

Project Summary:

Date Purchased: Dec. 2000 | Date Sold: Jan. 2004

Months Held: 49 | Total Units: 100

Walnut Park

2817 East Valley Boulevard

West Covina, CA 91792

OUR APPROACH:

Although Walnut Park featured impressive onsite amenities including a fitness center, a swimming pool, barbeque stations, covered and uncovered parking, and spacious floor plans with vaulted ceilings, the previous ownership's undercapitalization left the property languishing in the tightening market of early 2001.

With the implementation of professional management practices, cost effective and efficient control systems, and the improvements to the physical plant, BASCOM would provide consumers with a compelling value proposition relative to the competition.



Performance Summary	At Acquisition	At Sale	Percent Increase
12 Month NOI	\$622,390	\$784,854	26.10%
Rent per Month	\$955	\$1,184	23.98%
Equity	\$2.13M	\$6.56M	208.00%
Cost per Unit	\$79,650	\$88,578	11.21%

- **IRR:** 46.50%
- **Multiple on Equity:** 3.08
- **Lender Identity:** Debis Financial Services
- **Loan to Total Value:** 53.1%
- **Equity Partner:** Lehman Brothers
- **Percentage of Replacement Cost:** 59.05%
- **Total Purchase Price:** \$7.97M
- **Total Renovation Cost:** \$892,773
- **Total Investment Basis:** \$9.59M
- **Total Sale Price:** \$13.40M
- **Sale Price per Unit:** \$134,000

BACKGROUND:

Built in 1976, Walnut Park's 100 two and three bedroom units are divided among ten two-storey buildings for a total rentable square footage of 94,118. Prominently located in West Covina within Los Angeles County, the property offers easy access to the 60 Freeway and the 70,000-strong employment base of the City of Industry.

In 2000, the average family income within a one-mile radius of the property was \$63,308, while the average property value was \$186,526. As a result of this income disparity, the affordability gap was rather high at the time, which drove rent demand.

With significant barriers to entry in Los Angeles County, Walnut Park provided an excellent opportunity for BASCOM to invest in a quality product for a low price.