



## Real Estate Investment Summary

### Residential Income Property

Multifamily Garden/Low-Rise

#### ABC Apartments

123 Main Street  
Salem, OR

24 Units  
Built in 1998  
\$1,680,000



Your comments about the property appear on the coversheet just below the property picture.

#### Your Full Name

Your Title  
Your Company Name  
Your Company Address  
City, State, Zip

#### Your Phone #

Your Second Phone #   Your Third Phone #  
Your Email  
Your Website

Prepared for: Your Client's Name

# Assumptions Analysis

123 Main Street Salem, OR

## Investment Assumptions

Type	Residential - Multifamily Garden/Low-Rise
Price of Property	\$1,680,000
Date of Acquisition	January 1
Cost of Acquisition	1% of Property Price
Number of Rentable Units	24
Rentable Square Feet	20,160
Holding Period	10 Years
Sale Price Method	8.1% Capitalization of NOI on Next Year
Selling Costs	6% of Selling Price

## Investor's Assumptions

Marginal Tax Rate	38.00%
Capital Gain Rate	20.00%
Cost Recovery Recapture Rate	25.00%
Present Value Discount Rate	7.00%

## Building Depreciation Assumptions

Depreciable Basis	70% of Property Price
Depreciable Life	27.5 Years
Depreciation Method	Straight Line starting at Acquisition

## First Loan Assumptions

Loan Amount (70% of purchase price)	\$1,176,000
Loan Interest Rate	5.25%
Loan Period	30 Years
Loan Origination Date	at Acquisition
Loan Type	Monthly Payments, Amortizing
Loan Points Charged	1% Amortized over Loan Life

## Revenue Assumptions

Annual Rental Revenue	\$230,400
Growth Method	1% BOY3 One-time 1% BOY6 One-time
Vacancy Factor	5.00%
Growth Method	5% BOY1 Annually
Annual Other Revenue	\$22,320
Growth Method	Not specified
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale

### Two Bedroom One Bath Unit

Annual Revenue (24 Units @ 0800/Unit/Month)	\$230,400
Rent per Square Foot	\$0.95

### Annual Other Revenue:

Laundry (24 Units @ \$15.00/Unit/Month)	\$4,320
Storage (100 Units @ \$15.00/Unit/Month)	\$18,000

<h1>Assumptions Analysis</h1> <p>123 Main Street Salem, OR</p>
--

**All Expense Assumptions**

Annual Expense	\$103,642
Percent of GOI	42.97%
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Not specified

**Itemized Miscellaneous Expenses:**

License, Permits, Subscriptions	\$500
General & Administration	\$1,400
Legal Fees	\$750
Pest Control	\$800
Pool Maintenance	\$1,200

<h2 style="margin: 0;">Acquisition</h2> <p style="margin: 0;"><b>123 Main Street Salem, OR</b></p>
--

<b>Property Cost</b>			
Sale Price	\$ 1,680,000		
+ Closing Costs	16,800		
Property Cost:			\$ 1,696,800
<b>Property Financing</b>			
First Loan Amount	\$ 1,176,000		
- Loan Points	11,760		
First Loan Proceeds:		\$ 1,164,240	
Second Loan Amount			
- Loan Points			
Second Loan Proceeds:			
Third Loan Amount			
- Loan Points			
Third Loan Proceeds:			
Total Loan Proceeds:			1,164,240
<b>Cash Required at Acquisition</b>			<b>\$ 532,560</b>

**Loan Assumptions:**

First loan: Fixed-rate at 5.25%, fully amortized 30 years, 1% points.

Second Loan: Not applicable.

Third Loan: Not applicable.

**123 Main Street, Salem, OR**

**Photos**

---



Living Room



Bedroom



Kitchen



Patio



Bathroom



Parking

## Annual Property Operating Data

<b>Property:</b>	ABC Apartments	<b>Price:</b>	\$1,680,000
<b>Location:</b>	123 Main Street Salem, OR	<b>Loans:</b>	1,176,000
<b>No.Units:</b>	24 <b>Age:</b> 1998	<b>SqFootage:</b>	20,000
		<b>Down:</b>	504,000

				Annual \$
<b>Gross Scheduled Income</b>				\$ 230,400
- Vacancy & Credit Loss @ 5%				11,520
<b>Effective Gross Income</b>				\$ 218,880
Laundry Income				4,320
+ Other Income				18,000
<b>Gross Operating Income</b>				\$ 241,200
<b>Operating Expenses:</b>				
	Annual \$	% of GOI	\$/Unit	
Real Estate Taxes	28,000	11.61	1,167	
Insurance	6,800	2.82	283	
Water/Sewer	8,200	3.40	342	
Trash	4,300	1.78	179	
Property Management	24,120	10.00	1,005	
Electric	3,600	1.49	150	
Repairs/Maintenance	14,472	6.00	603	
Advertising	2,800	1.16	117	
Telephone	2,200	0.91	92	
Landscaping	4,500	1.87	188	
Miscellaneous	4,650	1.93	194	
Total Operating Expenses	103,642	42.97	4,318	103,642
<b>Net Operating Income</b>				\$ 137,558

<i>Proposed Investment</i>			
Down Payment (30%)	504,000		
+ Acq Costs	16,800		
+ Loan Points	11,760		
Total Investment	532,560		
First Loan: 1,176,000, fixed-rate, 5.25%, 30 yrs, 1% pts			
LTV: 70% DCR: 1.77 BER: 75.28%			
Replacement Reserves			7,200
Annual Debt Service			77,927
<b>Cash Flow Before Taxes</b>			\$ 52,431

