

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	1-10 Years
Sale Price Method	3% Annual Inflation Rate
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%
Present Value 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 (Rents)	\$90,000
Annual Revenue (Other Income)	\$1,200
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method (annual, start Year 2)	Rents 2%, Other Income 2%
Management Fee	10.00%
Vacancy Factor	10% stepped to 5% starting Year 2

Operating Expense Assumptions

Annual Expense	\$33,752
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method (annual, start Year 2)	3%
Percent of GOI	41.06%

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Units Revenue Assumptions

Total Rentable Units	10
Total Rentable Square Feet	8,900

Two Bedroom One Bath Units

Annual Revenue (5 Units @ \$700/Unit/Month)	\$42,000
Price per Square Foot	\$0.83

Three Bedroom One Bath Units

Annual Revenue (5 Units @ \$800/Unit/Month)	\$48,000.00
Price per Square Foot	\$0.85