

THE MANAGER

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Maintenance: Recognizing Hail Damage

Yousef DarKhalil

Insurance adjusters will typically determine whether a roof needs to be replaced or repaired based on the following procedure:

- At a random point on the roof the adjuster will measure a square 10 feet by 10 feet and look inside that area for damaged shingles
- **Repair** — if fewer than six hail hits are found in the 10 ft. x 10 ft. area.
- **Replace** — if more than six hail hits are found in the 10 ft. x 10 ft. area.



Eight hail hits in 10 ft. x 10 ft. area



Hail damage to shingles

Hail Hits

The damage being looked for will look like these pictures. Notice the difference in color and the pock mark in the middle of the pictures.



Yousef DarKhalil

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I have worked with numerous hail-damage claims over the years and have found that the following methods of locating and assessing damage are the most commonly used. If you suspect that your roofs have been damaged by hail, make sure to report it immediately to your insurance carrier as most insurance policies include a limitation on the time from incident to file a claim. Also, work with reputable roofers who are bonded and will provide references and proof of insurance. There is no point in getting a new roof just to find in a few months that it was installed improperly, and you will have to pay to replace it a second time.

Roof Damage Inspection

If there has been a hailstorm in your area, you must do a close inspection of the roof to look for signs of damage. The easiest signs of hail damage to see are the dents left on aluminum vents and boots. If you see any signs of damage on the vents, that means you need to look closely at the shingles for signs of damage. The hail damage to the aluminum will look like this picture.



Hail-damaged aluminum vent

Monthly Collection Percentages:		
	2008	2007
January	90.86	97.56
February	97.70	93.03
March	98.72	100.31
April	82.09	91.02
May		101.02
June		97.52
July		100.04
August		100.72
September		79.25
October		102.10
November		105.90
December		96.45

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**Questions.
Answers. Info!**

Tip: Curb Appeal

The spring and summer months are great for all types of vegetation growth (good and bad). The easiest way to improve curb appeal is by managing the following on a regular basis to promote good vegetation.

- Weeding all beds, sidewalks, and driveways
- Creating clean beds with trench edging
- Mulching to control weeds
- Trimming all bushes
- Monitoring grass length
- Picking up ALL trash DAILY

Landscaping is the cheapest improvement that can be made on any property.



Thanks you, Scott Hart, Manager at Riviera Apartments, Paducah, KY. Scott will receive \$200 for his tip!

If you have a question that you would like to have answered or a tip that you would like to share, please e-mail us at: newsletter@alexanderforrest.com

Celebrating Success:

Don Wilson

Don Wilson has given us all a lesson on how following the guided path will lead to successfully managing a property. He has followed strict guidelines at Stoneybrook East, and he has seen his great tenants fill up vacant units like a vegetables fill a well-tended garden.



When Don arrived at Stoneybrook East in October of 2007, he found a broken system where the simple directions of our Standard Operating Procedures were not being followed. From day one, Don used the SOP, and tenants were trained to pay on or before the first and respect the quiet nature of the property. He was able to increase occupancy while removing those tenants who refused to follow their lease.

Don's work at Stoneybrook East has paved the way for his move to the larger and more challenging job of managing Sterling 24 Apartments. There will still be challenges for the new Manager at Stoneybrook East, but the system is back in place. The loudest noises heard recently were that of birds singing and a mischievous squirrel running into the office.

Don, Thank you! We know you are systematically tending garden at Sterling 24, and we look forward to sharing in the harvest with you!

Ryan Scheer, Director of Leasing & Collections
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Current Properties For Sale

Call Ben Peck at (573) 268.0015

Blackwater Ranch, 3,600 acres of land in Saline and Pettis counties Missouri (Total Asking Price \$9,810,000)
www.Blackwater-Ranch.com

College Corner Apartments, 110 units in Jonesboro, Arkansas (\$3,800,000) **UNDER CONTRACT**

Eagles Nest Apartments, 108 units in Kansas City, Kansas (\$3,250,000)

Glenwood Apartments (Ridgetop and Windsor Gables), 42 units in Martin, Tennessee (\$1,750,000)

Liberty Square, 30,000 s.f. retail center in Columbia, Missouri (\$5,500,000)

Library Park Apartments, 76 units in Topeka, Kansas (\$1,500,000)

Mora Mi Apartment, 50 units in Paducah, Kentucky (\$1,950,000)

Osage Ridge Apartments, 72 units in Osage Beach, Missouri (\$3,100,000)

Riviera Apartments, 92 units in Paducah, Kentucky (\$3,950,000)

Stoneybrook East Apartments 48 units in Independence, Missouri (\$1,295,000)

Williamsburg Place Apartments, 76 units in Middletown, Ohio (\$2,800,000)

Wyandotte Apartments, 48 units in Kansas City, Kansas (\$1,750,000) **UNDER CONTRACT**



Osage Ridge Apartments



Ridgetop Apartments

Accounting: Avoiding Scams

Mary Hawkins

All Managers should be careful of vendors trying to deliver items or services that were not ordered.