<b>Capitalization Rate</b>	<b>8.19%</b>
<b>Gross Rent Multiplier</b>	<b>7.29</b>
<b>Price Per Unit</b>	<b>\$70,000</b>
<b>Price Per Square Foot</b>	<b>\$84.00</b>
<b>Cash on Cash</b>	<b>9.85%</b>

## Proforma Income Statement

123 Main Street Salem, OR

	EOY1	EOY2	EOY3	EOY4	EOY5	EOY6	EOY7	EOY8	EOY9	EOY10
<b>Income</b>										
Gross Scheduled Income	230,400	230,400	232,704	232,704	232,704	235,031	235,031	235,031	235,031	235,031
Less: Vacancy Allowance	11,520	11,520	11,635	11,635	11,635	11,752	11,752	11,752	11,752	11,752
Effective Gross Income	218,880	218,880	221,069	221,069	221,069	223,279	223,279	223,279	223,279	223,279
Plus: Other Income	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320
Gross Operating Income	241,200	241,200	243,389	243,389	243,389	245,599	245,599	245,599	245,599	245,599
Less: Operating Expenses	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642
Net Operating Income	137,558	137,558	139,747	139,747	139,747	141,957	141,957	141,957	141,957	141,957
Less: Replacement Reserves	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Less: Debt Service	77,927	77,927	77,927	77,927	77,927	77,927	77,927	77,927	77,927	77,927
Less: Capital Additions										
Plus: Loan for Additions										
Cash Flow Before Tax	52,431	52,431	54,620	54,620	54,620	56,830	56,830	56,830	56,830	56,830
<b>Taxable Income</b>										
[Losses carried forward]										
Taxable Revenues	241,200	241,200	243,389	243,389	243,389	245,599	245,599	245,599	245,599	245,599
Less: Deducted Expenses	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642	103,642
Less: Interest Expense	61,345	60,453	59,513	58,523	57,479	56,379	55,221	53,999	52,713	51,356
Less: Amortized Points	392	392	392	392	392	392	392	392	392	392
Less: Depreciation	40,984	42,759	42,759	42,759	42,759	42,759	42,759	42,759	42,759	40,984
Ordinary Income	34,837	33,954	37,083	38,073	39,117	42,427	43,585	44,807	46,093	49,225
Taxable Income	34,837	33,954	37,083	38,073	39,117	42,427	43,585	44,807	46,093	49,225
Taxes Due (-=Savings)	13,238	12,903	14,091	14,468	14,864	16,122	16,562	17,027	17,516	18,706
Cash Flow After Tax	39,193	39,528	40,529	40,152	39,756	40,708	40,268	39,803	39,314	38,124
<b>Purchase Analysis</b>										
Capitalization Rate	8.19%	8.19%	8.32%	8.32%	8.32%	8.45%	8.45%	8.45%	8.45%	8.45%
Gross Rent Multiplier	7.29	7.29	7.22	7.22	7.22	7.15	7.15	7.15	7.15	7.15
Net Income Multiplier	12.21	12.21	12.02	12.02	12.02	11.83	11.83	11.83	11.83	11.83
Operating Expense Ratio	42.97%	42.97%	42.58%	42.58%	42.58%	42.20%	42.20%	42.20%	42.20%	42.20%
Loan to Value	70.00%	67.97%	66.88%	65.72%	64.50%	63.22%	61.87%	60.45%	58.95%	57.36%
Debt Coverage Ratio	1.77	1.77	1.79	1.79	1.79	1.82	1.82	1.82	1.82	1.82
Break-Even Ratio	75.28%	75.28%	74.60%	74.60%	74.60%	73.93%	73.93%	73.93%	73.93%	73.93%
Cash-on-Cash Before Tax	9.85%	9.85%	10.26%	10.26%	10.26%	10.67%	10.67%	10.67%	10.67%	10.67%
Cash on Cash After Tax	7.36%	7.42%	7.61%	7.54%	7.47%	7.64%	7.56%	7.47%	7.38%	7.16%

