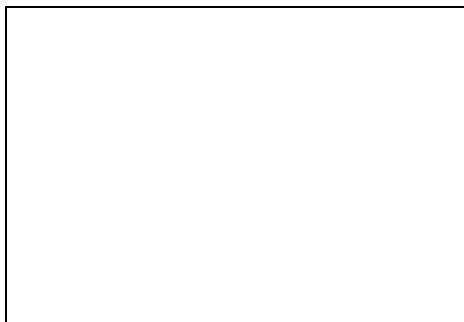


Executive Summary



Income, Expenses & Cash Flow Property Overview

Potential Rental Income	\$ 2,012,160
Other Income	246,570
Total Vacancy and Credits	(342,067)
Operating Expenses	\$ (956,086)
Annual Reserves:	\$ (8,400)
Net Operating Income (NOI)	\$ 952,176

Purchase/Asking Price	\$ 12,125,000
Improvements	
Other	
Closing Costs	25,000
Finance Points	
Total Acquisition Cost	\$ 12,150,000

Property Type	Single-Family
No. of Units	336
Price Per Unit	\$ 36,161
Total Sq Ft	212,440
Price Per Sq Ft	\$ 57
Income per Unit	\$ 6,722
Expenses per Unit	\$ (2,845)

Debt Service:

Cash Flow Before Taxes \$ 952,176

Mortgage (s) \$

Down Payment / Investment **\$ 12,150,000**

Assumptions Loan Information

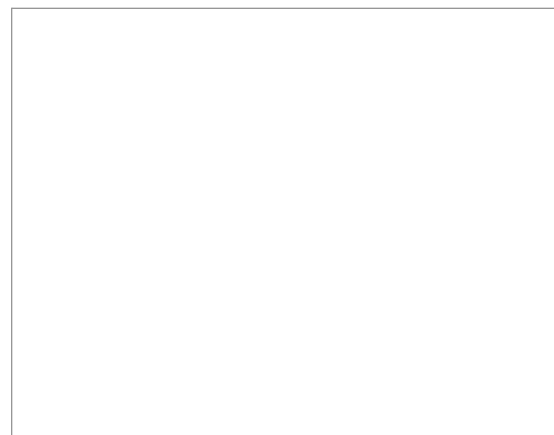
Rental Growth Rate:	1.00%
Expense Growth Rate:	1.00%
Capitalization Rate (Resale):	7.84%

	<u>% of Asking</u>	<u>% of Cost</u>
Down Payment: \$ 12,150,000	100.21%	100.00%
Initial Loan Balance: \$	0.00%	0.00%

<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$	8.00%	30	\$0

Financial Measurements Notes / Discussion

Financial Measurements	Year 1	Year 3	Year 7
Debt Coverage Ratio (DCR)			
Loan-to-Value Ratio (LVR)			
Capitalization Rate Based on Cost	7.84%	7.99%	8.32%
Capitalization Rate Based on Resale Price	7.84%	7.84%	7.84%
Gross Rent Multiplier	6.03	6.04	6.04
Net Present Value (NPV) - B/ Taxes	13.50%	(1,252,575)	(1,935,262)
Cash on Cash Return - Before Taxes	7.84%	7.99%	8.32%
Internal Rate of Return - Before Taxes		6.62%	8.02%
Modified Internal Rate of Return - Before Taxes		6.15%	6.59%



Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Cash Flow Analysis

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 2,012,160	\$ 2,032,282	\$ 2,052,604	\$ 2,073,130	\$ 2,093,862
Other Income	246,570	249,036	251,526	254,041	256,582
Less: Vacancy & Credit Losses	(201,216)	(203,228)	(205,260)	(207,313)	(209,386)
Less: Rent Concessions & Bad Debts	(140,851)	(142,260)	(143,682)	(145,119)	(146,570)
Effective Gross Income	\$ 1,916,663	\$ 1,935,829	\$ 1,955,188	\$ 1,974,740	\$ 1,994,487
Less: Funded Reserves and/or Improvements	(8,400)	(8,484)	(8,569)	(8,655)	(8,741)
Less: Operating Expenses	(956,086)	(965,647)	(975,304)	(985,057)	(994,907)
Net Operating Income (NOI)	\$ 952,176	\$ 961,698	\$ 971,315	\$ 981,028	\$ 990,839
Less: Annual Debt Service					
CASH FLOW Before Taxes	\$ 952,176	\$ 961,698	\$ 971,315	\$ 981,028	\$ 990,839

Property Resale Analysis					
Projected Sales Price	\$ 12,145,107	\$ 12,266,558	\$ 12,389,224	\$ 12,513,116	\$ 12,638,247
Less: Selling Expenses	(728,706)	(735,993)	(743,353)	(750,787)	(758,295)
Adjusted Projected Sales Price	\$ 11,416,400	\$ 11,530,564	\$ 11,645,870	\$ 11,762,329	\$ 11,879,952
Less: Mortgage(s) Balance Payoff					
SALE PROCEEDS Before Taxes	\$ 11,416,400	\$ 11,530,564	\$ 11,645,870	\$ 11,762,329	\$ 11,879,952

