

Sample Deal Package

4471 & 4581 High Street

Ecorse, MI

72 Units

\$3.175M



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EXECUTIVE SUMMARY

Limitless Estates, LLC a California Limited Liability company with offices in Long Beach, CA, is arranging for the acquisition of undivided real estate interests in the above property by a limited number of sophisticated and qualified investors. The property consists of 72 units. The purchase price is \$3.175M.

We are seeking a total investment of \$1.0M with a minimum of \$50,000 per investor. Investors receive 80% equity with projected average annual returns of 15%-20%. Cash flow distributions are made at the end of each calendar quarterly.

Investors should be prepared to leave their money in for a minimum of 5 years, even though there is a possibility to re-finance and repay the investor's principal before then. Investors have the option of getting cashed out of their investment between year 3 and 4 at 90% of fair market value of their shares. If we re-finance or sell the property, investors first receive their principal back, then receive 80% of any profits.

We have not yet completed due diligence. If due diligence materials differ in our assumptions, we will either re-negotiate the terms or terminate the contract.

Please see below for more information about the property, its current performance, our strategy to increase income and our financial projections.

ABOUT THE PROPERTY

The subject property is a 72-unit multifamily low-rise garden style apartment divided into 4 buildings located at 4471 & 4581 High Street. There is a 24 unit building and a 12 unit building to make up River Park and two 18 unit buildings to make up Jefferson Manor. The buildings are comprised of 67 Two Bedroom/One Bath and 5 One Bedroom/One Bath units. The buildings sit on 1.67 acres and 57,100 rentable square feet. These properties were built between 1971-1973 and provide views of the Detroit River.



THE OPPORTUNITY AND BUSINESS PLAN

This property is a value add opportunity with potential upside through management as well as increasing current rents to reflect the local multifamily market. Our plan is to complete interior and exterior renovations, increase the asking rents and rebrand and remarket. We believe that after the completion of the necessary upgrades rents can be increased by an average of \$92 per unit as well as fundamentally serve as a comfortable living establishment for tenants. The building will thrive under the expertise of our property management company (JSDA Property Management).

The Neighborhood

The subject property is located in the southwest suburbs of Detroit. (DDOT), which is the largest bus transit carrier in Michigan has 44 fixed route bus lines offering services to Detroit and its 23 surrounding communities. Through a coalition of some of Detroit's largest employers, worldwide investors, as well as passionate and driven city leaders, Detroit's revival has become an unprecedented success story bound to make history. The buzz and excitement generated by Detroit's "Live Downtown", has attracted thousands of new residents that are seeking housing in the Detroit area, which are sending apartment rents soaring and vacancy rates to historic lows. The city has been reborn with passionate entrepreneurs, determined to not only make their new start-ups succeed, but Detroit succeed as a whole as well. Detroit has the "cool factor" again, with fresh college grads and young people flocking to the city with excitement. And according to Quicken Loans founder Dan Gilbert, who invested \$2.2 billion, purchased 95 buildings, and moved 15,000 employees downtown, the sizzle is just beginning. The significant developments occurring in the area coupled with the property's access to transit make this an ideal investment to capitalize on the area's momentum.

ACQUISITION SUMMARY

PURCHASE		
# Units	72	
Asking Price	\$3,250,000	
Purchase Price	\$3,175,000	
Price Per Unit	\$44,097	
Earnest Money Deposit (EMD)	\$31,750	1%
Down Payment	\$635,000	20%
1st Mortgage	\$2,540,000	
Interest Rate	4.90%	
Term / Amortization	30	
2nd Mortgage	\$0	
Interest Rate	0.00%	
Term / Amortization	0	
Closing Costs	\$133,670	4.2%
Acquisition Fee	\$47,625	1.5%
Repairs and Reserves	\$335,586	
Total Member Capital Needed to Close	\$1,151,881	
Cap Rate at Re-Sale	8.50%	

Closing costs includes origination fees, appraisal, property inspection, legal fees, recording fees, and transfer taxes. The acquisition fee is payable to Limitless Estates, LLC at closing. Repair escrows are kept in the operating account until needed.

