VILLA MENTMORE
3420 SANOSTEE DRIVE | GALLUP, NM
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EXECUTIVE SUMMARY
PROPERTY FEATURES
- A mix of two- and three-bedroom units featuring an oven, dishwasher, garbage disposal, and washer and dryer connections in select units
- Community amenities include a courtyard, laundry facility, barbecue and picnic area, and playground

DESIRABLE LOCATION
- The property is less than a 10-minute drive from Rio West Mall, which offers major retailers like JCPenney, Verizon Authorized Retailer, Hobby Lobby, and much more
- Villa Mentmore is within 10 miles of a variety of grocery stores including Walmart Supercenter, Family Dollar, Dollar General, and Albertson’s
- Albuquerque International Sunport is a little over a two-hour drive from the property and features airlines like Alaska Airlines, American Airlines, Allegiant Airlines, Delta Air Lines, and more
AFFORDABLE RESTRICTIONS

Villa Mentmore currently operates under the Section 42 Low Income Housing Tax Credit (LIHTC) program, and has the following restrictions. Buyer must agree to maintain the affordable restrictions through the extended use period, including operating the property in compliance with state and federal regulatory agreements.

INITIAL TCCP ENDS: 2018
FINAL YEAR OF RESTRICTIONS: 2048

- LIHTC LURA: restricts 45 units at 40% AMI, 2 units at 50% AMI, and 5 units at 60% AMI
- HOME LURA: restricts 9 units at 50% AMI
- 4% of the units are occupied by residents utilizing Section 8 vouchers

MCKINLEY COUNTY (MCKINLEY COUNTY, NM)
2020 4-PERSON AMI: $36,600

<table>
<thead>
<tr>
<th>2020 INCOME LIMITS</th>
<th>40% AMI</th>
<th>50% AMI</th>
<th>60% AMI</th>
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<tbody>
<tr>
<td>1 person</td>
<td>$17,440</td>
<td>$21,800</td>
<td>$26,160</td>
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<td>2 people</td>
<td>$19,920</td>
<td>$24,900</td>
<td>$29,880</td>
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<tr>
<td>3 people</td>
<td>$22,440</td>
<td>$28,050</td>
<td>$33,660</td>
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<tr>
<td>4 people</td>
<td>$24,920</td>
<td>$31,150</td>
<td>$37,380</td>
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<tr>
<td>5 people</td>
<td>$26,920</td>
<td>$33,650</td>
<td>$40,380</td>
</tr>
<tr>
<td>6 people</td>
<td>$28,920</td>
<td>$36,150</td>
<td>$43,380</td>
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</table>

PROPERTY DETAILS

YEAR BUILT | 2002
NUMBER OF BUILDINGS | 7
NUMBER OF UNITS | 52
NUMBER OF STORIES | 2
PARCEL NUMBER | 2-111-087-254-067
ZONING | Multifamily Residential High (MFRH)
LOT SIZE | 2.99 acres
DENSITY | 17.39 units/acre
PARKING SPACES | 104
PARKING RATIO | 2 spaces/unit
LANDSCAPING | Mature trees and xeriscape

TOPOGRAPHY | Flat
WASHER/DRYER CONNECTIONS | Yes (in three bedroom units only)
WATER | Not individually metered
ELECTRIC | Individually metered
GAS | Individually metered
FRAMING | Wood
EXTERIOR | Stucco
PARKING SURFACE | Asphalt
ROOF | Shingles
AGE OF ROOF | 18 years
UNIT AMENITIES

Oven | Dishwasher | Garbage disposal | Washer and dryer connections in select units
COMMUNITY AMENITIES

Courtyard | Laundry facility | Barbecue and picnic area | Playground
GALLUP, NM

LOCATION OVERVIEW
Gallup has a population of 22,105 and is a quaint town nestled along historic route 66. The town offers a suburban feel and is filled with various attractions in arts, culture, and outdoor recreation. Residents can find themselves basking in the red rock beauty of the town that is rich in Native American culture.

