



Under Renovation

OFFERING SUMMARY

1521 South Pierce

Little Rock, AR 72204

UNLOCK
YOUR FINANCIAL POTENTIAL

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TurnkeyInvestProperties.com

To our current and prospective clients:

Enclosed in this packet is information about our latest investment property offering. As a turnkey provider, our goal is to maximize your cash flow through offering quality properties.

We accomplish this by doing a thorough property renovation and addressing deferred maintenance to reduce future costs and vacancies. We also add upgrades such as vinyl plank flooring and ceramic tile that are durable and make homes stand out above competing rental properties in the area.

As landlords ourselves, we know maximizing profits starts with renovation and continues with a strong management team, which we bring to you through our in-house property management company.

If you have any questions, please reach out to us at 901-410-5452. We are happy to offer any information we can to make you feel comfortable with your investment decision.

Thank you,

Alex Craig

President
Turnkey Properties



Defining Our Proven Process

Welcome to Turnkey. This document will outline our purchasing process—we find it to be a proven success in assisting clients. As a turnkey provider, our goal is to take care of the details for closing so you can enjoy the rewards of being a real estate investor.

You will be assigned a personal transaction coordinator to work with you in coordinating all tasks associated with closing to make the process as smooth and simple as possible. They will act as your personal liaison.

Once a purchase agreement has been signed by all parties, you will be sent an invitation to Basecamp. Basecamp brings everything you need for closing under one virtual roof. It makes closing on your property organized, centralized, and clear so you know what to do and where things stand. It facilitates accessing the documents and information you need in one place.

When you open Basecamp you will find:

- To-do lists for tracking work. Use these lists to organize work, set due dates, and assign responsibility so we are able to close in a timely manner.
- Message boards for posting announcements and updates. Discussion boards keep the conversation on one single page.
- A schedule for posting deadlines and milestones.
- A system for organizing the documents, files, and important notes needed for closing in one place, such as the inspection report.

Let's outline the closing process and how your transaction coordinator will assist you.

➤Your first to-do item to address will be sending the earnest money. Your transaction coordinator will confirm it was received. After you initiate the earnest money, Turnkey takes the reins on most everything else, although it is important for you to stay in contact with your lender.

➤From here, we will send the lender and the title company a copy of the purchase agreement and communicate to the lender that your transaction coordinator is the

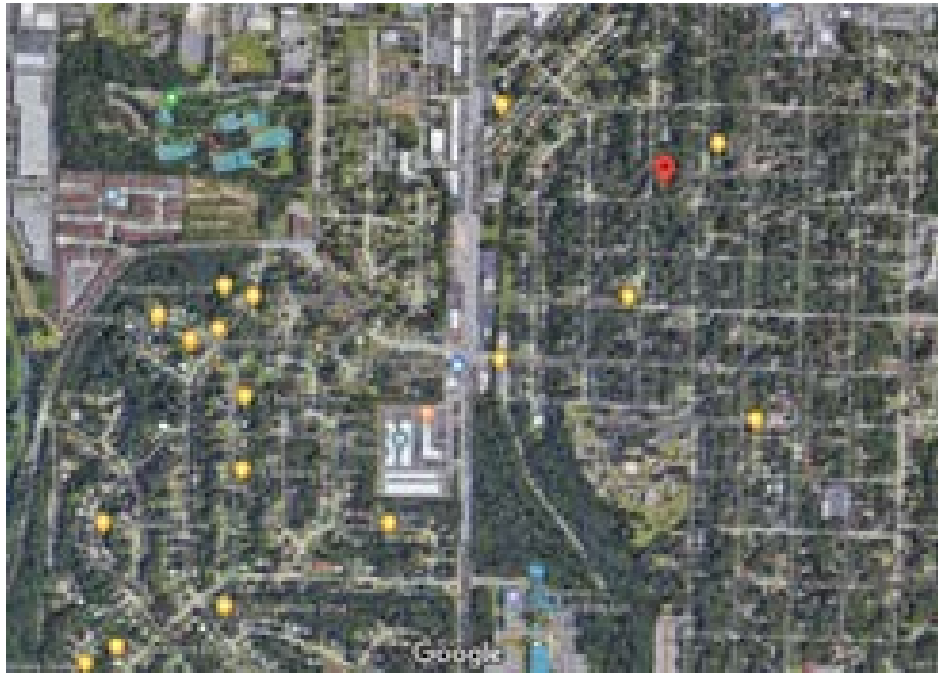


local point-of-contact regarding information on the property and for scheduling the appraisal.

