



## Projected Income and Expenses, in Total \$ - Years 1-5

	2017	2018	2019	2020	2021
<b>INCOME</b>					
Gross Scheduled Income - Residential	36,400	63,398	64,413	65,443	66,490
Miscellaneous Income	0	0	0	0	0
Miscellaneous Income #2	0	0	0	0	0
<b>TOTAL GROSS INCOME</b>	<b>36,400</b>	<b>63,398</b>	<b>64,413</b>	<b>65,443</b>	<b>66,490</b>
<b>VACANCY &amp; CREDIT ALLOWANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GROSS OPERATING INCOME</b>	<b>36,400</b>	<b>63,398</b>	<b>64,413</b>	<b>65,443</b>	<b>66,490</b>
<b>OPERATING EXPENSES</b>					
Insurance (fire and liability)	2,646	4,581	4,626	4,673	4,719
Repairs and Maintenance	2,730	4,727	4,774	4,822	4,870
Taxes - Real Estate	4,175	7,229	7,301	7,374	7,448
Trash Removal	654	1,132	1,144	1,155	1,167
Utilities - Electricity-Security Light	210	364	367	371	375
Utilities - Sewer and Water	3,269	5,660	5,717	5,774	5,832
<b>TOTAL OPERATING EXPENSES</b>	<b>13,684</b>	<b>23,693</b>	<b>23,929</b>	<b>24,169</b>	<b>24,410</b>
<b>NET OPERATING INCOME</b>	<b>22,716</b>	<b>39,706</b>	<b>40,483</b>	<b>41,275</b>	<b>42,080</b>

## Summary Cash Flow and Resale Analysis - Years 1-5

Purchase Price 440,000  
Cash Investment 169,610

	2017	2018	2019	2020	2021
<b>GROSS INCOME</b>	36,400	63,398	64,413	65,443	66,490
- Vacancy & Credit Allowance	0	0	0	0	0
- Operating Expenses	13,684	23,693	23,929	24,169	24,410
<b>NET OPERATING INCOME</b>	22,716	39,706	40,483	41,275	42,080
- Interest, All Loans	11,567	19,201	18,359	17,456	16,488
- Depreciation and Amortization	1,081	2,060	2,142	2,224	2,429
+ Interest, Funded Reserves	48	82	83	84	85
<b>INCOME OR (LOSS)</b>	10,116	18,527	20,065	21,678	23,248
<b>(LOSS) UTILIZED THIS YEAR</b>	0	0	0	0	0
<b>TAXABLE INCOME</b>	10,116	18,527	20,065	21,678	23,248
<b>NET OPERATING INCOME</b>	22,716	39,706	40,483	41,275	42,080
- Debt Service, All Mortgages	17,994	30,848	30,848	30,848	30,848
+ Proceeds of Mortgages, Less Points	0	0	0	0	0
- Capital Expenditures and Funded Reserves	3,200	3,200	3,200	3,200	8,200
<b>CASH FLOW BEFORE TAXES</b>	1,522	5,658	6,436	7,227	3,032
Reserves Utilized	0	0	0	0	0
Reserves Remaining	8,248	8,330	8,414	8,498	8,583
<b>NET CASH FLOW AFTER UTILIZING RESERVES</b>	1,522	5,658	6,436	7,227	3,032
- Estimated Income Tax Attributable to Property	2,833	5,188	5,618	6,070	6,509
<b>CASH FLOW AFTER TAXES AND RESERVES</b>	(1,311)	471	817	1,157	(3,477)
<b>GAIN OR (LOSS) ON SALE, Real Estate</b>	(36,538)	(29,873)	(22,940)	(15,739)	(13,245)
<b>GAIN ON SALE, Personal Property</b>	0	0	0	0	0
<b>PROJECTED SELLING PRICE, incl. personal prop.</b>	441,200	449,800	458,600	467,600	476,700
- Costs of Sale	30,884	31,486	32,102	32,732	33,369
- Mortgage Payoffs	279,572	267,926	255,437	242,046	227,686
+ Balance of Reserve Fund	8,248	8,330	8,414	8,498	8,583
<b>BEFORE-TAX SALE PROCEEDS</b>	138,992	158,719	179,474	201,320	224,227
- Estimated Total Federal Tax on Sale	(1,589)	(1,535)	(1,481)	(1,427)	(1,371)
<b>AFTER-TAX SALE PROCEEDS</b>	140,581	160,254	180,955	202,747	225,599
<b>Internal Rate of Return, Before Tax</b>	-16.51%	-0.78%	4.70%	7.34%	8.36%
<b>Modified Internal Rate of Return, Before Tax</b>	-16.51%	-0.74%	4.71%	7.27%	8.21%
<b>Internal Rate of Return, After-Tax</b>	-18.44%	-3.31%	1.99%	4.56%	5.53%
<b>Modified Internal Rate of Return, After Tax</b>	-18.44%	-3.29%	1.98%	4.55%	5.52%
<b>PV, Net Operating Inc. &amp; Sale Price less Costs of Sale</b>	408,416	413,931	419,067	423,844	428,225
<b>PV, CFAT and Sale Proceeds after Taxes</b>	125,758	130,787	134,915	138,229	137,670
<b>EQUITY (deducting Costs of Sale)</b>	130,744	150,388	171,061	192,822	215,645
<b>RETURN ON EQUITY (CFAT/Equity)</b>	-1.72%	0.31%	0.48%	0.60%	-1.61%

