

## EASTRIDGE APTS

### FAQ

Updated 4/19/2010

Questions from Prospects	Response
How did the owner increase NOI by \$70,000 from 2008 to 2009?	<p>Several actions were taken by this experienced owner:</p> <ul style="list-style-type: none"> <li>• Successfully reduced the property tax appraisal reducing annual property taxes by about \$6,500.</li> <li>• Changed property insurance vendors to Nationwide Insurance saving about \$11,000. <i>(More details on this in an FAQ response below.)</i></li> <li>• The annual HUD rent increase from 2008 to 2009 was \$9,288. (Increase effective 3/1/2010 is \$14,088).</li> <li>• Owner put in new management and maintenance. <i>(More details on this in an FAQ response below.)</i></li> <li>• Owner increased occupancy.</li> <li>• Eliminated LP Gas which was used for water heaters in the laundry room. Changed to All Electric.</li> <li>• Eliminated Management Fee</li> <li>• Reduced payroll</li> <li>• Bought his own laundry equipment. Laundry income had been through Coinmach. \$3,438 was for 4 months. After installing the laundry equipment, he earned \$3,210 from end of June 2009-12/31/09. – So we used \$6,400 for the whole 2009 and repeat for 2010.</li> <li>• He added income-producing vending machines (he does not own.)</li> <li>• Since mid-2009, Comcast charges the landlord just \$6.00/month for internet and cable TV. It was \$60/mo., so landlord is saving \$54/mo x 12 = \$648/yr. He expects they would extend that savings on to a new owner as well.</li> </ul>
In 2008, Heating & cooling repairs were \$5,500 but \$0 in 2009.	The current maintenance tech is certified and can repair the HVAC units on site. The only expense we may have are for parts. Prior to hiring him I had a 3rd party repair the units.
How did the property insurance get so low?	Due to current owner's low claims rate and other factors, he is in Nationwide's lowest cost pricing tier. Agent says a new owner should get the same pricing which is \$11,435/yr (\$119/unit).
Are any employees or security living in any units?	No. The maintenance man and property manager both live off-site. The office/laundry/maintenance building does have a 2-BR unit but the current owner just uses it as additional office space. It is not counted on our unit count or rent roll. A new owner may want to take advantage of it perhaps to reduce the expense of a staff person.
How much has the current owner invested since acquiring the property?	About \$150,000-\$170,000 for new roofs, new windows, various exterior doors, concrete dumpster pads, various sections of asphalt capping, appliances, office renovation and more.
How many voucher tenants are in the Market Rate Units?	At 3/17/2010, maybe 4 or 5 out of the 31 market rate units.
Are the 2009 numbers "actual"?	2009 are actual from the owner's books and then adjusted to calculate NOI (removing Depreciation, P&I etc.). We expect the audited financials soon after the deadline of March 31, 2010.
Why is the property for sale?	The property is for sale because the owner has accomplished his business goals—he bought a distressed property and has resolved the functional and occupancy problems. He has no stressors forcing him sell other than his desires not manage properties any longer than necessary and to have his funds

	freed up to pursue his next property.
What is the economy like in Bristol?	<p>Unemployment is running at about 9%.</p> <p>The Economy of Bristol has been basically steady. About 15-20 years ago, they lost Raytheon, Beecham Laboratories (SmithKline Beecham later Glaxo SmithKline), Univac.</p> <p>So in the last year, they didn't crash because they weren't on an artificial growth like so many communities.</p>
Who are the major employers?	<p>There is no single large employer that they are dependent on. Residents of Bristol, VA can easily work throughout the Tri-Cities of Bristol, TN/VA, Kingsport and Johnson City, TN as well as Abingdon, VA. A list of the largest employers in the Tri-Cities is available at <a href="http://www.movetobristol.org/html/largest_employers.html">http://www.movetobristol.org/html/largest_employers.html</a>.</p> <p style="text-align: center;"><i>See example list on next page</i></p> <p>Major Employers in Bristol, TN/VA:</p> <ul style="list-style-type: none"> <li>• King Pharmaceuticals is a major employers, built up to a \$1B/yr, manufacturer of generic drugs.</li> <li>• Bristol Compressors</li> <li>• Bristol Regional Medical Center (Wellmont Health System)</li> <li>• Bristol Motor Speedway</li> <li>• Morrison Molded Fiberglass</li> <li>• Royal Mouldings</li> </ul>