

Multifamily Property Valuation Model by *Income Property Analytics* (BETA)



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INCOME PROPERTY ANALYTICS IS PROUD TO PRESENT THIS MULTIFAMILY PROPERTY VALUATION MODEL TO THE REAL ESTATE COMMUNITY. THIS MODEL IS A SINGLE WORKBOOK CONTAINING MULTIPLE WORKSHEETS.

THE PURPOSE OF THIS IS TO PROVIDE AN INEXPENSIVE ALTERNATIVE TO ARGUS AND REIWISE, AS WELL AS TO SHOWCASE THE VERSATILITY OF SPREADSHEETS FOR REAL ESTATE VALUATION. PLEASE BE WARNED THAT YOU WILL NEED AN INTERMEDIATE TO ADVANCED KNOWLEDGE OF EXCEL TO ALTER THE MODEL; PLAY WITH THE EQUATIONS AT YOUR OWN RISK IF YOU ARE NOT COMFORTABLE WITH EXCEL. I HAVE GROUPED THE "OFF SHEET" AREAS WHERE THE MAJORITY OF CALCULATIONS TAKE PLACE, SO IF YOU ARE LOOKING TO ALTER THE SPREADSHEET YOU WILL FIRST NEED TO UNGROUP EVERYTHING.



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QUICK TIPS:

- ONLY INPUT INFORMATION INTO CELLS WHICH ARE FORMATTED IN BLUE OR WHERE THERE IS A DROP DOWN MENU. IF THE CONTENTS OF A CELL ARE COLORED BLACK, DO NOT TOUCH IT. I HAVE PROTECTED THE WORKSHEETS SO THAT ONLY THE APPROPRIATE CELLS CAN BE MANIPULATED. YOU WILL NEED TO UNLOCK THE WORKSHEETS (NO PASSWORD) TO UNGROUP OR ALTER THE EQUATIONS
- I PROVIDE THIS TEMPLATE WITH INFORMATION FROM A HYPOTHETICAL PROPERTY FOR DEMONSTRATION PURPOSES, REMEMBER TO ERASE IT WHEN YOU USE IT FOR A REAL PROPERTY
- TO ARRIVE AT A SALES VALUE THIS MODEL IS DESIGNED TO CAPITALIZE THE NOI OF THE YEAR SUBSEQUENT TO THAT OF DISPOSITION; YOU MUST CHOOSE THE INCREASE IN NOI OF THE YEAR SUBSEQUENT TO DISPOSITION (SEE THE BOTTOM OF THE "ADVANCED METRICS" WORKSHEET)
- THE TERMINAL CAP RATE IS SELECTED ON THE "GROWTH" WORKSHEET; YOU SELECT THE TERMINAL CAP RATE FOR YEAR TEN (10) (REGARDLESS OF THE DISPOSITION DATE). THEN THE TERMINAL CAP RATE FOR EACH YEAR IS A SMOOTH FUNCTION BETWEEN IN THE "PRO FORMA" (YEAR 1) CAP RATE (PURCHASE CAP RATE) AND THE TERMINAL CAP RATE
- THE MAXIMUM HORIZON FOR THIS MODEL IS TEN (10) YEARS
- IF THERE IS A CELL WHICH IS FORMATTED BLUE BUT FOR WHICH YOU CAN'T MANIPULATE THE CONTENTS, IT IS POSSIBLE I MISTAKINGLY LOCKED IT WHILE PROTECTING THE WORKSHEETS; FIRST UNPROTECT THE WORKSHEET AND THEN UNLOCK THE CELL IN QUESTION
- DOCUMENT TO THE BEST OF YOUR ABILITIES ANY GENUINE ERRORS AT [HTTP://INCOMEPROPERTYANALYTICS.COM](http://INCOMEPROPERTYANALYTICS.COM) OR EMAIL AT BRUINBROKER@GMAIL.COM WITH NON-EXCEL RELATED QUESTIONS OR ISSUES
- FINALLY, APART FROM ADDRESSING ANY LEGITIMATE CODING AND EQUATION ERRORS, I ANTICIPATE A LARGE NUMBER OF EXCEL-RELATED QUESTIONS ARISING. UNFORTUNATELY, I DON'T HAVE THE RESOURCES TO HELP THE USER WITH EXCEL-RELATED ISSUES. THANK YOU FOR YOUR HELP AND ENJOY THIS MULTIFAMILY PROPERTY VALUATION MODEL BY LANDON M. SCOTT AT INCOME PROPERTY ANALYTICS. AN AFFILIATE OF MONTE COMMERCIAL PROPERTIES. I CAN ALSO BE REACHED AT



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Property Summary

SITE DESCRIPTION & SALES HISTORY

Site Information

Property Type	Multifamily
Street Address	123 Main Street
City, State	North Hills, CA
Zip Code	91343
County	Los Angeles
Assessor's Parcel Number (APN)	123-456-789
Zoning	(Q)R3-1
Thomas Guide Map Page	501-H7
Lot Size (Square Feet)	13,078
Lot Size (Acres)	0.30
Shape of Lot	Rectangular

Sale History Last 10 Years

Most Recent Sale in Last 10 yrs	8/1/2005
Sale Price	\$2,580,000
Document #	1466950
2nd Most Recent Sale in Last 10 yrs	6/19/2002
Sale Price	\$1,300,000
Document #	1736719

Regulatory Influences

Rent Control	No
HAP Contract	No
Low Income Housing Tax Credits (LIHTC)	No

Environmental Influences

Flood Zone	X
Earthquake Zone	Unknown
Fire High Risk Area	No

DESCRIPTION OF THE IMPROVEMENTS

Basic Building Characteristics

Date of Construction	1985
Physical Age (years)	30
Effective Age (years)	10
Date of Major Rehabilitation	N/A
Number of Stories	2
Number of Buildings	1
Number of Units	12
Number of Non-Income Units	1
Number of Revenue-Producing Units	11
Gross Building Area (GBA)	190,000
Net Rentable Area (NRA)	7,400
Load Factor	2467.57%

Capital Expenditure History Last 10 Years

Description of Item #1	N/A
Capital Expenditure Date #1	N/A
Capital Expenditure Item #1	\$0
Description of Item #2	N/A
Capital Expenditure Date #2	N/A
Capital Expenditure Item #2	\$0
Description of Item #3	N/A
Capital Expenditure Date #3	N/A
Capital Expenditure Item #3	\$0
Total Capital Expenditure Last 10 yrs	\$0
Total Capital Expenditure/Sq. Ft.	\$0.00

Parking

# of On-site Parking Spaces	34
Parking Ratio	0.18

Rehab Needed At Acquisition

Description of Item #1	Unknown
Est. Rehab Cost Item #1	\$0
Description of Item #2	Unknown
Est. Rehab Cost Item #2	\$0
Description of Item #3	Unknown
Est. Rehab Item #3	\$0
Total Capital Expenditure at Acquisition	\$0
Total Capital Expenditure/Sq. Ft.	\$0.00