ARTS AND CULTURE
Every evening during the summer months, the McKinley Courthouse Square Plaza hosts summer nightly Indian dances that feature a variety of area tribes highlight rattle, flute, and drum instruments. Residents can meet the dancers and musicians after their performance surrounded by local vendors showcasing traditional foods. Cultural junkies can also take part in the Inter-Tribal Ceremonial, taking place in August and features a complete display of precious Indian fine arts which include jewelry, pottery, Navajo rugs, basketry, and much more. In the evening, there is a parade that runs along Route 66 in downtown Gallup with dancers dressed in bright colored attire.

OUTDOOR ADVENTURES
During the first week of December, visitors can take part in the Red Rock Balloon Rally, which brings color to the sandstone bluffs of Gallup. 200 balloons take flight in all different shapes and colors, making it one of the largest in North America since 1981. For a workout with a view, biking is a popular hobby among residents in Gallup. The Gallup North Hogback Trail is just northwest of the Red Rock Motorsports area and is a 20-minute drive from the property. The trail is always open to the public and offers cliff exposure. In addition, the Zuni Mountains features 25 plus miles of trail for running, mountain biking, and hiking.

Gallup also offers a plethora of rodeo events throughout the year. The city puts on the “Best of the Best Rodeo” in June every year showcasing the top contestants from junior high and high school. Rodeos also take place during the early days of the Ceremonial, and pays homage to the horsemanship skills many tribes take pride in.

MAJOR EMPLOYERS
» GALLUP-MCKINLEY COUNTY SCHOOLS (1,992 EMPLOYEES)
» GALLUP INDIAN MEDICAL CENTER (1,692 EMPLOYEES)
» WALMART (530 EMPLOYEES)
» REHOBOTH MCKINLEY CHRISTIAN HOSPITAL (506 EMPLOYEES)
» CITY OF GALLUP (390 EMPLOYEES)
» BUREAU OF INDIAN AFFAIRS (323 EMPLOYEES)
» UNIVERSITY OF NEW MEXICO - GALLUP (266 EMPLOYEES)
» ZUNI PUBLIC SCHOOL DISTRICT (261 EMPLOYEES)
» PEABODY ENERGY (240 EMPLOYEES)
» ANDEAVOR/WESTERN REFINING (213 EMPLOYEES)
» MCKINLEY COUNTY (155 EMPLOYEES)
» ZUNI PUBLIC SCHOOL DISTRICT (129 EMPLOYEES)
» ESCALANTE GENERATING STATION (117 EMPLOYEES)
» BNSF RAILWAY COMPANY (50 EMPLOYEES)
» SACRED WINDS COMMUNICATION (44 EMPLOYEES)
» EL PASO NATURAL GAS COMPANY (23 EMPLOYEES)
» CONTINENTAL DIVIDE ELECTRIC CO-OP (15 EMPLOYEES)

SCHOOLS
» TOBE TURPEN ELEMENTARY SCHOOL (0.4 MILE)
» CHIEF MANUELITO MIDDLE SCHOOL (2.4 MILES)
» GALLUP HIGH SCHOOL (2.5 MILES)
» UNM GALLUP (7.4 MILES)

GROCERY STORES
» SHOP ’N SAVE (4.2 MILES)
» FAMILY DOLLAR (5.9 MILES)
» WALMART SUPERCENTER (6.1 MILES)
» DOLLAR GENERAL (6.4 MILES)
» ALBERTSONS (8.2 MILES)
» T&C MARKET (11.4 MILES)
» JOHN MURPHY GROCERY (22.4 MILES)
» BASHAS (37.9 MILES)

PARKS AND RECREATION
» HADDEN PARK (0.3 MILE)
» GALLUP SPORTS COMPLEX (6.0 MILES)
» SKY CITY PARK (7.0 MILES)
» PLAYGROUND OF DREAMS (7.6 MILES)
» CITY PARK (8.1 MILES)
» FORD CANYON PARK (8.2 MILES)
» INDIAN HILLS PARK (11.5 MILES)
» RED ROCK PARK (15.1 MILES)