## Proforma Income Statement

123 Main Street Salem, OR

	EOY1	EOY2	EOY3	EOY4	EOY5	EOY6	EOY7	EOY8	EOY9	EOY10
<b>Sales Proceeds</b>										
Sales Value	1,698,000	1,725,000	1,725,000	1,725,000	1,753,000	1,753,000	1,753,000	1,753,000	1,753,000	1,927,000
Less: Cost of Sale @ 6%	101,880	103,500	103,500	103,500	105,180	105,180	105,180	105,180	105,180	115,620
Less: Loan Repayment	1,159,418	1,141,944	1,123,530	1,104,125	1,083,678	1,062,130	1,039,424	1,015,496	990,282	963,711
Sales Proceeds Before Tax	436,702	479,556	497,970	517,375	564,142	585,690	608,396	632,324	657,538	847,669
Less: Taxes due to Sale	-42,578	-2,504	8,335	19,174	36,592	47,431	58,270	69,109	79,948	125,947
Sale Proceeds After Tax	479,280	482,060	489,635	498,201	527,550	538,259	550,126	563,215	577,590	721,722
<b>Sale Ratios/Measures:</b>										
Capitalization Rate	8.10%	7.97%	8.10%	8.10%	7.97%	8.10%	8.10%	8.10%	8.10%	7.37%
Gross Rent Multiplier	7.37	7.49	7.41	7.41	7.53	7.46	7.46	7.46	7.46	8.20
Loan Balance/Sales Value	68.28%	66.20%	65.13%	64.01%	61.82%	60.59%	59.29%	57.93%	56.49%	50.01%
Profitability Index: Before Debt	0.96	0.99	1.00	1.02	1.04	1.05	1.06	1.07	1.08	1.13
Profitability Index: Before Tax	0.86	0.96	1.03	1.08	1.17	1.22	1.26	1.30	1.34	1.53
Profitability Index: AfterTax	0.88	0.92	0.95	0.97	1.01	1.03	1.05	1.06	1.08	1.21
<b>Analysis Measures:</b>										
IRR Before Debt	3.2%	6.5%	7.1%	7.5%	7.9%	8.0%	8.1%	8.1%	8.2%	8.9%
IRR Before Tax		5.0%	8.0%	9.4%	11.0%	11.4%	11.6%	11.8%	11.9%	13.4%
IRR After Tax		2.6%	4.9%	6.0%	7.3%	7.6%	7.9%	8.0%	8.2%	9.7%
NPV Before Debt @ 7%	-59,740	-15,012	6,409	26,429	63,905	81,636	98,208	113,695	128,169	224,842
NPV Before Tax @ 7%	-75,426	-18,901	13,314	43,195	89,660	115,573	139,573	161,788	182,339	284,483
NPV After Tax @ 7%	-62,561	-40,945	-29,185	-18,129	6,310	15,996	25,028	33,427	41,212	113,675
FMMR		2.80%	5.01%	6.08%	7.25%	7.53%	7.70%	7.82%	7.89%	9.09%
Accumulation of Wealth	502,899	562,851	616,656	674,314	755,793	823,234	895,365	972,472	1,054,856	1,271,241
<b>Equity Yield Rate:</b>										
CFAT/(Sale Value-Loan Repay)	7.28%	6.78%	6.74%	6.47%	5.94%	5.89%	5.64%	5.40%	5.15%	3.96%
Return on Equity	13.85%	13.85%	8.54%	7.95%	10.90%	6.94%	6.56%	6.23%	5.94%	20.75%
AVG Return on Equity		13.85%	12.08%	11.05%	11.02%	10.34%	9.80%	9.35%	8.98%	10.15%

### Report Assumptions:

Annual periods are 1 January ending 31 December. Purchase is 1 January in Year 1. Ownership transfer (due to a sale) is assumed 31 December in each of the years.

Resale method determined by capitalizing next year's NOI @ 8.1%. Based on your selected holding period a sale is designated in Year 10. Sales value rounded to the nearest 1,000.

Mid-month convention applied to depreciation in year of purchase and year of sale. Return on Equity in Year 1 assumes ownership, not a sale (see Year 1 report for details).

Growth steps: Rent- 1% BOY3 One-time1% BOY6 One-time. Other income- Not specified.

Growth steps: Expenses- Not specified. Vacancy allowance: 5% BOY1 Annually

Investor assumptions: ordinary income tax rate @ 38%. FMMR computed with investor's safe rate rate of 5% and reinvestment rate of 7%.



# Rent Roll Summary

## 123 Main Street Salem, OR

	Annual Rent	Units	_percent	Footage	_percent
<b>Occupied</b>	220,800	23	95.8%	19,320	95.8%
<b>Vacant</b>	9,600	1	4.2%	840	4.2%
<b>Total</b>	230,400	24		20,160	

No.	Address	Primary Tenant	Unit Type	Square Footage	Current Rent	Start Date	End Date	Date Last Increase	Comments
1			2/1	840	800		MTM		
2			2/1	840	800		MTM		
3			2/1	840	800		MTM		
4			2/1	840	800		MTM		
5			2/1	840	800		MTM		Vacant - Application out.
6			2/1	840	800		MTM		
7			2/1	840	800		MTM		
8			2/1	840	800		MTM		
9			2/1	840	800		MTM		
10			2/1	840	800		MTM		
11			2/1	840	800		MTM		
12			2/1	840	800		MTM		
13			2/1	840	800		MTM		
14			2/1	840	800		MTM		
15			2/1	840	800		MTM		
16			2/1	840	800		MTM		
17			2/1	840	800		MTM		
18			2/1	840	800		MTM		
19			2/1	840	800		MTM		
20			2/1	840	800		MTM		
21			2/1	840	800		MTM		
22			2/1	840	800		MTM		
23			2/1	840	800		MTM		
24			2/1	840	800		MTM		

# Rent Scenarios

**123 Main Street Salem, OR**

Unit Count	Unit Mix	Average Square Feet	Average Monthly Rent	Rent Scenario1	Rent Scenario2	Rent Scenario3
24	2/1	840	800	810	820	840

<b>Cash Flow</b>				
Gross Scheduled Income	230,400	233,280	236,160	241,920
Less: Vacancy & Credit Loss	11,520	11,664	11,808	12,096
Effective Gross Income	218,880	221,616	224,352	229,824
Plus: Other Income	22,320	22,320	22,320	22,320
Gross Operating Income	241,200	243,936	246,672	252,144
Less: Operating Expenses	103,642	103,642	103,642	103,642
Net Operating Income	137,558	140,294	143,030	148,502
Less: Non-funded Additions				
Less: Replacement Reserves	7,200	7,200	7,200	7,200
Less: Debt Service	77,927	77,927	77,927	77,927
Cash Flow Before Taxes	52,431	55,167	57,903	63,375
<b>Ratios</b>				
Capitalization Rate	8.19%	8.35%	8.51%	8.84%
Gross Rent Multiplier	7.29	7.20	7.11	6.94
Operating Expense Ratio	42.97%	42.49%	42.02%	41.10%
Debt Coverage Ratio	1.77	1.80	1.84	1.91
Break-Even Ratio	75.28%	74.43%	73.61%	72.01%
Cash-on Cash Return	9.85%	10.36%	10.87%	11.90%

Debt service includes loan payment for upgrade loan (if any in first-year). Non-funded upgrades (if any in first-year) are added to the initial investment for the cash-on-cash return computation.

