

Assumptions

123 Main Street Salem, OR 97302

Investment Assumptions

Price of Property	\$600,000
Closing Costs	1% of Property Price
Date of Acquisition	January 1
Holding Period	5 Years
Sale Price Method	8.25% Capitalization of NOI on Next Year
Selling Costs	6% of Selling Price

Investor's Assumptions

Marginal Tax Rate	28.00%
Capital Gain Rate	15.00%
Cost Recovery Recapture Rate	25.00%
Discount Rate	10.00%

Building Depreciation Assumptions

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

Loan Assumptions

Loan Amount	30% of Property Price
Loan Interest Rate	6.00%
Loan Period	30 Years
Loan Origination Date	at Acquisition
Loan Type	Monthly Payments, Amortizing
Loan Points Charged	1% Amortized over Loan Life
Secondary Loans	Yes

Revenue Assumptions

Annual Revenue (Rental Units)	\$90,000
Annual Revenue (Other Income)	\$10,530
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method (Rent):	BOY2@ 2% Annually
Revenue Growth Method (Other Income):	BOY2@ 2% Annually
Management Fee	10.00%
Vacancy Factor	BOY1@ 10% -BOY2@ 5% Annually

Operating Expense Assumptions

Annual Expense	\$39,391
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	BOY2@ 3% Annually
Percent of GOI	43.04%

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Units Revenue Assumptions

Total Rentable Units	10
Total Rentable Square Feet	8,900
Two Bedroom One Bath Unit	
Annual Revenue (5 Units @ \$700/Unit/Month)	\$42,000
Price per Square Foot	\$0.83
Three Bedroom One Bath Unit	
Annual Revenue (5 Units @ \$800/Unit/Month)	\$48,000
Price per Square Foot	\$0.85