

A Private Offering:

“Turnkey Purchase Opportunity of 10 Townhomes on the Tierra del Sol Golf Course”



Rio Communities (Belen) New Mexico

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“Hole in the Marketplace”

A Brief Description, as applied to the Target Community of Belen, New Mexico

A “Hole in the Marketplace” is a marketing concept that I created for the advertising industry while a member of the Speakers Bureau for the American Association of Advertising Agencies (AAAA) in the 1980’s. Then it was applied to the consumer goods industry. Today it applies equally well to real estate investing.

Simply put, as investors we are always looking for an opportunity that is not easily, or cannot, be duplicated that has a high consumer demand. These are opportunities based on the limited supplies against demand model.

They are our best hedge against recession, soft markets, and in today’s world, terrorist acts against our country.

When a real estate market slumps or money gets tight, as it is now, there is always going to be a glut of foreclosures in the residential real estate market. These below value sell offs drastically affect the value of our investment properties. Highly affected in such a market are new built subdivision homes. That particular market segment is the most susceptible to the sub-prime lending issues faced by lenders at this moment. Another issue facing us today is terrorism. We have little control over it and 9/11 was a demonstration of how susceptible the real estate market is to such acts when the market takes a dive.

So, how does a “Hole in the Marketplace” opportunity work? We simply research and purchase opportunities that represent a limited supply against a known demand. Homes on a golf course, historic buildings, property that controls access to a major attraction or facility are the best examples.

Carefully researched against known target markets, there will always be a buyer looking for such a property and unlike the subdivision home, there will always be a limited supply compared to general real estate availability.

This is exactly what we have done in Belen, NM. We have matched the growing demand of the “Baby Boomer” generation, getting ready to retire, and the needs of the “young Urban” professional working in the adjacent metro area (Albuquerque) with development opportunities in a still under valued market (Belen).

The Following are Two Actual Examples of this “Hole in the Marketplace” Concept

1. We control all the commercial and residential development opportunities that are associated with the NM Rail Runner commuter train system at the terminal in Belen. We are the only single developer who controls the complete access to such an opportunity on the entire route of the line between Belen and Santa Fe, NM. We renovated an existing structure and opened it as The Rail Café in 2007. The economy took a downturn and we are re-branding the restaurant as the Hub City Brewing Company and will re-open. Craft brewing is currently one of the fastest growing economic sectors and we will be the only brewery in Belen, only the second in Valencia County. Another “Hole in the Marketplace” opportunity.
2. We began in 2005, and continued for 1 1/2 years to purchase townhomes built in the 70s by the Horizon Corporation on the Tierra del Sol Golf Course. They were undervalued and had been ignored by buyers who were more interested in building new homes on the other side of the golf course with the easy money of the time. This new home construction during 2005-2007 directly contributed to a rapid increase in appraised values of the homes in this older planned community. The real estate crash in 2008 had less of an effect on these properties as we bought them below market value. We currently own 10 of these units. Granted, there are fancier places on the golf course, but the vast majority of the “middle class” have now been excluded from buying them with the new mortgage lending environment. While developers are still attempting to target the top 10% income brackets we are positioned to appeal to the much bigger middle class economic group that accounts for the remaining 90%.

Background on Why We Made the Investment in Valencia County and Particularly Belen. Facts that Drive Our Marketing and Development Strategy:

The “Baby Boomer” Generation 1946-1964 is the Biggest Bubble in Our Population

- They are now 50 years old; the front end nearing 65+ years old
- They are preparing to be, or are already retired
- They are in better health than any previous generation
- They have time and money
- They are recreationally active
- We know this group the best because we are part of it

North-South Interstate Highways are the Key

- They handle the Snowbird migration in the winter to warmer climates
- They handle the Southern US population in the heat of the summer taking them to cooler climates
- They handle the majority of RV travel in America

Why Choose the Albuquerque, New Mexico Corridor?

