



CASE STUDY

Disclaimer: Not all of OnPoint's investments will result in the same returns and financial success as the following investment.

Investment Description

The property consisted of a 10-acre parcel including 22 building structures. It was built in 1974 in Arlington, TX, with 200 total units. The eight different unit types consisted of one, two, and three bedrooms with townhome style floor plans averaging 896 sq. feet per unit. The property's units were as follows:

Unit Breakdown at Purchase

<u>TYPE</u>	<u>SQ FT</u>	<u>Number of Apts</u>	<u>Rent</u>	<u>Mthly</u>	<u>Annual</u>
1/1	702	72	\$518	37,296	447,552
2/1.5	932	68	\$621	42,228	506,736
2/2	1,129	44	\$573	25,212	302,544
3/2	1,268	8	\$810	6,480	77,760
Eff	488	8	\$452	3,616	43,392
Total	177,644	200		114,832	1,377,984

The property was built primarily with wood frame construction and had the following amenities:

- Individual HVAC
- All Electric Kitchens
- Wood Vinyl Flooring
- Cable Ready
- Spacious Closets
- Private Balconies
- Wireless Internet Access
- Sundeck
- Community Swimming Pool

- Fire Places
- Ceiling Fans
- Refrigerator
- Overhead Lighting
- Dishwashers
- Vent Hoods
- Double Sided Steel Sinks
- On-Site Office Building
- Two Laundry Facilities
- Green Space
- On-Call Maintenance
- Tennis and Basketball Courts

Investment Objectives

The investment objective is to acquire the property and maximize total return through:

Exterior Renovations:

- Uplifted the exterior paint with a more modern color scheme and replaced old T1-11 panels with Hardy plank siding
- Implemented a new beautification program by implementing the following:
 - Removed unsightly tennis courts and added several amenities including a basketball court, children playscape, outdoor pavilion, and green space
 - Replaced railroad tie terracing with stone terracing
 - Added river beds and regraded the property to combat erosion around buildings
 - Added full site irrigation system
 - Added landscaping throughout the property
 - Remodeled the pool and added a children's pool with waterfall
- Implemented energy conservation program:
 - Replaced all windows with low E argon filled windows
 - Replaced all sliding glass doors and exterior front doors
 - Replaced old appliances with Energy Star Appliances
 - Added attic insulation to R38[PM1]
 - Replace older HVACs with SEER 14 HVAC systems
- Implemented water conservation program:
 - Replaced all toilets with .8 gallon low flow air assisted toilets
 - Replaced all shower and faucet heads with low flow heads
 - Replaced all shower mix-it valves with no-mix-it valves

Re-tenanting:

- Hired city police officers instead of courtesy patrols to effectively lower the crime rate within a three mile radius
- Added property fencing, security access gates, and surveillance equipment
- Re-tenanting stabilized the qualified tenant base in order to build a socially responsible community environment
- Cycled through lease contracts as quickly as possible to increase rental income to current market rates

All-Inclusive Leasing Implementation:

- Secured energy contract for \$.0406/kWh for the entire property

- Aggressively converted residents to SAIL’s all-inclusive leasing solution, providing a fixed lower cost of living

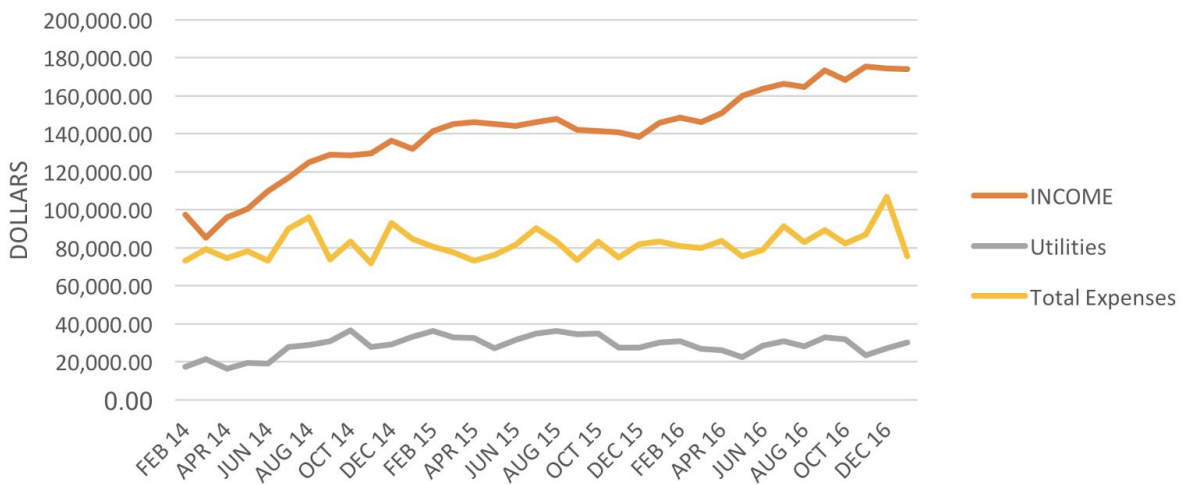
Resident Benefits

The property’s improvements and SAIL conversion process was completed over two years. The result of the repositioned asset was a market-unique, clean, safe, green, amenity-rich community that offers affordable and fixed cost living. The new amenities and enhanced common areas provided the perfect place for neighbors to embrace each other and their apartment community.

Financial Success

The property was acquired for \$5.2 million with a \$2.2 million capital improvement budget using a three year bridge loan. At acquisition, the annualized operating income and expenses were \$1.175 million and \$901,000 respectively, resulting in a net operating income of \$274,000. In our third year of ownership, our net operating income was over \$950,000, and the property had a new permanent debt placed through a cash out refinance event. This cash out appraisal was \$14.38 million and yielded over \$3.7 million in profit, allowing OnPoint to provide a 150% return to our investors, and return 10% cash on cash year after year.

Income, Utilities and Overall Expenses
Case Study



Before Pictures:

