



Multi-Tenant Investment Real Estate

GETTING THE DEAL DONE

SPRING 2010

The Central Texas Source for Multi-Tenant Investment Information

☆ How the SHEEHY TEAM makes Investment Real Estate Easy ☆

Looking back over 2009, we are excited to have been able to establish so many strong business relationships and friendships. This past year was a pioneering one: focused 100% on Multi-Tenant Investment Real Estate for the SHEEHY TEAM.

We are more convinced than ever that this is the best market to be in and the best time and place to be in it. We see that our unique position and innovative approach to business puts our sellers at ease — when it is the right deal, you don't have to force something together.

"Innovation is often thought of as creativity. But as Harvard Professor Theodore Levitt points out, the difference between creativity and innovation is the difference between thinking *about* getting things done in the world and getting things done. Says Professor Levitt, 'Creativity thinks up new things. Innovation does new things.'" - The E-MYTH Revisited.

Likewise, The SHEEHY TEAM strives to be best in our market, having the best investor tools, knowledgeable approach, skills, and experience to be the market leader in buying and selling multi-tenant investment property in Central Texas.

Enjoy our newsletter!

The Scouting Report: WANT TO BE THE FIRST TO SEE INVESTMENT PROPERTIES?

SHEEHY TEAM AXIOM: *The Best Time to Sell is when you don't have to !*

The Scouting Report, consists of First to Know Properties - not yet listed, for our investors to look over and review from motivated sellers ready to do a deal at the right price.

Our investors will periodically receive an email with links to pictures, property analysis, demographic and traffic information, cap rate, and much, much more.

This report is based on The Sheehy Team's axiom that "*the best time to sell is when you don't have to sell*"...because of this these deals are brought together long before any urgency makes the deals more challenging. We believe this is the best way to Get The Deal Done!

The SHEEHY TEAM is 100% focused on Multi-Tenant Investment Real Estate.

For Owners: our business systems anticipate and help ensure a successful closing and are continually being improved and updated.

For Investors: we look for deals that empowers investors to do more deals.



**To get on the list today:
call or email us!
Jason@SheehyTeam.com**

Owner Section: COUNTY TAX APPRAISALS & VALUATIONS

This is a very painful time of year for all apartment owners. Property values are reassessed and it seems they increase taxes ever year. You understand the burden of paying property taxes—especially for multi-tenant properties.



Often the local government tax assessment is based on inconsistent and unfair practices when assessing real property. Appealing these assessments can often be overwhelming. This excessive taxation has a chilling effect on properties. Foreclosures, net losses, reduced cash

flow, etc. have resulted.

Here are a few helpful tips to lessen your burden this year.

- You have a short window in which to appeal your property appraisal to the ARB (Appraisal Review Board) beginning around May 15 and finishing by July 20, or as soon thereafter as possible
- You will need to do your homework: find documents showing recent comparable sales, any income limiting factors, a BPO, survey, and a settlement statement.
- The SHEEHY TEAM is here to help with property tax protesting and the appeal process.

Call or Email
254.315.1891
Andy@SheehyTeam.com
We can help with the
appraisal review process.

Coaches Tip

There is an opportunity cost with owning property. Let's say that you love your property—has good cash flow, low debt service, and you've proven yourself. Good Job! The opportunity cost is that since you've done well with a small sized property, perhaps it's time for a mid-sized one.

Owning that property may actually limit your ability to pursue a bigger property.

You might want to consider a 1031 exchange, which allows you to take any gain you have and roll it tax-deferred into the next purchase. The question is whether owning your property inhibits you from owning a bigger one and from being more successful!

Andy Sheehy
Broker/Head Coach



Government Updates:

2010 Census

- Apartment owners should be aware that for tenants who have not responded by the April 1st deadline, Census enumerators will come knocking on doors. Property managers should provide access, within reason, to individual apartment units. Participation in the National Census is required by law.

FDIC changes



- The FDIC (or Federal Deposit Insurance Corporation) provides deposit insurance guaranteeing the safety of deposits in banks. Beginning in 2010, the FASB (or Financial Accounting Standards Board) issued new accounting rules for banks that will make significant changes regarding how banks account for securitized assets currently excluded from their balance sheets.
- They will require financial institutions to bring most securitizations (including commercial mortgage-backed securities (CMBS) onto their balance sheets which can result in higher minimum regulatory capital requirements for banks.

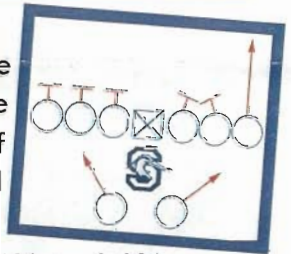
Legislative Updates by way of the National Apartment Association.

