

# Mesquite Village Apartments

POST, TX



OFFERING MEMORANDUM

**KW COMMERCIAL**  
10210 Quaker Avenue  
Lubbock, TX 79424

*PRESENTED BY:*

**GREG BROWND**  
CCIM  
O: 806.777.4459  
C: 806.777.4459  
gregbrownd@kwcommercial.com  
TX #596497

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POST, TX

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MESQUITE VILLAGE APARTMENTS

# PROPERTY INFORMATION

1

EXECUTIVE SUMMARY

PROPERTY DETAILS

EXTERIOR PHOTOS

INTERIOR PHOTOS



# Executive Summary



## OFFERING SUMMARY

<b>SALE PRICE:</b>	\$845,000
<b>NUMBER OF UNITS:</b>	24
<b>JULY T3 ANN. CAP RATE:</b>	12.1%
<b>MAY T3 ANNUALIZED NOI:</b>	\$78,182
<b>LOT SIZE:</b>	2.84 Acres
<b>YEAR BUILT:</b>	1976
<b>BUILDING SIZE:</b>	20,086 SF
<b>MARKET:</b>	West Texas
<b>SUBMARKET:</b>	Post
<b>PRICE / SF:</b>	\$42.07

## PROPERTY OVERVIEW

Mesquite Village Apartments is a 24 unit complex made up of 12 brick, one-story duplexes. The property currently has high occupancy and there are no concessions now so that indicates that there is room to increase the rents. Electricity and water are separately metered and tenants pay all of their utilities. There is a limited supply of market-rate multifamily units in the area.

Most of the interior units have been updated and have had new flooring installed. The roofs were replaced in 2016.

## LOCATION OVERVIEW

Post Texas is the county seat of Garza County. It's located 40 miles southwest of Lubbock, 110 miles northeast of Midland, and 125 miles northwest of Abilene, TX.

## PROPERTY HIGHLIGHTS

- July Annualized T3 NOI up 35.4% vs T12
- One-story brick construction duplexes
- Limited supply of market rate product
- No current rent concessions
- High occupancy

# Property Details

## SALE PRICE

**\$845,000**

### LOCATION INFORMATION

Building Name	Mesquite Village Apartments
Street Address	509 Avenue S
City, State, Zip	Post, TX 79356
County/Township	Garza
Market	West Texas
Submarket	Post
Cross Streets	North Avenue S and West 13th
Road Type	Paved
Market Type	Rural
Nearest Highway	Highway 84
Nearest Airport	Post-Garza County Municipal Airport

### BUILDING INFORMATION

Building Size	20,086 SF
Price / SF	\$42.07
Year Built	1976
Occupancy %	96%
Number Of Floors	1
Roof	Pitched composition, replaced in 2016
Constuction	Brick, one-story duplexes

### PROPERTY DETAILS

Property Type	Multifamily
Property Subtype	Low-Rise/Garden
Lot Size	2.84 Acres
Submarket	Post
Tax Rate	2.95%

### UTILITIES & AMENITIES

HVAC	Individual HVAC
Laundry	Connections in each unit
Hot Water	Individual units
Utilities	Electric: separately metered, pd by tenant
	Water & Trash: separately metered, pd by tenant
	Gas: none