Additional Building Characteristics

Construction Material	Wood Frame & Stucco
Roof Type	Roll Composition
Individually Metered for Gas	Yes
Individually Metered for Electricity	Yes
Individually Metered for Water	No
Handicap Access	Yes

Basic Metric Summary

ASSUMPTIONS

Property Located in California Yes

Price & Acquisition Reserves	
Acquisition Price	\$ 2,200,000
Acquisition Closing Costs & Due Diligence	\$ 6,500
Rehab at Acquisition	\$ -
Total Acquisition Reserves	\$ 6,500
Total Acquisition Cost (TAC)	\$ 2,206,500

Pro Forma Real Estate Taxes	
Assessed Value	2,200,000
Year Ending	2013

California	
Tax Rate	1.26555%
Mello-Roos	\$ -
Parcel Tax	\$ -
Direct Assessment	\$ 1,835
RE Tax	29,677

Non-California	
Assessment Ratio	0.00%
Taxable Value	-
Millage Rate	0.000000
RE Tax	N/A

Estimated RE Tax **29,677**

METRICS

Year 1 Operating Statistics			
	Annual	Monthly	
Market Rent	\$ 245,400	\$	20,450
Market Rent/Unit	\$ 20,450	\$	1,704
Market Rent/Sq. Ft.	\$ 1.29	\$	0.11
Gross Potential Rent (GPR)	\$ 244,173	\$	20,348
GPR/Unit	\$ 20,348	\$	1,696
GPR/Sq. Ft.	\$ 1.29	\$	0.11
Total Rent Loss	\$ (12,819)	\$	(1,068)
Total Rent Loss/Unit	\$ (1,068)	\$	(89)
Total Rent Loss/Sq. Ft.	\$ (0.07)	\$	(0.01)
Total Other Income	\$ 3,052	\$	254
Total Other Income/Unit	\$ 254	\$	21
Total Other Income/Sq. Ft.	\$ 0.02	\$	0.00
Effective Gross Income	\$ 234,406	\$	19,534
Effective Gross Income/Unit	\$ 19,534	\$	1,628
Effective Gross Income/Sq. Ft.	\$ 1.23	\$	0.10
Operating Expenses (Op Ex)	\$ 97,894	\$	8,158
Op Ex/Unit	\$ 8,158	\$	680
Op Ex/Sq. Ft.	\$ 0.52	\$	0.04
Op Ex Ratio	41.76%		

Year 1 Operating Statistics (continued)			
	Annual	Monthly	
Net Operating Income	\$ 136,512	\$	11,376
Net Operating Income/Unit	\$ 11,376	\$	948
Net Operating Income/Sq. Ft.	\$ 0.72	\$	0.06
Total Debt Service	\$ 107,844	\$	8,987
Total Debt Service/Unit	\$ 8,987	\$	749
Total Debt Service/Sq. Ft.	\$ 0.57	\$	0.05
Before Tax Cash Flow (BTCF)	\$ 28,668	\$	2,389
BTCF/Unit	\$ 2,389	\$	199
BTCF/Sq. Ft.	\$ 0.15	\$	0.01
After Tax Cash Flow (ATCF)	\$ 28,668	\$	2,389
ATCF/Unit	\$ 2,389	\$	199
ATCF/Sq. Ft.	\$ 0.15	\$	0.01

First Year Metrics	
Acquisition Price / Square Foot (Total Square Feet)	\$ 12
Acquisition Price / Unit (Total Units)	\$ 183,333
Pro Forma Capitalization Rate (Year 1 CAP)	6.21%
In-Place Capitalization Rate (Year 0 CAP)	N/A
Gross Rent Multiplier (GRM)	9.01
Gross Income Multiplier (GIM)	9.39
Payback Period (Based on Acquisition Cost)	16 years
Break Even Ratio	87.77%
Equity Dividend Rate (Based on BTCF)	4.11%
Cash-On-Cash (Based on Effective Equity & ATCF)	4.11%

Advanced Metric Summary

ASSUMPTIONS

Timing	
Acquisition Date	Jan. 2013
Disposition Date	Dec. 2022
Investment Hold Period (years)	10

Financing	
Loan #1	
Fixed or Variable interest rate?	Fixed
Loan-to-Value (LTV)	70.00%
Loan Amount	\$ 1,540,000
Loan Points/Origination Fee	2.00%
Total Amount Funded	\$ 1,509,200
Fixed Interest Rate (If applicable)	5.75%
Amortization (months) / Due in (months)	360 months 120 months
Prepayment Penalties	2.00%
End of Yield Maintenance	Dec. 2022
Start Date	Jan. 2013
Maturity Date	Jan. 2023

Loan #2	
Fixed or Variable interest rate?	Fixed
Loan-to-Value (LTV)	0.00%
Loan Amount	\$ -
Loan Points/Origination Fee	2.00%
Total Amount Funded	\$ -
Fixed Interest Rate (If applicable)	2.00%
Amortization (months) / Due in (months)	360 months 120 months
Prepayment Penalties	0.00%
End of Yield Maintenance	Dec. 2022
Start Date	Jan. 2013
Maturity Date	N/A

Depreciation Analysis		
	Value of Improvements	% of Property Value
	\$ 1,500,000	68%
Acquisition Price	\$ 2,200,000	
Total Capital Expenditures at Acquisition	\$ -	
Depreciable Amount	\$ 1,495,581	
Years of Depreciation	<i>Straight Line</i> 27.5 yrs	
Annual Depreciation (Full Year)	\$ 54,385	
Depreciation Allowed in Acquisition Year	\$ 52,150	
Total Recapture at Time of Disposition	\$ -	
Total Recapture Tax at Time of Disposition	\$ 541,613	

Tax Rates		
	Include?	Rate
Federal Income Tax Rate	No	35.00%
Federal Capital Gains Tax Rate	No	15.00%
Federal Recapture Tax Rate	No	25.00%
State Tax Rate (CA)	No	9.33%

Discount Rate & Reinvestment Rate		
<i>Vanguard's REIT Index Fund, 10 year performance</i>		12.35%
(Benchmark for Risk Premium)		
<i>1 year CD as quoted by BankRate.com</i>		0.75%
(Benchmark for Reinvestment Rate)		
10 Year Treasury Note		1.86%
Risk Premium		6.64%
Discount Rate	<i>(Used for NPV & MIRR)</i>	8.50%
Reinvestment/Savings Rate	<i>(Used for MIRR)</i>	1.00%

METRICS

Sources <i>(Includes All Junior Financing)</i>	
Debt	\$ 1,540,000
Equity Invested	\$ 660,000
Estimated Acquisition Price	\$ 2,200,000
LTV %	70.00%
Loan Amount	\$ 1,540,000
Loan Points/Origination Fee	\$ (30,800)
Total Debt Financing	\$ 1,509,200
Equity Investment	\$ 660,000
Loan Points/Origination Fee	\$ 30,800
Acquisition Reserves (Includes Closing & Rehab Costs)	\$ 6,500
Total Out of Pocket	\$ 697,300
Total Annual Debt Service Payment	\$ 107,844
Consolidated Loan Constant	7.003%
Consolidated Debt Service Coverage (Year 1)	1.27
Effective Cost of Debt (Includes Points & PPP)	6.45%
Loan #1	6.45%
Loan #2	N/A
Loan #3	N/A