SELLER-DISCLOSED FINANCIALS

Rent Roll

Units	Type	Unit SF	Total SF	Market Rent	Monthly Mkt. Rent	Annual Mkt. Rent	Rent / SF
1	One Bed One Bath - Jefferson Manor	700	700	\$500	\$500	\$6,000	\$0.71
1	One Bed One Bath - Jefferson Manor	700	700	\$550	\$550	\$6,600	\$0.79
1	Two Bed One Bath - Jefferson Manor	800	800	\$648	\$648	\$7,776	\$0.81
4	Two Bed One Bath - Jefferson Manor	800	3,200	\$650	\$2,600	\$31,200	\$0.81
15	Two Bed One Bath - Jefferson Manor	800	12,000	\$675	\$10,125	\$121,500	\$0.84
1	Two Bed One Bath - Jefferson Manor	800	800	\$685	\$685	\$8,220	\$0.86
1	Two Bed One Bath - Jefferson Manor	800	800	\$690	\$690	\$8,280	\$0.86
7	Two Bed One Bath - Jefferson Manor	800	5,600	\$700	\$4,900	\$58,800	\$0.88
1	Two Bed One Bath - Jefferson Manor	800	800	\$710	\$710	\$8,520	\$0.89
1	Two Bed One Bath - Jefferson Manor	800	800	\$720	\$720	\$8,640	\$0.90
1	Two Bed One Bath - Jefferson Manor	800	800	\$750	\$750	\$9,000	\$0.94
1	Two Bed One Bath - Jefferson Manor	800	800	\$770	\$770	\$9,240	\$0.96
1	Two Bed One Bath - Jefferson Manor	800	800	\$775	\$775	\$9,300	\$0.97
2	One Bed One Bath - River Park	700	1,400	\$575	\$1,150	\$13,800	\$0.82
1	One Bed One Bath - River Park	700	700	\$600	\$600	\$7,200	\$0.86
2	Two Bed One Bath - River Park	800	1,600	\$625	\$1,250	\$15,000	\$0.78
1	Two Bed One Bath - River Park	800	800	\$650	\$650	\$7,800	\$0.81
11	Two Bed One Bath - River Park	800	8,800	\$675	\$7,425	\$89,100	\$0.84
1	Two Bed One Bath - River Park	800	800	\$690	\$690	\$8,280	\$0.86
6	Two Bed One Bath - River Park	800	4,800	\$700	\$4,200	\$50,400	\$0.88
1	Two Bed One Bath - River Park	800	800	\$710	\$710	\$8,520	\$0.89
1	Two Bed One Bath - River Park	800	800	\$720	\$720	\$8,640	\$0.90
3	Two Bed One Bath - River Park	800	2,400	\$725	\$2,175	\$26,100	\$0.91
1	Two Bed One Bath - River Park	800	800	\$730	\$730	\$8,760	\$0.91
2	Two Bed One Bath - River Park	800	1,600	\$750	\$1,500	\$18,000	\$0.94
2	Two Bed One Bath - River Park	800	1,600	\$775	\$1,550	\$18,600	\$0.97
1	Two Bed One Bath - River Park	800	800	\$825	\$825	\$9,900	\$1.03
1	Two Bed One Bath - River Park	800	800	\$910	\$910	\$10,920	\$1.14

Income and Expenses - Actual

Income		Pro Forma	2016 Actuals	
Scheduled Market Rent		\$594,096	\$571,036	
Less: Vacancy	5.00%	(\$29,705)	(\$52,849)	
Less: Concessions	2.00%	(\$11,882)	(\$16,089)	
Less: Non-Revenue Units & Bad Debt	5.00%	(\$29,705)	(\$50,755)	
Net Rental Income		\$522,804	\$451,343	
Plus: Fee Income		\$7,000	\$7,180	
Plus: Utility Income		\$2,000	\$1,926	
Plus: Other Income		\$12,250	\$12,319	
Effective Gross Income (EGI)		\$544,054	\$472,768	
Expenses		Per Unit	Pro Forma	2016 Actuals
Administrative		\$201	\$14,500	\$24,573
Advertising & Promotion		\$21	\$1,500	\$1,260
Payroll		\$236	\$17,000	\$0
Repairs & Maintenance		\$229	\$16,500	\$16,654
Management Fee		4.50% \$340	\$24,482	\$24,000
Utilities		\$833	\$60,000	\$62,876
Contracted Services		\$556	\$40,000	\$50,031
Real Estate Taxes		\$986	\$71,000	\$67,425
Insurance		\$319	\$23,000	\$22,977
Replacement Reserve		\$225	\$16,200	\$0
Total Expenses			\$284,182	\$269,796
		Per Unit:	\$3,947	\$3,747
		Per SF:	\$4.98	\$4.72
Net Operating Income			\$259,872	\$202,971

