NM APARTMENTS Overview of Bid Process

The NM Apartments bid process and why we use it.

As a buyer – have you ever had the frustration of:

•taking the time to submit an offer on a property only to find out that the property has been sold (sometimes months ago)?

•taking the time to visit a property only to find out the "deal has hair" —that the property has incurable defects?

•written an offer only to find out that the proforma numbers were not even close to reality?

As a buyer's agent – have you ever had the frustration of:

–not receiving return calls or emails from listing agents?

–finding out at the closing table that a minimal or no commission was being offered?

After some $250,000,000 in sales in 300+ transactions, NM Apartments has developed and refined a marketing process that we believe ensures the best representation for our client — the sellers—while providing buyers with a fair and transparent process to use in submitting offers on our listings. Buyers agents, because of our registration process, are more protected than in a traditional process.

The following text is provided to buyers and buyers agents as an explanation of a marketing process that NM Apartments has been using since 2001 to represent its clients —the sellers. To date, we have used this process in over $50M of apartment sales and have received feedback from buyers and buyer's agents that when this process is followed, it ensures their buyer a forum for their offers and a "level playing field"

NM Apartments promise:
Our commitment is to carry out each sale, using this process, in such a way that is open, honest, transparent and fair to all parties.

Disclaimer: *In today's current market conditions, qualified all cash buyers are experiencing a one-in-five to one- in- ten odds of securing an investment – buyer competition for investments is fierce with many investments selling over list price.*

NM Apartment's fixed bid accelerated marketing process

New Mexico Apartments offers many of its listings through a fixed-bid deadline process. If you are a potential buyer, seller, or agent representing a buyer, the following should thoroughly explain our process and procedures.

What is it?

Our marketing process is a structure that we use to manage the marketing, data dissemination, touring, and offering for many of our apartment listings.

How does it work?

Information: We make every effort to make all potentially interested parties - agents specializing in apartments and apartment investors – aware of each available property at the same time. Anyone who receives information on one of our listings may go to our web site, www.nmapartment.com, and down load a flyer and an APOD on the property. After reviewing these, a buyer may complete a Registration and a Confidentiality Agreement and provide these to us. When we receive these documents we will provide the buyer, and their agent, with a username and password which will allow them to download the, usually very extensive, data and analysis that we have completed for the property. Usually included are completed rent rolls, analytical financial modeling, unit floor plans, and surveys and other information designed to allow the buyer to have as complete an understanding of the property as possible.

Registration process

As the part of NM Apartments initial marketing material, you will find the last two pages contain a Buyer Registration and Confidentiality Agreement. This

must be executed before any buyer is allowed to attend a tour or receive detailed information on the property. Seller's expect the buyer to maintain a reasonable standard of conduct, disclose their agency relationship, and agree to keep the Seller's confidential information just that—confidential.

The registration form also allows a buyer's agent to make sure that they are indeed representing this buyer. All too often, we've had less than scrupulous buyer's agents attempt to represent a buyer with whom they do not have a buyer's agency relationship, and "inject" themselves into a deal. By requiring that your client, the buyer, execute this agreement, we ensure that you are part of the procuring cause of the sale.

Property Tours: After reviewing the information we have on the property the buyer may wish to attend a tour of the property. These are scheduled long in advance. Usually during a thirty day marketing period there will be two opportunities for a buyer to tour the property. Individual tour dates are not available. Self guided tours, a buyer or agent taking it upon themselves to walk the property and speak with the manager or tenants are not allowed. Any buyer doing this will likely be banned from participating in the offer process.

Offers: The buyer may submit an offer at any time but it is strongly encouraged that the buyer attend one of the property tours prior to submitting an offer in order to establish credibility. In general offers will not be responded to until the day after the bid deadline. Why do you wait to respond to offers? Our goal is to shift the focus of the selling process away from which offer comes in first and to which offer, and buyer, is strongest and most likely to perform.

Agency
NM Apartments and its clients are glad to cooperate with Buyers agents and Transaction agents. Sub-agency is not offered.