## Exterior Photos





## Interior Photos



MESQUITE VILLAGE APARTMENTS

# LOCATION INFORMATION

# 2

REGIONAL MAP

LOCATION MAPS

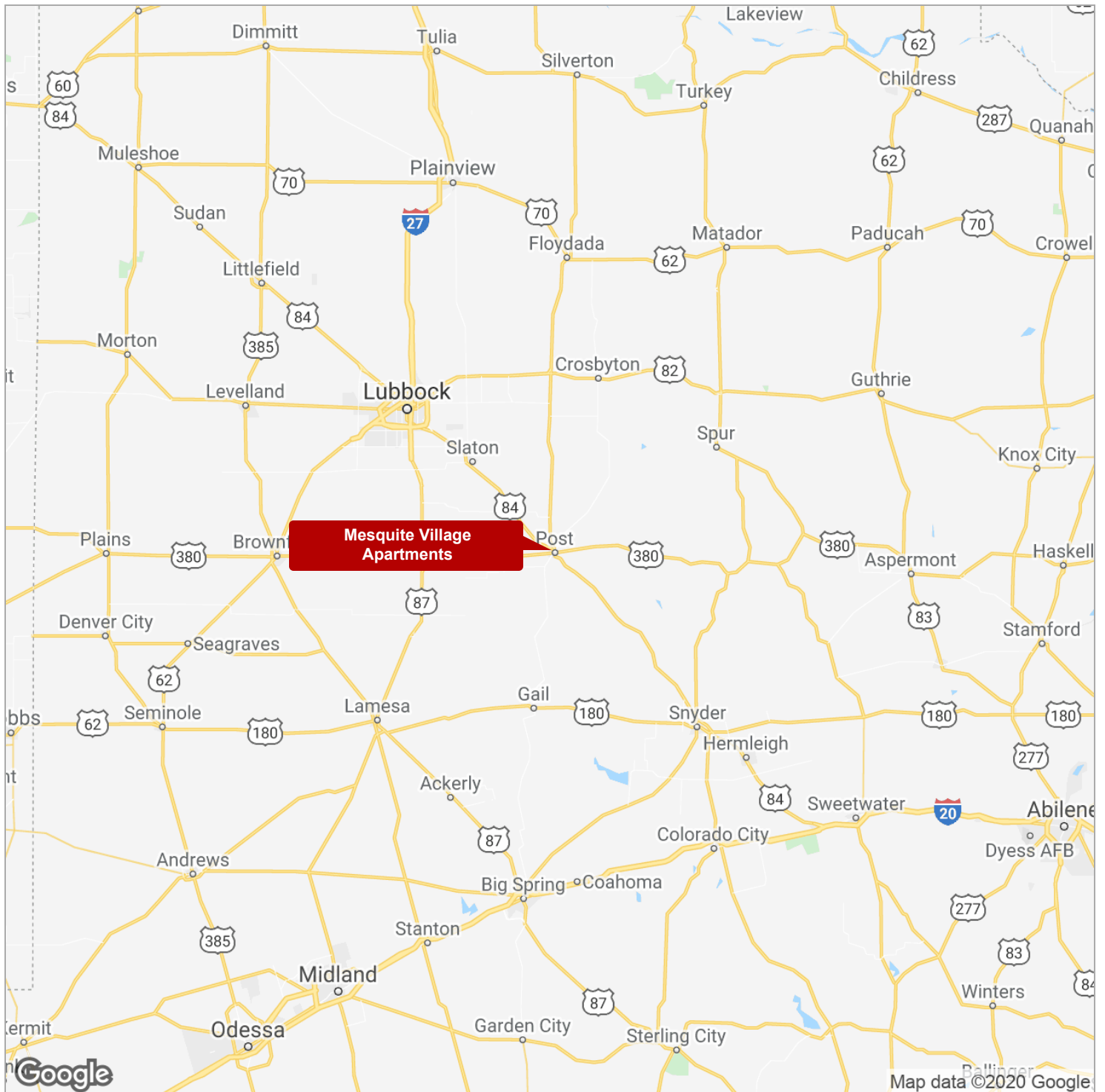
AERIAL MAP

CITY INFORMATION