- It is very much like the Denver market was 20 years ago
- Large metro district at the confluence of a North-South/East-West Interstate Hwy – Denver I-25 and I-70 – Albuquerque I-25 and I-40
- International Airport 25 minutes from town
- Both have year round recreation, including golf courses and ski areas
- The Albuquerque corridor is on many “Top 20” lists of best places to live, to work, and to retire. On several lists it’s in the top 5
- Between Albuquerque and Los Lunas is the Indian Reservation without development, except for a gambling casino/hotel
- Albuquerque is built up to the East and West and to the reservation on the South. To the northwest is Rio Rancho which is competing with Albuquerque in size. And to the north is Santa Fe where the property prices rise rapidly
- At the south of the Isleta Indian Reservation in “Los Lunas” you will find:
 1. A Walmart, Home Depot, Lowe’s Home Improvement Store, Starbuck’s, Chili’s, Auto Zone, Applebee’s, and a complete Brad Francis Autoplex representing Ford, GM, and Chrysler products.
 2. Huning Ranch and Rancho Valencia, two large subdivisions, are also located at this I-25 exit.

- At the North Belen Exit (6 miles south of Los Lunas) you will find:
 1. Between the Los Lunas exit and the next one (6 miles-North Belen) real estate developers have purchased the entire highway frontage. This huge development project, Rancho Cielo, is annexed into the City of Belen. The scale of this project will provide an enormous increase in the Belen tax base. The development includes an Industrial Park. We are in the process of developing 16 acres across the highway from the Industrial Park as a Clean Tech manufacturing development. We already have our anchor tenant, Ecoponex, in place to develop a 5 acre tract.

- At the Middle Belen Exit you will find:
 1. The Belen Alexander Airport includes a crosswind runway which makes it one of the largest airports in New Mexico. There will be additions to the Industrial Park that surrounds the airport. The airport will become a hub of private/freight aviation in the region as the Sunport in Albuquerque becomes more congested. The US Air Force has a presence here in conjunction with Kirtland Air Force Base in Albuquerque for rural aviation and rescue training.
 2. At this exit there is already a Holiday Inn Express and the ground work is being done on the future Regional Hospital site.

- The “Rail Runner” commuter train began running in February 2007 between Belen, Los Lunas and Albuquerque. It is now complete all the way north through the I-25 corridor to Santa Fe. Our townhome community is only 3 miles from the Belen Rail Runner station.
- The Becker Street Revitalization, part of the New Mexico historic Main Street program, called the “Heart of Belen,” is now complete. This historic district is a draw for tourism and an attraction for the residents of the area.
- In 2013 the unincorporated Rio Communities, just across the Rio Grande from Belen where our townhome community is located, incorporated and became the newest town in New Mexico. It now has its own government and fire department, and is more focused on the well-being of the community than was the larger Valencia County.

What are the Long Term Plans for Investment and Development?

The Baby Boomer population is beginning to retire. They are active. They are healthy. They have money and spend it. In retirement they know they will not have as much money as they thought they would prior to 2000. They are looking for affordable homes in the Southwestern region as they are gravitating to the warmer climates. This Baby Boomer retirement bubble will continue for the next 20 years.

The business communities in the Albuquerque and Santa Fe corridor have spent millions of dollars marketing the New Mexico lifestyle. There are almost unlimited recreational opportunities in the region for golf, RVing, shopping, dining, boating, snow skiing, hiking, casino gambling, etc. The major festivals are numerous and well promoted, such as the Albuquerque Balloon Festival. It is easy to talk about this area simply because so much has been said about it in advertising and the travel media. The new commuter rail line operating between Belen, Los Lunas, Albuquerque and Santa Fe, is a real sign of the coming growth to the area. The Rail Runner is a very attractive amenity to this 50+ group.

In the current economic climate the dreams of the Baby Boomer of retiring in a home on the beach or golf course in Santa Barbara or Palm Springs have vanished. Yet we can still make that dream happen for them in New Mexico. As an example: The 10 existing 1500 sq. ft., 3 bedroom patio homes on the Tierra del Sol 18 hole golf course, minutes from town and I-25, just off the Rio Grande and minutes from the Rail Runner, are priced around \$100,000. In the local rental market they rent for \$800-\$900 per month and for the past ten years we have had a 100% occupancy rate. The future of keeping them leased periodically doing upgrades, with the reality of selling them when the market improves makes them a profitable venture now and for the future. They are truly a “Hole in the Marketplace” opportunity.

