

# 4633 SW Huber

Portland, OR 97219

Investment Opportunity Highlights:

7% Cash on Cash Preferred Return

Up to 17% IRR

600,000 Shares Available



Apartment Syndication

# The Team



AJ Shepard

- NARPM® RMP™
- President of Portland Area NARPM Chapter
- Board Member of the Rental Housing Association of Portland
- Realtor™
- Investor
- Licensed, Bonded, and Insured General Contractor and Plumbing Contractor in Oregon.

- Born in Portland Oregon
- Graduated from University of Washington with a Bachelors Of Science in **Mechanical Engineering**.
- Masters in **Engineering Systems Management** at Texas A&M
- **10+ Years Experience** in Contracting starting as a Project Manager at Phoenix Industrial.
- Co-Founder of Uptown Properties managing 500+ units and owning 70+ units

# The Team



Chris Shepard

- IREM CMP™ (Certified Property Manager)
- Licensed Principal Broker in Oregon
- Realtor™
- Investor
- Licensed, Bonded, and Insured General Contractor and Plumbing Contractor in Oregon.
- Excellent Golfer (do not bet against, will lose money)

- Born in Portland Oregon
- Graduated with a Bachelor of Science in **Business Finance** at the University of Arizona.
- Started investing in real estate in 2006.
- Successfully completed 1031 exchanges
- Personally Negotiated, Bought, and Sold over 50 properties in the past 10 years
- Co-Founded Uptown Properties and developed strategic plan for growth since 2014.



# Track Record

## Syndication of 12 Units – 4633 SW Huber

- Successfully negotiated and closed deal with investors to purchase 12 units in Portland with a 50k budget for construction activities. Purchase for 1.85m. 600k raise of investor funds.





# Track Record

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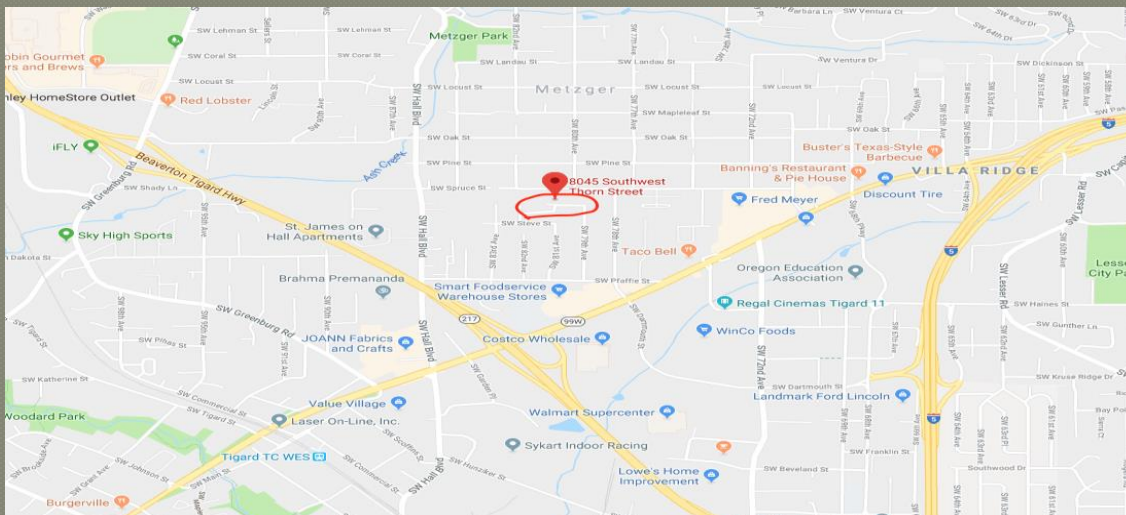
Syndication of 9 Units – 19731 and 19755 SW 68th

- Successfully negotiated and closed deal with investors to purchase 9 Plex in Tualatin with a 50k budget for construction activities.
- Purchase price of 1.3m.
- 500k raise of investor funds.
- 7% cash on cash return
- 19% IRR
- 190% ROI
- 700k Net Sale proceeds after 5 years
- Cost segregation to take majority of depreciation up front



Thorn Street Portfolio – 14 home tract purchased in 2014.