RETAIL AND RESTAURANTS
» GAMESTOP (5.3 MILES)
» DOLLAR TREE (5.3 MILES)
» RIO WEST MALL (6.0 MILES)
> JCPENNY, VERIZON AUTHORIZED RETAILER, HOBBY LOBBY, CRACKER BARREL, CHINESE KITCHEN
» AMERICAN HERITAGE PLAZA (6.0 MILES)
> BIG LOTS, SAFEWAY, FAMILY DOLLAR, SUBWAY, MCDONALD’S, TACO BELL, Denny’s, Sizzler
> THE HOME DEPOT (6.1 MILES)
> VERIZON AUTHORIZED RETAILER (7.4 MILES)

TRANSPORTATION
» ALBUQUERQUE INTERNATIONAL SUNPORT (150 MILES)
FINANCIAL ANALYSIS
# PROPERTY INFORMATION

**Villa Mentmore**  
**3420 Sanostee Drive**  
**Gallup, NM 87301**  
**McKinley County**

<table>
<thead>
<tr>
<th>Information</th>
<th>Details</th>
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<tr>
<td>Year Built</td>
<td>2002</td>
</tr>
<tr>
<td>Number of Units</td>
<td>52</td>
</tr>
<tr>
<td>Property Type</td>
<td>LIHTC - Family</td>
</tr>
<tr>
<td>Projected Closing Date</td>
<td>August 1, 2020</td>
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<tr>
<td>Hold Period</td>
<td>10 Years</td>
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<tr>
<td>Placed In Service</td>
<td>April 24, 2003</td>
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<tr>
<td>End of TCCP</td>
<td>December 31, 2018</td>
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<tr>
<td>Final Year of LIHTC Restrictions</td>
<td>2048 (Ext Use: 30 Yrs)</td>
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<tr>
<td>Qualified Contract Eligible</td>
<td>Yes</td>
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<td>Right of First Refusal</td>
<td>No</td>
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<td>Opportunity Zone</td>
<td>Yes</td>
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</table>

### Purchase Price

- **Total**: $3,968,505  
- Per Unit: $76,317  
- Per SF: $88  
- Total Acquisition Costs: $4,060,805  
- Cost Per Unit: $78,092  
- Cost Per SF: $90

### Financial Analysis

- **Total Debt**: $530,000  
- **Aggregate LTV**: 13.4%  
- **Aggregate LTC**: 13.1%  
- **Equity**: $3,530,805  
- **Exit Cap Rate**: 7.50%  
- **Exit Cost of Sale**: 4.50%

**CLICK HERE TO ACCESS DUE DILIGENCE**
**SOURCES AND USES**

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<tr>
<th>Uses of Funds</th>
<th>Total $</th>
<th>Per Unit $</th>
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<tr>
<td>Purchase Price</td>
<td>$3,968,505</td>
<td>$76,317</td>
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<td>Due Diligence and Closing</td>
<td>$35,000</td>
<td>$673</td>
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<td>Capital Improvements</td>
<td>$52,000</td>
<td>$1,000</td>
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<td>Financing Costs</td>
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<td>$102</td>
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<td><strong>Total Uses of Funds</strong></td>
<td><strong>$4,060,805</strong></td>
<td><strong>$78,092</strong></td>
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<table>
<thead>
<tr>
<th>Sources of Funds</th>
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<th>Total %</th>
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<tr>
<td>First Mortgage</td>
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<tr>
<td>Second Mortgage</td>
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<tr>
<td>Third Mortgage</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Fourth Mortgage</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Fifth Mortgage</td>
<td>0.0%</td>
<td></td>
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<tr>
<td><strong>Total Debt</strong></td>
<td><strong>$530,000</strong></td>
<td><strong>13.1%</strong></td>
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<tr>
<td><strong>Total Equity</strong></td>
<td><strong>$3,530,805</strong></td>
<td><strong>86.9%</strong></td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$4,060,805</strong></td>
<td><strong>100.0%</strong></td>
</tr>
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</table>

**FINANCING ASSUMPTIONS**

**First Mortgage - New Financing**

- Original Loan Amount: $530,000
- Loan Amount at Start of Analysis: $530,000
- Proposed or Existing Origination Date: August 1, 2020
- Permanent Interest Rate: 4.50%
- Interest Rate Method: 30/360
- Interest-Only Period (In Months): 0
- Amortization (In Months): 360
- Loan Constant: 6.08%
- Loan Origination Fee: 1.00%

- Loan to Value: 13.4%
- Loan to Cost: 13.1%
- Term: 10.0 Years
- Maturity Date: July 1, 2030
- Amortizing Annual Debt Service: $32,225
- Amortizing DSCR (Year 0): 1.28
- Amortizing DSCR (Year 1): 1.47

**Notes**

Analysis reflects new financing.

Potential lender escrow requirements have not been included.
Underwritten loan proceeds based on minimum DSCR requirements using lender NOI of $40,691. Adjustments include removal of any Section 8 voucher overhang, minimum economic loss requirements, and expense adjustments per Agency guidelines with consideration for historical occupancy and budgeted management changes by a new owner.
## UNIT MIX

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>AMI %</th>
<th># of Units</th>
<th>SF</th>
<th>Current Asking Rent</th>
<th>Year 1 Rent Growth</th>
<th>Year 1 Rents</th>
<th>2020 Max Allowable Rent</th>
<th>Utility Allowance</th>
<th>Net Max Rent</th>
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<td>2x1</td>
<td>40</td>
<td>39</td>
<td>817</td>
<td>426</td>
<td>10</td>
<td>436</td>
<td>495</td>
<td>69</td>
<td>426</td>
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<td>2x1</td>
<td>50</td>
<td>1</td>
<td>817</td>
<td>549</td>
<td>12</td>
<td>561</td>
<td>618</td>
<td>69</td>
<td>549</td>
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<td>3x2</td>
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<td>6</td>
<td>1,038</td>
<td>480</td>
<td>11</td>
<td>491</td>
<td>571</td>
<td>91</td>
<td>480</td>
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<tr>
<td>3x2</td>
<td>50</td>
<td>1</td>
<td>1,038</td>
<td>622</td>
<td>14</td>
<td>636</td>
<td>713</td>
<td>91</td>
<td>622</td>
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<tr>
<td>3x2</td>
<td>60</td>
<td>5</td>
<td>1,038</td>
<td>765</td>
<td>17</td>
<td>782</td>
<td>856</td>
<td>91</td>
<td>765</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>45,136</strong></td>
<td><strong>868</strong></td>
<td><strong>$24,490</strong></td>
<td><strong>$151</strong></td>
<td><strong>$25,041</strong></td>
<td><strong>$28,342</strong></td>
<td><strong>$3,852</strong></td>
<td><strong>$24,490</strong></td>
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<tr>
<td><strong>Average</strong></td>
<td></td>
<td><strong>868</strong></td>
<td><strong>$471</strong></td>
<td><strong>$11</strong></td>
<td><strong>$482</strong></td>
<td><strong>$545</strong></td>
<td><strong>$74</strong></td>
<td><strong>$471</strong></td>
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**Notes**
- 4% of the units are occupied by residents utilizing Section 8 vouchers
- 5% of the units are ADA compliant with differing square footage

**Affordability Restrictions**
- LIHTC LURA: Restricts 45 units at 40% AMI, 2 units at 50% AMI, and 5 units at 60% AMI. Restrictions terminate at the end of 2048. The property is qualified contract eligible
- HOME LURA: Restricts 9 units at 50% AMI. Restrictions terminate at the end of 2048
# OPERATING HISTORY AND PRO FORMA