NOTE: If this analysis includes a partial first year, then the IRR, MIRR and PV calculations use estimated full year amounts for cash flow and NOI. Sale-year depreciation is adjusted within the calculation of resale tax and proceeds.

## Property Executive Summary

### Property Information

Type	Apartment Building
Number of Units	8
Square Footage	5,800

### Sources of Funds

Cash Investment	169,610	37.23%
First Mortgage (15 year term, 7.00% rate)	286,000	62.77%

### Annualized 1st Year Income & Expenses

Gross Income	62,400	<b>Total:</b>	<b>455,610</b>
Vacancy & Credit Allowance	0		
Gross Operating Income	62,400		
Operating Expenses	23,458		
Net Operating Income	38,942		

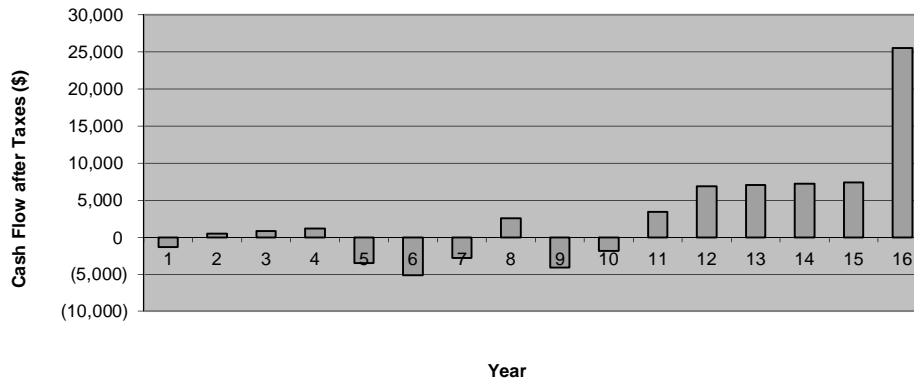
### Assumptions

Safe Rate for MIRR	1.00%
Reinvestment Rate for MIRR	5.00%
Discount Rate for PV	10.00%
Capitalization Rate for Resale	9.00%
Holding Period (Years)	16
Depreciable Basis	66,683
Depreciation Type	39-Year
1st Year Marginal Tax Rate	28.00%

### Uses of Funds

Purchase Price, Real Property (75.86 per square foot)	440,000	96.57%
Closing Costs	4,550	1.00%
Points	2,860	0.63%
1st Year Capital Improvements	3,200	0.70%
1st Year Funded Reserves	5,000	1.10%
<b>Total:</b>	<b>455,610</b>	

### 16-Year Projected Cash Flow After Taxes



### Financial Measures

	Year 1	Year 8	Year 16
Capitalization Rate	8.79%	9.24%	10.30%
Debt Coverage Ratio	1.26	1.45	4.04
Cash on Cash Return	1.54%	6.21%	23.04%
IRR before Taxes	-16.51%	9.79%	10.77%
IRR after Taxes	-18.44%	6.94%	7.93%
MIRR before Taxes	-16.51%	9.47%	10.05%
MIRR after Taxes	-18.44%	6.70%	7.64%
Return on Equity	-1.72%	0.87%	4.67%

	Year 1	Year 8	Year 16
Gross Income Multiplier	7.07	7.24	7.43
Gross Income/sf	10.76	12.02	13.65
Operating Expense Ratio	37.59%	36.07%	34.40%
Operating Expenses/sf	4.04	4.34	4.70
Projected Selling Price	441,200	505,000	588,200
After-Tax Sale Proceeds	140,581	300,935	539,974
PV, NOI+Reversion	408,416	439,504	459,363
PV, CFAT+Sale Proceeds	125,758	134,871	124,212