- Successfully negotiated and closed deal with an owner carried contract of \$2.5m with a purchase price of \$2.95m
- Took revenues in 2015 from \$13,000 to \$21,185 in 2019
- Tract of Homes Remains in Portfolio as a buy and hold investment and cashflows \$5,000/m





# Track Record

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## Twenty Unit LLC Partnership

- Purchased 5 four-plexes over the course 4 years
- Used 1m line of credit to purchase and then refinance all deals sequentially.
- Over 4 years \$1.9m of cash invested. Refinance of \$1.57m capital returned.
- Guaranteed Cash on Cash Return of 7% for our Partner.
- Purchase price of plexes totaling \$3,228,500
- Current Portfolio Value - \$3,875,000
- If we sold today there would be a 650k gain with 300k payback of initial capital for a 25% Average Rate of Return
- Rent Revenue per month of \$25,665

# The Opportunity

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- 4633 SW Huber
- 12 Unit Building – Mix of (8) 2br/1ba, (3) 1/1 and (1) 0/1 units in SW Portland
- Near intersection I5 and Barbur Blvd  
Near Capitol Hwy
- 7 -9 Years new MAX line will be completed very close to property



- Find an asset underperforming and under value
- Create a plan to have it operate under its highest and best use
- Create value through improved management techniques and upgraded living conditions.

- Purchase price of 1.85 Million
- Initial Investment of \$600,000
- ~ 7% cash on cash return
- 17% IRR
- 203.09% ROI
- Projected revenue for the 1st yr \$154,356  
and on it's 5th yr \$173,729



## Apartment Syndication Property Details and Location

### PROPERTY SPECIFICS

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- 12 Units, 1 Building – Mix of Units
- Currently all occupied
- Garden Style Apartments with 2 levels
- Current rents are at 950-1195
- Projected New rents are 995-1195

### PROPERTY BENEFITS

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- Easy access to Hwy I5 and 217
- Great School Districts
- New Max line stop 1 block away (Future)
- Very Close Bridgeport Village where the end of the new Max will be in ~8 yr



## Apartment Syndication Improvements and Value Add

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Value Add Project \$50,000 (50k from capital over the course of 12-18 months, COVID 19 now lenders are requiring 12 months of reserves):  
Major Updates

Paint Exterior Siding and small repairs

Upon Turnovers (Approximately 4 of the 12 units)

- Update cabinets and kitchens

- New Flooring

- Update electrical and plumbing

Our plan is to impose RUBS (Rental Utility Billing System) to cause the bulk of the tenants to pay for the utilities (approximately 7-9% increase) over the course of 12 months and to use the lender reserves to do the capital projects when released.



## Apartment Syndication Financial Projections Assumptions

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Income Growth: 3%

Expense Growth: 2%

Vacancy: 5%

Property Management 5%

Asset Management 1%

Cap Rate on Exit: 5.25%

## Yearly Income Projections Current, Stabilized and Years 1-5

				5 Year Projection				
		Current	Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues</b>								
Rental Income	Annual	142,176	162,480	162,480	167,354	172,375	177,546	182,873
Vacancy/Loss Rate	%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Vacancy/Loss Value	Annual	(7,818)	(8,124)	(8,124)	(8,368)	(8,619)	(8,877)	(9,144)
Gross Income	Annual	134,358	154,356	154,356	158,987	163,756	168,669	173,729
<b>Expenses</b>								
Payroll	Annual	0	0	0	0	0	0	0
Maintenance & Repairs	Annual	2,000	2,000	2,000	2,040	2,081	2,122	2,165
Contract Services - Landscaper / Sprinkler Ins	Annual	6,600	3,600	3,600	3,672	3,745	3,820	3,897
Turn/Make Ready	Annual	2,400	2,400	2,400	2,448	2,497	2,547	2,598
Advertising	Annual	0	0	0	0	0	0	0
Admin	Annual	0	0	0	0	0	0	0
Utilities	Annual	14,147	3,000	3,000	3,060	3,121	3,184	3,247
Moort Fee	%	6.0%	5.0%	7,718	7,949	8,188	8,433	8,686
Taxes	Annual	18,993	19,562	19,562	19,953	20,352	20,759	21,175
Insurance	Annual	2,294	2,300	2,300	2,346	2,393	2,441	2,490
Lender Reserves	Annual	0	0	0	0	0	0	0
Asset Moort Fee	%	0%	1%	1,544	1,590	1,638	1,687	1,737
Other Expenses	Annual	0	0	0	0	0	0	0
Total Expenses		54,495	42,123	42,123	43,058	44,015	44,994	45,995
Expenses (Incl Vacancy) as % of Gross Income		43.8%	30.9%	30.9%	30.7%	30.5%	30.3%	30.2%
<b>Net Operating Income (NOI)</b>				112,233	115,928	119,741	123,675	127,734