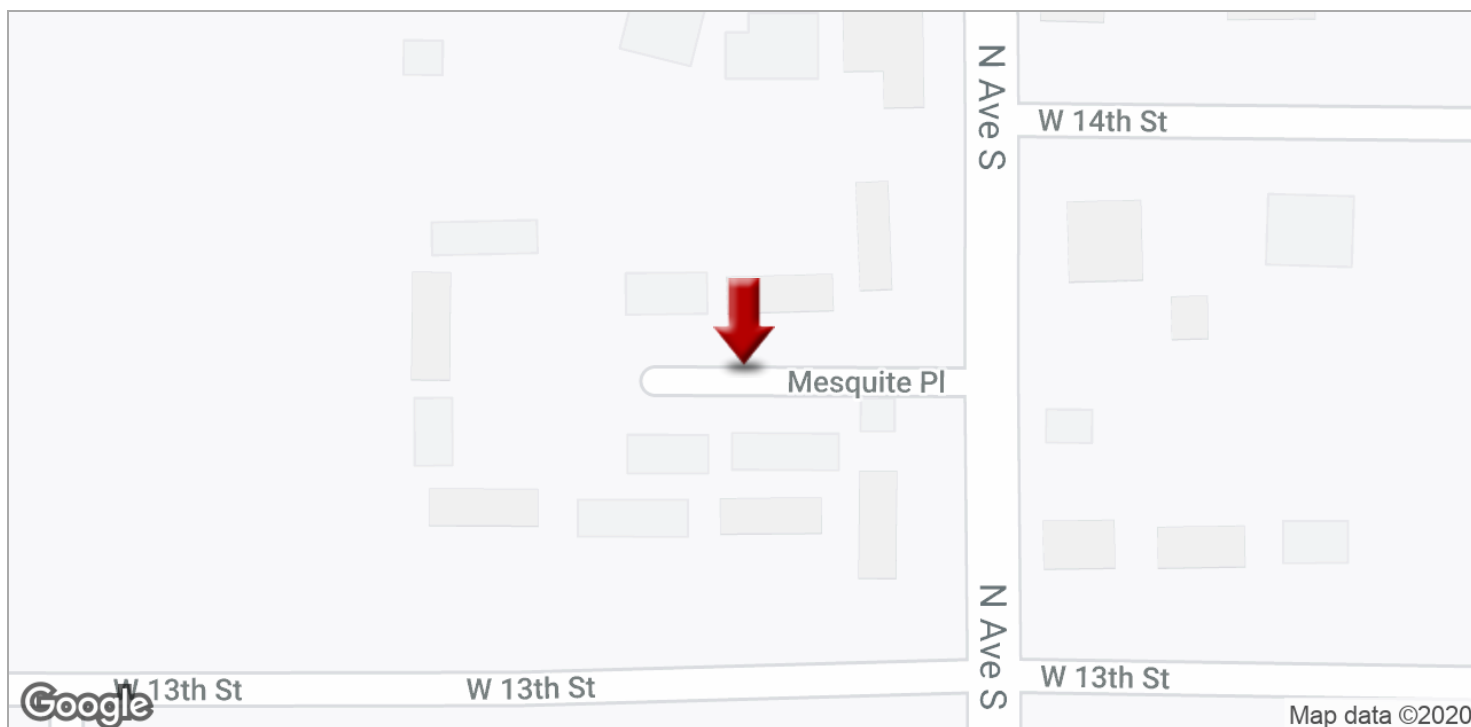
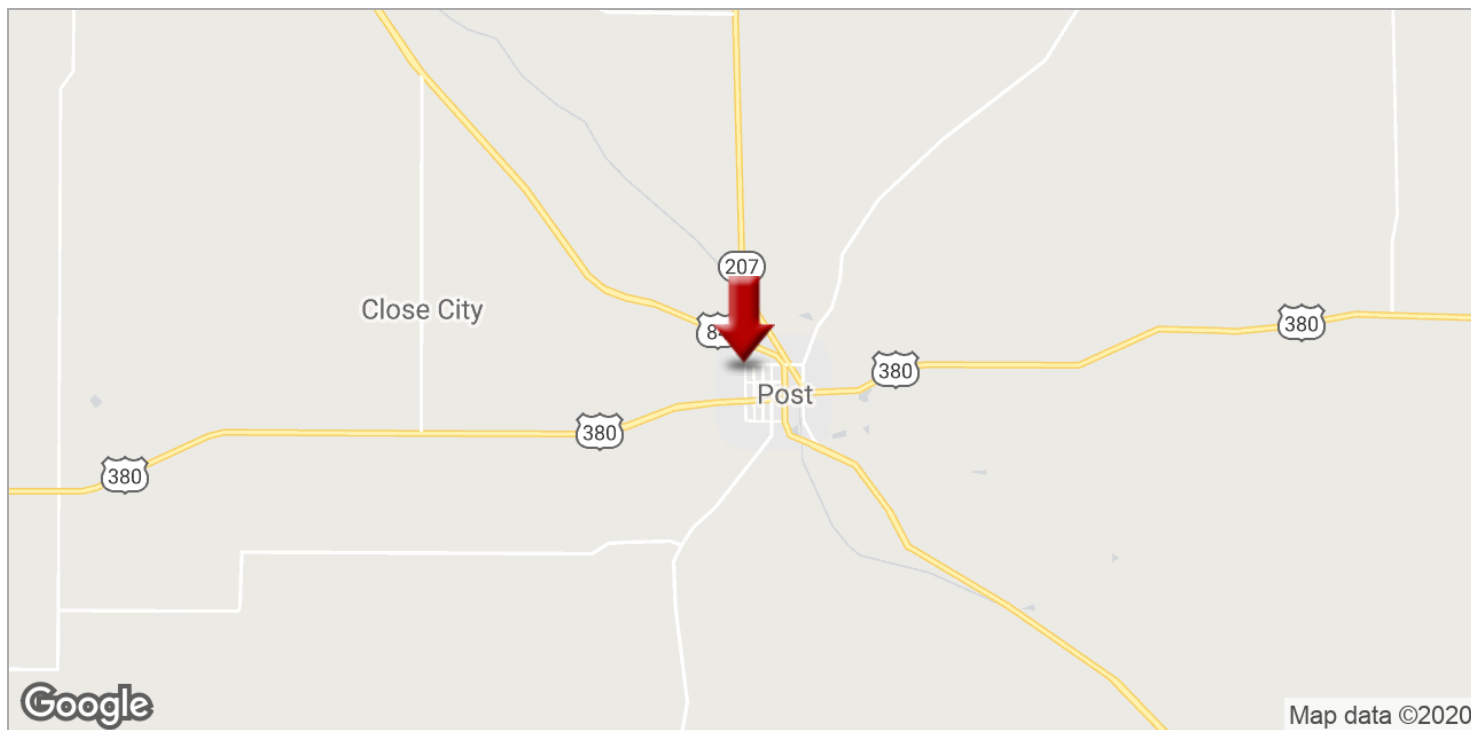
POST PRISON EXTENSION