**Comments:**

## 3-Year Monthly Cash Flow Before Tax

123 Main Street Salem, OR

Mo	Operating Income	- Operating Expenses	- Non-funded Additions	- Replacement Reserves	- Loan Payment	= Cash Flow
1	20,100	8,637		600	6,494	4,369
2	20,100	8,637		600	6,494	4,369
3	20,100	8,637		600	6,494	4,369
4	20,100	8,637		600	6,494	4,369
5	20,100	8,637		600	6,494	4,369
6	20,100	8,637		600	6,494	4,369
7	20,100	8,637		600	6,494	4,369
8	20,100	8,637		600	6,494	4,369
9	20,100	8,637		600	6,494	4,369
10	20,100	8,637		600	6,494	4,369
11	20,100	8,637		600	6,494	4,369
12	20,100	8,637		600	6,494	4,369
	241,200	103,642		7,200	77,927	52,431
13	20,100	8,637		600	6,494	4,369
14	20,100	8,637		600	6,494	4,369
15	20,100	8,637		600	6,494	4,369
16	20,100	8,637		600	6,494	4,369
17	20,100	8,637		600	6,494	4,369
18	20,100	8,637		600	6,494	4,369
19	20,100	8,637		600	6,494	4,369
20	20,100	8,637		600	6,494	4,369
21	20,100	8,637		600	6,494	4,369
22	20,100	8,637		600	6,494	4,369
23	20,100	8,637		600	6,494	4,369
24	20,100	8,637		600	6,494	4,369
	241,200	103,642		7,200	77,927	52,431
25	20,282	8,637		600	6,494	4,552
26	20,282	8,637		600	6,494	4,552
27	20,282	8,637		600	6,494	4,552
28	20,282	8,637		600	6,494	4,552
29	20,282	8,637		600	6,494	4,552
30	20,282	8,637		600	6,494	4,552
31	20,282	8,637		600	6,494	4,552
32	20,282	8,637		600	6,494	4,552
33	20,282	8,637		600	6,494	4,552
34	20,282	8,637		600	6,494	4,552
35	20,282	8,637		600	6,494	4,552
36	20,282	8,637		600	6,494	4,552
	243,389	103,642		7,200	77,927	54,620
	725,789	310,926		21,600	233,781	159,482

**Report Assumptions:**

Operating Income signifies Gross Operating Income (all rental income less vacancy allowance plus other income). Non-funded additions are capital additions not funded by a loan. Replacement Reserves is what is set aside for future repairs.