- Next, your transaction coordinator will provide you with an insurance quote from our preferred carrier, Insight Risk Management, for you to review. If you wish to move forward with the policy, your coordinator will be happy to connect you and your lender from IRM.
- When the rehab has been completed on your new property, your coordinator will give you the option to use one of our recommended inspectors or choose one of your own. If you choose a recommended inspector, you will be copied on all coordinating emails. If you choose an inspector of your own, provide the inspector with your coordinator's telephone number so they can arrange the inspection.
- At this point we will notify your lender that we are ready for the appraisal. The appraiser will contact your coordinator directly to schedule the appraisal.
- The inspection will take place and a report will be sent to you. You will share the report with your coordinator so you can review it, mark it up, and they can give it to our project manager. Our project manager will address all issues and send your coordinator the corresponding repair pictures that they will share with you.
- When you receive the appraisal from your lender we ask if you could please upload it to Basecamp so we may have a record of it.
- At this time, closing is right around the corner. It is crucial to stay in constant contact with your lender so we may close on the property. The lender will receive the appraisal, it will go into underwriting, and then you will receive the clear to close. The title company will work directly with you and your lender to schedule a signing and closing date that works for everyone.
- When you close on the property, your transaction coordinator will connect you directly to your account manager with our property management team. When applicable, your coordinator will update you on a weekly basis on the leasing status of the property. This will round out our *complete* turnkey operation.



1521 South Pierce, Little Rock, AR



Bed/Bath: 3/1
Square Feet: 1,602

The Offering

1521 South Pierce is located in the Fair Park Boulevard area in Little Rock. The Fair Park neighborhood borders UALR. Historic and established neighborhood with active residents association, cute bungalows and tree shaded streets. Neighborhood has a cozy, safe feel and desirable to everyday tenants- as well as UALR students and faculty. Less than a mile from 630 Freeway and Midtown Shopping.

<https://www.facebook.com/fairparkresidents/>

<https://ualr.edu/universitydistrict/fair-park/>

This home is a 3 bed and 1 bath with two bonus rooms- sunroof and a den. This home has brick and stucco siding, and the roof is less than 5 years old. We are providing a package unit for BRAND NEW heat, air, and water heater. The kitchen will have all new appliances (dishwasher, microwave, and oven). Our team will install new granite counter-tops, refinished cabinets in both the kitchen and bathroom. Hardwood floors will be refinished, vinyl plan will be installed in the bonus room, and new ceramic tile in kitchen and bath.

2 STRATEGIC MARKETS. ONE STRATEGIC TEAM



Cash Flow Analysis 1521 South Pierce

Purchase Price	695,200.00	Loan	170,000.00
Median Rent	875.00	Rate	5.75%
30 Yr. Payment (PMT)	3655.52	Principal and Interest	2429.00
Property Management (PM)	170.00	2018 Yearly Taxes	11,184.00
		2018 Yearly Insurance	1004.00
20% Down Payment	139,040.00		
Estimated Closing Cost (4%)	27,808.00		
Estimated Out of Pocket Cost	121,848.00		
Estimated Monthly Cash Flow	1211.48		
Cash on Cash	15.4%		

30 Year Conventional Financing

20% Down financing based on Properties 1 & 4. After 3 properties, the down payment requirement jumps to 25%.

Interest Rate based on current rate of 5.75%. Rates are subject to change. Estimated closing cost does not include escrow set up, which can be optional.

Cash on Cash

Cash on Cash is based on all cash flow based on income cost. Does not include Taxes, Maintenance and Capital Expenditures. These expenses/fees should be budgeted and will vary from year to year.

The first few years of Cash Flow should exceed what the industry would consider normal vacancy and maintenance as our rentals are renovated and address deferred maintenance and capital expenses.

Rent Range

Rents can vary typically with a +/- variance in average of 12% based on current market conditions such as time of year, current supply of rental homes in the area, strength of local job market and credit/inflation in the area, etc. The higher the rent, the returns could increase. Typically this would start at \$1,100 and higher.

Turnkey Properties has vetted strategic lenders that specialize in investor loans that are able to complete loans in an timely manner with competitive rates. These lenders have experienced underwriters who know which documents to request, thus eliminating obscure document request that often times slow down the lending process and cause unnecessary additional work on all parties. While we have no problem with our clients utilizing lenders of their choice, we find it necessary to waive the 1st month lease up fee if lenders outside our network do not close within the specified contract date, if and only if the lender or lender request is the cause of the missed contract date.