With the hospital planned and the Clean Tech project in development, there will be additional needs for rental housing, beyond those in retirement, in the Southern portion of Valencia County. Remember the “Hole in the Marketplace” positioning of these townhomes, located on the only golf course in Valencia County and close to the transportation network of highways and rail.

The Tierra del Sol Golf Club Townhome Project

In the 1970's the Horizon Corporation built this planned community and ultra private golf club as an enclave for well to do people from around the country. Much of the marketing was done on the East Coast. At its peak it was home to a membership of about 500 people who lived in the Horizon built townhome community that surrounded the then plush 9 hole Executive Course, the 18 hole Championship Course and Club House facilities, that included a pool and pro-shop. In the late 80's the Horizon Corporation went bankrupt and the courses and residential community fell on hard times. The Tierra del Sol Golf Course changed hands several times, the Executive Course was abandoned and the housing community began to decline.

Beginning in 2005, and continuing over the next 1 1/2 years, Tom and Cindy Greer purchased townhomes in the original Horizon community and currently own 10. All the units are currently in local monthly rental and for the duration of their ownership they have maintained a 100% occupancy rate.

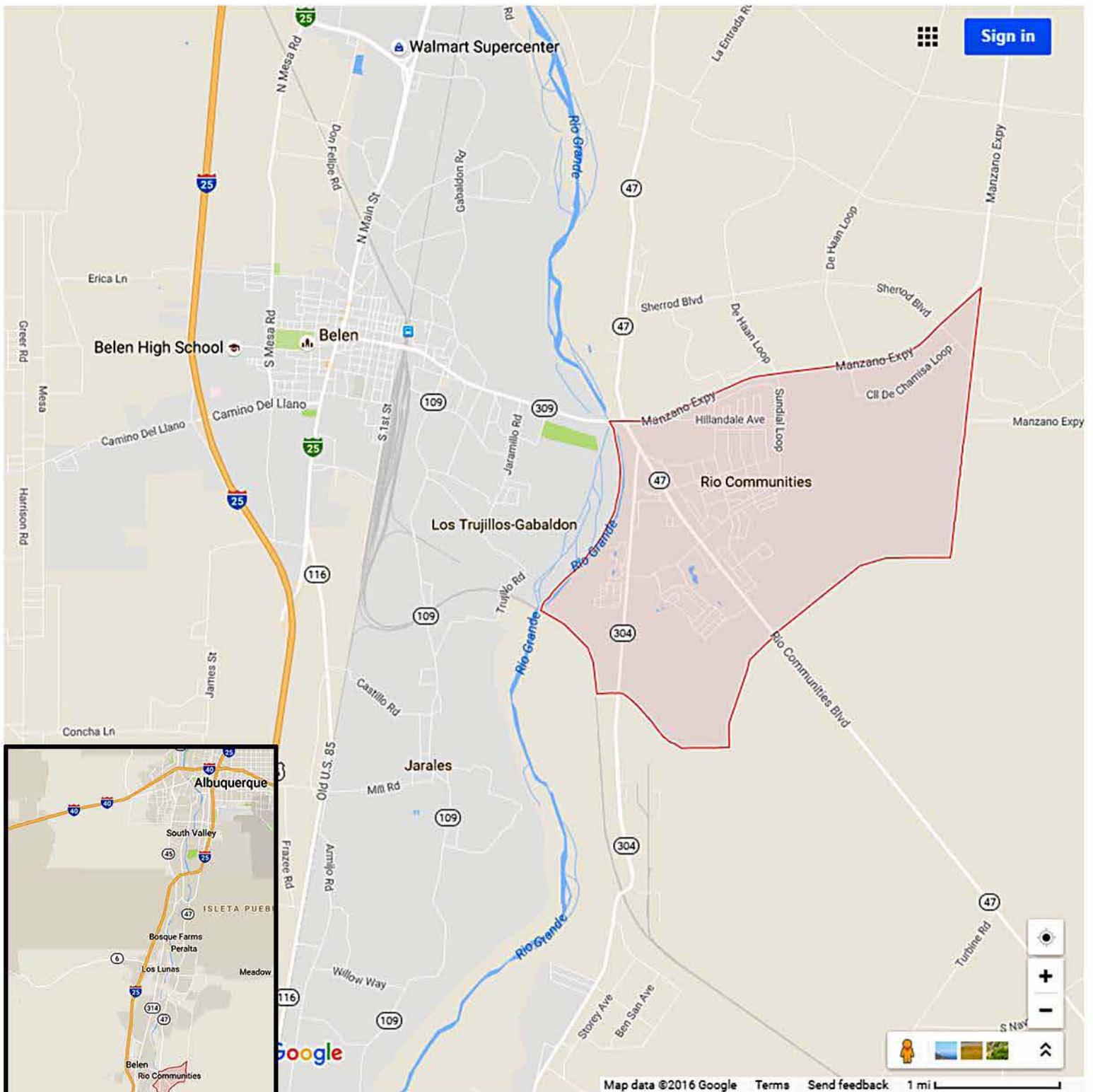
Today, with the new projects that Tom and Cindy have underway in reopening their Rail Café as the Hub City Brewing Company at the Belen Rail Runner station and the very ambitious Clean Tech Manufacturing facility they are developing with partners on 16 acres at the North Belen exit, they simply have to let go of this 10 unit townhome real estate business they developed and own on the Tierra del Sol Golf Course in Rio Communities.

