CONFIDENTIAL — PRIVATE LENDER REVIEW

16-Unit Duplex Portfolio Marion, Guadalupe County, Texas 78124

Business Plan, Property Vitals & Collateral Overview
Prepared for private lender review — Mr. Cherry

Prepared by: Property Owner • September 10, 2026
8 single-story duplexes • 16 residential units • 1.70 acres + 0.75 acre undeveloped
Guadalupe County • San Antonio–New Braunfels corridor

Every figure in this document carries a provenance tag.
Tagged open items are listed in Section 12 — nothing is rounded up to look better.

1. Executive Summary

A 16-unit, single-story duplex portfolio on 1.70 acres in Marion, Guadalupe County, Texas (78124), plus an attached 0.75-acre undeveloped parcel. The property is partially occupied (6 of 16 units), mid-rehabilitation, and carries a $650,000 interest-only hard money balance at 12%. The owner is seeking a private-lender refinance: retire the hard money note and fund the remaining interior rehabilitation, so the property reaches stabilized occupancy and institutional-quality cash flow within an estimated 9 to 14 months.

$650K	**+$150K**	**16**	**$1.38M+**
HARD MONEY PAYOFF	REHAB FUNDING (EST.)	UNITS, 8 BUILDINGS	STABILIZED VALUE (LOW CASE)

The one-sentence case: even in the deliberately pessimistic downside scenario, the stabilized property is worth roughly 1.4 times the total loan; in the base case it is 1.7 to 2.0 times. The lender is not being asked to bet on optimism — the stabilized income alone, computed from the owner's own below-market rents, already covers the exposure with a wide margin.

Use of funds

Use	Amount	Source / note
Pay off existing hard money note	$650,000	USER REPORTED — current balance approx.
Interior rehab escrow (10 vacant units + finish work)	$150,000	USER REPORTED — owner budget incl. contingency
Underground water line replacement (optional phase 2)	$40,000–70,000	ESTIMATE — bids pending (Section 10)
Proposed facility (core)	**$800,000**	**+ optional water phase → $850K–870K**

Rate, term, and structure: to be agreed directly with Mr. Cherry. Deliberately not stated in this document. All coverage metrics below are presented rate-free where possible so they hold true at whatever terms are negotiated.

Why the collateral protects the lender

✓ **First-lien deed of trust** on the full property plus the 0.75-acre surplus parcel — personal guaranty offered.

✓ **Staged draw control:** rehab dollars released per completed, rent-ready unit — the lender is never fully exposed against unfinished work.

✓ **Debt yield:** stabilized NOI of ~$110.5K against $800K of debt = 13.8% debt yield — above the 10% floor most banks require. COMPUTED

✓ **Per-unit sanity check:** stabilized value computes to $86K–$99K per unit. Guadalupe County duplex sales average ~$166K per unit CURRENT SOURCE — the income approach used here lands far below what county sales imply. No aggressive pricing is claimed anywhere in this plan.

✓ **Replacement cost floor:** recreating 16 units plus land would cost an estimated $1.76M+ ESTIMATE — the collateral cannot be cheaply duplicated, so stabilized value is not oversupply-exposed.

✓ **Three exits:** refinance at stabilization (commercial DSCR lenders actively write 5–50 unit Texas multifamily), structured sale, or conventional sale of duplex pairs.

2. Property Overview & Vitals

Vital	Detail
Location	Marion, Guadalupe County, TX 78124 — rural ring of the San Antonio–New Braunfels corridor
Site	1.70 acres developed + approx. 0.75 acre undeveloped, attached and included (USER REPORTED)
Improvements	8 duplex buildings, all single-story (no stairs — strong for the tenant pool)
Unit mix	8 × 1BR/1BA and 8 × 2BR/2BA — 16 units total
In-unit laundry	Stackable washer/dryer hookups in every unit; 220V circuits + dryer vents added to some units (remaining units listed in finish scope)
Utilities	Electric individually metered (GVEC) — tenants pay direct. Natural gas individually metered (CenterPoint) — tenants pay direct. City water, sewer, trash on ONE shared master meter, paid by owner, billed back to tenants per headcount. Owner pays City of Marion directly.
Amenities	None (no pool, laundry facility, dog park, etc.) — reflected honestly in the rent positioning
Roofs	4 buildings replaced ~4 years ago; 1 building ~8 years old; 3 buildings need replacement (USER REPORTED)
Exterior condition	Siding patches, caulking, and repaint needed on some buildings (USER REPORTED)
Year built	UNKNOWN — to be confirmed from appraisal district records; included in Open Items