## Price Sensitivity

**123 Main Street Salem, OR**

Sale Price	Cash Requirement	Loan Amount	Loan Payment	Cash Flow	Cap Rate	C-O-C
\$1,634,000	517,978	1,143,800	75,793	54,565	8.42%	10.53%
\$1,636,000	518,612	1,145,200	75,886	54,472	8.41%	10.50%
\$1,638,000	519,246	1,146,600	75,979	54,379	8.40%	10.47%
\$1,640,000	519,880	1,148,000	76,072	54,286	8.39%	10.44%
\$1,642,000	520,514	1,149,400	76,164	54,194	8.38%	10.41%
\$1,644,000	521,148	1,150,800	76,257	54,101	8.37%	10.38%
\$1,646,000	521,782	1,152,200	76,350	54,008	8.36%	10.35%
\$1,648,000	522,416	1,153,600	76,443	53,915	8.35%	10.32%
\$1,650,000	523,050	1,155,000	76,535	53,823	8.34%	10.29%
\$1,652,000	523,684	1,156,400	76,628	53,730	8.33%	10.26%
\$1,654,000	524,318	1,157,800	76,721	53,637	8.32%	10.23%
\$1,656,000	524,952	1,159,200	76,814	53,544	8.31%	10.20%
\$1,658,000	525,586	1,160,600	76,907	53,451	8.30%	10.17%
\$1,660,000	526,220	1,162,000	76,999	53,359	8.29%	10.14%
\$1,662,000	526,854	1,163,400	77,092	53,266	8.28%	10.11%
\$1,664,000	527,488	1,164,800	77,185	53,173	8.27%	10.08%
\$1,666,000	528,122	1,166,200	77,278	53,080	8.26%	10.05%
\$1,668,000	528,756	1,167,600	77,370	52,988	8.25%	10.02%
\$1,670,000	529,390	1,169,000	77,463	52,895	8.24%	9.99%
\$1,672,000	530,024	1,170,400	77,556	52,802	8.23%	9.96%
\$1,674,000	530,658	1,171,800	77,649	52,709	8.22%	9.93%
\$1,676,000	531,292	1,173,200	77,741	52,617	8.21%	9.90%
\$1,678,000	531,926	1,174,600	77,834	52,524	8.20%	9.87%
<b>\$1,680,000</b>	<b>532,560</b>	<b>1,176,000</b>	<b>77,927</b>	<b>52,431</b>	<b>8.19%</b>	<b>9.85%</b>
\$1,682,000	533,194	1,177,400	78,020	52,338	8.18%	9.82%
\$1,684,000	533,828	1,178,800	78,113	52,245	8.17%	9.79%
\$1,686,000	534,462	1,180,200	78,205	52,153	8.16%	9.76%
\$1,688,000	535,096	1,181,600	78,298	52,060	8.15%	9.73%
\$1,690,000	535,730	1,183,000	78,391	51,967	8.14%	9.70%
\$1,692,000	536,364	1,184,400	78,484	51,874	8.13%	9.67%
\$1,694,000	536,998	1,185,800	78,576	51,782	8.12%	9.64%
\$1,696,000	537,632	1,187,200	78,669	51,689	8.11%	9.61%
\$1,698,000	538,266	1,188,600	78,762	51,596	8.10%	9.59%
\$1,700,000	538,900	1,190,000	78,855	51,503	8.09%	9.56%
\$1,702,000	539,534	1,191,400	78,947	51,411	8.08%	9.53%
\$1,704,000	540,168	1,192,800	79,040	51,318	8.07%	9.50%
\$1,706,000	540,802	1,194,200	79,133	51,225	8.06%	9.47%
\$1,708,000	541,436	1,195,600	79,226	51,132	8.05%	9.44%
\$1,710,000	542,070	1,197,000	79,319	51,039	8.04%	9.42%
\$1,712,000	542,704	1,198,400	79,411	50,947	8.03%	9.39%
\$1,714,000	543,338	1,199,800	79,504	50,854	8.03%	9.36%
\$1,716,000	543,972	1,201,200	79,597	50,761	8.02%	9.33%
\$1,718,000	544,606	1,202,600	79,690	50,668	8.01%	9.30%
\$1,720,000	545,240	1,204,000	79,782	50,576	8.00%	9.28%
\$1,722,000	545,874	1,205,400	79,875	50,483	7.99%	9.25%
\$1,724,000	546,508	1,206,800	79,968	50,390	7.98%	9.22%
\$1,726,000	547,142	1,208,200	80,061	50,297	7.97%	9.19%

Note: Sale Price steps 2,000. Results are annualized. Considers loans to finance purchase only

## Down Payment Sensitivity

**123 Main Street Salem, OR**

Down Payment	Percent	Cash Requirement	Annual Loan Payment	DCR	Cash Flow Before Tax	C-O-C
\$435,000	25.89%	464,250	82,499	1.67	55,059	10.31%
\$438,000	26.07%	467,220	82,300	1.67	55,258	10.29%
\$441,000	26.25%	470,190	82,102	1.68	55,456	10.26%
\$444,000	26.43%	473,160	81,903	1.68	55,655	10.24%
\$447,000	26.61%	476,130	81,704	1.68	55,854	10.22%
\$450,000	26.79%	479,100	81,505	1.69	56,053	10.20%
\$453,000	26.96%	482,070	81,306	1.69	56,252	10.18%
\$456,000	27.14%	485,040	81,108	1.70	56,450	10.15%
\$459,000	27.32%	488,010	80,909	1.70	56,649	10.13%
\$462,000	27.50%	490,980	80,710	1.70	56,848	10.11%
\$465,000	27.68%	493,950	80,511	1.71	57,047	10.09%
\$468,000	27.86%	496,920	80,313	1.71	57,245	10.07%
\$471,000	28.04%	499,890	80,114	1.72	57,444	10.05%
\$474,000	28.21%	502,860	79,915	1.72	57,643	10.03%
\$477,000	28.39%	505,830	79,716	1.73	57,842	10.01%
\$480,000	28.57%	508,800	79,517	1.73	58,041	9.99%
\$483,000	28.75%	511,770	79,319	1.73	58,239	9.97%
\$486,000	28.93%	514,740	79,120	1.74	58,438	9.95%
\$489,000	29.11%	517,710	78,921	1.74	58,637	9.94%
\$492,000	29.29%	520,680	78,722	1.75	58,836	9.92%
\$495,000	29.46%	523,650	78,523	1.75	59,035	9.90%
\$498,000	29.64%	526,620	78,325	1.76	59,233	9.88%
\$501,000	29.82%	529,590	78,126	1.76	59,432	9.86%
<b>\$504,000</b>	<b>30.00%</b>	<b>532,560</b>	<b>77,927</b>	<b>1.77</b>	<b>52,431</b>	<b>9.85%</b>
\$507,000	30.18%	535,530	77,728	1.77	52,630	9.83%
\$510,000	30.36%	538,500	77,529	1.77	52,829	9.81%
\$513,000	30.54%	541,470	77,331	1.78	53,027	9.79%
\$516,000	30.71%	544,440	77,132	1.78	53,226	9.78%
\$519,000	30.89%	547,410	76,933	1.79	53,425	9.76%
\$522,000	31.07%	550,380	76,734	1.79	53,624	9.74%
\$525,000	31.25%	553,350	76,535	1.80	53,823	9.73%
\$528,000	31.43%	556,320	76,337	1.80	54,021	9.71%
\$531,000	31.61%	559,290	76,138	1.81	54,220	9.69%
\$534,000	31.79%	562,260	75,939	1.81	54,419	9.68%
\$537,000	31.96%	565,230	75,740	1.82	54,618	9.66%
\$540,000	32.14%	568,200	75,541	1.82	54,817	9.65%
\$543,000	32.32%	571,170	75,343	1.83	55,015	9.63%
\$546,000	32.50%	574,140	75,144	1.83	55,214	9.62%
\$549,000	32.68%	577,110	74,945	1.84	55,413	9.60%
\$552,000	32.86%	580,080	74,746	1.84	55,612	9.59%
\$555,000	33.04%	583,050	74,547	1.85	55,811	9.57%
\$558,000	33.21%	586,020	74,349	1.85	56,009	9.56%
\$561,000	33.39%	588,990	74,150	1.86	56,208	9.54%
\$564,000	33.57%	591,960	73,951	1.86	56,407	9.53%
\$567,000	33.75%	594,930	73,752	1.87	56,606	9.51%
\$570,000	33.93%	597,900	73,554	1.87	56,804	9.50%
\$573,000	34.11%	600,870	73,355	1.88	57,003	9.49%