## Income

<table>
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<th></th>
<th>March 2020 Trailing 12 Months</th>
<th>Year 0</th>
<th>Year 1</th>
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<tr>
<td>Market Rent</td>
<td>$293,880 5,652</td>
<td>$293,880 5,652</td>
<td>$300,492 5,779</td>
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<td>Loss-to-Lease (Gain)</td>
<td>4.61% 261</td>
<td>4.61% 261</td>
<td>2.75% 159</td>
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<td>Gross Potential Rent</td>
<td>$280,320 5,391</td>
<td>$280,320 5,391</td>
<td>$292,229 5,620</td>
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<td>Vacancy [-]</td>
<td>3.66% 10,269</td>
<td>4.50% 12,614</td>
<td>4.50% 13,150</td>
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<td>Bad Debt (-)</td>
<td>0.64% 1,781</td>
<td>0.50% 1,402</td>
<td>0.50% 1,461</td>
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<tr>
<td>Concessions (-)</td>
<td>0.00% 0</td>
<td>0.00% 0</td>
<td>0.00% 0</td>
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<td>Total Economic Loss</td>
<td>4.30% $12,050 232</td>
<td>5.00% $14,016 270</td>
<td>5.00% $14,611 281</td>
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<tr>
<td>Net Rental Income</td>
<td>$268,270 5,159</td>
<td>$266,304 5,121</td>
<td>$277,617 5,339</td>
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<tr>
<td>Resident Charges</td>
<td>5,650</td>
<td>5,650</td>
<td>5,777</td>
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<tr>
<td>Total Other Income</td>
<td>$5,650 109</td>
<td>$5,650 109</td>
<td>$5,777 111</td>
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<tr>
<td>Effective Gross Income</td>
<td>$273,920 5,268</td>
<td>$271,954 5,230</td>
<td>$283,394 5,450</td>
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</tbody>
</table>

## Operating Expenses

### Real Estate and Other Taxes
- Real Estate Taxes: $8,768 1,392 1,392
- Personal Property/Other: $20,531 20,531 20,531
- Total Real Estate Taxes: $10,160 195 10,160 195

### Utilities
- Electricity: $2,330 2,330 2,330
- Gas: $960 960 960
- Water: $31,027 31,027 31,027
- Sewer: $15,992 15,992 15,992
- Garbage Collection: $9,341 9,341 9,341
- Total Utilities: $59,650 1,147 59,650 1,147

### Total Expenses
- Contract Services: $274 274 274
- Total Contract Services: $274 5 274 5
- Repairs and Maintenance
  - General Repairs and Maintenance: $24,875 24,875 24,875
  - HVAC and Plumbing: $5,427 5,427 5,427
  - Maintenance Supplies: $2,999 2,999 2,999
- Total Repairs and Maintenance: $33,301 640 33,301 640
- Marketing and Promotion
  - Advertising: $353 353 353
- Total Marketing and Promotion: $353 7 353 7
- Payroll
  - Manager and Leasing: $12,864 12,864 12,864
  - Maintenance Staff: $21,455 21,455 21,455
- Subtotal Payroll: $34,319 660 34,319 660
- Payroll Taxes and Benefits: $16,004 46.63% 21,044 46.63%
- Total Payroll: $50,323 968 51,581 992
- Management Fee: $15,043 5.49% 15,043 5.50%
- Administrative Expenses
  - Audit/Accounting Fees: $3,241 0 0
  - Legal and Professional Fees: $15,719 15,719 15,719
  - Miscellaneous: $8,206 8,206 8,411
- Total Administrative: $27,166 522 28,732 460
- Total Variable Expenses: $126,460 2,432 126,467 2,432
- Compliance and Monitoring Fees: $1,546 1,546 1,546
- Replacement Reserves: $15,600 300 15,600 300
- Total Expenses: $233,947 4,499 235,959 4,530

### Net Operating Income
- Expenses As a % of EGI: 85.41% 5.49%
- Cap Rate (Price $3,968,505): 84.80% 1.01%
- $39,973 769 41,334 795 47,436 912

### Expenses As a % of EGI
- 85.41% 5.49%
- 84.80% 1.01%
- 83.26% 1.20%
INCOME AND EXPENSE NOTES

(1) Loss-to-Lease: Underwriting assumes all new leases and renewals will be rented at the current asking rents over the first 12 months.

(2) Gross Potential Rent: Year 0 reflects March 2019 trailing 12 months.

