	5.0%	5.9%	6.9%
Average Cash on Cash Return	6.1%	5.1%	5.1%	5.3%	5.6%
Levered IRR	5.0%	9.9%	11.5%	12.3%	12.7%

Assumptions:

Rental and Other Income Growth	3.5%	3.5%	3.5%	3.5%	3.5%
Utility Reimbursement %	75.0%	75.0%	75.0%	75.0%	75.0%
Vacancy	8.0%	8.0%	8.0%	8.0%	8.0%
Loss to Lease	2.0%	2.0%	2.0%	2.0%	2.0%
Concessions	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debt	1.0%	1.0%	1.0%	1.0%	1.0%
Expense Growth	3.0%	3.0%	3.0%	3.0%	3.0%
Property Tax Assessment %	75.0%	75.0%	75.0%	75.0%	75.0%
Exit Cap Rate	6.0%	6.1%	6.2%	6.3%	6.4%
Cost of Sale	7.0%	7.0%	7.0%	7.0%	7.0%

*Projected Sales Price based on following year's tax adjusted NOI

Proposed Financing

Seller Financing

Loan to Value:	70%
Loan Amount:	\$3,703,000
Interest Rate:	6.00%
Amortization:	360
Term:	5
Years of Interest Only:	1
Loan Starting Year:	1
Amortized Monthly Payment:	\$22,201
Annual Debt Service:	\$266,416



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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<u>Pam Titzell</u> Designated Broker of Firm	<u>0465722</u> License No.	<u>pamtitzell@kw.com</u> Email	<u>(806) 773-0088</u> Phone
<u>Pam Titzell</u> Licensed Supervisor of Sales Agent/ Associate	<u>0465722</u> License No.	<u>pamtitzell@kw.com</u> Email	<u>(806) 773-0088</u> Phone
_____ Sales Agent/Associate's Name	_____ License No.	_____ Email	_____ Phone

Buyer/Tenant/Seller/Landlord Initials

Date

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All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property. Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by Keller Williams Lubbock in compliance with all applicable fair housing and equal opportunity laws.