Residual Value & Disposition	
	Dec. 2022
Average % Increase in NOI	1.98%
% Increase in Sale Year NOI (to capitalize Sale Year + 1 NOI)	3.00%
Terminal Cap Rate (year 10)	7.00%
Estimated Sales Price	\$ 2,395,943
Transaction Costs (% of Sales Price)	5.50%
Other Closing Costs (\$)	\$ 3,500

Performance Analysis	
Acquisition Price	\$ 2,200,000
Acquisition Closing Costs & Due Diligence	\$ 6,500
Rehab at Acquisition	\$ -
Total Acquisition Reserves	\$ 6,500
Total Acquisition Cost (TAC)	\$ 2,206,500
Net Present Value (NPV)	\$ (239,224)

Internal Rates of Return		
	IRR	MIRR
10 Year (Unleveraged)	7.08%	5.64%
10 Year (Leveraged)	8.40%	7.12%
10 Year After-Tax (Leveraged)	8.40%	7.12%

Partition of Cash Flows		
<i>(Unleveraged)</i>		
	Amount	%
PV of Pre-Sale Cash Flows	\$ 967,416	49.18%
PV of Net Sale Proceeds	\$ 999,860	50.82%
Total PV of Cash Flows	\$ 1,967,276	100.00%
<i>(After-Tax, Leveraged)</i>		
	Amount	%
PV of Pre-Sale Cash Flows	\$ 259,812	38.08%
PV of Net Sale Proceeds	\$ 422,389	61.92%
Total PV of Cash Flows	\$ 682,202	100.00%

Effective Duration (Macaulay Duration)	
Actual Duration of Cash Flows	10 yrs
Effective Duration	7.54 yrs

Rent Roll

Acquisition Date 1/1/2013

Unit Breakdown												Turnovers		
Unit #	Number of Units	Manager/ Admin Unit	Bedroom	Bathroom	NRA (sq. ft)	Lease		Previous Year Rents	Current Rents	Proforma (Yr 1) Rents	Proforma Rents Annualized	Turnover %	\$/Turnover	Turnover \$/yr
						Begin/Most Recent Renewal	Lease End							
N/A	5	No	1	1	500			\$ -	\$ -	\$ 1,500	\$ 90,000	15%	\$ 500	\$ 375
N/A	6	No	2	2	700			\$ -	\$ -	\$ 1,850	\$ 133,200	15%	\$ 500	\$ 450
N/A	1	Yes	2	2	700			\$ -	\$ -	\$ 1,850	\$ 22,200	0%	\$ 500	\$ -

Type	Number of Units	Manager/ Admin Unit	Bedroom	Bathroom	NRA (sq. ft)	Begin/Most Recent Renewal	Lease End	Previous Year Rents	Current Rents	Proforma (Yr 1) Rents	Proforma Rents Annualized	Turnover %	\$/Turnover	Turnover \$/yr
Total	12	1	19	19	7,400	N/A	N/A	\$ -	\$ -	\$ 20,450	\$ 245,400	N/A	\$ 1,500	\$ 825
Minimum	N/A	N/A	N/A	N/A	500	N/A	N/A	\$ -	\$ -	\$ 1,500	\$ 22,200	0%	\$ 500.00	\$ -
Maximum	N/A	N/A	N/A	N/A	700	N/A	N/A	\$ -	\$ -	\$ 1,850	\$ 133,200	15%	\$ 500	\$ 450
Average/Unit	N/A	N/A	N/A	N/A	633	N/A	N/A	\$ -	\$ -	\$ 1,733	\$ 81,800	10%	\$ 500	\$ 275
Average/Sq.Ft.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ 2.76	\$ 33.16	N/A	\$ 0.20	\$ 0.11

Payroll

Pro Forma Payroll

	# of employees	Hourly Wage	Hours/ Month	Monthly Expense	Annual Expense
Maintenance					
Grounds/Custodial	0	\$ -	0	\$ -	\$ -
Maint. Supervisor	0	\$ -	0	\$ -	\$ -
Maint. Assistant	0	\$ -	0	\$ -	\$ -
Total	0	N/A	N/A	\$ -	\$ -
Administrative					
Manager	1	\$ 10.00	50	\$ 500	\$ 6,000
Manager's Unit	1	N/A	N/A	\$ 1,850	\$ 22,200
Assistant Manager	0	\$ -	0	\$ -	\$ -
Leasing Commission	N/A	N/A	N/A	N/A	N/A
Total	2	N/A	50	\$ 2,350	\$ 28,200
Total Employees	2				
Total Wages				\$ 2,350	\$ 28,200
Benefits & Insurance	7.50%			\$ 176	\$ 2,115
Total Payroll				\$ 2,526	\$ 30,315

