

CRAVEY REAL ESTATE SERVICES, INC.

COMMERCIAL REAL ESTATE INVESTMENT NEWSLETTER | AUGUST 2025

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Cravey
Real Estate Services, Inc.

Lot 4: 6.32 Acres
Not to Scale

Lot 3: 1.453 Acres
Not to Scale

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A Complete Loan Request Package

When preparing a loan request package for presentation to the lender, the real estate borrower must be as complete as possible the first time. Insufficient, imprecise, or incorrect data in a loan request package can mean a rejection for an otherwise attractive real estate loan.

Following are suggestions on things to include with the loan request package:

The Loan Request

There should be a detailed statement of the purpose of loan and the sources and uses of funds for the project. The property should be described in detail (whether it is a proposed development or an existing building), with a map showing the site and its relation to major roads, shopping access, recreation and other advantages.

Cash Flow Statement

The first thing the lender will think of is the cash flow on the property. Lenders have to be assured that the borrower will have sufficient cash flow (from the property or otherwise) to service the loan. The loan package should include a detailed cash flow statement covering the subject property and any others owned by the borrower. For each, the loan application should show percentage of ownership, date of purchase, original cost, present market value, present mortgage balance, and net (equity) value. It should also show the net cash flow before and after the debt service. Should any property show an unusually large difference between gross and net income, make sure there is a complete explanation.

The cash flow statement is a picture of the borrower's portfolio and ability to manage property and money. The borrower should emphasize acquisition and management strategies and successes with particular properties.

Details Of Expenses

When preparing expense analyses, the most complete information will avoid the need for the lender to come back with more requests for information, and delaying the loan approval process. Expenses for the property on which financing is sought should be broken down to show taxes, insurance costs, utilities and services,

management fees, property security expenses, and general and administrative expenses. Provision should be made for structural reserves for such items as roofs and parking lots.

Also included with the expense analyses should be an expense reimbursement schedule, showing expenses that can be passed through to tenants on a prorated basis. These might include utilities, taxes, insurance and others.

Financial Statements

When the borrower is an individual or a partnership, the lender will usually want personal financial statements. These should be current and less than 90 days old for the borrower and any guarantor and be accompanied by bank and credit references.

The corporate borrower will need to provide legal details about its organization, names and addresses of its officers, and a certificate of good standing showing that it has paid all taxes in its state of incorporation.

The Appraisal

Usually the lender will want an appraisal made within one year by a qualified appraisal firm (one accredited by the American Institute of Real Estate Appraisers). The appraisal should be detailed, with notes and comments, comparable sales facts and figures, and assessed valuations.

The appraisal should be accompanied with photographs showing the property from its most attractive and impressive angles. Each photo should identify the view and the particular features shown.

There should be a summary portion of the loan package that highlights the condition of the property and the reasons why it should be profitable in the future. Current vacancy rates, list of major tenants, traffic counts, availability of public transport, amenities and any other positive features should be included.

Any information about prospective improvements in the area, whether public or private, that will enhance the property's value should be included.

The Future Buyer For A Commercial Property

If you are new to investing in income property, you may have made a choice in advance of the

type of investment property that you wish to own. There are many good types of investment

properties: apartments, office buildings, shopping centers, high rise parking garages in downtown areas, warehouses, resort rentals and many others.

Each of these takes a different type of management. Any and all should be under professional management during your ownership. Good management will ensure a profit for you when the investment is sold.

Even before buying the commercial property, you should consider who might be willing to buy it when you want to sell. The specific buyer doesn't need to be identified, but the type of purchaser should be. Will it be an individual, a syndication, an institution, or a pension fund?

Think about it! If you cannot think of potential buyers now, why is the property being purchased?

By identifying the type of potential future buyer, an investor in a property can better concentrate on what features such a buyer will most likely want. Then the investor is able to operate the property with the management company in such a way as to enhance the attractive features, thereby maximizing the property's value to the most likely type of buyer. Here are a few examples of resale factors for particular properties.

- **Apartment buildings** are usually purchased by pension funds and insurance companies only when they are Grade A properties. Syndicators look for Grade B or higher properties. Wealthy individuals are the most likely prospects for

apartment buildings that need to be upgraded and modernized.

- **Office buildings** are typically purchased by users (a bank, an insurance company, or a corporation that intends to occupy all or a major part of the building for its own operations). Foreign investors increasingly seek fully tenanted, income-producing office buildings for long-term investment.