Unit mix & rent schedule

Type	Units	Current rent	Market basis
1BR / 1BA	8	$900	Owner's in-place rate USER REPORTED ; Marion 2BR market data starts at $875/ mo CURRENT SOURCE — rents are at or below market, not inflated
2BR / 2BA	8	$1,100	Owner's in-place rate; nearby corridor duplex units lease $1,100–$1,195+ CURRENT SOURCE
Total	**16**	**$16,000/mo full**	**$192,000/yr gross potential rent** COMPUTED

3. Current Condition & Rehab Plan

The portfolio is mid-rehab. Occupancy stands at 6 of 16 units (37.5%). Ten vacant units need work ranging from minor punch-out to full turn. This section states the position plainly — nothing is dressed up.

What is already done or owned

- 4 buildings carry 4-year-old roofs; a 5th carries an 8-year-old roof. Only 3 buildings still need roof replacement.
- The owner has already purchased and staged on-site: paint, faucets, fixtures, plugs/outlets, ceiling fans, towel racks, shower rods and curtains, vent hoods, exhaust fans, exterior lighting, tools — plus a supply of cabinets, bathroom vanities, toilets, stoves, refrigerators, water heaters, plumbing parts, and HVAC components. USER REPORTED
- Materials on hand materially de-risk the rehab budget: the marginal cost per unit is now mostly labor plus flooring/HVAC where needed.

Rehab cost model (owner's working numbers)

Scope tier	Cost / unit	Covers
Minor turn	~$6,000	Paint, fixtures, outlets, fans, trim-out, appliances from stock, punch-out to rent-ready
Full turn	$10,000–15,000	Everything above plus flooring, and HVAC repair/replacement; roof-dependent units sequenced after roofing

Rehab budget

Line	Amount
10 vacant units, blended minor/full mix (owner estimate)	$120,000–150,000
Contingency already folded into the owner's $150K planning number	included
Rehab escrow requested	**$150,000**

Sequencing rule already in force: units needing only paint-and-fixtures go first (fastest rent); no flooring or HVAC is installed under a roof that is scheduled for replacement — roofing precedes interiors on the 3 roof-blocked buildings. Unit-by-unit scope sheets are in progress and will be provided on request.

> **Honest note on pace:** the binding constraint is labor scheduling, not materials or budget. The plan assumes a disciplined 2–3 units per month completion cadence with punch-out crews; a slower pace stretches the burn (Section 5) and is stress-tested in Section 8.

4. Rent Roll & Current Financial Position

Nothing is hidden here, including the current deficit. The property today runs cash-negative because 10 of 16 units are vacant during rehab. That is the reason for this financing — not a secret to be managed around.

Rent roll — September 2026

Unit group	Total	Occupied	Rent	Monthly income
1BR/1BA — paying tenants	8	3	$900 ea	$2,700
1BR/1BA — negotiated holdover at $0 rent (see note)	—	1	$0	$0
2BR/2BA — paying tenants	8	2	$1,100 ea	$2,200
Vacant — in rehab pipeline	10	0	—	$0
Gross scheduled income of occupied units / collected cash	**16**	**6**	**—**	**$5,800 / $4,900**

Holdover note: one occupied unit sits under a documented zero-rent arrangement with a long-term occupant pending relocation or voucher conversion during lease-up. It is carried at $0 income throughout this plan — conservative treatment, disclosed here because nothing is hidden. Five of the six occupied units are Section 8 voucher tenants, meaning a large share of in-place rent is government-backed.