Income & Expenses

Acquisition Date: Jan. 2013
 Sale Date: Dec. 2022
 Number of Units: 12

Previous Year Available No

Previous Year Available No

Current Year Available No

	Previous Year			Previous Year			Current Year*			Pro Forma (Yr 1)			
	2010	Per Unit	Note	2011	Per Unit	Note	2012	Per Unit	Note	Pro Forma %	2013	Per Unit	Note
Results from Operations													
Market Rent	\$ -	-		\$ -	-		\$ -	-	2		\$ 245,400	20,450	3
Loss to Lease %	\$ -	-		\$ -	-		\$ -	-			0.5%	-	
Loss to Lease	\$ -	-		\$ -	-		\$ -	-			0.50%	\$ (1,227)	(102)
Gross Potential Rent	\$ -	-		\$ -	-		\$ -	-			\$ 244,173	20,348	
Vacancy Loss %	\$ -	-		\$ -	-		\$ -	-			5.0%	-	
Vacancy	\$ -	-		\$ -	-		\$ -	-			5.00%	\$ (12,209)	(1,017)
Other Rental Loss %	\$ -	-		\$ -	-		\$ -	-			0.25%	-	
Bad Debt	\$ -	-		\$ -	-		\$ -	-			0.25%	\$ (610)	(51)
Concessions	\$ -	-		\$ -	-		\$ -	-			0.00%	-	
Total Rent Loss	\$ -	-		\$ -	-		\$ -	-			0.25%	\$ (12,819)	(1,068)
Damages/Cleaning/Forfeited Deposits	\$ -	-		\$ -	-		\$ -	-			0.00%	-	
Late Fees	\$ -	-		\$ -	-		\$ -	-			0.00%	-	
Reimbursements	\$ -	-		\$ -	-		\$ -	-			0.00%	-	
Misc. Items	\$ -	-		\$ -	-		\$ -	-			1.25%	\$ 3,052	254
Total Other Income	\$ -	-		\$ -	-		\$ -	-			1.25%	\$ 3,052	254
EGI	\$ -	-		\$ -	-		\$ -	-			\$ 234,406	19,534	
Mgt. Fee	\$ -	-		\$ -	-		\$ -	-			4.00%	\$ 9,376	781
Payroll (Includes Manager's Unit, if any)	\$ -	-		\$ -	-		\$ -	-				\$ 28,200	2,350
Payroll Taxes & Benefits	\$ -	-		\$ -	-		\$ -	-			7.50%	\$ 2,115	176
Bookkeeping & Accounting	\$ -	-		\$ -	-		\$ -	-				\$ 500	42
Legal & Professional	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Office Supplies & Other	\$ -	-		\$ -	-		\$ -	-				\$ 500	42
Total Administrative	\$ -	-		\$ -	-		\$ -	-				\$ 1,000	83
Turnover	\$ -	-		\$ -	-		\$ -	-				\$ 825	69
Plumbing / HVAC	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Janitorial	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Landscaping	\$ -	-		\$ -	-		\$ -	-				\$ 1,250	104
Pest Control	\$ -	-		\$ -	-		\$ -	-				\$ 1,000	83
Fire & Safety	\$ -	-		\$ -	-		\$ -	-				\$ 500	42
Other Maintenance	\$ -	-		\$ -	-		\$ -	-				\$ 1,000	83
Security	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Total Repairs & Maintenance	\$ -	-		\$ -	-		\$ -	-				\$ 4,575	381
Promotional & Advertising	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Electricity (vacant and/or common)	\$ -	-		\$ -	-		\$ -	-				\$ 7,500	625
Gas (vacant and/or common)	\$ -	-		\$ -	-		\$ -	-				\$ 750	69
Water	\$ -	-		\$ -	-		\$ -	-				\$ 8,000	667
Sewer	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Cable	\$ -	-		\$ -	-		\$ -	-				\$ -	-
Garbage Collection	\$ -	-		\$ -	-		\$ -	-				\$ 1,000	83.33
Total Utilities	\$ -	-		\$ -	-		\$ -	-				\$ 17,250	1,438
Real Estate Taxes	\$ -	-		\$ -	-		\$ -	-				\$ 29,677	2,473
Property Insurance	\$ -	-		\$ -	-		\$ -	-				\$ 4,500	375
Operating Expenses	\$ -	-		\$ -	-		\$ -	-				\$ 96,694	8,058
Replacement Reserves	\$ -	-		\$ -	-		\$ -	-				\$ 1,200	100
Total Expenses	\$ -	-		\$ -	-		\$ -	-			\$ 97,894	8,158	
Total Expenses as % of EGI												41.8%	0
NOI												136,512	11,376

Income & Expenses - Notes

Note #

- 1 Example Comment.....
- 2 Second Example Comment....
- 3
- 4
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Growth Rates

Market Rent Forecast	Annual Growth Rates										
Pro Forma = Yr 1	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10	
Market Rent	N/A	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
"Pro Forma"	245,400	245,400	251,535	257,823	264,269	270,876	277,648	284,589	291,703	298,996	306,471

Vacancies, Concessions & Write-Offs	Percentage (%) of Market Rent									
"Pro Forma"	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Loss To Lease	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Vacancy	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Bad Debt	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Concessions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Income Forecast	Annual Growth Rates										
"Pro Forma"	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10	
Damages/Cleaning/Deposits	-	-	-	-	-	-	-	-	-	-	
Late Fees	-	-	-	-	-	-	-	-	-	-	
Reimbursements	-	-	-	-	-	-	-	-	-	-	
Misc. Items	3,052	3,052	3,113	3,175	3,239	3,304	3,370	3,437	3,506	3,576	3,648
Other Income	3,052	3,052	3,113	3,175	3,239	3,304	3,370	3,437	3,506	3,576	3,648

Operating Expenses Forecast	Annual Growth Rates										
"Pro Forma"	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10	
Management Fee 4.00% of EGI	9,376	9,376	9,610	9,850	10,095	10,347	10,605	10,869	11,141	11,418	11,703
Payroll Tax & Benefits 7.50% of Payroll	2,115	2,115	2,184	2,255	2,328	2,404	2,482	2,562	2,646	2,732	2,820
Payroll	28,200	28,200	29,117	30,063	31,040	32,049	33,090	34,166	35,276	36,422	37,606
Bookkeeping & Accounting	500	500	516	533	550	568	587	606	625	646	667
Legal & Professional	-	-	-	-	-	-	-	-	-	-	-
Office Supplies & Other	500	500	516	533	550	568	587	606	625	646	667
Turnover	825	825	852	879	908	938	968	1,000	1,032	1,066	1,100
Plumbing / HVAC	-	-	-	-	-	-	-	-	-	-	-
Janitorial	-	-	-	-	-	-	-	-	-	-	-
Landscaping	1,250	1,250	1,291	1,333	1,376	1,421	1,467	1,514	1,564	1,614	1,667
Pest Control	1,000	1,000	1,033	1,066	1,101	1,136	1,173	1,212	1,251	1,292	1,334
Fire & Safety	500	500	516	533	550	568	587	606	625	646	667
Other Maintenance	1,000	1,000	1,033	1,066	1,101	1,136	1,173	1,212	1,251	1,292	1,334
Security	-	-	-	-	-	-	-	-	-	-	-
Promotional & Advertising	-	-	-	-	-	-	-	-	-	-	-
Electricity	7,500	7,500	7,744	7,995	8,255	8,524	8,801	9,087	9,382	9,687	10,002
Gas	750	750	774	800	826	852	880	909	938	969	1,000
Water	8,000	8,000	8,260	8,528	8,806	9,092	9,387	9,692	10,007	10,333	10,668
Sewer	-	-	-	-	-	-	-	-	-	-	-
Cable	-	-	-	-	-	-	-	-	-	-	-
Garbage Collection	1,000	1,000	1,033	1,066	1,101	1,136	1,173	1,212	1,251	1,292	1,334
Real Estate Taxes	29,677	29,677	30,642	31,638	32,666	33,728	34,824	35,956	37,124	38,331	39,576
Property Insurance	4,500	4,500	4,646	4,797	4,953	5,114	5,280	5,452	5,629	5,812	6,001
Replacement Reserves	1,200	1,200	1,239	1,279	1,321	1,364	1,408	1,454	1,501	1,550	1,600
Total Operating Expenses	97,894	97,894	101,004	104,214	107,527	110,945	114,472	118,113	121,869	125,745	129,746

Terminal Capitalization Rate											
Terminal CAP Rate*	yr. 0	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Terminal CAP Rate*	6.21%	6.28%	6.36%	6.44%	6.52%	6.60%	6.68%	6.76%	6.84%	6.92%	7.00%

Terminal Capitalization Rate											
Variable Interest Rates**	yr. 0	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Variable Interest Rates**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Year 1 is the base year for purposes of calculating Annual Growth Rates - the value will always be zero.

