

Asset Manage to the Underwrite

**Retire early with Forever Passive
Income from Apartments**



Quote of the Day

Don't Be Upset
by The Results YOU DIDN'T GET
from the work YOU DID NOT DO!!



Quote of the Day

At some point YOU have to believe in YOU!



Example LOI



Example PSA



Example Bank Term Sheet



Example Subscription Agreement



Example PPM



Example Operating Agreement



Example Closing Statement



Rules Of Thumb for MTMG and Maintenance

- Neighbors know everything



Rules Of Thumb for MTMG and Maintenance

Property Managers

- 100-150 Units = 1 Experienced Property Manager @ 70k a year
- 50-75 Units - 1 Non-Experienced Property Manager @ 50k a year
 - Property Manager is going to make somewhere around \$20 / hour = \$40,000 - \$50,000 / year + bonuses
 - 3rd party Include REM, Trinity MF (CEO Dave Pinson) and Lincoln + Asset Living
 - 3-5% of rents collected
- 100 - 125 Improved / Upgraded Units / No Drama - 1 Experienced Maintenance Tech
- 50-75 Non-Improved / Non Upgraded Units - 1 Experienced Maintenance Tech
 - For every 200 Units - 2 Maintenance Techs
 - \$20 - \$25 / hr + Parts
- For every 200 Units + you'll need 1PM + 1 Master Leasing / Marketing Agent
 - Leasing agent Comp = \$35-45k a year - need at least 300-500 units to stay busy



Rules Of Thumb for MTMG and Maintenance

Maintenance Techs

- 100-150 Units = 1 Experience Maintenance Tech w/ Updated Units
- 50-100 Units = 1 experienced Maintenance tech w/ non-updated units
- 50-75 Works orders per month per Tech
- Techs Comp = \$45-60k a year depending on Skills and Experience
- EX: Stuart House: 296 units = 2 Main.Techs
 - Reason for only 2 techs is we are renovating “classic” units through the Cap Ex Team
 - So those units don’t need to be touched by Main. Techs
- EX: Valley Park and Plaza = 1 Main. Tech
 - Reason is because Valley Plaza is very stable and not a lot of deferred maintenance
 - “Classic” units are being renovated by Cap Ex Team
 - So there’s very few Work orders and mostly at Valley Park.



Rules Of Thumb for MTMG and Maintenance

CAP EX

- \$10k for hard turns of kitchen and bathrooms - replace everything
 - \$10-\$13 per square foot
 - 1,000 sq ft x's \$10 = \$10,000
 - 800 Sq Ft X's \$10 / ft = \$8,000 (2 beds)
 - 600 sq ft X's \$10 / ft = \$6,000 (1 beds)
- \$8000 for full turns keeping cabinets, appliances and windows
- \$4000 for half turns replacing flooring, paint, painting cabinets and adding new hardware
- \$65- \$125 - Leasing Bonus for property managers - for each new move ins
- \$25 Leasing Bonus for property managers - for Renewals



Units	QTY	Materials	Labor	Total			
Demo	0	\$0	\$400	\$400			Material Labor
Electrical Box	0	\$250	\$250	\$500			
LVP (sqft)	900	\$1,350	\$1,350	\$2,700		Price/Sqft	\$1.50 \$1.50
Carpet (sqft)	0	\$0	\$0	\$0		Price/Sqft	\$1.25 \$1.50
Wall Prep	0	\$0	\$0	\$0			
Paint (rooms) (sq ft)	900	\$300	\$400	\$700			
Trim (rooms)?	0	\$0	\$0	\$0			
Kitchen/Bath Cab	0	\$1,000	\$0	\$1,000		6' Kitchen , Faucets, sink	
Tops	0	\$175	\$0	\$175		6' Butcherblock	
Full Bath	0	\$350	\$0	\$350		V24 w/Top, Faucet, Mirror, Access, toilet	
Tub Surround	0	\$350	\$0	\$350			
Tub & Tile Glaze	0	\$350	\$0	\$350		Full tub with tile walls 700.00	
Plumbing/Elec	0	\$500	\$0	\$500		Install devices, lights	
Bathroom/Ceiling	0	\$0	\$0	\$0		Unknown	
Lighting	0	\$150	\$0	\$150		Based on 6 lights per unit	
Appliances	0	\$1,200	\$0	\$1,200		SS front Fride/Stove	
Furnace	0	\$0	\$0	\$0		Unknown	
A/C	0	\$360	\$0	\$360		12k BTU unit	
Misc	0	\$150	\$0	\$150			
Dumpster	0	\$75	\$0	\$75		avg. 5 units per dumpster for demo 450.00	
Labor		\$0	\$2,000	\$2,000			
GC Fees	0	\$0	\$0	\$0			
Total		\$6,560	\$4,400	\$10,960			



