

226-236 Lauderdale



Downtown Memphis Commission Development Loan Application

Jonathan Thomas

p. 901-326-3159

Arete121673@att.net

Table of Contents

I.	Applicant Background	3
	Owner Contact Information	
	Applicant Representatives and/or Financial Guarantors	
	Development Experience	
	Corporate or Partnership Structure	
II.	Proposed Project.....	3
	Location of the proposed project	
	Intended Use of Property	
	Square footage of the building/land area	
	Architectural plans and renderings	
	Property History	
	Certified Structural Engineer Letter	
	Full Occupancy Expectations and Property Management	
	Public Space Changes Needed	
	Current Condition Photos	
	Existing Floor Plan	
	Project Scope Plans and Drawings	
	Additional Information	
III.	Site Control	6
	Property Owner at Application Submittal	
	Valid Option to Purchase	
	Existing Financing, Outstanding Taxes and Liens	
IV.	Financial Items.....	6
	Applicant Finances	
	Project Finances	
V.	Project Timeline	9
VI.	Project Team	9
VII.	Credit References	9
VIII.	Disclosures	10
IX.	Applicant Affirmation.....	10

Applicant Background

Owner Contact Information

Jonathan Thomas
8362 Cedar Bend Cove
Memphis, TN 38018
(901) 326-3159
(901) 848-5895
Arete121673@att.net

Applicant Representatives and/or Financial Guarantors

N/A

Development Experience

Jonathan and Patrice Thomas are native Memphians with over 17 years in real estate management experience and hold inactive affiliate real estate broker licenses. At the age of 22, Patrice Thomas purchased her first apartment building in the Annesdale Historical District; a building the Thomases continue to own and manage to this day. Since that time, Jonathan and Patrice have bought, renovated and currently manage a commercial building, a 16 unit apartment building, an 8 unit apartment building, two 4 unit apartment buildings, a duplex, 2 condos and 8 single family homes. Once fully renovated, all properties typically maintain high occupancy rates. Historically, the Thomases financed renovations out of pocket, thereby, limiting their renovation efforts. Obtaining an Exterior Improvement Grant (EIG) and favorable financing terms through the Downtown Memphis Development Loan Program for the 226 Lauderdale property in the Central Business Improvement District will allow the Thomases to make extensive renovations to the property consistent with the visions of the Downtown Memphis Commission.

Corporate or Partnership Structure

Owners current form of property ownership is a married joint tenancy. No other corporate or partnership structure exist currently. However, owners plan to establish LLC in the near future.

Proposed Project

Location of the proposed project

226 Lauderdale
Parcel #007-008-00029
See attached Exhibit I for complete legal description

Intended Use of Property

Consistent with current use as 30 one-bedroom residential apartment units

Square footage of the building/land area

Acres: 7040

Lot dimensions: 163.26 X 181.06' IRR

Building Square Footage: 14,208

Architectural plans and renderings

See attached Exhibit II prepared by BRG3s Architects.

Property History

Property was previously owned by out of town owners in Kennewick, Washington and was poorly maintained.

Certified Structural Engineer Letter

N/A, Building will be used consistent with current use.

Full Occupancy Expectations and Property Management

The owners will actively market the 226 South Lauderdale project consistent with similar projects previously managed by the team. All leases will be a minimum of 12 months. The target market will be a combination of singles and young married couples looking for a decent place to live at an affordable price near downtown. Once the exterior renovations and one model unit are complete, the owners will begin advertising via print media, online social media networks and on-site signage. As properties become available, an on-site part-time assistant will be utilized to further promote pre-leasing and complete the rental process for interested tenants. Approximately 90% of the units should be leased within 60-90 days of completing all renovations.

Public Space Changes Needed

No public space changes are required.

Current Condition Photos

THE LAUDERDALE
224 S. Lauderdale
07/13/18

Existing



brg3sarchitects

Existing Floor Plan

Photos to be provided by August 6th.

Project Scope Plans and Drawings

See attached Exhibit II prepared by BRG3s Architects.

Additional Information

Additional Information to be provided upon request.

Site Control

Property Owner at Application Submittal

Jonathan and Patrice Thomas

Valid Option to Purchase

N/A, Ownership secured.

Existing Financing, Outstanding Taxes and Liens

All taxes are current.

As a part of the purchase agreement, an owner financing agreement established an outstanding promissory note of \$100,000 with an option of a \$58,000 credit towards the principal balance of the indebtedness, if outstanding principal and interest is paid within 10 months from the date of sale. The owners anticipate being able to take full advantage of the credit option prior to January 15, 2019, resulting in the property being free from any and all encumbrances after that date.

Financial Items

Applicant Finances

- Non-Audited financial statements are attached (see Exhibit III).
- The attached financial statements were prepared by Patrice Thomas who is a certified public accountant. The applicant has not engaged any other accountants within the last five years.
- 2015 and 2016 tax returns are attached / 2017 W2s are attached (see Exhibit IV).
- There is no other financial history or previous attempts to develop this property by the applicant.

Project Finances

Loan Amount Requested: \$200,000

Additional Loan Sought For Project: N/A

Current Lease Arrangements and Income: See attached Exhibit V rent roll for property.