* Terminal CAP in Year 0 is equal to the Pro Forma (purchase) CAP Rate

** The Variable Interest Rate you expect to prevail by the end of each year

Pre-Tax IRR

UNLEVERAGED ("ALL CASH") INTERNAL RATE OF RETURN

Equity Invested =	2,206,500
Total Debt =	-

		POTENTIAL RETURN FROM INVESTMENT AT END OF EACH YEAR									
		yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Year Begins		Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
(A)	NOI	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	159,713	162,831
	Terminal Cap Rate	6.28%	6.36%	6.44%	6.52%	6.60%	6.68%	6.76%	6.84%	6.92%	7.00%
	Gross Sale Proceeds	2,215,681	2,231,702	2,248,055	2,264,736	2,281,740	2,299,062	2,316,695	2,334,635	2,352,877	2,395,943
	Total Cost of Sale	(125,362)	(126,244)	(127,143)	(128,061)	(128,996)	(129,948)	(130,918)	(131,905)	(132,908)	(135,277)
(B)	Net Sale Proceeds	2,090,319	2,105,458	2,120,912	2,136,676	2,152,745	2,169,113	2,185,777	2,202,730	2,219,968	2,260,666
	Total Distributable (A+B)	2,226,831	2,244,705	2,262,939	2,281,531	2,300,475	2,319,766	2,339,401	2,359,374	2,379,681	2,423,497

		POTENTIAL RETURN ON INVESTMENT AT END OF EACH YEAR										
		yr. 0	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Year of Sale		Dec. '12	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
	All Cash IRR											
yr. 1	0.95%	(2,206,500)	2,226,831	-	-	-	-	-	-	-	-	-
yr. 2	4.12%	(2,206,500)	136,512	2,244,705	-	-	-	-	-	-	-	-
yr. 3	5.23%	(2,206,500)	136,512	139,247	2,262,939	-	-	-	-	-	-	-
yr. 4	5.81%	(2,206,500)	136,512	139,247	142,027	2,281,531	-	-	-	-	-	-
yr. 5	6.17%	(2,206,500)	136,512	139,247	142,027	144,855	2,300,475	-	-	-	-	-
yr. 6	6.43%	(2,206,500)	136,512	139,247	142,027	144,855	147,730	2,319,766	-	-	-	-
yr. 7	6.62%	(2,206,500)	136,512	139,247	142,027	144,855	147,730	150,653	2,339,401	-	-	-
yr. 8	6.77%	(2,206,500)	136,512	139,247	142,027	144,855	147,730	150,653	153,624	2,359,374	-	-
yr. 9	6.90%	(2,206,500)	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	2,379,681	-
yr. 10	7.08%	(2,206,500)	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	159,713	2,423,497

LEVERAGED INTERNAL RATE OF RETURN

Equity Invested =	697,300
Total Debt =	1,509,200

		POTENTIAL RETURN FROM INVESTMENT AT END OF EACH YEAR									
		yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Year Begins		Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
	NOI	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	159,713	162,831
	Total Debt Service	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)
(C)	Before Tax Cash Flow (BTCF)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	54,987
	Gross Sale Proceeds	2,215,681	2,231,702	2,248,055	2,264,736	2,281,740	2,299,062	2,316,695	2,334,635	2,352,877	2,395,943
	Total Cost of Sale	(125,362)	(126,244)	(127,143)	(128,061)	(128,996)	(129,948)	(130,918)	(131,905)	(132,908)	(135,277)
	Total Balance Outstanding	(1,520,189)	(1,499,208)	(1,476,989)	(1,453,458)	(1,428,538)	(1,402,146)	(1,374,196)	(1,344,596)	(1,313,249)	(1,280,050)
	Total Prepayment Penalties	(30,404)	(29,984)	(29,540)	(29,069)	(28,571)	(28,043)	(27,484)	(26,892)	(26,265)	(25,601)
(D)	Net Sale Proceeds	539,726	576,265	614,383	654,149	695,636	738,924	784,097	831,242	880,455	955,015
	Total Before-Tax Distributable (C+D)	568,394	607,668	648,566	691,160	735,522	781,733	829,877	880,042	932,323	1,010,002

		POTENTIAL RETURN ON INVESTMENT AT END OF EACH YEAR										
		yr. 0	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Year of Sale		Dec. '12	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
	Leveraged IRR											
yr. 1	-18.86%	(697,300)	568,394	-	-	-	-	-	-	-	-	-
yr. 2	-4.67%	(697,300)	28,668	607,668	-	-	-	-	-	-	-	-
yr. 3	0.58%	(697,300)	28,668	31,402	648,566	-	-	-	-	-	-	-
yr. 4	3.29%	(697,300)	28,668	31,402	34,183	691,160	-	-	-	-	-	-
yr. 5	4.93%	(697,300)	28,668	31,402	34,183	37,011	735,522	-	-	-	-	-
yr. 6	6.04%	(697,300)	28,668	31,402	34,183	37,011	39,886	781,733	-	-	-	-
yr. 7	6.82%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	829,877	-	-	-
yr. 8	7.40%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	880,042	-	-
yr. 9	7.84%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	932,323	-
yr. 10	8.40%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	1,010,002

After-Tax IRR *

Amortization of Loan Points			
	Loan #1	Loan #2	Loan #3
Amortization Period (yrs)	30 yrs	30 yrs	30 yrs
Total Amortized Loan Points	\$10,267	\$0	\$0
Total Unamortized Loan Points	\$20,533	\$0	\$0
Total Amortizable Loan Points	\$30,800	\$0	\$0

INCOME TAXES FROM OPERATIONS

Income Tax Calculations										
	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
NOI	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	159,713	162,831
Less: Interest Expenses	(88,033)	(86,864)	(85,625)	(84,313)	(82,924)	(81,453)	(79,894)	(78,244)	(76,497)	(74,646)
Less: Amortized Loan Points	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)
Less: Depreciation	(52,150)	(54,385)	(54,385)	(54,385)	(54,385)	(54,385)	(54,385)	(54,385)	(54,385)	(54,385)
Taxable Base (Before Carryforward)	(4,697)	(3,028)	991	5,131	9,395	13,789	18,318	22,988	27,805	32,774
Cumulative Carryforward Loss	(348)	(206)	-	-	-	-	-	-	-	-
Taxable Base (After Carryforward)	-	-	991	5,131	9,395	13,789	18,318	22,988	27,805	32,774
Income Taxes @ 0.0%	-	-	-	-	-	-	-	-	-	-
NOI	136,512	139,247	142,027	144,855	147,730	150,653	153,624	156,644	159,713	162,831
Less: Debt Service	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)	(107,844)
Before Tax Cash Flow (BTCF)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	54,987
Less: Income Taxes	-	-	-	-	-	-	-	-	-	-
After Tax Cash Flow (ATCF)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	54,987