Note: Down Payment steps 3,000. Results are annualized. Considers loans to finance purchase only

## Comparable Market Analysis

123 Main Street Salem, OR

<b>[Address 1]</b>			No. Units	Sale Price	Closing Date
<b>[City, State]</b>			10	\$600,000	1/1/2010
Year Built	Building Sq.Ft	\$ Per Sq.Ft	\$ Per Unit	GRM	Cap Rate
1993	8,200	73.17	60,000	9.20	8.50%

<b>[Address 2]</b>			No. Units	Sale Price	Closing Date
<b>[City, State]</b>			5	\$400,000	1/1/2011
Year Built	Building Sq.Ft	\$ Per Sq.Ft	\$ Per Unit	GRM	Cap Rate
2001	4,200	95.24	80,000	8.50	9.50%

<b>[Address 3]</b>			No. Units	Sale Price	Closing Date
<b>[City, State]</b>			20	\$124,000	1/1/2012
Year Built	Building Sq.Ft	\$ Per Sq.Ft	\$ Per Unit	GRM	Cap Rate
1998	19,000	6.53	6,200	8.00	9.25%

<b>[Address 4]</b>			No. Units	Sale Price	Closing Date
<b>[City, State]</b>			14	\$950,000	1/1/2013
Year Built	Building Sq.Ft	\$ Per Sq.Ft	\$ Per Unit	GRM	Cap Rate
2004	12,300	77.24	67,857	9.80	8.80%

<b>[Address 5]</b>			No. Units	Sale Price	Closing Date
<b>[City, State]</b>			8	\$480,000	1/1/2014
Year Built	Building Sq.Ft	\$ Per Sq.Ft	\$ Per Unit	GRM	Cap Rate
1995	8,000	60.00	60,000	7.50	10.00%

<b>Average Sale Price</b>	<b>\$510,800</b>
<b>Average Unit Count</b>	<b>11.4</b>
<b>Average Square Footage</b>	<b>10,340</b>
<b>Average Price Per Unit</b>	<b>\$44,807</b>
<b>Average Price Per Square Foot</b>	<b>\$49.40</b>
<b>Average Gross Rent Multiplier</b>	<b>8.60</b>
<b>Average Cap Rate</b>	<b>9.21%</b>

## Sale Proceeds Year 10

123 Main Street Salem, OR

<b>Sale Proceeds Before Tax</b>			
Sale Price	\$ 1,927,000		
- Costs of Sale @ 6%	115,620		
- Loan Repayment	963,711		
Sale Proceeds Before Tax			\$ 847,669
<b>Capital Gain Results</b>			
Sale Price	\$ 1,927,000		
- Costs of Sale	115,620		
Net Sale Price		\$ 1,811,380	
Cost Basis at Acquisition	\$ 1,680,000		
+ Costs of Acquisition	16,800		
+ Capital Additions			
- Depreciation Taken	424,042		
Adjusted Basis at Sale		1,272,758	
Capital Gain (Loss)		\$ 538,622	
- Suspended Passive Losses			
Net Capital Gain (or Loss)		\$ 538,622	
- Cost Recovery Recaptured		424,042	
Adjusted Net Capital Gain (or Loss)		\$ 114,580	
<b>Federal Tax on Sale</b>			
Cost Recovery Recapture @ 25%			(106,011)
Capital Gain (Loss) @ 20%			(22,916)
<b>Allowable Deductions at Sale</b>			
+ Unamortized Points	7,840		
+ Prepayment Penalties			
Total Deductions at Sale		7,840	
Tax Savings Due to Deductions @ 38%			2,979
<b>Taxes due to Sale</b>			\$ 125,947
<b>Sale Proceeds After Tax</b>			<b>\$ 721,722</b>

**Report Assumptions:**

Acquisition on January 1 Year 1. Sale on December 31 Year 10.

S/L depreciation @ 27.5 years.

**Disclaimer:**

This report is intended for the purposes of projection and analysis and should not be used for preparation of income tax returns. The user of this program and information should consult a tax specialist before making any investment decision.