## Regional Map



## Location Maps





## Aerial Map



# City Information



## POST, TX

Post, TX is the county seat of Garza county. It's located 40 miles southeast of Lubbock, 115 miles northeast of Midland, and 123 miles northwest of Abilene, TX.

### CITY INFORMATION

2016 Estimated Population	5,376
2010 Population	3,708
Median Household Income	\$46,585
Households	1,248
Median Home Value	\$76,585
Average Annual Spending On Shelter	\$11,119
Percentage Renter Households	32.6%
Major Highways	Hwy 84 and Hwy 380

### CITY HIGHLIGHTS

- Major oil production and service companies
- Extensive cotton production and ranchland
- Supports staff for 1,800 bed prison facility
- Close to Lake Alan Henry
- \$50 million spent on new facilities for Post ISD in 2017



"On May 1, 2019, the Federal Bureau of Prisons (BOP) notified Management & Training Corporation of the award of a ten-year contract..."

## Prison gets Contract Extension

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By Editor | May 9, 2019 | 0



### Special to The Post Dispatch

On May 1, 2019, the Federal Bureau of Prisons (BOP) notified Management & Training Corporation of the award of a ten-year contract...

MESQUITE VILLAGE APARTMENTS

# FINANCIAL ANALYSIS

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HISTORICAL FINANCIALS

UNIT MIX

OTHER INCOME

EXPENSE PROJECTION

5 YR APOD

5 YR CASH FLOW PROJECTION

INFORMATION ABOUT BROKERAGE SERVICES



**Mesquite Village**

509 Avenue S  
Post, TX



	T12	Per Unit	T6	Per Unit	T3	Per Unit
<b>Rental Income</b>						
Gross Potential Rents	\$ 164,160	\$6,840	\$ 164,160	\$6,840	\$ 164,160	\$6,840
Less: Vacancy & Credit Losses	\$ (30,467)	-\$1,269	\$ (22,697)	-\$946	\$ (21,069)	-\$878
<b>Effective Rental Income</b>	<u>\$ 133,693</u>	\$5,571	<u>\$ 141,463</u>	\$5,894	<u>\$ 143,091</u>	\$5,962
RUBS	114	\$5	-		-	
Late Fees	4,208	\$175	4,430	\$185	5,280	\$220
Misc Other	2,261	\$94	2,700	\$113	1,800	\$75
Pet Fees	750	\$31	-		-	
<b>Gross Operating Income</b>	<u>\$ 141,586</u>	\$5,899	<u>\$ 149,153</u>	\$6,215	<u>\$ 150,650</u>	\$6,277
Advertising	200	\$8	-		-	
Admin	4,485	\$187	3,575	\$149	2,568	\$107
Contract Labor	6,869	\$286	3,444	\$143	4,200	\$175
Insurance	7,452	\$310	7,452	\$311	7,452	\$311
Landscaping	2,130	\$89	2,100	\$88	600	\$25
Maintenance & Repairs	20,186	\$841	22,574	\$941	13,847	\$577
Management Fee	7,750	\$323	6,500	\$271	6,000	\$250
Payroll	3,801	\$158	6,702	\$279	5,000	\$208
Pest Control	1,571	\$65	444	\$18	-	
Professional Fees	1,287	\$54	1,998	\$83	768	\$32
Other	923	\$38	1,163	\$48	2,165	\$90
Property Taxes	9,846	\$410	9,846	\$410	9,846	\$410
Cable & Internet	1,408	\$59	1,380	\$58	987	\$41
Electric - Common	1,423	\$59	1,498	\$62	1,341	\$56
Electric - Vacant	1,582	\$66	1,336	\$56	1,158	\$48
Water & Sewer	1,437	\$60	1,519	\$63	950	\$40
<b>Total Operating Expenses</b>	<u>\$ 72,349</u>	\$3,015	<u>\$ 71,530</u>	\$2,980	<u>\$ 56,881</u>	\$2,370
<b>Net Operating Income (NOI)</b>	<u>\$ 69,237</u>	\$2,885	<u>\$ 77,623</u>	\$3,234	<u>\$ 93,769</u>	\$3,907

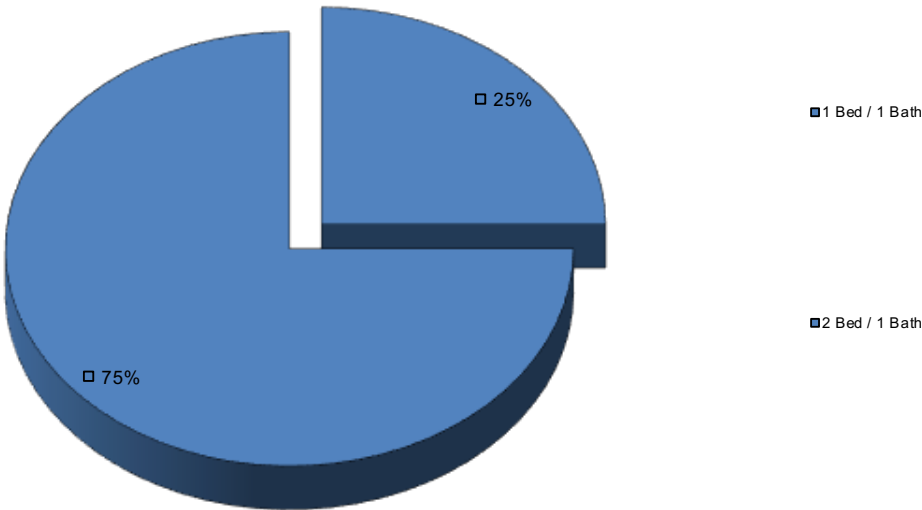
Rent Roll Summary



Greg Brownd  
806-777-4459

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Monthly Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
1 Bed / 1 Bath	6	600	3,600	20.00%	0.830	\$ 495	\$ 2,970	\$ 35,640
2 Bed / 1 Bath	18	800	14,400	80.00%	0.740	\$ 595	\$ 10,710	\$ 128,520
Totals	24	1,400	18,000	100.0%	0.760	1,090	\$ 13,680	\$ 164,160