NOTE: All of these numbers are still to be verified through due diligence.

FINANCIAL PROJECTIONS

Here is the 5 Year P&L Projection:

INCOME	1	2	3	4	5	6	7
Gross Potential Income	\$594,432	\$639,360	\$673,920	\$694,138	\$714,962	\$736,411	\$758,503
- Vacancy	(\$29,722) 5%	(\$31,968) 5%	(\$33,696) 5%	(\$34,707) 5%	(\$35,748) 5%	(\$36,821) 5%	(\$37,925) 5%
- Concessions, Loss to Lease, Bad Debt	(\$41,610) 7%	(\$44,755) 7%	(\$47,174) 7%	(\$48,590) 7%	(\$50,047) 7%	(\$51,549) 7%	(\$53,095) 7%
Effective Gross Income	\$523,100	\$562,637	\$593,050	\$610,841	\$629,166	\$648,041	\$667,483
Other Income	\$21,425	\$22,068	\$22,730	\$23,412	\$24,114	\$24,837	\$25,583
Total Net Income	\$544,525	\$584,705	\$615,779	\$634,253	\$653,280	\$672,879	\$693,065
EXPENSES							
Total Expenses	\$269,796 50%	\$277,350 47%	\$285,130 46%	\$293,144 46%	\$301,399 46%	\$309,901 46%	\$318,658 46%
Net Operating Income (NOI)	\$274,729	\$307,355	\$330,649	\$341,108	\$351,882	\$362,978	\$374,408
Debt Service							
Principal	\$0	\$40,678	\$42,717	\$44,857	\$47,105	\$49,466	\$51,945
Interest	\$124,460	\$123,555	\$121,516	\$119,375	\$117,127	\$114,766	\$112,287
Total Debt Service	\$124,460	\$164,233	\$164,233	\$164,233	\$164,233	\$164,233	\$164,233
Cash Flow available for Distribution	\$150,269	\$143,122	\$166,416	\$176,876	\$187,649	\$198,746	\$210,175
Distributions from Cash Flow							
Asset Mgt Fee to Manager 1.5%	\$8,168	\$8,771	\$9,237	\$9,514	\$9,799	\$10,093	\$10,396
Excess Cash Flow to Members 70%	\$99,471	\$94,046	\$110,026	\$117,154	\$124,495	\$132,057	\$139,845
Excess Cash Flow to Mgr 30%	\$42,630	\$40,305	\$47,154	\$50,209	\$53,355	\$56,596	\$59,934
Total Distributions to Members	\$99,471	\$94,046	\$110,026	\$117,154	\$124,495	\$132,057	\$139,845
Capital Account Balance (Begin of Year)	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881
Member Cash on Cash Return	8.64%	8.16%	9.55%	10.17%	10.81%	11.46%	12.14%

NOTE: The rates of return displayed on this page are only projections, and are not guarantees of any sort. Actual returns may vary widely, due to many economic and marketplace factors beyond our control.

EQUITY RETURN AT RESALE

We assume we will be able to sell the building at 50 basis points less than the going cap rate of 8% for a well-performing asset in this area of Ecorse, Mi. All investor capital is returned first before the remaining proceeds are split according to the investors' equity share.