With many calls, the sales people will act as if you have made a purchase from them in the past. This is to catch you off guard and trick you into letting them send you their product. Some examples of this type of scam are Yellow Page ads, large quantities of light bulbs and chemical drain cleaner. If you get a delivery from someone, don't automatically sign for it. Make sure you know who it is coming from and that you ordered it. The delivery person will wait while you verify that the package is something you ordered. You might get a cold call from your telephone provider telling you it is time to renew your package service or advertizing in their yellow pages.

If you get an unsolicited call or reminder letter saying according to their records it is time for you to reorder, always refer them to ALCO. One other thing you will need to be on the look out for are checks coming in the mail. One example of this is a check in the amount of \$3.95 from a telemarketing firm.



It may appear that you are getting a refund check, but you are actually signing up for a service. Once you deposit the check, the scammer begins making monthly withdrawals from your bank account. If you ever have a question about a check, always contact the accounting department before depositing it.

Mary Hawkins, Asst. Director of Accounting
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Personnel Management 101: Part 3 of 4 Use Positive Affirmation

Scott (Uncle) Adams

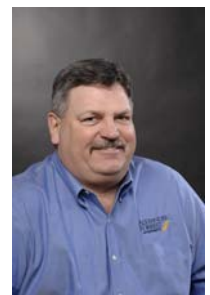
To follow up on not being a constant conduit for criticism, you must use positive affirmation to feed your employees and keep them healthy. Otherwise, you will end up with worn out and anemic workers.

There are lots of ways to feed your team with positive affirmation. I always try to nod my head when I'm saying these.

- Man, this looks great!!
- Hey...Super!
- Boy, you sure knocked this out quick!
- Hey, thanks for taking care of Mrs. Smith's disposal!
- Great job on the shop. It sure looks great!

If you are criticizing someone, it is likely to tear them down. Make sure you build them back up! If a worker does something wrong and it hacks you off, go ask him why he did XYZ? Spend the time to find out and confirm whether your assumptions are right before you criticize his actions. Bob might have thought you told him to do XYZ or that he might have thought that he was helping out or going the extra mile for you. You don't want to throw cold water on his ambition.

In other words, be slow to criticize and fast to praise!



Scott Adams, Construction Supervisor
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Accounting: Collections

Nancy Snyder

Imagine this scenario...you receive notice that a long lost relative has died and has left you a large sum of money in their will. The letter you receive states that you will receive payment on the first of the month. The first of the month comes and goes, but no payment is received. The days pass but still no payment. So now what do you do? Do you shrug your shoulders and say "Oh well," or do you take action to retrieve the money that is owed to you? I think all of us would pursue whatever action was needed to retrieve the money. After all, the money has been promised, payment was promised on the first, the money is owed, and therefore we expect to receive the money.

Every month large sums of money are owed on our properties. Payment is due on the first of the month. Are we doing "whatever it takes" to collect the money that is owed to us? How can you make sure you are receiving all of the money that is owed on your property?

Training: Train your tenants from the very beginning that rent is due on or before the first. Period. No question. No exception.

Gentle reminding: Don't wait until late fee day to talk to the tenants who have not paid. Be in constant contact, and apply gentle prodding to remind them of what was agreed upon when they signed the lease.

Persistence: Be persistent in your collections. Knock on their door, leave them a note, give them a call, talk to them in the parking lot as they are coming or going, leave them a voice mail. Remind them of their obligation.

Make the tenant accountable: Remember, this is money that is owed to you. You are not asking for anything that is unexpected. You are helping them fulfill their contractual obligations.

Contact friends, family and or employers of the tenant. If you are not having success reaching the tenant, it might be necessary to rely on people who know them to

get through to them. As was stated earlier, the goal is to do "whatever it takes" to get them money collected. You must explore all avenues in an effort to collect what is owed.

Collections are a vital part to the success of your property (and to you, as the manger). With great collections comes the ability to operate your property within budget, pay vendors in a timely manner, and fund property improvements. And don't forget that great collections provide the opportunity for the property Manager to earn a collection bonus. So make sure you are out there doing "whatever it takes" to get the money collected that is owed to you!