Investor Section: RISK MANAGEMENT TABLE

RISK	SOLUTION
Fraudulent Sale	Verify Ownership, purchase title insurance
Adverse Possession	Often a boundary survey from a licensed surveyor
Environmental Contamination	Obtain environmental survey, test for contaminants (lead paint, asbestos, etc)
Building Component or System Failure	Complete inspection prior to purchase, perform regular maintenance
Overpayment at Purchase	Obtain third-party appraisals and perform discounted cash flow analysis as part of the investment pro forma, do not rely on capital appreciation as the primary source of gain for the investment
Cash Shortfall	Maintain sufficient liquid or cash reserves to cover costs and debt service for a period of time.
Economic Downturn	Purchase properties with distinctive features in desirable locations to stand out from competition, control cost structure, have tenants sign long term leases.
Tenant Destruction of Property	Screen potential tenants carefully, hire experienced property managers
Underestimation of Risk	Carefully analyze financial performance using conservative assumptions, ensure that the property can generate enough cash flow to support itself.

Multi-Tenant News: CAP RATES AT NEW HIGH...SAYS WALL STREET

According to a January 27, 2010 article from the Wall Street Journal. Cap rates have reached an 6-1/2 year high. Cap Rates are an a simple way to estimate the effective interest rate that an investment will yield. It is a percentage that gives you an estimate of the effective return on the entire purchase price that a property can generate. Calculated by dividing the annual net rental income by the purchase price.



For commercial office properties in central business districts there was a jump from 8.56% to 8.8% from November to December '09. For Multi-Tenant properties rates rose from 7.09% to 7.36% again from November to December. This translates to lower prices for sellers and possibly better values for buyers. As interests rates increase the cap rate of properties has to follow suit. Call/Email me today so we can see how this may affect your real estate investment strategy.

Making Multi-Tenant Investment Real Estate Deals Easy

Multi-Tenant Investment Tip

Banks are requiring significant equity from borrowers to fund a sale. This reduces your buyer pool and can impact your ability to sell your property.

Typically, banks are now requiring a borrower to put up 25-30% cash. The transaction is based upon the lower of the purchase price or the appraisal. For example, in order for a buyer to purchase a \$2MM property, the banks are going to want \$500K cash into the deal.

MULTI-FAMILY			
Small Portfolio (\$400,000 to \$3M)			
Max LTV	Fixed Term	Rate	Max. Amort.
Purchase - 75%	Floating	5.65% - 5.83%	30
	5-year	5.47% - 5.66%	30
Rate/Term Refinance - 75%	7-year	6.01% - 6.16%	30
	10-year	6.39% - 6.51%	30
Cash-Out Refinance - 70%	30-year	8.21% - 8.42%	30
	Large Portfolio - Non-Recourse (\$3M to \$20M+)		
Max LTV	Fixed Term	Rate	Max. Amort.
Purchase - 75%	Floating	5.55% - 5.73%	30
	5-year	5.27% - 5.46%	30
Rate/Term Refinance - 75%	7-year	5.81% - 5.96%	30
	10-year	6.19% - 6.31%	30
Cash-Out Refinance - 75%	30-year	8.01% - 8.22%	30
	Special Products		
Program	Fixed Term	Rate	Max. Amort.
Rehab/ Bridge (75% LTC)	1-year	7.00% - 8.00%	Interest-Only

Important Dates: MARK YOUR CALENDAR**STUDENT HOUSING
CONFERENCE & EXPOSITION**BEST PEOPLE. BEST COMPANIES. BEST PRACTICES.
FEBRUARY 22-23, 2010 | LAS VEGAS, NV**NAA Student Housing Conference.**— in Las Vegas, February 22-23, 2010.As providers of and suppliers to student housing, perhaps in the unique positions of continuing to grow during a national economic downturn. As the number of individuals seeking higher education grows, so does the need for quality student housing. For more information, go online to www.naahq.org/shc/NATIONAL APARTMENT ASSOCIATION
EDUCATION CONFERENCE & EXPOSITION
June 24-26, 2010 | New Orleans, LA**National Apartment Association 2010 Capitol Conference.** in New Orleans, June 24-26 and start rebuilding your future in a vibrant city with endless energy focused on that same mission. Take home the wisdom and insight of the entire collaborative rental housing market, and turn it into a better business with increased profits. Register online by visiting www.naahq.org/EduConf/**McLennan County Appraisal District****Appraisal District Property Valuation** — Mid May 2010. Don't miss this opportunity to approach the tax district & seek a reduction in the valuation of your property. We can help!! Call/Email Today!

The SHEEHY TEAM is 100% focused on Multi-Tenant Investment Real. Our efforts, focused in this one industry, allows us to outperform our competitors. We have personal experience in managing, financing, and maintaining apartment properties. Andy currently owns and manages over 100 rental units.

Empowering investors with the confidence to do more deals!**GETTING THE
DEAL DONE!****The SHEEHY TEAM**
RE/MAX Affluent Realty
6700 Sanger Ave
Waco, TX 76710**We're on the web:**
SheehyTeam.com

Ship to:

**We thank you for reading and
appreciate your business.
We look forward to working with you!**