## Return on Equity Year 10

123 Main Street Salem, OR

<b>Year 10 Appreciation</b>			
Purchase Value	\$ 1,680,000		
+ Cumm Appreciation (years 1-9)	73,000		
Adjusted Value @ end of Year 10		\$ 1,753,000	
Sale Value @ end of Year 10	1,927,000		
- Adjusted Value	1,753,000		
Appreciation in Year 10		174,000	
<b>Year 10 Profit</b>			
+ Appreciation	\$ 174,000		
+ Cash Flow (CFBT)	56,830		
+ Principal Reduction	26,571		
+ Tax Benefit (Loss)*	(18,706)		
Profit in Year 10			238,695
<b>Equity to Date</b>			
Original Equity	\$ 532,560		
+ Cumm Profit (years 1-9)	617,969		
Equity to Date			\$ 1,150,529

RETURN ON EQUITY - YEAR 10: (PROFIT/EQUITY TO DATE)	<b>20.75%</b>
AVERAGE RETURN ON EQUITY (YEARS 1-10):	<b>10.15%</b>

<b>*YEAR 10 TAX BENEFIT (LOSS)</b>			
Taxable Revenues	245,599		
- Deducted Expenses	103,642		
- Interest Expense	51,356		
- Amortized Points	392		
- Depreciation	40,984		
Ordinary Income		49,225	
x Tax Bracket @ 38%		0.38	
Tax Benefit (Loss)			(18,706)

**Report Assumptions:**  
S/L depreciation @ 27.5 years.

**Disclaimer:**  
This is intended for purposes of projection and analysis and should not be used for preparation of income tax returns. The user of this program and information should consult a tax specialist before making any investment decision.

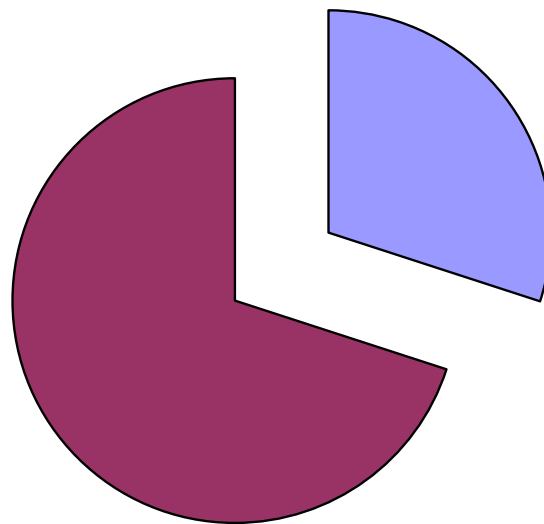


## Chart: Acquisition Funds

123 Main Street Salem, OR

	Percent of Funds	Amount of Funds
<b>Acquisition</b>	100%	1,680,000
<b>Cash</b>	30%	504,000
<b>Loan Assumption</b>	70%	1,176,000

### Acquisition Funding 1,680,000



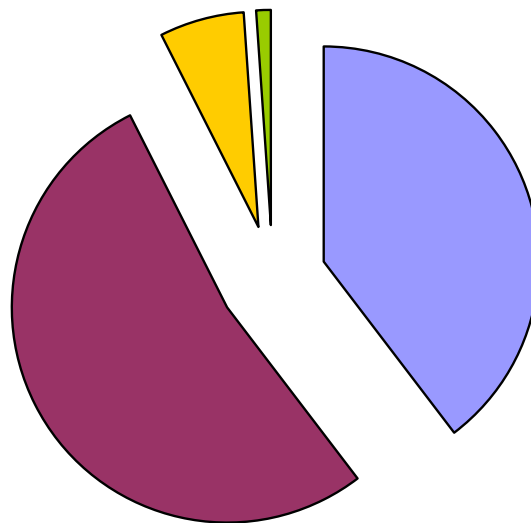
■ Cash   ■ Loan Assumption

## Chart: Property Sale Proceeds

123 Main Street Salem, OR

EOY 10:	Percent of Sale Price	Amount
<b>Selling Price</b>	100%	1,927,000
<b>- Costs of Sale</b>	6%	115,620
<b>- Loan Repayment</b>	50%	963,711
<b>- Prepayment Penalties</b>		
<b>- Taxes due to Sale</b>	1%	19,937
<b>Sale Proceeds After-tax</b>	37%	<b>721,722</b>