Agent Duties
As a buyer's agent, procuring cause is often not enough to earn you fee—NM Apartments offer's a one page document that can be downloaded here on what a buyer's agent typically needs to do to earn their fee.

Compensation
Most of our seller's pay a brokerage fee that is in the range of industry norms for the size of the property. Typically we share this with outside selling brokers on a 50%/50% basis. Not all seller's offer compensation. A few, particularly institutional owners, work with us on a consulting fee arrangement and specifically do not allow us to compensate outside agents. In these rare cases you must seek compensation from your buyer and we will make it very clear that no fee is offered to a buyer's agent, but only because the seller demands it. Please review the compensation particulars as disclosed in the confidentiality agreements for each property.

Bid Deadline: All offers must be received prior to the bid deadline, or call for offers. The seller may choose one offer, may reject all offers, or may choose a handful of bidders from which to solicit a "best and final" offer.

What makes an offer competitive? Price is important —most properties sell at or above list price. However, a high priced offer means nothing unless we have a high degree of confidence in the buyer's ability and intent to close the transaction on the terms negotiated. To establish buyer credibility we like to see 1) that the buyer has invested their time in becoming deeply familiar with the property, 2) that the buyer's underwriting

assumptions are accurate, and inline with those of lenders, 3) that the buyer can demonstrate a history of similar acquisitions in which they performed.

Buyers often demonstrate their familiarity with the property by making some portion of their earnest money become non-refundable at certain key junctures in the transaction: the acceptance of their offer, the removal of the inspection contingencies, and the removal of the financing contingencies. A buyer that submits, along with their offer, a deal history that specifies the details of their most recent acquisitions – dates, addresses, brokers, lenders – is advantaged.

Once a buyer is selected the transaction will proceed through escrow and closing.

Why do you use this process?
We have developed this process, and refined it through many transactions because in a market where there is an in-balance, where there are more buyers than sellers, it has advantages for both buyer and seller. For the buyer, they can be assured of a transparent process with clearly defined dates and rules, which insures fairness by awarding the opportunity to purchase the property to the entity who values it the most and who is best qualified. In our process all buyers are treated equally. For the seller, as well, our process insures that the entity placing the highest value on the property, and showing the best ability to close the property on the terms negotiated, will likely be the buyer. In short, the process that we have developed serves to manage the offering and negotiating process in a way that is most fair to all parties.

NM Apartments promise:
Our commitment is to carry out each sale, using this process, in such a way that is open, honest, transparent and fair to all parties.

Our promise to our seller
For each property sold with this process we have a series of preplanned marketing milestones, tour dates, and bid deadlines. We commit to our sellers to adhere to these.

Our promise to the buyer
We are committed to treating each buyer fairly and in a way that allows every buyer to compete on a "level playing field". We have designed this process so that buyer's might advance their cause on the basis of what they are offering the seller —how competative their offer in regards to price, time lines, and their familiarity with the property. We promise the buyer that our selection process looks only at these variables that benefit the seller. Other variables —whether they have their own agent, or who their agent is, whether they are in-town or out-or-town—which do not impact the seller, will not affect how their offer is received.

Our promise to the buyer's agent
We will accept the registration of your customer or client, with our registration and confidentiality forms correctly completed by your customer or client. Once our client accepts your registration, you are protected. We acknowledge you as the sole procuring cause for the sale. Past registrations have been rejected when we believe the buyer's info has been forged, the same buyer has been registered by multiple agents or when a non-qualified buyer has been registered.

We promise to update you of the offer deadline and advise you of the final disposition of the property and carbon copy you on all correspondence from our seller to your buyer.

What NM Apartments expects from you:
Understand that our exact process is based in a contract between our client, the seller, and our company. Please do not ask us to modify it. Please understand that part of our agreement with the seller is that property tours only occur as scheduled and that all prospective buyers receive information simultaneously which means that your client has authorized us to send them information on the property the moment we receive it and that we will cc; you on all correspondence to your client.

Additionally, NM Apartments has a single page checklist of buyer's agency duties that we would be glad to share with you – as a buyer's agent if you complete these tasks, you will have represented your client and earned your fee.