## Apartment Syndication The Opportunity

### Projected Sale Proceeds after 5 years

			No Refi
Sale Price - NOI Yr. 5	5.25%	Cap Rate	\$ 2,433,036
(Perm. Debt Balance - yr. end 5			\$ (1,129,447)
(Cost of Sale @ 6%)			\$ (145,982)
Sale Proceeds Net of Debt and COS			\$ 1,157,608
		Return of Equity	\$ 384,400
		Net Sale Profits	\$ 773,207
		ROI	203.09%

### Cash On Cash Return Calculation

Stabilized				Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash Flow</b>								
LTV:	70%	NOI (Cash Available)	112,233	112,233	115,928	119,741	123,675	127,734
Interest Rate:	4.50%	Mortgage	76,064	76,064	76,064	76,064	76,064	76,064
Amortization (years)	30	Total Cash Flow	36,169	36,169	39,864	43,677	47,611	51,670
Loan term (years)	5	Cash ROI	6%	6.0%	6.6%	7.28%	7.94%	8.61%



## Apartment Syndication Rental Income Detail

### Current Rents:

2bd/1ba	1 - \$1125
2bd/1ba	2 - \$0
2bd/1ba	3 - \$1195
2bd/1ba	4 - \$1150
2bd/1ba	5 - \$1100
2bd/1ba	6 - \$1195
2bd/1ba	7 - \$1125
2bd/1ba	8 - \$1095
1bd/1ba	9 - \$0
1bd/1ba	10 - \$995
1bd/1ba	11 - \$500
0bd/1ba	12 - \$950

Total: \$10,430

Current Utilities 14k per year

			Current	Stablized
Expenses				
Payroll	Annual		0	0
Maintenance & Repairs	Annual		2,000	2,000
Contract Services - Landscaper / Sprinkler Ins	Annual		6,600	3,600
Turn/Make Ready	Annual		2,400	2,400
Advertising	Annual		0	0
Admin	Annual		0	0
Utilities	Annual		14,147	3,000
Mgmt Fee	%		6.0%	5.0%
Taxes	Annual		18,993	19,562
Insurance	Annual		2,294	2,300
Lender Reserves	Annual		0	0
Assest Mgmt Fee	%		0%	1%
Other Expenses	Annual		0	0
Total Expenses			54,495	42,123
Expenses (Incl Vacancy) as % of Gross Income			43.8%	30.9%

- Management Fee at 5%
- Asset Management Fee at 1%
- Ongoing Landscaping at \$300/mo
- Vacancy at 5%

## Apartment Syndication Existing Conditions



## Apartment Syndication Existing Conditions





- 12225 SW Longhorn Lane:
- Purchase Price: 350k
- Construction: 140k
- Appraisal value after construction 575k.
- Rents went from 700 to 1295



- 6817 SW Oak:
- Purchase Price: 330k
- Construction: 90k
- Appraisal Value of 600k
- Duplex Rented at 2395 / 1595





<- Longhorn

Oak ->





● **Uptown Properties**

- Currently Manages over 500+ Units
- Staff of 20 (and hiring)
- Manage 2 apartment complexes above 60 units (both with onsite managers)
- Manage owned portfolio of 80+ units

● **Uptown Construction**

- Performs maintenance and project work
- 4 employees with a huge network of subs
- Competitive rates of \$65 / hr and 15% markup on subs
- Completed over 20 projects on owned portfolio
- Completed over 2000 work orders over the course of 8 years

## ● Summary:

- Uptown Properties is an established property management company capable of producing quality results of management.
- Uptown Construction is an established contracting company that produces quality product available to rent at a great rate and in a timely manner
- AJ and Chris Shepard have a proven track record with many owned investments and will be investing in this deal.

### ● FAQ

- What are other comparable MFH in the general area? What are their rents /sq ft?  
Can the rent bump 10-20% be absorbed by the market? - Multiple listings at 1200 for 2x1 800 sq ft. Rents in current property support market rents.
- Is it in a high vacancy rate area? – Great area, low vacancy. On a street with other multi-unit properties, there are little to no vacancies within 1 mile radius
- What is current Occupancy / what is economic Vacancy? - Economic vacancy in Portland is around 3-4% which is very strong market for rentals. New units in are coming online in the 0 and 1 bd market. 2 bd room market does not have a lot of new buildings and are disireable.
- Why is the current seller selling? - Owner is performing a 1031 Exchange
- What is the asset management fee and how is it calculated – 1% of the income of the property (not including RUBS).
- What type of model, Yield play, Value add or Hybrid – This is a value add and Hybrid as the property as it comes up to market will provide a great yield
- How many people are going to be involved in the deal, how much cash is needed, what's the minimum investment. - 550k is required, Shepard's have put up 50k and minimum of 50k. Max of 12 investors.