CAPITAL GAINS FROM DISPOSITION & RECAPTURE OF DEPRECIATION

	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
Cumulative Depreciation / Recapture	52,150	106,535	160,919	215,304	269,689	324,074	378,458	432,843	487,228	541,613
(A) Recapture Taxes @ 0.0%	-	-	-	-	-	-	-	-	-	-
Acquisition Price	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Plus: Acquisition Cost	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Plus: Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Basis	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500	2,206,500
Less: Cumulative Depreciation	(52,150)	(106,535)	(160,919)	(215,304)	(269,689)	(324,074)	(378,458)	(432,843)	(487,228)	(541,613)
Adjusted Basis	2,154,350	2,099,965	2,045,581	1,991,196	1,936,811	1,882,426	1,828,042	1,773,657	1,719,272	1,664,887
Sales Value	2,215,681	2,231,702	2,248,055	2,264,736	2,281,740	2,299,062	2,316,695	2,334,635	2,352,877	2,395,943
Less: Total Cost of Sale	(125,362)	(126,244)	(127,143)	(128,061)	(128,996)	(129,948)	(130,918)	(131,905)	(132,908)	(135,277)
Less: Unamortized Loan Points	(29,773)	(28,747)	(27,720)	(26,693)	(25,667)	(24,640)	(23,613)	(22,587)	(21,560)	(20,533)
Less: Accumulated Loss	(348)	(206)	-	-	-	-	-	-	-	-
Less: Adjusted Basis	(2,154,350)	(2,099,965)	(2,045,581)	(1,991,196)	(1,936,811)	(1,882,426)	(1,828,042)	(1,773,657)	(1,719,272)	(1,664,887)
Taxable Gain/(Loss)	(94,152)	(23,460)	47,611	118,787	190,267	262,047	334,122	406,487	479,136	575,246
(B) State Capital Gains Taxes @ 0.0%	-	-	-	-	-	-	-	-	-	-
Taxable Gain/(Loss)	(94,152)	(23,460)	47,611	118,787	190,267	262,047	334,122	406,487	479,136	575,246
Less: Recapture	(52,150)	(106,535)	(160,919)	(215,304)	(269,689)	(324,074)	(378,458)	(432,843)	(487,228)	(541,613)
Capital Gain/(Loss)	(146,302)	(129,995)	(113,308)	(96,517)	(79,422)	(62,027)	(44,337)	(26,357)	(8,092)	33,633
(C) Fed. Capital Gains Taxes @ 0.0%	-	-	-	-	-	-	-	-	-	-
Total Taxes Due at Sale (A+B+C)	-	-	-	-	-	-	-	-	-	-

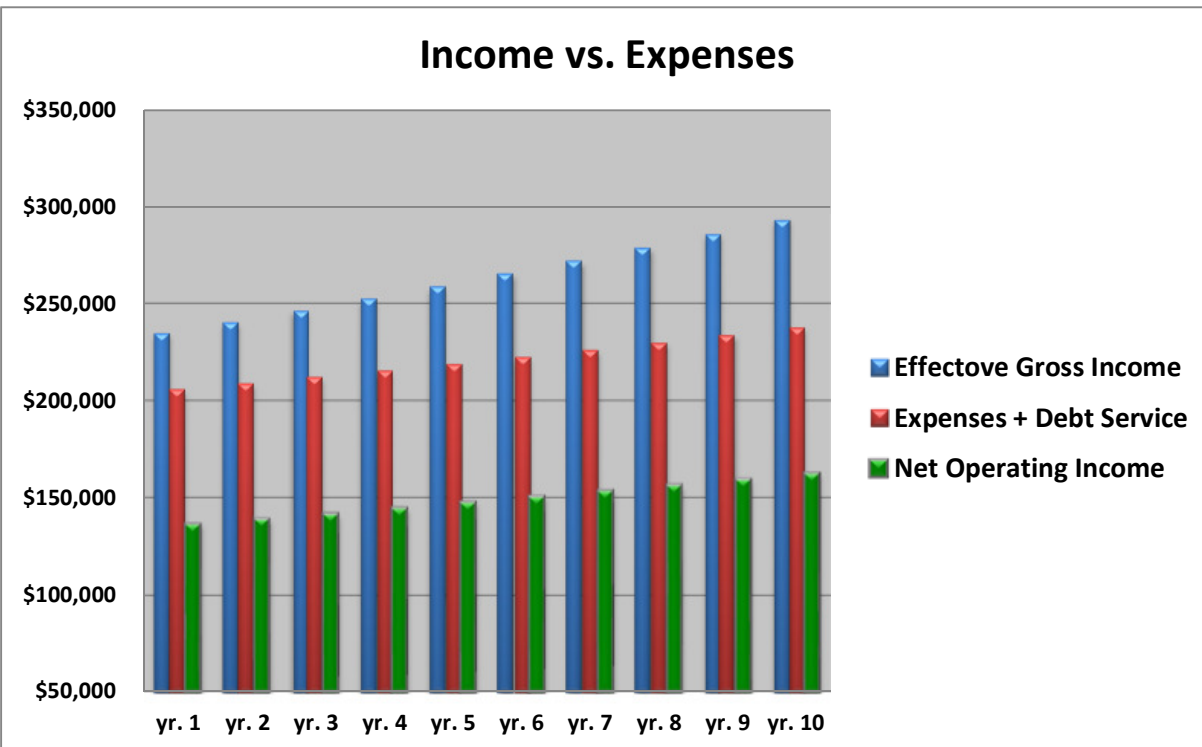
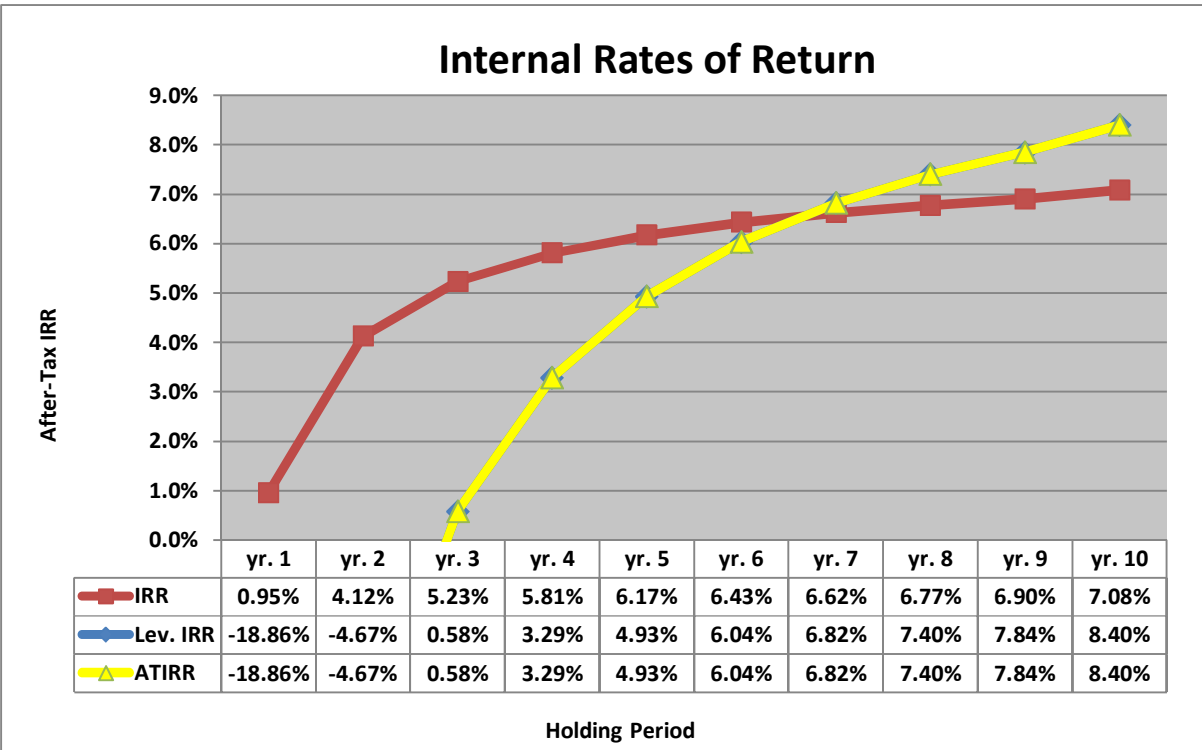
AFTER-TAX INTERNAL RATE OF RETURN (ATIRR)