Please request preferred lender list.

2 STRATEGIC MARKETS. ONE STRATEGIC TEAM



Item	Description
Interior repairs Painting Kitchen Appliances Bathroom Flooring-Carpet Flooring-Laminate Flooring-Tiles Doors HVAC Roof Outside repair Landscaping and yard Miscellaneous Lighting Plumbing	Repair damage ceilings-Install insulation and sheetrock on ceiling and finish bathroom-Make access for laundry box and laundry closet in bonus room-Cancel door in bonus room-Make wall for a bedroom-Make a crawlspace door-Move the Water heater to a new location, and install new electrical wire for water heater and dishwasher Interior walls, and house exterior Install new granite countertops, kitchen cabinets, hardware, sink, and faucet Electric range-Venthood-Dishwasher Install new vanity, faucet, sink, mirror, accessory kit, plumbing, tub, and shower head/handle- New shower wall 6x6 tile Install in all the bedrooms Install in hall, living room, laundry room and bonus room Kitchen and bath Install new 32" exterior door New furnace, condenser and coil-New duct work Replace roof Pressure wash-Repair damage fascia and soffit Landscaping, trim, and clean Install new blinds, locks, door knobs and GFCI outlets-Smoke detector-Trash hauling- House cleaning Install new fixtures thought the house New water heater



OUR MAINTENANCE GUARANTEE

Property inspections are not always successful in finding all the flaws with a property as our home inspections are done typically while the home is vacant or soon after a tenant moves into the property. Such flaws that are present may only surface when a tenant has been living in a house cycling and running simultaneous items within the major systems of the house. To protect our clients cash flow and give them piece of mind with their purchase, all Turnkey Properties come with a maintenance guarantee of 90/180 days after the purchase date listed on the closing settlement statement. If a tenant is not in place at time of closing, the warranty would begin after tenant occupancy as listed by the 1st day on the tenant lease.



The 90-day warranty covers items within the 4 walls of the home. The 180-day warranty covers the HVAC system of the house. Depending on when the property was bought, it may be impossible to test the entire heating and air system. For example, if a property was bought in January, it would be impossible to test the AC for property function. The 180-day warranty is designed to give our investor piece of mind that the heating and air system is functioning properly.

Between our renovation, the client's property inspection and this warranty, we are successful in substantially reducing the maintenance cost well below our projections during the first few years of ownership, especially during the initial tenant lease. This warranty is our commitment that we stand by the work performed during the renovation of the property and from the inspector's punch list; however, there are a few items that can happen completely out of our control, which are listed in the exclusions below.

Certain items are excluded from the 90/180 day warranty. These items include:

- Damage done due to tenant negligence
- Vandalism/Theft
- Acts of God
- Force Majeure
- Power Surges
- Appliances not installed by Memphis Turnkey
- Pilot lighting of Furnace
- Vermin
- Products that fall under Manufactures warranty

Property Address: _____

Buyer: _____

Seller: Turnkey Properties, GP _____

Date: _____



Dear Investor,

As you know, we are constantly developing new techniques and ideas for maximizing the returns on our properties. One of our largest expenses is insurance, and thus we have worked with a local broker, Insight Risk Management, to put together a program that will afford all of our clients the best possible coverage at the most competitive rates. By aggregating all of our insurance purchasing with a single company, we have been able to leverage the volume to get better pricing than can be achieved by any one investor.

This program is tailored specifically for our rental properties and has the following coverages:

1. Replacement cost coverage so that the insurance company is obligated to replace the property, subject to the deductible, without any allowance for depreciation or similar limitations
2. Limits of \$90 a square foot, which should be appropriate under most circumstances, though you should review your own home to ensure this is sufficient
3. Lost rents of \$12,000 a year should a large loss occur
4. \$2,500 deductible without any other charges such as depreciation or coinsurance
5. \$1,000,000 of general liability coverage per location, thus providing separate limits for each house. There is a \$3,000,000 aggregate.
6. Standard general liability wording without any exclusions for assault, battery, sexual abuse or animals
7. No coverage for contents, so you are not paying for any contents that you do not own
8. There is no vacancy limitation. Theft and vandalism is covered the entire term.
9. "A" rated carrier

A typical house costs about 33% less on this program than with other carriers, and no individual underwriting is required.