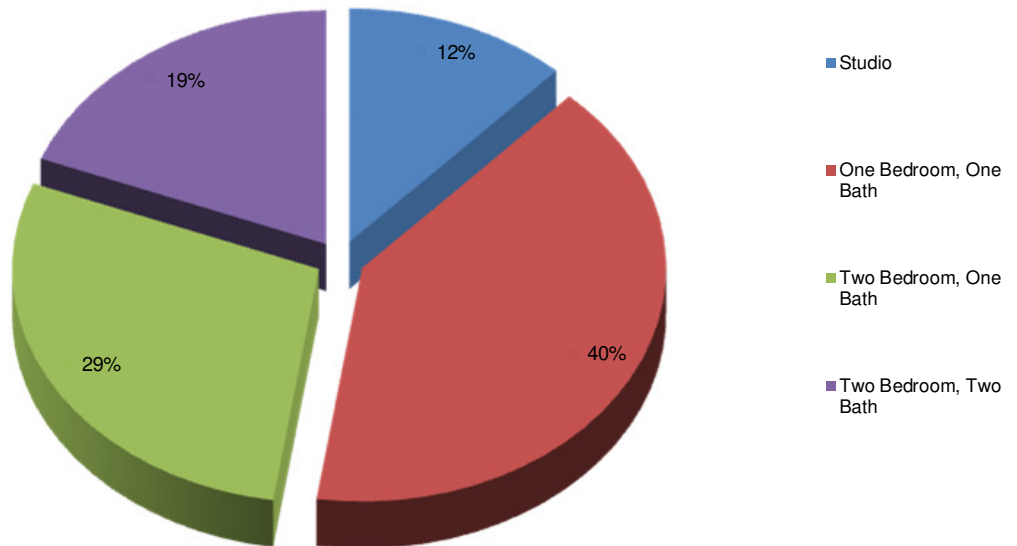
Cash Position					
Cash Generated in Current Year	\$ 952,176	\$ 961,698	\$ 971,315	\$ 981,028	\$ 990,839
Cash Generated in Previous Years	n/a	952,176	1,913,875	2,885,190	3,866,218
Cash Generated from Property Sale	11,416,400	11,530,564	11,645,870	11,762,329	11,879,952
Original Initial Investment	(12,150,000)	(12,150,000)	(12,150,000)	(12,150,000)	(12,150,000)
Total Potential CASH Generated	\$ 218,577	\$ 1,294,439	\$ 2,381,060	\$ 3,478,547	\$ 4,587,009

Financial Measurements					
Capitalization Rate Based on Cost	7.84%	7.92%	7.99%	8.07%	8.16%
Capitalization Rate Based on Resale Price	7.84%	7.84%	7.84%	7.84%	7.84%
Gross Rent Monthly Multiplier (GRM)	72.31	72.43	72.43	72.43	72.43
Gross Rent Yearly Multiplier (GRM)	6.03	6.04	6.04	6.04	6.04
Value of Property Using this GRM	12.00	24,145,920	24,387,379	24,631,253	24,877,566
Break-Even Ratio	48.94%	48.94%	48.94%	48.94%	48.94%
Operating Expense Ratio	49.88%	49.88%	49.88%	49.88%	49.88%
Net Present Value (NPV) - Before Taxes	13.50%	(1,252,575)	(1,613,810)	(1,935,262)	(2,221,311)
Cash-on-Cash Return with Equity	1.80%	9.42%	9.42%	9.42%	9.42%
Cash-on-Cash Return - Before Taxes	7.84%	7.92%	7.99%	8.07%	8.16%
Internal Rate-of-Return (IRR) - Before Taxes	1.80%	5.39%	6.62%	7.23%	7.60%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	1.80%	5.19%	6.15%	6.50%	6.62%

Rent Roll Summary

Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Annual Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
Studio	40	400	16,000	7.53%	12.600	\$ 420	\$ 16,800	\$ 201,600
One Bedroom, One Bath	136	515	70,040	32.97%	10.720	\$ 460	\$ 62,560	\$ 750,720
Two Bedroom, One Bath	96	750	72,000	33.89%	8.320	\$ 520	\$ 49,920	\$ 599,040
Two Bedroom, Two Bath	64	850	54,400	25.61%	8.470	\$ 600	\$ 38,400	\$ 460,800
Totals	336	2,515	212,440	100.0%	9.472	2,000	\$ 167,680	\$ 2,012,160

Unit Mix



Other Income

Description	Monthly Amount	Annual Amount	Per Unit	Per Unit Sq. Ft.	Total Sq. Ft.
Other Income	\$ 16,012	\$ 192,138	\$ 48	6.37	0.08
RUBS	4,536	54,432	\$ 14	1.80	0.02
Totals	\$ 20,548	\$ 246,570	\$ 61	8.17	0.10

