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*Investors Information Package*

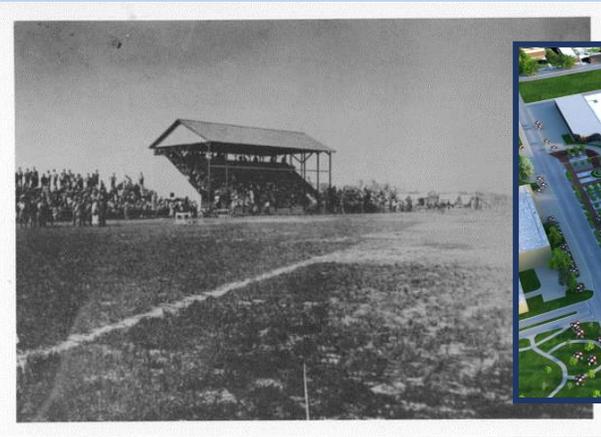
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# College Station

## **Global Crossroads in the Heart of Texas**

Nothing defines a city better than its people. College Station along with Bryan is home to over 200,000 residents, is the largest city in the metropolitan area (pop. 152,000), and is home to Texas A&M University, the third largest public university in the nation. A SEC Conference school and a major research institution, Texas A&M brings diversity of race, culture and nationality to College Station, and reflects much of the vibrancy, tradition and spirit that make it a special place.



College Station is in the "heart" of central Texas. Only 100 miles from Houston and Austin and 160 miles from Dallas and San Antonio, College Station is within four hours driving time of more than 14 million people. A network of well-maintained highways and a nearby regional airport serviced by major international airlines facilitate quick transportation between College Station and the rest of the country.

## **Quality Resources for Quality Living**

One of Texas top 10 school districts, College Station Independent School District was named a "Blue Ribbon School District" by



*Expansion Management Magazine* and *Newsweek* magazine listed A&M Consolidated High School as one of American's top 100 high schools. College Station also features the George Bush Presidential Library and Museum, one of the region's most popular tourist attractions with over 690,000 visitors.

College Station is also one of the safest, most family-friendly places in Texas. The city consistently maintains one of the lowest crime rates in the state, giving peace of mind to residents and business owners.

## The Wisdom of Simple Pleasures

Nature is an integral part of life in College Station, with over 1,100 acres of beautifully maintained public parks and sports facilities enhancing the city. Recreational activities are plentiful, with numerous golf courses, lush nature trails, challenging bike paths and sports leagues of every kind, including national, state and local tournaments.



## A Bright Business Future

College Station...where business meets knowledge. Business and technology companies are maximizing their relationships with Texas A&M University, home to the nation's largest engineering school and some of the smartest students in the United States. Companies are taking advantage of this asset, finding energetic, quality employees among 12,000 annual graduates, and the city's economic future as bright as the sky over it.



*"Over 1/3 of the city needs temporary housing"*

## The Real Estate Investment Market

While College Station is unique in many ways, one of the most interesting ways is the makeup of its residents. College Station has a population of around 100,000 while it's sister city of Bryan boasts close to 90,000 residents. Texas A&M University, which educates both graduate and undergraduate students, has an enrollment of around 60,000 while Blinn Jr. College, which resides in Bryan, has an enrollment of around 15,000 students. When all of these numbers are analyzed, it is fairly easy to see the basic breakdown of the area. Close to 1/3 of living in Bryan/College Station, or BCS, are not permanent residents. What this means to the investor is that over one third of the city needs temporary housing (housing that is needed for less than 5 years).

## What to Look For

When searching for investment properties in the BCS area there are several important factors that must be considered when considering the purchase of a specific property. This section will focus on student housing because students represent the majority of possible tenants. What follows is a list of the top three factors to consider when analyzing a property.

### Location

You have heard it before. The three most important factors in Real Estate are Location, Location, and Location. Like many clichés, they become a cliché because they are true. This cliché is never more true than in BCS. The reason? BCS is centered around Texas A&M University. In Brazos County it is the center of the Real Estate universe. The closer the property is to campus the more desirable it is. Keep in mind that “close” is not always simply a measure of distance, often times it refers to the ease of accessing the campus. For example, properties that are located on a shuttle bus route are desirable due to their easy access to campus.

Another option, which is often overlooked, is areas close to Blinn. While people typically think of areas surrounding Texas A&M as being the primary areas to search for rental properties, areas surrounding Blinn are often priced at a much lower cost while still renting for similar rates. This can make property surrounding Blinn a very good return on investment.

### Cash Flow

Why is cash flow listed below location? The reason, is because without location it is very hard to find a good return on your investment. When analyzing a property the formula that we use is simple.

$$\text{Purchase Price} \times .01 = X$$

Your predicted monthly rent should equal

$$X > \$100$$

Obviously this formula is not set in stone. For example, if the property is in an excellent location and appreciation will be good, or if it is a very new property that will have low maintenance, then it is OK to be less the \$100 so long as it is not below \$75.

The reason for this formula is this. Many times people want to know “Will this property have a positive cash flow?” That is not a good question to ask. Anything will cash flow if you put enough down. Conversely, some people will say that \$150 a month is too low for a cash flow. That is true if you put 15% down, but if you put 0% down and had the seller pay most of the closing costs then \$150 a month is very good. The question to ask is, “**What is the return on my investment?**”

## **Knowing Your Customer**

One thing that is often overlooked in investment properties is this. Someone needs to want to live in the property. The property might seem like a great deal, but how rentable is it, or, what will it take to get this property into rentable condition. This is not to be confused with the question, “Would you want to live here?” It does not need to be as nice as the investor’s home, renters do not expect that. Tenants do, however, expect to live in a clean, updated home. Most people take more pride in where they live than any other physical possession. Fresh paint, flooring, and light fixtures often do the trick and keep a property rented.