(3) Vacancy: As of April 15, 2020, the property was 100% occupied. Analysis reflects a stabilized occupancy of 95.5%.

(4) Real Estate Taxes: Analysis assumes real estate taxes will grow at 3% for the entirety of the hold period.

(5) Audit/Accounting Fees: Excludes the audit expense which will not be required after a sale.
**HISTORICAL RENT AND INCOME LIMITS**

### Percent Below Effective Peak

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Median Income</th>
<th>High Housing Cost (FMR)</th>
<th>State Non-Metro MFI</th>
<th>HERA Special Bonus</th>
<th>Non-HERA Limit</th>
<th>Effective Limit</th>
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<tr>
<td>2012</td>
<td>35,800</td>
<td>606</td>
<td>606</td>
<td>606</td>
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<tr>
<td>2013</td>
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<tr>
<td>2014</td>
<td>41,000</td>
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<td>2015</td>
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<td>2018</td>
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<td>2019</td>
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### 4-Person 50% Income Limit

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Median Income</th>
<th>Non-HERA Limit</th>
<th>Effective Limit</th>
<th>Non-HERA Limit</th>
<th>Effective Limit</th>
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<td>2012</td>
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<td>2014</td>
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<tr>
<td>2015</td>
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### 2-Bedroom Rent at 60% AMI

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<tr>
<th>Year</th>
<th>Area Median Income</th>
<th>Non-HERA Limit</th>
<th>Effective Limit</th>
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<td>2012</td>
<td>645</td>
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### HISTORICAL AMI, NON-HERA RENT, CPI, AND FMR

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<th>Year</th>
<th>Area Median Income</th>
<th>Non-HERA (2BR @ 60%)</th>
<th>Consumer Price Index</th>
<th>2BR Fair Market Rent</th>
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<tr>
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<tr>
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<th>Consumer Price Index</th>
<th>2BR Fair Market Rent</th>
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<td>2020</td>
<td>36,600</td>
<td>742</td>
<td>274</td>
<td>714</td>
</tr>
</tbody>
</table>

### Notes
- The property is located in the McKinley County, NM Income Limit Area.
- The historical Consumer Price Index data below reflects the Western United States and is obtained from the U.S. Bureau of Labor Statistics.
### GROWTH RATES AND OCCUPANCY ASSUMPTIONS

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
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<tbody>
<tr>
<td>Jul-2021</td>
<td>2.25%</td>
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<td>2.25%</td>
</tr>
</tbody>
</table>

**Income Growth**

- **Rental Income Growth**: 2.25%
- **Other Income Growth**: 2.25%

**Economic Loss**

- **Vacancy (-)**: 4.50%
- **Bad Debt (-)**: 0.50%
- **Concessions (-)**: 0.00%

**Total Economic Loss**: 5.00%

**Expense Growth**

- **Real Estate and Other Taxes**: 0.00%
- **Insurance**: 2.50%
- **Utilities**: 2.50%
- **Contract Services**: 2.50%
- **Repairs and Maintenance**: 2.50%
- **Marketing and Promotion**: 2.50%
- **Payroll**: 2.50%
- **Management Fee**: 5.50%
- **Administrative**: 2.50%
- **Replacement Reserves**: 0.00%

**Notes:**

* Calculated as a percentage of Gross Potential Rent
** Calculated as a percentage of Effective Gross Income
## 10-Year Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
</table>

### Unleveraged Acquisition Costs

- **Purchase Price**: 3,968,505
- **Due Diligence and Closing**: 35,000
- **Capital Improvements**: 92,000

**Total Unlev. Acq. Costs**: $4,055,505

### Income

- **Market Rents**: 293,880, 300,492, 307,253, 314,167, 321,235, 328,463, 335,854, 343,410, 351,137, 359,038, 367,116
- **Loss-to-Lease (%)**: 4.61%, 2.75%, 1.00%, 1.00%, 1.00%, 1.00%, 1.00%, 1.00%, 1.00%, 1.00%, 1.00%
- **Loss-to-Lease (Gain)**: 13,560, 8,264, 3,073, 3,142, 3,212, 3,285, 3,359, 3,434, 3,511, 3,590, 3,671
- **Vacancy (-)**: 12,614, 13,150, 13,688, 13,996, 14,311, 14,633, 14,962, 15,299, 15,643, 15,995, 16,355
- **Bad Debt (-)**: 1,402, 1,461, 1,521, 1,555, 1,590, 1,626, 1,662, 1,700, 1,738, 1,777, 1,817
- **Concessions (-)**: 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0