Sincerely

Alex Craig
President
Turnkey Properties

Date: 11/8/2018

Thank you for your interest in the J Hoffman Properties insurance program. It is written with Great American E & S Insurance Company. Below is a summary of the program. If you have any questions, please feel free to reach out to us. Becky Parker is the program administrator and can be reached at +1 901-202-8647 or bparker@irmlc.com.

- **This program was specifically designed for the rental houses that J Hoffman Properties manages and has been tailored to fit their profile. Thus, in order to qualify for the program, your house must presently be managed by them. If at any time this is not the case, we will have to arrange for an alternative insurance arrangement for you.**
- Perils: Special. This is the broadest coverage available, excluding earthquake and flood.
- Valuation basis: Replacement cost. The policies replace any damaged building, without subtracting any amounts for depreciation, provided you rebuild. The alternative valuation basis is called Actual Cash Value, but this should be avoided if possible because it can leave an owner without sufficient coverage to cover losses.
- Limit: We use county property records to estimate the square footage of the building. If this is incorrect, then please let us know. Buildings are insured for \$90 a square foot.
- Contents: No contents coverage is typically provided as most owners have no contents in the building.
- Business income: **\$12,000** loss of rents is included to protect against lost income due to an insurable event.
- Sewer backup sublimit of \$10,000 per location.
- Deductible: **\$2,500** per occurrence.
- Liability: each house has a dedicated \$1mm limit per occurrence / \$2mm in aggregate limit. Thus, any liability losses that occur to other members of the program have no effect on the limits that you will have dedicated to your home.
- **Vacancy: There is no limitation. Theft and vandalism are covered.**
- Additional insureds: the management company and any lenders are automatically included as additional insureds on the policy at no extra charge.
- Coverage is contingent on CIS, Services receiving the premium and no coverage is in force until such premium has been received. Coverage will be effective from the Start Date and run 12 months. You will be contacted at renewal to see if you would like to renew coverage.

Based on the information that we have been provided, below is a quote for your investment property:

Property Address: 1521 S Pierce, Little Rock, AR 72204

Coverage effective prior to 11/17/18

Premium + Tax = \$633.47

Coverage effective 11/17/18 or later

Premium + Tax = \$883.65

- Building limit: \$144,180 (1602 sq ft)
- Business income limit: \$12,000



Hoffman Team Little Rock Fee Structure

- The fee structure for Hoffman Team Little Rock mirrors the fee structure for CB Properties in Memphis. Reference CB Properties's fee structure above for fee structure.
- Because both companies are licensed brokers as required by both states' real estate commissions, the specific property management agreement for each company conforms with the respective states' real estate laws.

Property Management FYIs

- To provide the possible best customer service to our investors and tenants, property management pays one month in arrears. This allows us to quickly service our tenant's maintenance issues and request wired funds, which can be an inconvenience for our investors.
- We collect a security deposit from our tenants prior to their moving into the property, which is held in a trust account for the term of the lease. Upon moving out, these funds are used to pay for any repairs required above normal wear and tear and for any unpaid rent that is due. The remaining balance (if any) is then returned to the exiting tenant.
- Upon closing on your new investment property, we will provide you with contact information for all three of our licensed agents. These agents can be contacted at any time and are able to answer any questions concerning your new property.
- Upon closing, our support staff will send you an introduction letter and a management agreement. We will also provide you with a telephone number that is available 24/7. Our intent is to provide all our investors, as well as tenants, the best service possible.
- We use Property Boss Solutions as our property management software. We have a long relationship with this software company and maintain complete confidence in the services it provides to us, our investors, and our tenants. This software allows for online portal access to your account.
- The threshold for requesting owner permission to move forward with a maintenance request is \$400. If you allow the request, you will get a notification for every service or repair. This provides you an opportunity to engage us with questions about any maintenance.
- To ensure all communications are clear, we send copies of all invoices and bills for any expenses incurred during the month to our investors. This supporting documentation should fully explain the reason and cost of each and every expense and we will provide pictures of any repair item per request.



Video Testimonials

Click on the Image Below to Hear What our Clients are Saying About Us!



Turnkey Client of the Month

Also Check Out the Rest of Our [YouTube](#) Page for Interesting Videos about our Company, Real Estate Tips and Past Renovations. Click on The You Tube Logo Below to Get There!



www.youtube.com/user/memphisturnkey