Maybe the biggest draw for student renters is the number of bathrooms. Keep in mind the focus here is on student properties. Where families are often comfortable sharing bathrooms, unrelated roommates often are not. There is no magic number for how many bathrooms are needed. In fact bathroom placement is much more important. For Example; a standard 4/2 family style home does not work well for student renters. Why? Because one tenant has their own bathroom while the other 3 are left to share the one smaller bathroom. There should never be more than 2 rooms sharing a bathroom, and one tenant should never have to walk through the room of another tenant to get to their assigned bathroom.

## **Financing**

Financing has reached a point where it would be impossible to cover all of it in this section. What follows is a very short breakdown of what to expect from investment loans.

## **SFD (Single Family Dwelling)**

Down payment: As low as 3.5% down in certain situations but typically 15-20% down.

Closing Costs: Around 3%

## **MFU (Multi-Family Units)**

Down Payment: As low as 15% Down

Closing Costs: Around 3%

Transactions almost always go smoother when the buyer uses a local lender. There are several reasons for this. The first is that your lender is familiar with the area. They know which local appraisers, and surveyors are best to use. Many times when an out of market lender does an appraisal it is extremely inaccurate due to the fact they are unfamiliar with the local area. Another very important reason to use a local lender is that your Real Estate agent is able to gain access to them, face to face. Lenders are busy, especially when things do not go smoothly. It is often times hard to reach them by phone, and sometimes a face to face conversation is able to accomplish things that phones and emails cannot.

## **Maintenance**

It is impossible to predict the maintenance cost for a property. However, there are several factors which go into predicting a reasonable dollar amount to account for. Listed below are the Factors to consider.

- Age of the Property
- Maintenance Records on the property
- Home Warranty on property
  - A home warranty will cover all appliances, the HVAC system, some electrical and some plumbing issues. We strongly recommend keeping a home warranty in place at all times on investment properties for several reasons. The first is it helps you have a more accurate assessment of what your yearly maintenance costs will be. Second is that it cuts your

maintenance phone calls down by 90%. You simply give the 1-800 number to your tenants and have them contact the company directly and set up the appointment. More information can be found at [www.ahs.com](http://www.ahs.com)

- Home inspection report

## Tax Benefits

There are many benefits relating to investing in Real Estate, but due to the differences in states and financial situations it is recommended that you speak with your accountant about your personal situation and investment. In many cases it is also beneficial to speak with your attorney and accountant about setting up your investment properties as individual L.L.C's. This will help to protect you personally against legal action taken by a tenant.

## A Breakdown of the Purchasing Process

Following the correct order of the purchasing process will make any transaction much smoother. Below is a breakdown of the process and who is responsible for each step.

1. Loan Pre-approval: **Buyer's Responsibility**
  - a. It is very important, when considering the purchase of investment properties, to speak with a banker or mortgage consultant about you financial status, and viability or obtaining an investment loan
2. Finding a Property: **Agent Responsibility**
  - a. Once the type of investment property has been determined, it is the duty of the agent to find the best possible property that fits the parameters decided upon
3. Submitting the Contract: **Agent Responsibility**
  - a. Once the buyer decides he would like to make and offer on a property, it is the responsibility of the agent to write and present the contract to the sellers agent ( must be approved and signed by buyer)

#### 4. Negotiations: **Agent Responsibility**

- a. Agent and Client will confer on the terms of the contract and the agent will negotiate these terms with the Sellers agent. The buyer should not have contact with the seller's agent, or the buyer's agent with the seller.

#### 5. Receipting the Contract: **Agent Responsibility**

- a. After a contract has been agreed upon and signed by both parties, the agent will take the signed contract and the earnest money to be held in Escrow by the title company

#### 6. Inspections: **Agent/Buyer Responsibility**

- a. It is technically the responsibility of the buyer to set up the inspection, but this is not a very plausible solution. Often times the seller is in another location and is not familiar with local inspectors. It is usually best for the agent and the buyer to agree upon which inspector to use. The agent will then set up a time to meet the inspector and allow the inspector to gain access to the property. It is always best for the buyer to be present at the inspection, but when this is not a viable scenario, the agent should email or fax the buyer a detailed report prepared by the licensed inspector.
- b. In Texas, contracts contain what is called an "Option Period". An option period usually lasts 7-14 days (negotiated) and always consists of a non-refundable fee (usually between \$50-\$200). After the inspection has been completed, and before the end of the option period, the buyer can ask the seller to
  - i. Adjust the price on the contract to account for items reported in inspection
  - ii. Repair specific items in the report
  - iii. Void the contract and be reimbursed for earnest money

#### 7. Survey: **Agent/Lender Responsibility**

#### 8. Appraisal: **Agent/Lender Responsibility**

9. Title Policy: **Title Company**

10. Loan Documents: **Agent/Lender/Title Company Responsibility**

11. Set Closing Schedule: **Agent Responsibility**

## Fees

Agents are paid at closing by the selling agent. There are no fees for the buyer when using a buyer's agent.

# CEXECUTIVE REAL ESTATE SERVICES

We give you three easy ways to contact us:

- Visit us on the Web [www.bcshomebuyer.com](http://www.bcshomebuyer.com)
- Email: [warren.n.green@gmail.com](mailto:warren.n.green@gmail.com)
- Call us at (979)574-1722