

# Annual Investment Summary

**123 Main Street Salem, OR 97302**

<b>Property Information</b>			<b>Financing</b>	
Property Type		Residential	First Loan: 420,000 6% 30 Year 1 Point	
Sale Price		600,000	Second Loan: 15,000 8% 30 Year 0 Point	
Number of Units		10	Third Loan: None	
Price per Unit		60,000	<b>Total Debt Service: (2 loans)</b>	
<b>Basis/Appreciation:</b>			Loan Amount	435,000
Depreciable basis @ 70%		420,000	Monthly payment (PI)	2,628.18
Appreciation @ 3%		18,000	Annual Payment (PI)	31,538
<b>Income</b>			<b>Initial Investment</b>	
Gross Scheduled Income		90,000	Down Payment (27.50%)	165,000
- Vacancy @ 10.00%		9,000	+ Loan Points (0.97%)	4,200
+ Laundry		1,200	+ Closing Costs (1.00%)	6,000
+ Parking			<b>INITIAL INVESTMENT</b>	<b>175,200</b>
+ Vending			<b>Depreciation</b>	
+ Storage			Depreciation (building)	14,637
+ Other			+ Depreciation (additions)	230
<b>GROSS OPERATING INCOME</b>		<b>82,200</b>	<b>DEPRECIATION</b>	<b>14,867</b>
<b>Operating Expenses</b>			<b>Tax Benefit (Loss)</b>	
Property tax	12.17%	10,000	Taxable Revenues	82,200
+ Insurance	1.22%	1,000	- Deducted Expenses*	30,752
+ Management	10.00%	8,220	- Mortgage Interest	26,255
+ Repairs/Maint	6.00%	4,932	- Depreciation	14,867
+ Trash Removal	2.19%	1,800	- Amortized Loan Points	140
+ Water/Sewer	2.68%	2,200	<b>TAXABLE INCOME</b>	<b>10,186</b>
+ Gas/Electric	0.61%	500	<b>TAX BENEFIT (LOSS) @ 28%</b>	<b>(2,852)</b>
+ Advertising	0.73%	600	<b>Cash Flow After Tax</b>	
+ Telephone	0.36%	300	Cash Flow Before Tax	8,910
+ Landscaping	1.46%	1,200	- Tax Benefit (Loss)	(2,852)
+ Reserve	3.65%	3,000	<b>CASH FLOW AFTER TAX (CFAT)</b>	<b>6,058</b>
<b>TOTAL EXPENSES</b>	<b>41.06%</b>	<b>33,752</b>	<b>Return on Equity</b>	
<b>Cash Flow Before Tax</b>			Appreciation	18,000
Gross Operating Income		82,200	+ Cash Flow Before Tax	8,910
- Operating Expenses		33,752	+ Principal Reduction	5,283
<b>NET OPERATING INCOME</b>		<b>48,448</b>	+ Tax Benefit (Loss)	(2,852)
- Debt Service		31,538	<b>TOTAL PROFIT THIS YEAR</b>	<b>29,341</b>
- Upgrades		8,000	÷ Initial Investment	175,200
<b>CASH FLOW BEFORE TAX (CFBT)</b>		<b>8,910</b>	<b>RETURN ON EQUITY (ROE)</b>	<b>16.75%</b>

<b>INVESTMENT HIGHLIGHTS</b>			
<b>Gross Rent Multiplier</b>	<b>6.67</b>	<b>Capitalization Rate</b>	<b>8.07%</b>
<b>Cash on Cash Return</b>	<b>5.09%</b>	<b>Return on Equity</b>	<b>16.75%</b>

**Note** Results are for the first-year of ownership, January 1 through December 31. Deducted Expenses are Operating Expenses less Replacement Reserve.