		End of Year 7	End of Year 10
Net Operating Income		\$374,408	\$410,794
Cap Rate		8.50%	8.50%
Sales Price		\$4,404,794	\$4,832,874
Sales Cost	6.5%	(\$286,312)	(\$314,137)
Outstanding Loan Balance		(\$2,263,231)	(\$2,091,248)
Total Equity		\$1,855,252	\$2,427,490
Return of Member Capital		\$1,151,881	\$1,151,881
Net Proceeds/Profit from Sale		\$703,371	\$1,275,609
Principal Reduction		\$276,769	\$448,752
Appreciation		\$426,602	\$826,856
Capital Transaction Fee to Mgr	0%	\$0	\$0
Net Proceeds/Profit Paid to Members	70%	\$492,360	\$892,926
Net Proceeds/Profit Paid to Manager	30%	\$211,011	\$382,683
Total Cash to Members at Sale		\$1,644,240	\$2,044,807

Summary of Projected Member Cash Flows and Returns

	1	2	3	4	5	6	7	Return \$	Return %
Beginning Member Capital Account Balance	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881		
Member Cashflow	\$99,471	\$94,046	\$110,026	\$117,154	\$124,495	\$132,057	\$139,845	\$817,093	62.40%
Cash on Cash Return	8.64%	8.16%	9.55%	10.17%	10.81%	11.46%	12.14%		
Net Proceeds/Profits from Refinance or Sale							\$492,360	\$492,360	37.60%
Return of Member Capital							\$1,151,881		
Ending Member Capital Account Balance	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$1,151,881	\$0		
Total Return on Investment	\$99,471	\$94,046	\$110,026	\$117,154	\$124,495	\$132,057	\$632,205	\$1,309,453	113.68%
Average Annual Return									16.24%

MANAGEMENT AND ADVISORS

Kyle Mitchell, President, Managing Member. Kyle has personally invested in income producing real estate valued at over \$1.2M in multiple states throughout the West Coast and Mid West. He continues to actively seek investments in apartment communities in multiple states. In addition to his own investing activities, Kyle is also a California licensed Realtor. His expertise in all facets of real estate investing gives us, and our investing partners, confidence that all of our acquisitions are carefully evaluated so that we achieve consistent returns for our investors.

Lalita Patipaksiri, Managing Member. Lalita has the background of a professional athlete and understands what it takes in order to succeed at her craft through her competitive drive, determination, commitment and devotion. She has experience in raising hundreds of thousands of dollars in sponsorships and endorsements by developing long lasting relationships, creating a win win and building trust by putting the investor first. Her knowledge of managing a P&L through her current position as Regional Sales Director and Assistant General Manager; along with her first-hand

experience with sponsors and investors, gives us the assurance that we will display great representation of ourselves as a brand while taking care of our partners.

Luis Cruz, Managing Member. Luis' experience is in managing day to day operations, driving revenue and controlling expenses of a multimillion dollar business. One of the key aspects in successfully growing his business is by building relationships and gaining the trust of the fellow teammates and customers through leadership and execution. With his drive, motivation, focus, and P&L experience, Luis is a valuable member to our team and will work to ensure our investors' needs are met.

JSDA Property Management (JSDA), Property Management. JSDA has over 1,400 of units under management in the Detroit Area and specializes in multi-family apartments with assets as large as 200 units.

Drew Kniffin, Advisor. Mr. Kniffin coaches and invests in multifamily and owns more than 350 units and has completed more than 10 deals.

Jamie Douraghy, Advisor. Mr. Douraghy is an executive coach and a team facilitator. He is a Gallups Strengths Finder, Why certified coach and Founder of several successful companies.

Huasha Liu, Advisor. Ms. Liu advises the managing members.....

Michael Gross, Real Estate Attorney. Mr. Gross handles all legal matters related to the real estate transaction.

Old Capital Lending, Mortgage Broker & Advisor. Since 1998, Old Capital has been a premier provider of commercial Capital solutions and advisory services for commercial real estate investors.

Steven Rinaldi, SEC Attorney. Mr. Rinaldi handles all legal matters related to SEC compliance.

***Note:** All Advisors listed are here to assist the managing members in selecting the best investments and to help with due diligence to ensure the highest returns for our investors.

CONTACT

Questions should be directed to Limitless Estates, LLC, c/o Kyle Mitchell, (562) 833-5010 or kylemitchellrea@gmail.com.