Unit Mix



**Mesquite Village**

509 Avenue S  
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**Other Income**



Greg Brownd  
806-777-4459

Description	Monthly Amount	Per Unit	Per Unit Sq. Ft.	Total Sq. Ft.
App Fees	13	1	0.01	0.00
Late Fees	255	11	0.18	0.01
Misc Other	50	2	0.04	0.00
Totals	\$ 318	\$ 13	\$	\$



**Mesquite Village**

509 Avenue S  
Post, TX

# Annual Expenses



Greg Brownd  
806-777-4459

Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Advertising	200	2.0%	8.33	0.01	0.3%	0.1%
Admin	4,646	2.0%	193.60	0.26	6.2%	2.8%
Contract Labor	9,404	2.0%	391.83	0.52	12.5%	5.7%
Insurance	7,452	2.0%	310.49	0.41	9.9%	4.5%
Landscaping	2,723	2.0%	113.47	0.15	3.6%	1.7%
Maintenance & Repairs	19,033	2.0%	793.03	1.06	25.3%	11.6%
Management Fee	5,734		238.93	0.32	7.6%	3.5%
Payroll	3,051	2.0%	127.13	0.17	4.1%	1.9%
Pest Control	1,874	2.0%	78.07	0.10	2.5%	1.1%
Professional Fees	1,191	2.0%	49.63	0.07	1.6%	0.7%
Other	382	2.0%	15.92	0.02	0.5%	0.2%
Property Taxes	13,563	2.0%	565.10	0.75	18.1%	8.3%
Cable & Internet	1,463	2.0%	60.97	0.08	1.9%	0.9%
Electric - Common	1,449	2.0%	60.38	0.08	1.9%	0.9%
Electric - Vacant	1,652	2.0%	68.83	0.09	2.2%	1.0%
Water & Sewer	1,272	2.0%	53.02	0.07	1.7%	0.8%
<hr/>						
Total Annual Operating Expenses	<u>\$ 75,089</u>		<u>\$ 3,129</u>	<u>18,000</u>	<u>100.0%</u>	<u>45.7%</u>

**Mesquite Village**

509 Avenue S  
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Greg Brownd  
806-777-4459

**Potential Rental Income**  
Less: Vacancy & Credit Losses

**Effective Rental Income**

Other Income

**Gross Operating Income**

Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
\$ 164,160	114.51%	\$ 168,264	114.51%	\$ 172,471	114.51%	\$ 176,782	114.51%	\$ 181,202	114.51%
(24,624)	-17.18%	(25,240)	-17.18%	(25,871)	-17.18%	(26,517)	-17.18%	(27,180)	-17.18%
<u>\$ 139,536</u>	97.34%	<u>\$ 143,024</u>	97.34%	<u>\$ 146,600</u>	97.34%	<u>\$ 150,265</u>	97.34%	<u>\$ 154,022</u>	97.34%
3,820	2.66%	3,916	2.66%	4,013	2.66%	4,114	2.66%	4,217	2.66%
<u>\$ 143,356</u>	100.00%	<u>\$ 146,940</u>	100.00%	<u>\$ 150,613</u>	100.00%	<u>\$ 154,379</u>	100.00%	<u>\$ 158,238</u>	100.00%

