



Evaluation of Single & Portfolio of Income Producing Properties



Main Investors Agreement

Investment Summary

- The Real Estate Group ("REG") is a limited liability company ("Company") that will purchase 15 Larch Drive, Shippensburg, PA 17257. The property for purchase is a multi-family rental home.
- The Company will be owned by its managing partners. The managing partners will be Kevin Kopp, Norma Somery, and Chris Smith. The Company plans to invest with Dr. Sarah Bryant for this property purchase. Dr. Sarah Bryant is a professor of Finance at Shippensburg University. Her background in real estate will add to our purchase.
- The purchase price is \$1,070,000. Additional costs of \$11,000 include the amount needed for renovations. Each investor is responsible for contributing a minimum of \$10,000 in equity. The financial projections, including the projected net operating income, are shown in detail in the "Financial Data" section of this proposal.

Investment Summary - Continued

- This single-family rental property allows its investors to obtain financing. The investors are currently in discussions with the lenders to obtain financing for 20% of the purchase price with 7.75% in down payment of \$23,950. For the 15-year fixed mortgage, the interest rate would be 3.125%.
- Long-term gains include purchasing the attached property as a rental. This would increase rental income. The Company plans to start this transaction within the next year as renovations allow.
- After analyzing the economic market conditions, the Company feels the risk in purchasing this property is low. The Company will engage in price negotiations with the seller to achieve a price lower than their purchase price. However, the Company feels the property is priced in range with comparable properties in the area.

Company Description

The Real Estate Group ("REG") is a real estate wealth management firm. REG was established in 2012 to preserve and grow the investors' financial positions by investing capital into income producing real estate properties. The Company actively searches for value-added investments throughout the Shippensburg, Chambersburg, and Carlisle areas. REG utilizes a broad network of investor, operators, brokers, lenders, and service providers and employs approximately 20 people.

The mission of The Real Estate Group is to create an investment portfolio of real estate properties that will supplement the income of its managing partners. The Company plans to invest in one or two properties per year. The type of properties the Company plans to purchase include residential and commercial rental properties.

Meet the Partners

Kevin Kopp
Kevin Kopp is a senior at Shippensburg University. He is an Accounting and Management Information Systems double major. Kopp will be graduating in December 2014. Kopp plans to continue his family property investment in REG to start his public accounting job in the Harrisburg area. She hopes she will be able to reach a value market with connections in the Harrisburg area.

Norma Somery
Norma Somery is a broker at Shippensburg University. She is engaged to be married with a concentration in Personal Financial Planning. After graduating in December 2014, Norma plans to work for a financial management firm in the Harrisburg area where she hopes to be a financial advisor.

Chris Smith
Chris Smith is a senior at Shippensburg University. He is a financial major and will be graduating in August 2014. After graduation, Chris plans to work for an investment bank in the Harrisburg area as well as continue to be a primary member of REG.

Success Strategy

- Strategy Review
- Equity & Financing
- Property Management
- Occupancy
- Rental Income
- Property Upgrades
- Residential Lease
- Off-site Grounds Keeper
- Risk Assessment
- Exit Policy

Property Description

- Three Story Colonial, Single-Family
- Two-car garage
- 1 central air
- Three bedrooms, 1.5 bathrooms
- Partially finished basement
- On-site Storage Attached
- Built in 1997
- Additional Storage on-site Street
- On-site Laundry
- Two acres lot - 81 Shippensburg Area School District

Market Demographics

- Population Approximately 5,000
- Median Home Cost: \$175,000
- Median Income: \$27,640-\$30,290

Risk Facts:

Shippensburg is home to Shippensburg University of Pennsylvania, one of 14 universities of the Pennsylvania State System of Higher Education.

In May 2012, Volvo Construction Equipment began a \$100 million expansion to bring the headquarters to Shippensburg.

According to the Bureau of Economic Analysis, Shippensburg's quality of life is ranked 72nd in the national ranking of Human Capital's book "The 100 Best Small Towns in America."

Comparable Properties

- Complete Transactions
- Sold in October - Range from 3-4 bedrooms, 1-2.5 bathrooms, \$130,000-\$200,000 sale price
- Rental Properties
- Monthly rental income range from \$575-\$750; 3 bedrooms; 1.5 bathrooms

Financial Data

- Purchase Price: \$1,070,000
- Anticipated Price: \$1,200 per month
- Down Payment: \$23,950
- Management Fee: \$100,000-\$100,000
- Closing Costs: \$6,000 (Will negotiate owners to provide)
- Additional Costs: \$11,000
- Total Acquisition Cost: \$1,144,950
- Equity Investment: \$10,300 per investor
- Total Acquisition Cost: \$1,144,950
- Sale Price in year 15 (Appreciation): \$93 - \$152,100
- Net Operating Income: \$11,600 - \$11,000 - \$4,600

Enter Virtual Tour!

Conclusion

- Purchase property as rental investment
- Property should appreciate in the next 10 years
- Renovations allow for Company to charge a higher rental price
- Offer Price: \$1,070,000. Highest bid Asking Price - Will not compete in a bidding war
- Highly motivated seller
- Long-term goal purchase attached property as an additional rental property

Contact Information

For more information about this investment, other potential investments, or The Real Estate Group, feel free to contact any of the Partners:

Kevin Kopp
Email: kkk1@shippensburg.edu
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Website: www.shippensburg.edu

Norma Somery
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Office Phone: 717-477-5655, ext. 124
Website: www.shippensburg.edu

Chris Smith
Email: kkk1@shippensburg.edu
Office Phone: 717-477-5655, ext. 125
Website: www.shippensburg.edu

Works Cited

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Investment Summary - Continued

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- Down Payment: \$215,900
- Management Fee: \$100,000-\$100,000
- Closing Costs: ~\$600 (Will negotiate owners to provide)
- Additional Costs: \$11,000
- Total Acquisition Cost: \$1,144,900
- Equity Investment: \$10,300 per investor
- Total Acquisition Cost: \$1,144,900
- Sale Price in year 15 (Appreciation: 5%) - \$1,512,100
- Net Operating Income: \$11,600 - \$11,600 - \$14,600

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Conclusion

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- Property should appreciate in the next 10 years
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Non-Disclosure Agreement

Non-disclosure Agreement

This Nondisclosure Agreement ("Agreement") is made as of Date _____ between Company Name Inc. ("Company"), and Person Name, of Company Name _____, between www.URL.com ("Confidant").

RECITALS

WHEREAS, Company and Confidant are agreeing to the pursuit of the business purpose of [business purpose] for the Company.

WHEREAS, Company is willing to disclose Confidential Information to Confidant in strict accordance with the terms of Agreement for the sole purpose of Confidant assessing the Business Purpose.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and the mutual agreements set forth herein, each party agrees as follows:

Confidential Information. As used in Agreement, "Confidential Information" means any information not readily available to the public, and includes not only technical information but also business information, disclosed, either orally or in writing, by Company to Confidant. Without limiting the generality of the foregoing, Confidential data, product design, research and development data and agreements, formulae, materials, marketing data and plans and financial data, and any intellectual property therein or related thereto. Confidential Information is a special, valuable and unique asset of Company.

Exclusions. Confidential Information does not include information that Confidant can demonstrate: a. Is now, or hereafter becomes, through no act or failure to act on the part of Confidant, generally known or available to the public; b. Was rightfully known by Confidant before herein; or c. Is hereafter rightfully obtained by Confidant from a third party, without breach of any obligation to Company.

Obligations. Confidant agrees:

- To hold Confidential Information in strict confidence for a period of five years from date of signatures;
- Not to disclose such Confidential Information to any third party, except as specifically authorized herein or as specifically authorized by Company in writing;
- To use all reasonable precautions, consistent with Confidant's treatment of its own

**SIGN
HERE**



Investment Summary

- **The Real Estate Group** (“REG”) is a limited-liability company (“Company”) that will purchase **15 Larch Drive, Shippensburg, PA 17257**. The property for purchase as a **single-family rental home**.
- The Company will be owned by its managing partners. The managing partners will be **Kayla Arigo, Kierna Stimely, and Chris Seitz**. The Company plans to invest with **Dr. Sarah Bryant** for this property purchase. Dr. Sarah Bryant is a professor of Finance at Shippensburg University. Her background in real estate will aid in our purchase.
- **The purchase price is \$129,900**. Additional costs of **\$15,000** include the amount needed for renovations. Each investor is responsible for contributing a minimum of **\$10,300** in equity. The financial predictions, including the projected net operating income, are shown in detail in the “Financial Data” section of this proposal.