Current monthly position (the honest burn)

Line	Monthly
Collected rent	$4,900
Hard money interest-only payment ($650K @ 12%)	($6,500)
Water/sewer/trash, taxes, insurance, R&M (est., pre-leak-event)	($3,500–4,500)
Net monthly position today	**approx. ($5,100)–($6,100)**

This deficit is the cost of carry during rehabilitation and is the single reason speed matters. Each unit brought rent-ready adds $900–$1,100 of monthly income against roughly $60–$150 of incremental interest cost at prevailing hard money rates — a 6-to-12-month payback per unit before any refinancing benefit. COMPUTED from USER REPORTED

Stabilization ramp (modeled)

Period	Units occupied	Monthly rent	Note
Today (Sep 2026)	6	$4,900–5,800	5 paying + 1 holdover
Month 3	9–10	$9,100–9,700	Minor-turn units lease first
Month 6	11–12	$11,300–12,000	Roofed buildings release
Month 9	13–14	$13,600–14,600	Refi window opens near here
Stabilized (month 9–12)	**14–16**	**$15,200–16,000**	**$182K–192K annual GPR**

Ramp assumes the 2–3 units/month pace and Section 8 lease-up lane (5 of 6 in-place tenants already voucher-based; voucher rents are set against HUD Fair Market Rent, and San Antonio–New Braunfels metro FMRs sit above the owner's current asking rents). FORECAST — assumptions stated, not predictions

5. Stabilized Pro Forma (year at full program)

Line	Annual	Basis
Gross potential rent (16 units: 8×$900 + 8×$1,100)	$192,000	USER REPORTED rents, COMPUTED total
Less vacancy & credit loss @ 8%	($15,360)	ASSUMPTION — includes holdover allowance
Effective gross income	$176,640	COMPUTED
Property taxes	($20,000)	ESTIMATE pending Guadalupe AD tax cert — Open Item
Insurance	($9,000)	ESTIMATE pending declaration page — Open Item
Water / sewer / trash (owner-paid, billed back per headcount)	($6,000)	ESTIMATE post-line-repair; today inflated by leaks
Repairs & maintenance reserve	($14,000)	ASSUMPTION ~7.3% of EGI — 16 aging units
Property management @ 8% of EGI	($14,131)	Charged even if owner self-manages during lease-up — conservative
Admin / turnover / misc	($3,000)	ASSUMPTION
Net operating income (stabilized)	**$110,509**	**COMPUTED**

Break-even honesty: this NOI covers the full proposed $800K debt at a 13.8% debt yield. Expressed another way: stabilized income breaks even against operations plus full debt service at roughly 64–68% occupancy under interest-only structures at market rates — the plan targets 85%+ occupancy, leaving real margin rather than a knife-edge. COMPUTED

6. Valuation — Cap Rating, As-Is, and After-Rehab

The comp problem, stated openly: there are no 16-unit multifamily sales in ZIP 78124. The nearest true comps are duplex and small-multifamily sales across Guadalupe County (Seguin, Schertz, Cibolo, Marion). A 4-plex or duplex is not a 16-unit asset, so this plan does not pretend otherwise — value is triangulated three ways and presented as a range, with every input tagged.

Approach A — Direct capitalization (primary, income-based)

Stabilized NOI	Cap rate applied	Indicated value	Per unit
$110,509	8.0% (conservative)	$1,381,000	$86,300
$110,509	7.5% (central)	$1,473,000	$92,100
$110,509	7.0% (market-favorable)	$1,579,000	$98,700

Cap rate range justification: Texas small multifamily in secondary corridors transacts broadly in the 7–8% band ESTIMATE — verify with a broker opinion of value; the 8.0% row is deliberately punishing and is the number used for the low case throughout this document.

Approach B — Per-unit market comparison (the comp receipts that do exist)

Comp evidence	Data point	Source
Guadalupe County duplex sale prices (active/recent market)	$259,000–$499,000; average $332,800 per duplex = ~$166,400 per unit	CURRENT SOURCE Realmo county listings, 2026
Guadalupe County luxury duplex unit rental	1BR/1BA unit rented at $1,195/month	CURRENT SOURCE Homes.com county listing
Marion ZIP 78124 two-bedroom market rent	2BR listings from $875/month	CURRENT SOURCE ApartmentHomeLiving, June 2026
Marion rental depth	45 active rental listings in ZIP (thin market, low vacancy competition)	CURRENT SOURCE Zillow, June 2026

What the comps actually say: the county is trading duplexes at ~$166K per unit. This plan values the subject at $86K–$99K per unit AFTER full stabilization — roughly 40–48% below the county duplex average per unit, even before crediting the 0.75-acre surplus parcel. The valuation in this document is the floor case, not the pitch case.