**Operating Expenses**

Advertising	200	0.14%	204	0.14%	208	0.14%	212	0.14%	216	0.14%
Admin	4,646	3.24%	4,739	3.23%	4,834	3.21%	4,931	3.19%	5,029	3.18%
Contract Labor	9,404	6.56%	9,592	6.53%	9,784	6.50%	9,980	6.46%	10,179	6.43%
Insurance	7,452	5.20%	7,601	5.17%	7,753	5.15%	7,908	5.12%	8,066	5.10%
Landscaping	2,723	1.90%	2,778	1.89%	2,833	1.88%	2,890	1.87%	2,948	1.86%
Maintenance & Repairs	19,033	13.28%	19,413	13.21%	19,802	13.15%	20,198	13.08%	20,602	13.02%
Management Fee	5,734	4.00%	5,878	4.00%	6,025	4.00%	6,175	4.00%	6,330	4.00%
Payroll	3,051	2.13%	3,112	2.12%	3,174	2.11%	3,238	2.10%	3,303	2.09%
Pest Control	1,874	1.31%	1,911	1.30%	1,949	1.29%	1,988	1.29%	2,028	1.28%
Professional Fees	1,191	0.83%	1,215	0.83%	1,239	0.82%	1,264	0.82%	1,289	0.81%
Other	382	0.27%	390	0.27%	397	0.26%	405	0.26%	414	0.26%
Property Taxes	13,563	9.46%	13,834	9.41%	14,110	9.37%	14,393	9.32%	14,680	9.28%
Cable & Internet	1,463	1.02%	1,493	1.02%	1,522	1.01%	1,553	1.01%	1,584	1.00%
Electric - Common	1,449	1.01%	1,478	1.01%	1,508	1.00%	1,538	1.00%	1,569	0.99%
Electric - Vacant	1,652	1.15%	1,685	1.15%	1,719	1.14%	1,753	1.14%	1,788	1.13%
Water & Sewer	1,272	0.89%	1,298	0.88%	1,324	0.88%	1,350	0.87%	1,377	0.87%
<b>Total Operating Expenses</b>	<u>\$ 75,089</u>	52.38%	<u>\$ 76,620</u>	52.14%	<u>\$ 78,182</u>	51.91%	<u>\$ 79,775</u>	51.68%	<u>\$ 81,402</u>	44.92%

**Net Operating Income (NOI)**

<u>\$ 68,267</u>	47.62%	<u>\$ 70,320</u>	47.86%	<u>\$ 72,432</u>	48.09%	<u>\$ 74,603</u>	48.32%	<u>\$ 76,836</u>	48.56%
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Less: Annual Debt Service  
Less: Funded Reserves

(49,079)	-34.24%	(49,079)	-33.40%	(49,079)	-32.59%	(49,079)	-31.79%	(49,079)	-31.02%
(7,200)	-5.02%	(7,344)	-5.00%	(7,491)	-4.97%	(7,641)	-4.95%	(7,794)	-4.93%

**Cash Flow Before Taxes**

<u>\$ 11,987</u>	8.36%	<u>\$ 13,897</u>	9.46%	<u>\$ 15,862</u>	10.53%	<u>\$ 17,883</u>	11.58%	<u>\$ 19,964</u>	12.62%
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Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Potential Rental Income</b>	<b>\$ 164,160</b>	<b>\$ 168,264</b>	<b>\$ 172,471</b>	<b>\$ 176,782</b>	<b>\$ 181,202</b>
Other Income	3,820	3,916	4,013	4,114	4,217
Less: Vacancy & Credit Losses	(24,624)	(25,240)	(25,871)	(26,517)	(27,180)
Less: Operating Expenses	(75,089)	(76,620)	(78,182)	(79,775)	(81,402)
<b>Net Operating Income (NOI)</b>	<b>\$ 68,267</b>	<b>\$ 70,320</b>	<b>\$ 72,432</b>	<b>\$ 74,603</b>	<b>\$ 76,836</b>
Less: Annual Debt Service	(49,079)	(49,079)	(49,079)	(49,079)	(49,079)
Less: Funded Reserves and/or Improvements	(7,200)	(7,344)	(7,491)	(7,641)	(7,794)
<b>CASH FLOW Before Taxes</b>	<b>\$ 11,987</b>	<b>\$ 13,897</b>	<b>\$ 15,862</b>	<b>\$ 17,883</b>	<b>\$ 19,964</b>
Income Taxes: Benefit (Expense) @ 35%	(1,283)	(721)	(1,662)	(2,639)	(3,655)
<b>CASH FLOW After Taxes</b>	<b>\$ 10,704</b>	<b>\$ 13,176</b>	<b>\$ 14,199</b>	<b>\$ 15,244</b>	<b>\$ 16,309</b>