Equity Invested =	697,300
Total Debt =	1,509,200

POTENTIAL RETURN FROM INVESTMENT AT END OF EACH YEAR										
	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
(D) After-Tax Cash Flow (ATCF)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	54,987
Gross Sale Proceeds	2,215,681	2,231,702	2,248,055	2,264,736	2,281,740	2,299,062	2,316,695	2,334,635	2,352,877	2,395,943
Total Cost of Sale	(125,362)	(126,244)	(127,143)	(128,061)	(128,996)	(129,948)	(130,918)	(131,905)	(132,908)	(135,277)
Net Sale Proceeds	2,090,319	2,105,458	2,120,912	2,136,676	2,152,745	2,169,113	2,185,777	2,202,730	2,219,968	2,260,666
Total Balance Outstanding	(1,520,189)	(1,499,208)	(1,476,989)	(1,453,458)	(1,428,538)	(1,402,146)	(1,374,196)	(1,344,596)	(1,313,249)	(1,280,050)
Total Prepayment Penalties	(30,404)	(29,984)	(29,540)	(29,069)	(28,571)	(28,043)	(27,484)	(26,892)	(26,265)	(25,601)
State Capital Gains Tax	-	-	-	-	-	-	-	-	-	-
Federal Recapture Tax	-	-	-	-	-	-	-	-	-	-
Federal Capital Gains Taxes	-	-	-	-	-	-	-	-	-	-
After-Tax Sale Proceeds	539,726	576,265	614,383	654,149	695,636	738,924	784,097	831,242	880,455	955,015
(E) Total After-Tax Distributable (D+E)	568,394	607,668	648,566	691,160	735,522	781,733	829,877	880,042	932,323	1,010,002

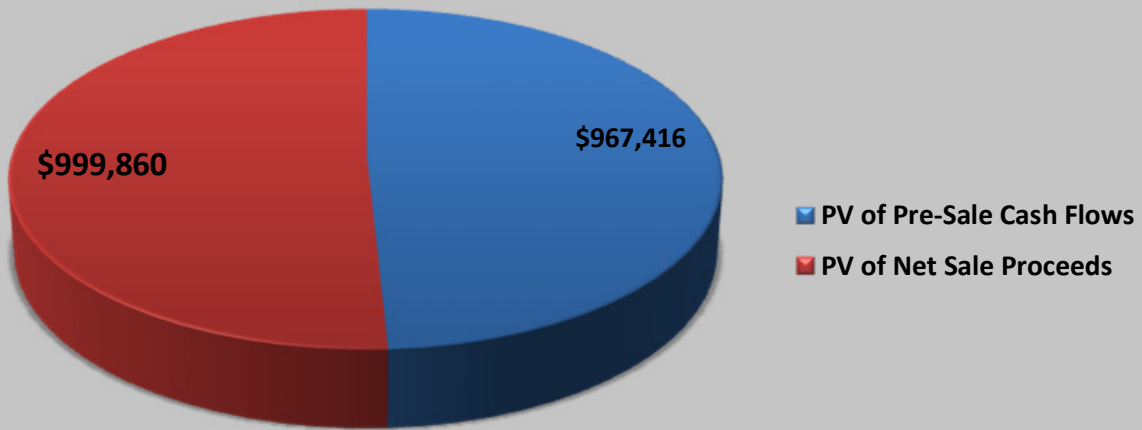
POTENTIAL RETURN ON INVESTMENT AT END OF EACH YEAR												
Leveraged		yr. 0	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yr. 6	yr. 7	yr. 8	yr. 9	yr. 10
Year of Sale	ATIRR	Dec. '12	Jan. '13	Jan. '14	Jan. '15	Jan. '16	Jan. '17	Jan. '18	Jan. '19	Jan. '20	Jan. '21	Jan. '22
yr. 1	-18.86%	(697,300)	568,394	-	-	-	-	-	-	-	-	-
yr. 2	-4.67%	(697,300)	28,668	607,668	-	-	-	-	-	-	-	-
yr. 3	0.58%	(697,300)	28,668	31,402	648,566	-	-	-	-	-	-	-
yr. 4	3.29%	(697,300)	28,668	31,402	34,183	691,160	-	-	-	-	-	-
yr. 5	4.93%	(697,300)	28,668	31,402	34,183	37,011	735,522	-	-	-	-	-
yr. 6	6.04%	(697,300)	28,668	31,402	34,183	37,011	39,886	781,733	-	-	-	-
yr. 7	6.82%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	829,877	-	-	-
yr. 8	7.40%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	880,042	-	-
yr. 9	7.84%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	932,323	-
yr. 10	8.40%	(697,300)	28,668	31,402	34,183	37,011	39,886	42,809	45,780	48,800	51,869	1,010,002

Graphic Representation (1 of 4)

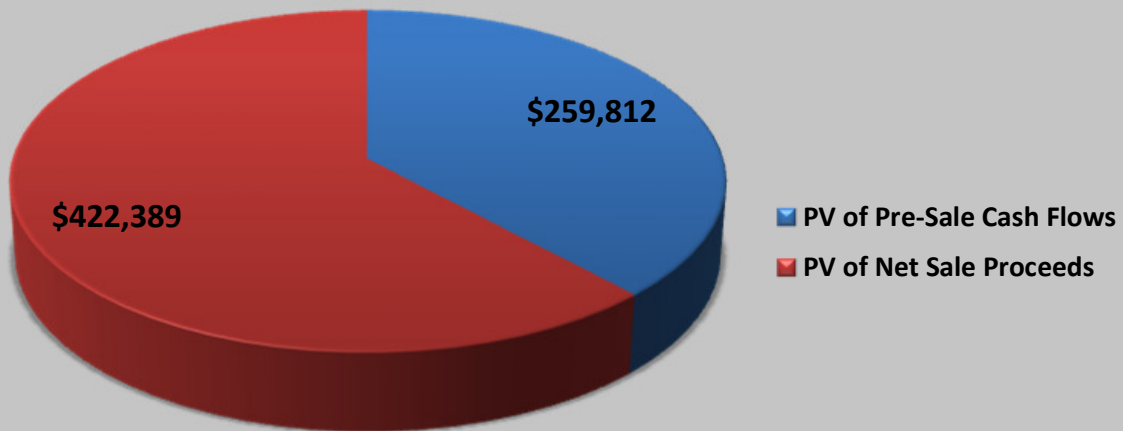


Graphic Representation (2 of 4)