- **Resort properties** (time-share units, beach front condominiums, and campgrounds) generally have a weak resale market. Sale by auction is a distinct possibility and that often results in bottom-dollar prices.

Other Resale Considerations

In addition to identifying potential purchasers, an investor must determine carefully the appropriate time to sell, the economic outlook, potential tax considerations of a sale of investment property, and other uses for the money that a sale would bring. And an investor-owner should make every effort prior to offering the property for sale to ensure that the financial and physical condition of the property justify the maximum possible price. In a shopping center, for example, the rental income stream, cash flow, and occupancy level should each be at the highest possible level. When they are, a greater number of potential buyers will emerge.

Like-kind exchanges are often a tax-wise alternative to resale of investment property. Savvy investors keep alert to exchange possibilities as part of their focus on resalability of a property.

Maintenance—Routine Rather than Emergency

Maintenance of any rental building, either residential or commercial, should be handled as much as possible as a routine rather than an emergency. Preventative maintenance must be performed on a regular basis to keep the level of service at the property high and to reduce equipment breakdowns and service interruptions. Toward this end, the maintenance staff and on-site manager should make regular inspections for the repair and replacement of items before problems occur. Preventative maintenance reduces the number of emergencies by anticipating wear and tear that the property, buildings and equipment will undergo.

Preventative maintenance is one of the most

important components of successful property management. An appropriate preventative maintenance program should be developed for both large and small properties, regardless of whether building staff consists of only a part-time maintenance worker or a larger number of employees supported by a computerized maintenance program.

Careful preventative maintenance eliminates corrective and emergency repairs later. While many owners and managers consider preventative maintenance a poor use of cash, and some claim to have no time for it, the truth is that preventative maintenance, by identifying problems in early stages, saves both time and money.

How To Start

The following four steps are required to develop a good preventative maintenance program:

1. Prepare an inventory of all items that require servicing during the year.
2. Determine the type of service, frequency, and cost efficiency of performing the work required by each item.
3. Schedule the work throughout the year.
4. Control and revise the preventative maintenance program as needed.

The building, major equipment, and grounds should be inspected regularly by the maintenance supervisor to note both the unusual and normal wear and tear. This inspection is, by and large, a quick visual one. For work that needs to be performed, a work order should be prepared.

The property manager should inspect the interior and exterior of the property and a detailed inspection report form can be used as a reference for the daily inspections. These forms should be completed on a regular basis in accordance with the maintenance plan. In general, these inspection reports should be completed at a minimum of once each month.

Evidence of building settlement, structural

damage, leaks, and corrosion should be noted during building inspections. In addition to regular daytime inspections, there should also be occasional night inspections to test and examine lighting and other security features; these inspections should include an evaluation of the property's appearance to visitors and prospective tenants.

Emergency Maintenance

Emergency maintenance is a form of corrective maintenance. Immediate action must be initiated to correct emergency situations that threaten the life and health of tenants, as well as the integrity of the property. Situations requiring emergency maintenance can be created by fires, floods, and burglaries, or the malfunctioning of major equipment (e.g., broken elevators, gas or water main leaks).

Preparations for such an emergency should begin upon occupancy. Tenants and building personnel should be versed in emergency procedures such as evacuation, and should receive a list of telephone numbers for the local police, fire department, and utility repair persons, as well as the building's 24-hour emergency number. Emergency maintenance is the most costly of all maintenance types because of dangerous conditions and the swift response they require.

A Few Energy Saving Tips

Conserving energy is important to everyone. Not only does energy conservation save consumers and businesses money, it saves precious resources for future use.

Saving energy is much easier than many people think. Insulating homes and commercial buildings, changing to double pane windows, lowering or raising the setting on the thermostat by just a few

degrees has a significant impact on energy usage. Taking the stairs, not the elevator if possible saves energy and gives some much needed exercise. Replacing incandescent light bulbs with fluorescent or LED lighting can save 30-40% of lighting costs. These are just a few things that can save many dollars in utility bills

Protect Your Building's Occupancy

Owners, managers, and brokers of new office buildings are usually anxious to fill their space, and to do so, they may not be above trying to charm your tenants away, even if your leases still have some time to run. Some new-building owners may offer to find sub lessees to sublet their prospects' space in old buildings, and others may even go so far as to offer to help tenants pay their rents for the duration of their leases.