- This is a “Hole in the Marketplace” golden opportunity. There are a limited number of homes available on golf courses. There are very few locations in the country where they can be bought for about \$63.00 a square foot. There are even fewer places with the attraction of a year round, mild desert climate; that are near a major interstate highway; 3 miles from a regional commuter rail station; near a major metropolitan city; close to an international airport and in the center of year round outdoor recreation, shopping and dining. They are also located only a half hour away from several Indian reservations, with casino gambling and championship golf, which research shows are extremely attractive recreational activities for the 40+ crowd.
- This a “turnkey” business opportunity as the properties have already been renovated with various levels of amenities and are all currently rented with a 100% occupancy history. Renting in the current market for \$825.00 – \$900.00 monthly, they are all

producing a positive cash flow and continue to hold their value as they are in a golf course community and not a big devalued subdivision where so many bank foreclosures have taken place.

There is a glut of vacant properties in local subdivisions that have and will continue to drive down the property values while in our townhome community there are, by design, a limited number of properties, keeping the values stable. Remember again the “Hole in the Marketplace” ownership strategy of supply and demand. Homes on a golf course are in much shorter supply than those in the numerous subdivisions across the local region. Building new homes on a golf course are also much more pricey, helping hold the value for resale units.

- “Controlling Costs,” from a management standpoint, these 10 units are almost identical in floor plans, plumbing and electrical. They are all located within a block of each other. While some have upgrades and different heating units and appliances they are a lot more alike than they are different. Compare that to 10 other random units you might attempt to purchase for the same dollars, renting for the same margins, but with entirely different issues to address from a maintenance standpoint. This is HUGE and not often thought about. It makes a big \$ deal when considering maintenance costs and time management.



Google

Google Maps showing the Incorporated area of Rio Communities and the relationship of Belen/Rio Communities to Albuquerque, New Mexico



Google earth

feet
meters

3000
900



Community Overview

#1 Maddox & Maddox Loop

#2 Horizon Vista

#3 Golf Club House



Google earth

1605 Maddox St.
1701 Maddox St.
1703 Maddox St.

405 Maddox Loop
504 Maddox Loop
506 Maddox Loop
605 Maddox Loop
607 Maddox Loop





Google earth

feet
meters 100

303 Horizon Vista
306 Horizon Vista