Nancy Snyder, Asst. Director of Accounting
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Finance: Federal Reserve Rate Cut

Ben Peck

The Federal Reserve cut its target for the federal funds rate by a quarter-point, from 2.25 percent to 2 percent on Wednesday, April 30th. That decision will in turn push the prime rate down by a quarter-point, from 5.25 percent to 5 percent. The Federal Open Market Committee has been slashing rates to stimulate what is widely viewed as a slowing or even recessionary economy. At the beginning of September, the federal funds rate stood at 5.25 percent. Since then, the Fed has cut it by 3.25 percentage points. It has been an unusually rapid series of rate reductions, as the Fed has tried to catch up with the economic slowdown brought on by the housing slump.

This cut is generally expected to be the last for some time because inflation concerns continue to rise. Anyone who drives to the grocery store knows, prices for gasoline and food have been skyrocketing, and the increasing oil and commodity prices are threatening to bleed over to the prices for everything.

Typically, rate cuts make inflation worse. That makes the case for holding short-term rates steady. But

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Unfortunately this isn't a typical situation. Prices aren't rising because the economy is booming. Instead, they are rising despite an economic downturn. This scenario has been referred to as *stagflation*. Oddly enough the term *stagflation* did not exist until the 1970s as economist assumed that a situation could not exist in which an economy was recessionary or stagnating as well as experiencing inflation. Over the next several months we should hear more commentary about stagflation and how it can be avoided or turned around.



Ben Peck, Director of Acquisitions
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Insurance: Weigh the Risks when Bargain Hunting

Shannon Kirk

In any business, insurance premiums will make up a sizeable portion of the expenses. Like many choices in life, seeking to minimize premium cost and maximize insurance coverage involves a series of trade-offs. The savvy business manager will use a decision making process that includes weighing the risks and benefits of the decision.

As a savvy business manager, ask yourself how much risk or cost you are willing to assume and how much benefit you expect as a result. One common way to save money on the amount of insurance premium paid is to choose a higher deductible or a specific hazard deductible. This may result in immediate savings at the risk of larger out-of-pocket expenses in the event of an incident. Choosing a lower deductible, on the

other hand, trades a higher premium today for lower risk of out-of-pocket expenses. The benefits and potential costs must be weighed carefully and should include an assessment of likelihood of incident expenses especially when dealing with specific hazard premiums.

Real world risk vs. benefit

I worked recently with a property where each of 20 buildings was valued at \$460,000. A quote for property coverage was received for a \$10,000 blanket deductible at a premium of \$2,320 per building. However, the owner chose to reduce the premium to \$1,470 per building by choosing a per building deductible of \$10,000 and a specific hazard deductible of 5% or \$23,000 per building for hail and wind damage.

The risk to the property owner was that the benefit of a premium savings of \$17,000 per year would be greater than the cost of any incidents. The scenario that played out, however, was that a hailstorm totaled every roof with \$15,000 in damage that did not meet the specific hazard deductible of \$23,000. The total cost of roofs was \$300,000. Under the higher priced premium policy, the claim would have cost \$10,000 deductible plus \$17,000 in higher premiums. The actual cost was \$300,000 minus the \$17,000 savings in premium. The net risk to the owner turned out to be \$256,000 in extra costs in order to recognize an upfront benefit of \$17,000 in savings.

To be fair, the owner could not have predicted the weather, but a few minutes hypothesizing and running numbers could have saved a savvy owner a quarter million dollars.

Shannon Kirk, Assistant Director of Operations
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If you would like to know more, call Ben Peck at (573) 268-0015 or email at

Ben.Peck@AlexanderForrest.com

Acquisitions: Financing We're Not in Kansas Anymore

Laura Stevens

I was fortunate to have the opportunity to attend The Midwest Capital Markets Conference in Chicago on April 30, 2008. This conference provided a wealth of information on today's markets in relation to financing and commercial real estate. It also provided an amazing medium in which the best of the best discussed their knowledge and insights. This article is by no means a complete synopsis of the conference.

The main theme seemed to be that we're not in Kansas anymore... financing has most definitely changed as regulatory oversight has tightened. Nonbank lenders are requiring more equity in projects, often up to 35-45% down on a project. Additionally, many lenders are requesting recourse or partial recourse loans. That said, higher Loan to Values are still available at most community and local banks. AFI has found this to be true; we are finding many successful financing opportunities through our banking relationships.