Sources and Uses Statement	
Sources:	Amount
CCDC Grant Funding Request	59,725
Downtown Memphis Development loan	200,000
Owner's Funding	147,990
	-
Total Sources:	407,715
Uses:	Cost
<i>Exterior:</i>	
New Roof	24,000
New Windows	35,000
New Doors	9,750
Exterior Painting & Signage	19,000
New Dumpster Pad	1,100
New Fencing	17,000
Balcony Structural repairs	14,000
Stair Structural Repair	2,700
Breezeway Structural Repair	5,000
Landscaping and street furniture	13,000
Structural Engineer Fees	5,000
Security Gate	3,000
Exterior Lighting	7,100
New Gutters	7,500
Facial Board Repair	4,500
Dumpster Rental	2,000
Central Heat and Air	60,000
Bike Pad	1,500
	-
Exterior Repair Sub-total	231,150
10% Contingency	23,115
Total Exterior Cost	254,265
Interior painting	12,000
Install New Flooring	27,000
New Hot Water Tanks	12,000
Install Washer/Dryer Connections	7,500
New Cabinets	45,000
New Light Fixtures	6,000
Plumbing Repairs	9,000
Electrical Repairs	15,000
Professional Fees	6,000
Interior Repair Sub-total	139,500
10% Contingency	13,950
Total Interior Cost	153,450
Total Project Costs	407,715
Note: The above fees are estimates	

Five Year Cash Flow

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
	Construction				
Revenue:					
Residential Space Revenue					
Total Number of Units	30	30	30	30	30
Monthly Rent Per Unit	600	600	618	637	656
Gross Monthly Rent	18,000	18,000	18,540	19,096	19,669
Gross Annual Rent	216,000	216,000	222,480	229,154	236,029
Vacancy Rate	67%	10%	10%	10%	10%
Rental Income Before Renovations	25,920	-	-	-	-
Total Projected Rental Revenue	97,200	194,400	200,232	206,239	212,426
Total Residential Square Footage	14,208	14,208	14,208	14,208	14,208
Revenue per Square Foot	6.84	13.68	14.09	14.52	14.95
CPI Escalator	0%	0%	3%	3%	3%
Expenses:					
Operating Expenses					
Management/Leasing Fees	4,000	12,000	12,360	12,731	13,113
Advertisement	2,500	500	515	530	546
Insurance	18,000	18,000	18,540	19,096	19,669
Maintenance	15,600	36,000	37,080	38,192	39,338
Utilities	9,000	10,800	11,124	11,458	11,801
Professional Fees	1,500	3,000	3,090	3,183	3,278
Property Taxes	4,982	4,982	4,982	4,982	6,228
Total Projected Expenses	55,582	85,282	87,691	90,172	93,974
Operating Income:	41,618	109,118	112,541	116,067	118,453
Debt Service:					
Principal-current owner financed	835	905	980	1,061	1,149
Interest-current owner financed	7,970	7,900	7,825	7,744	7,656
Principal-downtown development loan	9,079	9,170	9,262	9,355	9,449
Interest-downtown development loan	1,958	1,867	1,775	1,682	1,588
Total Debt Service	19,843	19,843	19,843	19,843	19,843
Debt Service Ratio:	2.10	5.50	5.67	5.85	5.97
NET CASH FLOW:	21,775	89,275	92,698	96,224	98,610

Project Timeline

Closing of the loan or other financing availability: August 15, 2018

First expenditure of funds with regard to the project: August 22, 2018

Commencement of construction: September 15, 2018

Project Completion: March 1, 2019

Project Team

Counsel for the applicant:

Kevin Bruce
Bruce Turner Law
2650 Thousand Oaks Boulevard, Suite 2140A
Memphis, TN 38118
(901) 290-6614

Architects:

Brett Ragsdale
BRG3s Architects
396 N. Cleveland St.
Memphis, TN 38104
(901) 260-9600

Contractor for project:

To be determined

Disclosure of Relationship with Board: The applicant's wife, Patrice Thomas, is currently employed by the City of Memphis. As such, Patrice interacts frequently with various members of the board through her ordinary course of business as a City of Memphis employee.

Credit References

Carrie Bulluck
Renaissance Bank
2177 Germantown Rd
Germantown, TN 38138
(901) 850-2707
(901) 490-1554

Jeff Yearwood
First Capital Bank
7575 Poplar Avenue
Germantown, TN 38138
(901) 737-5453

Evelyn Moore
First Tennessee Bank
8000 Trinity Road
Cordova, TN 38018
(901) 753-3079

Disclosures

No person involved with the project is currently engaged in any civil or criminal proceeding. No individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. No individual involved in this project has ever filed for bankruptcy.

Applicant Affirmation

This application is made in order to include the Memphis Center City Development Corporation (CCDC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCDC in its consideration of the application is included. The applicant expressly consents to the CCDC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCDC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of minority contractors. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCDC whether or not the incentive is granted or project completed.

Applicant Signature: Jonathan W. Thomas Date: 8/1/18

Applicant Signature: Salvador Chomera Date: 8/1/18