**Total Economic Loss**: $14,016, $14,611, $15,209, $15,551, $15,901, $16,259, $16,625, $16,999, $17,381, $17,772, $18,172

### Operating Expenses

- **Real Estate and Other Taxes**: 10,160, 10,160, 10,414, 10,674, 10,941, 11,215, 11,495, 11,782, 12,077, 12,379, 12,688
- **Insurance**: 20,531, 21,044, 22,096, 23,201, 24,361, 25,579, 26,858, 28,201, 29,611, 31,092, 32,647
- **Utilities**: 59,650, 61,141, 62,670, 64,237, 65,842, 67,488, 69,176, 70,905, 72,678, 74,495, 76,357
- **Contract Services**: 274, 281, 288, 295, 302, 310, 318, 326, 334, 342, 351
- **Repairs and Maintenance**: 33,301, 34,134, 34,987, 35,862, 36,758, 37,677, 38,619, 39,584, 40,574, 41,588, 42,628
- **Marketing and Promotion**: 353, 362, 371, 380, 390, 399, 409, 420, 431, 441, 452
- **Payroll**: 50,323, 51,581, 52,871, 54,192, 55,547, 56,936, 58,359, 59,818, 61,314, 62,847, 64,418
- **Management Fee**: 14,957, 15,587, 16,218, 16,583, 16,956, 17,338, 17,728, 18,127, 18,535, 18,952, 19,378
- **Administrative**: 23,925, 24,523, 25,136, 25,755, 26,409, 27,069, 27,746, 28,439, 29,150, 29,879, 30,626
- **Replacement Reserves**: 15,600, 15,600, 15,600, 15,600, 15,600, 15,600, 15,600, 15,600, 15,600, 15,600, 15,600


**Net Operating Income**: $41,334, $47,436, $52,892, $53,179, $53,644, $54,077, $54,473, $54,831, $55,146, $55,417, $55,640

**Gross Sale Proceeds**: 0, 0, 0, 0, 0, 0, 0, 0, 0, 744,146

**Less Existing Debt Balance**: 0, 0, 0, 0, 0, 0, 0, 0, 0, 424,474

**Net Sale Proceeds**: $0, $0, $0, $0, $0, $0, $0, $0, $0, $328,185

**First Mortgage - New Financing**

- **Principal Payments**: 8,550, 8,943, 9,354, 9,783, 10,233, 10,703, 11,195, 11,709, 12,247, 12,809
- **Interest Payments**: 23,675, 23,282, 22,871, 22,442, 21,992, 21,522, 21,031, 20,516, 19,978, 19,416
- **Mortgage Repaid**: 0, 0, 0, 0, 0, 0, 0, 0, 0, 0

**Total DS - First Mortgage**: ($524,700), $32,225, $32,225, $32,225, $32,225, $32,225, $32,225, $32,225, $32,225, $32,225

**Net Cash Flow**: $15,211, $20,457, $20,953, $21,419, $21,851, $22,248, $22,605, $22,921, $23,192, $23,415

**Total Lev. Cash Flow**: ($3,530,805), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000), ($5,225,000)

**Debt Service Coverage Ratio**: 1.47, 1.63, 1.65, 1.66, 1.68, 1.69, 1.70, 1.71, 1.72, 1.73
AFFILIATED BUSINESS DISCLOSURE

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an “Affiliate”) engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the “Property”), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgement of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates’ interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms’ length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

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Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property (“Owner”) or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

DISCLAIMER

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property’s suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

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PHOTOGRAPHY

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WA LIC. 127518

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