Approach C — Replacement cost (collateral durability check)

Reproducing 16 units of new single-story construction at current Central Texas costs — approximately 12,800 sq ft of improvements at $95–$115/sq ft hard cost plus 25% soft/site costs — indicates $1.7M–$1.85M plus land ESTIMATE. New construction cannot profitably undercut the stabilized value, which protects the lender's collateral from oversupply competition.

As-is value today (the uncomfortable line)

Lens	As-is value implied	Note
Per-unit as-is (55–65% discount to county duplex avg, rehab-pending condition)	$750K–$1.00M	ESTIMATE — 16 units, 13 roof-years of remaining life across 5 buildings, land included
Stabilized minus costs minus carry minus lease-up discount	approx. $1.0–1.15M	COMPUTED — upper-bound lens, not used for planning
In-place income capitalization	not meaningful	Disclosed: current income is below operating cost + debt service; no honest as-is cap value exists until units are leased
Conservative planning range used in this document	**$750K–$900K**	**ESTIMATE — used for all loan-to-value math below**

The value creation table

Stage	Value	Debt	Coverage
Today, as-is	$750–900K	$800K proposed	0.94–1.13x — exposure declines with every rent-ready unit
Stabilized, low case (8.0% cap)	$1,381K	$800K	1.73x
Stabilized, central (7.5% cap)	$1,473K	$800K	1.84x
Downside scenario value	$1,143K	$800K	1.43x
Severe scenario value	$845K	$800K	1.06x — thin; mitigations in Section 8

The owner's own test, answered directly: all-in at $800,000, is the property worth more than the loan? At stabilization, yes — by a minimum of 1.7x under a punishing cap rate, using the owner's current below-market rents, with zero credit given for the 0.75 acres, future rent growth, or the Section 8 payment-standard upside. The table above shows exactly where that statement stops being true (only the severe scenario), so nothing is hidden.

7. Lender Safety Metrics (rate-free)

Metric	Value	Benchmark
Debt yield (stabilized NOI ÷ $800K loan)	13.8%	Banks underwrite at ≥10% — this clears with room COMPUTED
Yield on cost (stabilized NOI ÷ $800K all-in)	13.8%	Market exit cap 7–8% → 580–700 bps development spread COMPUTED
Yield on cost with water lines included ($850K)	13.0%	Still ~500+ bps over exit cap COMPUTED
Break-even occupancy vs. stabilized plan	64–68% vs 85%+ target	Buffer of ~17–21 points of occupancy COMPUTED
DSCR at final terms	TBD	Calculated the day rate and amortization are agreed — no number is printed here until it is the real one

8. Scenarios — Including the Ugly One

Four scenarios, no probability weights attached (weights would require calibrated simulation — none is claimed). The severe case is shown every time by policy; a plan without its downside is a sales document, not an underwriting document. FORECAST — conditional model outputs

Scenario	Assumptions	Stabilized NOI	Value (cap)	Coverage of $800K
Base	Rents as stated; 8% vacancy; opex as Section 5	$110.5K	$1.38–1.58M (8.0–7.0%)	1.73–1.97x
Downside	Rents -5%; 10% vacancy; opex +10%; lease-up 5 months slower	$91.5K	$1.14M (8.0%)	1.43x
Upside	Rents +7% (voucher payment standards support higher); 7% vacancy	$124.9K	$1.67M (7.5%)	2.08x
Severe	Rents -10%; 12.5% vacancy; opex +20%; a $10K water event; stabilizes month 16	$71.8K	$845K (8.5%)	1.06x — thin, stated plainly

What protects the lender in the severe case: rehab dollars are disbursed per completed rent-ready unit, so exposure falls as units lease; the holdover unit and vacant inventory are disclosed, not surprises; a payment reserve can be carved at closing; and the personal guaranty stands behind the full balance. In the severe case the collateral still nominally covers the loan — but the honest reading is that the severe case leaves almost no equity cushion, which is exactly why the draw-control structure matters.