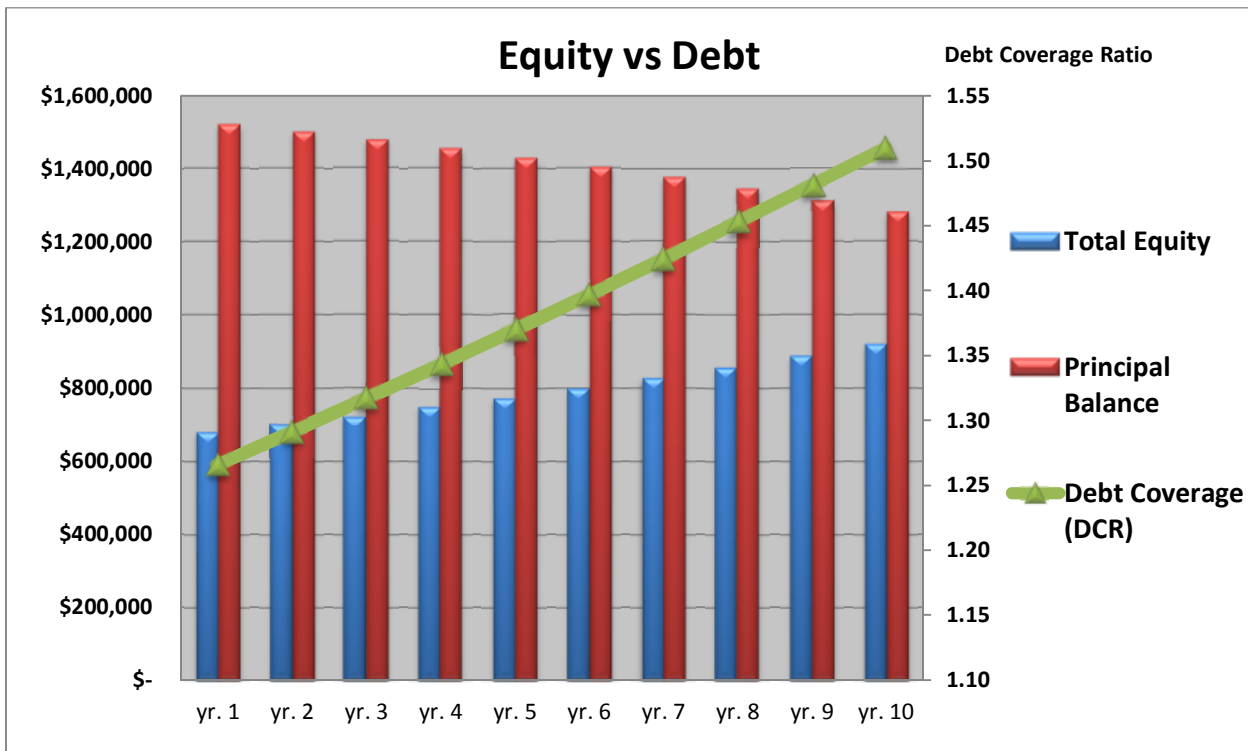
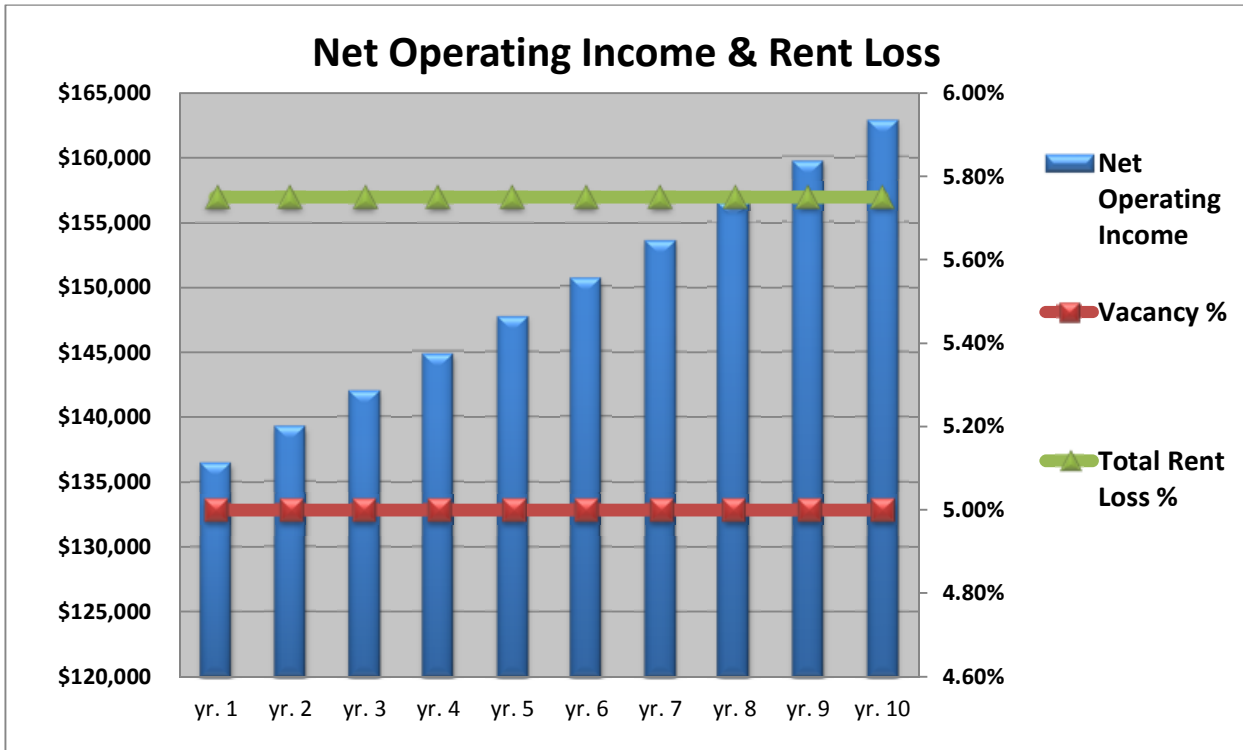
Partition of Cash Flows (All Cash)



Partition of Cash Flows (After-Tax, Leveraged)



Graphic Representation (3 of 4)



Graphic Representation (4 of 4)