Even if the demand for competing space in your area is high and you don't have trouble filling your building, tenants who don't renew their leases and tenants who leave the building before the expiration of their leases can cause serious problems. This article discusses an important provision that you should include in your lease to ensure that your occupancy level remains high

Full Term Occupancy

Each of your leases should contain a provision making physical occupancy of the demised premises by a tenant for the full term of the lease a condition of the agreement. Under such a provision, a tenant who moves out of the premises without your permission before the lease expires breaches his contract (and is liable for stipulated money damages), even if the rent for the full term of the lease has been paid. To make your position absolutely clear, the lease should provide that continued occupancy of the demised premises and the regular conduct of the lessee's business therein are of utmost importance to the lessor in the renewal of the other leases in the building, in the

renting of space, and in the maintenance of the character and quality of the tenants.

The lease should provide that if any of its terms or conditions are violated, all future rents will become due and payable immediately. In addition, the lease should expressly give the lessor the right of injunction to preserve the lessee's occupancy and use.

Protect Yourself

Although some tenants will object to a full-term-occupancy provision, most lessees will go along with it. One of the practical advantages of this type of provision is that by merely calling it to the tenant's attention you may deter the tenant from responding to the temptations provided by your competitors.

Commercial Real Estate Representation

There are a number of ways to buy, sell or exchange investment or commercial real estate. Having the knowledge of what you can do in some tax situations can be the difference between an annual profit or loss in a property that you intend to acquire or one that you already have in inventory.

The professional commercial real estate broker is in the position to represent clients in real estate transactions by setting up sales, exchanges, leases, purchase and sales of options, and management of real estate. A professional real estate practitioner must stay aware of current tax laws and court decisions in order to structure transactions, but does not give legal or tax advice

(unless he/she is also an attorney or a certified public accountant). In any complex transaction that might result in changes in any owner's legal or tax situation, the other members of the "consulting team" should be the owner's attorney and CPA. We always recommend meeting with these other professionals during the planning and closing of major real estate transactions.

As commercial brokers, we are part of your professional team. Reviewing your plans and goals can give us the information needed to help us in moving you in new directions as soon as possible, using purchases, sales or tax deferred exchanges.



A Full Service Commercial Real Estate Company

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About Cravey Real Estate Services, Inc.

Cravey Real Estate Services is a full service commercial and industrial real estate company based in Corpus Christi, Texas. We sell, lease and manage Commercial, Industrial, Warehouse, Office, Retail, Shopping Centers, Land and Investment Properties in Texas.

Established in 1975, we provide the most innovative and cost effective real estate solutions for our clients on local, regional, national and international assignments. Our brokers at Cravey Real Estate Services have a reputation for reliability and prudence, providing clients with real estate leasing and sales advisory services, investment counseling, asset and property management, and real estate marketing services. We have the experience and resources to help you with all of your property requirements. A single relationship with Cravey Real Estate Services can provide you with a world of commercial real estate resources in Corpus Christi and South Texas.

Featured Listings



517, 519 & 525 Everhart & 4212 Avalon

4 Buildings - 16,086 SF Total | Sale Price: \$949,000

For more information, contact Matt Cravey
matt@craveyrealstate.com | 361.221.1915



Northwest Blvd at River Hill, Corpus Christi, TX 78410

7.77 Acres Total | Sale Price: \$4.25-\$9.25/SF

For more information, contact Lynann Pinkham
lynann@craveyrealstate.com | 361.288.3102



2510 Lipan, Corpus Christi, TX 78408

48,970 SF Industrial Facility | Available for Sale or Lease

For more information, contact John Foret
john@craveyrealstate.com | 361.271.1527



Studio 44 Lofts | 817 N. Carancahua St.

44-Unit Micro Lofts | Call for Sale Price

For more information, contact David Heitzman
dheitzman@craveyrealstate.com | 361.541.4417



201 N 19th St, Corpus Christi, TX 78408

1,414,547 SF Facility | Sale Price: \$15,000,000

For more information, contact Scott Fauver
scott@craveyrealstate.com | 361.442.6723



317-319, 325 N Mesquite St, Corpus Christi, TX 78401

21,000 SF Building | Sale Price: \$2,900,000

For more information, contact Adam Stern
adam@craveyrealstate.com | 361.271.1525