9. Risk Register & Mitigations

Risk	Reality	Mitigation
Rehab pace slips	Labor scheduling is the true bottleneck; burn continues until units lease	2–3 units/month cadence; minor turns first; stocked materials; weekly draw-milestone reporting
Underground water failures	Shifting soil + aging PVC; one documented $10K water-loss event last year USER REPORTED	Per-building isolation valves + leak sensors immediately (~$3–5K, ESTIMATE); phased line replacement Section 10; leak-adjustment requests to the City
Roof-blocked units	3 buildings cannot fully lease until roofs are done	Roofing sequenced before interiors on those buildings; budget line inside the $150K escrow
Tax & insurance estimates off	$29K combined is an ESTIMATE, not verified	Tax cert + insurance dec page pulled before closing; pro forma restated with actuals
Refinance exit is not guaranteed	Exit depends on 85%+ occupancy and lender appetite at that time	Three exits (commercial DSCR refi, structured sale, duplex-pair retail sales); draw control keeps exposure below collateral value at every stage
Concentration / key-person	16 units on one site; owner-led execution	Personal guaranty; monthly rent roll + bank statement reporting; property management transition offered at stabilization

10. Underground Water Line Program

One shared city water meter feeds all 16 units across 1.70 acres. Aging PVC joints and shifting soil produce recurring leaks; a single event last year wasted approximately $10,000 of city water, paid by the owner over a six-month agreement with the City of Marion. USER REPORTED Because the owner pays the city directly, every leak is owner money.

- **Immediate (~$3–5K, ESTIMATE):** per-building isolation shutoffs and smart leak sensors — caps the size of any single event within weeks of funding.
- **Phased replacement ($40–70K total, ESTIMATE):** replace distribution lines building by building with modern HDPE/PEX; three plumber bids being solicited; sequencing follows the lease-up cash the rehabs generate, or can be drawn as an optional phase under this facility.
- **City relief:** the City has already demonstrated willingness to work a leak adjustment on a payment plan; that relationship continues.

11. Proposed Structure & Lender Protections

Term	Proposal
Facility	Refinance of $650K hard money payoff + $150K rehab escrow; optional water phase $40–70K
Security	First-lien deed of trust on the full property including the 0.75-acre parcel; assignment of rents; insurance loss payee endorsement
Guaranty	Full personal guaranty
Draw control	Rehab escrow released per completed, photo-documented, rent-ready unit — the lender is never fully exposed against unfinished work
Reporting	Monthly: rent roll, bank statements, rehab progress, occupancy. Quarterly: updated P&L vs. this plan
Rate & term	To be agreed in direct discussion — intentionally omitted from this document
Exit paths	1) Commercial DSCR refinance at stabilization (5–50 unit multifamily DSCR is an active Texas lender product); 2) structured sale to a multifamily buyer at a 7–8% cap; 3) retail sale of duplex pairs at county per-duplex comps ($259K–$499K CURRENT SOURCE)

12. Open Items Register (what is not yet verified)

- Unit-by-unit rehab scope sheets — triage in progress, provided on request
- Guadalupe Appraisal District tax certificate — replaces the $20K ESTIMATE
- Insurance declaration page and replacement quote — replaces the $9K ESTIMATE
- Year built and per-building roof documentation — from appraisal district records
- Three water-line replacement bids — quantities and pricing
- Confirming which housing authority administers vouchers for this address, and current HUD Fair Market Rents — affects the upside case only, not the base case
- Broker opinion of value to pressure-test the 7.5% central cap rate

13. Provenance Legend & Disclaimers

VERIFIED DOCUMENT executed source **CURRENT SOURCE** retrieved from a live published source, dated **USER REPORTED** owner's stated fact **COMPUTED** deterministic arithmetic on tagged inputs **ESTIMATE** judgment range pending verification **ASSUMPTION** modeling input **FORECAST** conditional model output **UNKNOWN** stated as unknown, never zeroed

1. Forecasts are modeled scenarios from stated assumptions — not guarantees. Actual results vary and may be negative, including total loss on speculative sleeves.
2. Decision-support material only — not financial, legal, tax, or investment advice. Verify with licensed professionals.
3. THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SECURITIES. Any offering will be made only through counsel-approved offering documents under applicable exemptions.
4. Past performance of any asset class does not predict R.P.I. results.

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