It was agreed upon at the conference by both bank and non-bank lenders that there is still a wide disconnect between buyers' and sellers' pricing expectations. Buyers are waiting on the sidelines, many nervous after the subprime shakeup, while sellers, with strong properties, are waiting it out. There might be stress among sellers but not enough distress to warrant pricing

changes. Over the next one to one and a half years, we could see more distress coupled with increased interest rates put downward pressure on pricing.

The good news is that there is still capital out there, rates are excellent and multi-family opportunities still exist (albeit a little more challenging to find!). Lenders want to lend, and they want to lend to strong and proven borrowers. In fact, most of the conference presenters agreed that the best borrowing opportunities are in multi-family, offices (specifically, medical) and industrial projects that are profitable. Multi-family is still the best game in town! My belief is that bang for the buck, multi-family is the most recession-proof asset someone can own (look for my article about this next month).

These are the times when fortunes are made. These are the times when the importance of relationships is realized. And these are the times when lenders and investors can make the best teams.



Laura Stevens, Special Asset Manager
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Monthly Collection % Goal: 100%		Renewal Average by Year Goal: 100% Renewal		Paperwork Proficiency Previous Month	
SB	109.07%	SP	72.31%	LS	Master
CI	108.61%	CF	58.33%	SP	Master
RA	107.92%	CIM*	50.84%	CF	Master
RT	105.54%	ENA	50.36%	CI	Master
SP	101.59%	CI	46.74%	WDA	Master
WG	100.49%	WDA	46.67%	RT	Master
ENA	88.05%	MRM	45.31%	SFV*	Master
LP	83.70%	RT	43.75%	RA	Master
LVC*	83.38%	SFV*	43.43%	WG	Master
LS	81.86%	LP	41.76%	LVC*	Master
SFV*	81.05%	WMP	39.64%	CIM*	Paper Knight
CIM*	76.21%	SB	35.00%	MRM	Paper Knight
CF	72.95%	RA	33.64%	LP	Paper Knight
WDA	66.16%	HILL*	31.82%	WMP	Paper Knight
HILL*	62.03%	S24*	30.17%	HILL*	Paper Knight
WMP	55.68%	WG	30.00%	S24*	Paper Knight
S24*	54.67%	LVC*	20.00%	ENA	Trainee
MRM	50.12%	LS	NA	SB	Trainee

**Properties currently under renovation*

Manager/Property Key			
	Property	Manager	Location
CF	Claiborne Fox	Andy Mullins	Marshall, MO
CI	Chateau Imperial	Jeff Hodson	Hastings, NE
CIM*	Cimarron Apartments	José Diaz	Independence, MO
ENA	Eagles Nest Apartments	Edgar Marquez	Kansas City, KS
HILL*	Hillside Apartments	Dan Osborne	Independence, MO
LP	Library Park Apartments	Mario Burgos	Topeka, KS
LS	Liberty Square	Jessica Hudson	Columbia, MO
LVC*	Lakeview Apartments	Scott Wendland	Kalamazoo, MI
MRM	Mora Mi Apartments	Kevin Smith	Paducah, KY
RA	Riviera Apartments	Scott Hart	Paducah, KY
RT	Ridgetop Apartments	Brandon Mayfield	Martin, TN
S24*	Sterling 24 Apartments	Donald Wilson	Independence, MO
SB	Stoney Brook East	Demitrius Steptoe	Independence, MO
SFV*	Santa Fe Village	Steve Ipock and Ray Moody	Kansas City, MO
SP	Sterling Price	Tom Evans	Moberly, MO
WDA	Wyandotte Apartments	Maria Cuevas	Kansas City, KS
WG	Windsor Gables	Brandon Mayfield	Martin, TN
WMP	Williamsburg Place	Ben Fisher	Middletown, OH



Front Row: Yousef Darkhalil, Jessica Hudson, Paxton Schneider, David Atkins, Mary Hawkins, Mirsad Mustafic.

Middle Row: Shannon Kirk, Scott Adams, Ben Peck, Makinga Bunyecha

Back Row: Richmond Wheeler, TJ Scoggins, Megan Beckley, Nancy Snyder, Laura Stevens, Ryan Scheer

Every project referenced in this publication is individually owned and operated.

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May 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 Rent Due	2	3
4	5	6 Late Fees	7	8	9	10
11	12	13 Late Fees	14	15	16	17
18 Edgar Marquez Birthday	19	20 Late Fees	21	22	23	24
25 Mario Burgos Birthday	26	27 Late Fees	28	29	30	31 Greg Adams Birthday