### Sale Proceeds After Tax Year 10



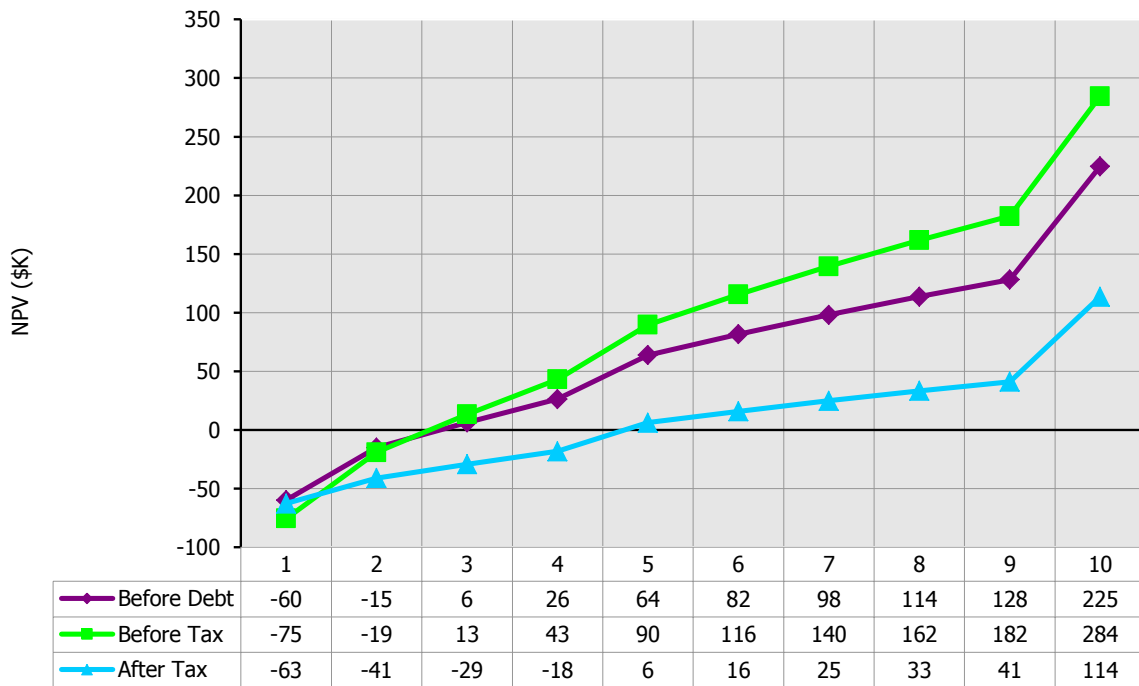
■ Sale Proceeds   
 ■ Loan Repayment   
 ■ Costs of Sale   
 ■ Taxes Due

## Chart: Net Present Value

123 Main Street Salem, OR

Holding Period	NPV-Before Debt	NPV-Before Tax	NPV-After Tax
1	(59,740)	(75,426)	(62,561)
2	(15,012)	(18,901)	(40,945)
3	6,409	13,314	(29,185)
4	26,429	43,195	(18,129)
5	63,905	89,660	6,310
6	81,636	115,573	15,996
7	98,208	139,573	25,028
8	113,695	161,788	33,427
9	128,169	182,339	41,212
10	224,842	284,483	113,675

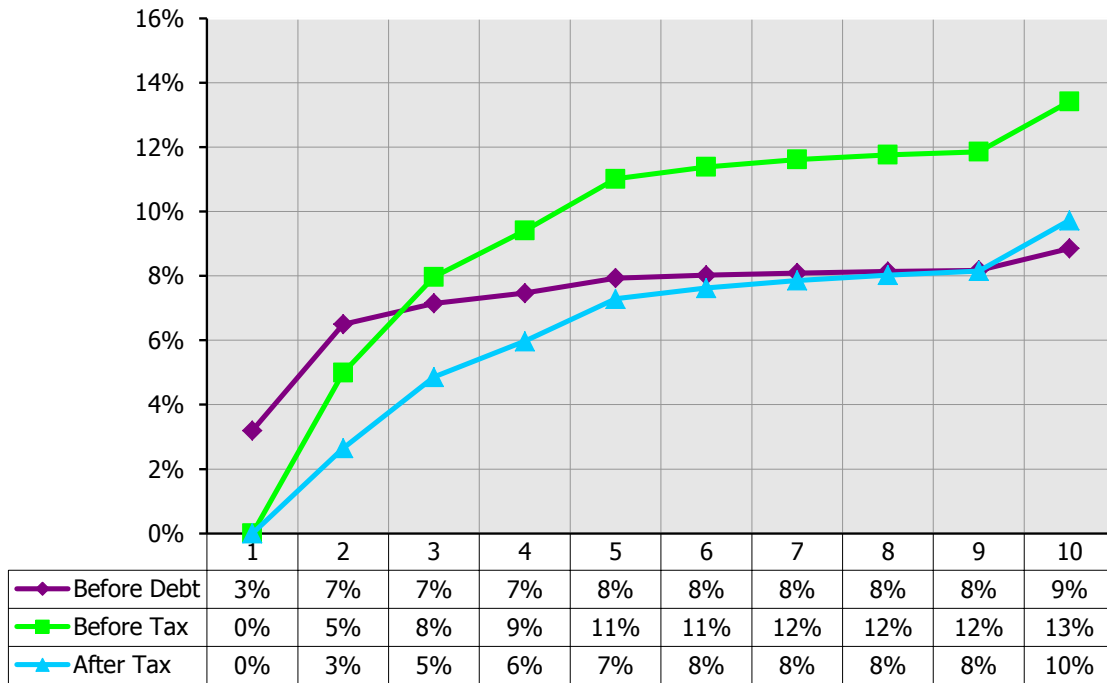
**NPV @ 7%**



## Chart: Internal Rate of Return

123 Main Street Salem, OR

Holding Period	IRR-Before Debt	IRR-Before Tax	IRR-After Tax
1	3.20%		
2	6.50%	4.99%	2.65%
3	7.15%	7.97%	4.86%
4	7.47%	9.41%	5.97%
5	7.93%	11.02%	7.29%
6	8.02%	11.39%	7.63%
7	8.09%	11.62%	7.86%
8	8.14%	11.77%	8.03%
9	8.18%	11.86%	8.15%
10	8.85%	13.42%	9.73%



## Chart: Return on Equity

123 Main Street Salem, OR

Holding Period	ROE	AVG ROE
1	13.85%	
2	13.85%	13.85%
3	8.54%	12.08%
4	7.95%	11.05%
5	10.90%	11.02%
6	6.94%	10.34%
7	6.56%	9.80%
8	6.23%	9.35%
9	5.94%	8.98%
10	20.75%	10.15%