Property Resale Analysis					
<b>Projected Sales Price</b>	<b>\$ 827,295</b>	<b>\$ 852,139</b>	<b>\$ 877,687</b>	<b>\$ 903,958</b>	<b>\$ 930,973</b>
Less: Selling Expenses	(57,911)	(59,650)	(61,438)	(63,277)	(65,168)
<b>Adjusted Projected Sales Price</b>	<b>\$ 769,385</b>	<b>\$ 792,489</b>	<b>\$ 816,249</b>	<b>\$ 840,681</b>	<b>\$ 865,805</b>
Less: Mortgage(s) Balance Payoff	(609,370)	(598,055)	(586,013)	(573,197)	(559,556)
<b>SALE PROCEEDS Before Taxes</b>	<b>\$ 160,015</b>	<b>\$ 194,434</b>	<b>\$ 230,236</b>	<b>\$ 267,485</b>	<b>\$ 306,250</b>
Income Taxes: ReSale: Benefit (Expense) @ 15%	(447)	(11,696)	(21,020)	(30,446)	(39,975)
<b>SALE PROCEEDS After Taxes</b>	<b>\$ 159,568</b>	<b>\$ 182,738</b>	<b>\$ 209,215</b>	<b>\$ 237,039</b>	<b>\$ 266,274</b>

Cash Position					
Cash Generated in Current Year	\$ 10,704	\$ 13,176	\$ 14,199	\$ 15,244	\$ 16,309
Cash Generated in Previous Years	n/a	10,704	23,880	38,079	53,323
Cash Generated from Property Sale	159,568	182,738	209,215	237,039	266,274
Original Initial Investment	(169,725)	(169,725)	(169,725)	(169,725)	(169,725)
<b>Total Potential CASH Generated</b>	<b>\$ 547</b>	<b>\$ 36,893</b>	<b>\$ 77,569</b>	<b>\$ 120,637</b>	<b>\$ 166,181</b>

Financial Measurements					
Debt Coverage Ratio (DCR)	1.39	1.43	1.48	1.52	1.57
Loan-to-Value Ratio (LVR)	80.0%	78.6%	77.2%	75.6%	74.0%
Capitalization Rate Based on Cost	8.68%	8.94%	9.21%	9.48%	9.77%
Capitalization Rate Based on Resale Price	8.25%	8.25%	8.25%	8.25%	8.25%
<b>Cash-on-Cash Return with Equity</b>	<b>0.32%</b>	<b>22.78%</b>	<b>22.26%</b>	<b>20.59%</b>	<b>19.21%</b>
<b>Cash-on-Cash Return - Before Taxes</b>	<b>7.06%</b>	<b>8.19%</b>	<b>9.35%</b>	<b>10.54%</b>	<b>11.76%</b>
<b>Cash-on-Cash Return - After Taxes</b>	<b>6.31%</b>	<b>7.76%</b>	<b>8.37%</b>	<b>8.98%</b>	<b>9.61%</b>
<b>Internal Rate-of-Return (IRR) - Before Taxes</b>	<b>1.34%</b>	<b>14.38%</b>	<b>18.05%</b>	<b>19.36%</b>	<b>19.81%</b>
<b>Internal Rate-of-Return (IRR) - After Taxes</b>	<b>0.32%</b>	<b>10.64%</b>	<b>14.14%</b>	<b>15.57%</b>	<b>16.21%</b>



## Approved by the Texas Real Estate Commission for Voluntary Use

*Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

# Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

### IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

### IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

### IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

### If you choose to have a broker represent you,

you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

\_\_\_\_\_  
Buyer, Seller, Landlord or Tenant

\_\_\_\_\_  
Date