Rules Of Thumb for MTMG and Maintenance

Underwriting Rules of Thumb

- Management Fee for 3rd party management
 - 500 Units+ = 2.5-3.5% mgmt. fee
 - 200 Units + - 3-4% mgmt. fee
 - Under 100 units - 5% mgmt. fee
- Repairs and Maintenance Costs
 - \$750 per year per unit for maintenance materials and costs - make readies and for regular maintenance
- Insurance
 - \$30 per month per unit for insurance = \$360 per unit per year
- Trash
 - \$150 per unit per year for trash (Republic Waste)
 - They do not pick up Bulk Items - Lashawn - every other Monday - every other Tuesday we send our maintenance guys to walk around and pick loose trash



Rules Of Thumb for MTMG and Maintenance

Underwriting Rules of Thumb

- M&A
 - \$50 per year per unit for Marketing and Advertising
- L&P
 - \$50 per year per unit for Legal And Accounting
- G&A
 - \$90 per year per unit for General Admin
- Structural Reserve
 - \$250 per year per unit for Structural Reserve (often will be put into escrow with your lender) (windows, roofs, concrete work)
- 50% for Total Expenses



Rules Of Thumb for MTMG and Maintenance

- CAP EX
 - \$5000 per unit for Cap Ex in UW
- ACQ FEE
 - 2-3% Acq Fee in UW
- LOAN FEES at closing
 - 1.5% Loan Fees in UW
 - 1% Broker
 - .5% lender
- Total Closing Costs
 - 3- 4.5%
 - 3% Perm
 - 3.75% Bank
 - 4.5% Bridge



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Rules Of Thumb for MTMG and Maintenance

Misc Maintenance

- Bulk Trash Pick up - Every other Monday - Notice given to residents that bulk pick up is every other Monday and they can throw their bulk items to the trash the weekend prior
- Grass cut every Friday (edge, trim, blow, weed Whacking and weed kill)
- Screens for each unit window
- Filling, Sealing and Striping the Driveways and the Curbs = 100,000 Sq ft Parking lots.
 - \$20,000
- Landscaping Contracts
 - Make sure it includes spring and fall clean up
 - And make sure they actually do it
 - High school or college kid pull weeds all summer (\$12-\$15) an hour
- Snow Contracts
 - Make sure it includes parking lots, driveways, parking spots and sidewalks
 - High school or college kid help shoveling all winter (\$12-\$15) an hour



Rules Of Thumb for MTMG and Maintenance

- Asset Manager - (Tyler)
 - For every 200 Units
 - 1 Property Manager (Hire new for 200 Units)
 - 1 Leasing Agent =
 - (1.5) - (2) Maintenance Techs
 - EXAMPLE: 1 Property Manager for 16, 52, 54, 80 (202 Total Units)
 - EXAMPLE: 2 Maintenance Techs for 16, 52, 54, 80 (202 Total Units)
- Cap Ex Manager - (Glenn)
 - Cap Ex Team for Every Building
 - 1 VP of Freeland Construction
 - 5% Vacant at Every Time
 - Dave Lytle
 - EX: 1,000 Units = 50 units to turn at any one time
- For Every 300-500 Units = 1 FT Leasing Agent



KPI TRACKERS and LEASING TRACKERS

- [KPI Trackers REM](#)
- [KPI Trackers RHM](#)
- [Leasing Renewals Tracker](#)

Clifton Lake Apartments	Prior month Final	Jan		Total
	5th	1-11th	12-25th	
Total Units	52	52	52	52
Total Garage Units		24		
Current Leased Units		46		23
Leased Garage Units		24		24
Leased Storage Units		3		3
Wifi leases		7		7
Pre leased units		0		0
Occupancy %	0%	88%	0%	44%
Total Garage Units				
On Notice		2		
New Leases		0		0
Applications		2		2
Leads/traffic		52		52
Move outs		0		0
Occupied Income		40,475		40,475
Garage Income Collected		1,878		1,878
Storage Income		75		75
Wifi Income		525		525
Total Collected - 51k Goal		44,262		44,262
Total Collected %	#DIV/0!			109%
Delinquency		1,620		1,620
Filed Evictions		0		0
Evictions completed		0		0
Bad Debt		22,057		22,057
Total Work Orders		16		16
Work orders completed		16		16
Make Readies Completed		3		3
Make Readies Started		4		4
Total Renewals Sent		9		9
Total Renewed		6		6
Total Renewal Income		335		335
NOTES				