Annual Expenses

Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Accounting & Legal	16,800	1.0%	50.00	0.08	1.8%	0.8%
Administrative	25,200	1.0%	75.00	0.12	2.6%	1.2%
Advertising & Leasing Fees	33,600	1.0%	100.00	0.16	3.5%	1.6%
Building Services	26,880	1.0%	80.00	0.13	2.8%	1.3%
Insurance	50,400	1.0%	150.00	0.24	5.3%	2.4%
Maintenance	184,800	1.0%	550.00	0.87	19.3%	9.0%
Management Fee	61,725		183.71	0.29	6.5%	3.0%
Payroll	147,505	1.0%	439.00	0.69	15.4%	7.2%
Property Taxes	168,264	1.0%	500.79	0.79	17.6%	8.2%
Utilities	240,912	1.0%	717.00	1.13	25.2%	11.7%
Total Annual Operating Expenses	\$ 956,086		\$ 2,845	212,440	100.0%	46.5%

Annual Property Operating Data

	Year 1			Year 2			Year 3			Year 4			Year 5		
	Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit		Sq Ft	Per Unit	
Potential Rental Income	\$ 2,012,160	9.47	5,988.57	\$ 2,032,282	9.57	6,048.46	\$ 2,052,604	9.66	6,108.94	\$ 2,073,130	9.76	6,170.03	\$ 2,093,862	9.86	6,231.73
Less: Vacancy & Credit Losses	(201,216)	-0.95	-598.86	(203,228)	-0.96	-604.85	(205,260)	-0.97	-610.89	(207,313)	-0.98	-617.00	(209,386)	-0.99	-623.17
Less: Rent Concessions & Bad Debts	(140,851)	-0.66	-419.20	(142,260)	-0.67	-423.39	(143,682)	-0.68	-427.63	(145,119)	-0.68	-431.90	(146,570)	-0.69	-436.22
Other Income	246,570	1.16	733.84	249,036	1.17	741.18	251,526	1.18	748.59	254,041	1.20	756.08	256,582	1.21	763.64
Effective Gross Income	<u>\$ 1,916,663</u>	9.02	5,704.35	<u>\$ 1,935,829</u>	9.11	5,761.40	<u>\$ 1,955,188</u>	9.20	5,819.01	<u>\$ 1,974,740</u>	9.30	5,877.20	<u>\$ 1,994,487</u>	9.39	5,935.97
Operating Expenses															
Accounting & Legal	16,800	0.08	50.00	16,968	0.08	50.50	17,138	0.08	51.01	17,309	0.08	51.52	17,482	0.08	52.03
Administrative	25,200	0.12	75.00	25,452	0.12	75.75	25,707	0.12	76.51	25,964	0.12	77.27	26,223	0.12	78.05
Advertising & Leasing Fees	33,600	0.16	100.00	33,936	0.16	101.00	34,275	0.16	102.01	34,618	0.16	103.03	34,964	0.16	104.06
Building Services	26,880	0.13	80.00	27,149	0.13	80.80	27,420	0.13	81.61	27,694	0.13	82.42	27,971	0.13	83.25
Insurance	50,400	0.24	150.00	50,904	0.24	151.50	51,413	0.24	153.02	51,927	0.24	154.55	52,446	0.25	156.09
Maintenance	184,800	0.87	550.00	186,648	0.88	555.50	188,514	0.89	561.06	190,400	0.90	566.67	192,304	0.91	572.33
Management Fee	61,725	0.29	183.71	62,343	0.29	185.54	62,966	0.30	187.40	63,596	0.30	189.27	64,232	0.30	191.17
Payroll	147,505	0.69	439.00	148,980	0.70	443.39	150,470	0.71	447.83	151,975	0.72	452.31	153,494	0.72	456.83
Property Taxes	168,264	0.79	500.79	169,947	0.80	505.79	171,646	0.81	510.85	173,363	0.82	515.96	175,096	0.82	521.12
Utilities	240,912	1.13	717.00	243,321	1.15	724.17	245,754	1.16	731.41	248,212	1.17	738.73	250,694	1.18	746.11
Total Operating Expenses	<u>\$ 956,086</u>	4.50	2,845.50	<u>\$ 965,647</u>	4.55	2,873.95	<u>\$ 975,304</u>	4.59	2,902.69	<u>\$ 985,057</u>	4.64	2,931.72	<u>\$ 994,907</u>	4.68	2,961.03
Less: Funded Reserves and/or Improvements	8,400	0.04	25.00	8,484	0.04	25.25	8,569	0.04	25.50	8,655	0.04	25.76	8,741	0.04	26.02
Net Operating Income (NOI)	<u>\$ 952,176</u>	4.48	2,833.86	<u>\$ 961,698</u>	4.53	2,862.20	<u>\$ 971,315</u>	4.57	2,890.82	<u>\$ 981,028</u>	4.62	2,919.73	<u>\$ 990,839</u>	4.66	2,948.92
Cash Flow Before Taxes	<u>\$ 952,176</u>	4.48	2,833.86	<u>\$ 961,698</u>	4.53	2,862.20	<u>\$ 971,315</u>	4.57	2,890.82	<u>\$ 981,028</u>	4.62	2,919.73	<u>\$ 990,839</u>	4.66	2,948.92