



## Landmark Apartments Refinancing

*April 25, 2011*

We are pleased to announce the refinancing of Landmark Apartments, a 120-unit apartment complex located across the street from Colorado State University in Fort Collins, Colorado.

The loan commitment was rate locked on April 25, 2011, replacing the existing mortgage and substantially increasing value by paying off US Bank, the short-term lender.

SMSI locked a 4.125%, fixed, FHA-Insured loan for 9.9 million. The FHA loan is a 35-year, self-amortizing, assumable, assignable, non-recourse asset of the property.

The loan is in keeping with the SMSI business model to increase NOI by using our expertise in acquiring FHA financing. Over the past 12 months, we have closed a total of 5 additional loans similar to Landmark's, with the most recent on the Fowler Apartments at a 4.1% interest rate.

# Our Recent Acquisitions.

Landmark | Ft. Collins, Colorado  
www.LandmarkApartments.net



## The Summit Model

- 1) Great Locations
- 2) Class A Apartments
- 3) Superior Financing
- 4) Secondary and Tertiary Markets

Summit Management took control of the asset in 2008 to reposition the apartment complex, stabilize future returns on cash and prepare options for the next five to eight years. The purchase price was \$11,300,000. Landmark is in the process of refinancing to be complete October 2010.

Summit's background and expertise in FHA financing enabled the project to receive a mortgage which now becomes a major asset for the future. Our knowledge of 221(d)(4) new construction/major rehab, 223(f) refinancing and 223(a)(7) mortgage resets allows our partners to reap the benefits of refinancing or sales with the assignment of the already existing FHA mortgage. We have used these financing vehicles for the past forty years.

The secondary and tertiary market philosophy allows Summit Management to dominate markets. Our managerial and marketing knowledge in these markets benefits our partners with lower operating costs and higher occupancy. We have translated this into higher and predictable "cash on cash" returns.

- **120 Unit Student Housing:** Spacious 1, 2 and 3 bedroom apartments feature cozy wood burning fireplaces, full kitchens, free cable TV/broadband internet and magnificent mountain views through oversized windows. All the amenities including pool, workout and business centers, laundry, storage, recreation and picnic areas. The Landmark is located across from the Colorado State University campus.

### Performance Enhancement

Property was purchased with a 100% occupancy rate which we have maintained since acquisition. Summit Management has brought greater efficiencies in buying power and marketing to the property resulting in maximization of NOI and return to investors.

### Strategies for the Future

- 1) Sell the project. The mortgage has become one of the most valuable parts of the asset. No one can predict inflation - but as it creeps upon us, the mortgage becomes more valuable.
- 2) Refinance the project in approximately five to seven years. Our interest rates, now at all time lows, allow for much more principal reduction than usual.
- 3) Convert to condominiums or co-ops. This is a strategy we have done successfully in the past with other projects.
- 4) Keep the project and accept the cash on cash returns.
- 5) Perform segregation studies to beef up early depreciation to tax defer early distributions (one to eight years).