



F. C. Tucker Commercial

F. C. Tucker/Bloomington REALTORS®
487 S. Clarizz Blvd. | Bloomington, IN 47401
812.336.7300 | tuckerbloomington.com
Independently Owned and Operated

Multi-Family Investment Real Estate Pro Forma Workshop

Agenda:

1. Welcome;
 - a. Betsey Sturgis -Licensed Executive Assistant
 - b. Matt Natzke – Intern from Indiana University
 - c. Cole Weida – Intern from the University of Evansville
 - d. Mason Ross – Senior Bloomington High School North
2. Investment Real Estate Definitions and Formulas
3. Two Case Studies
 - a. 24 Units in Bloomfield, IN –existing property
 - b. Mixed Used Commercial Development– 16 Units with 4,180 SF of Retail Commercial Space
4. Real Estate Finance
 - a. Commercial Financing
 - b. Government Assistance
 - i. Tax Credit
 - ii. Tax Abatement
 - c. Other Financing options
 - i. Community Foundations
 1. Community Development Financial Institutions (CDFI)
 2. Impact Investing
5. Resources
 - a. YouTube videos
6. Questions



Chris Cockerham, CPM GRI
Chris@cockerham.us

Investment Real Estate Definitions:

1. **Rent Roll**-is a report that provides detailed information about the property, the tenant, and rents. Rent rolls can be constructed for a single property or an entire rental property portfolio.
 - a. Rent Roll shows the rent on a single property or a portfolio of properties, that shows the rents collected and rents that are due, prior to expenses (taxes, maintenance, utilities, etc.)
 - b. This would be a spreadsheet and database of your Gross Rent Potential.
 - c. Rent Rolls also shows the beginning of lease date and lease expiration date.

Table 1

UNIT	TENANT	SF	BD/BA	Gross Potential rent	RENT	DEPOSIT	LEASE FROM	LEASE TO
Property Name								
AC 01	Tenant 1	605	2/1.00	800.00	745.00	300.00	08/05/2016	07/15/2021
AC 02	Tenant 2	605	2/1.00	800.0	760.00	250.00	08/06/2018	07/16/2020
AC 03	Tenant 3	605	2/1.00	800.00	845.00	700.00	08/07/2002	07/01/2021
AC 04	Tenant 4	605	2/1.00	1,000.00	900.00	550.00	07/25/2019	07/16/2020
AC 05	Tenant 5	1,000	3/2.00	1,400.00	1,240.00	250.00	07/12/2018	07/01/2021
AC 201	Tenant 6	304	0/1.00	800.00	675.00	550.00	07/26/2018	07/16/2020
AC 202	Tenant 7	540	1/1.00	800.00	680.00	430.00	08/09/2019	08/06/2020
AC 203	Tenant 8	609	1/1.00	800.00	700.00	450.00	08/01/2019	07/15/2021
AC 204	Tenant 9	1,355	2/1.00	1,400.00	1,230.00	300.00	08/09/2016	06/24/2021
AC 205	Tenant 10	600	1/1.00	800.00	785.00	250.00	05/23/2019	05/06/2021
AC 215		1,355	3/4.00	1,800.00	0.00	0.00	-	-
11 UNITS		8,183		10,480.00	8,560.00	4,030.00		

2. **Gross Potential Income (GPI)** - is a calculation of the maximum amount of rental income that a landlord could generate from a property. ... In addition, gross potential rent is based on market rent, which is the average amount of rent that tenants pay for similar properties in the same geographic area.
 - a. Gross Rent Potential is the amount of money one can make on a property prior to expenses (taxes, maintenance fees, utilities, etc.)

3. **Vacancy & Credit Loss**-In the rental industry and real estate investing market, **vacancy and credit loss** is the amount of money—or the percentage of net operating income—that is estimated to not be realized due to non-payment of rents and **vacant** units. ... Your **vacancy and credit loss** will adjust your gross potential income.
 - a. **Vacancy is just as it sounds like; vacant units in a given property**
 - b. **Credit loss accounts the percentage of the Net Operating Income that will not be accounted for because of people not paying rents and for vacancy.**

4. **Effective Gross Income (EGI)**- is the **Potential Gross Rental Income** minus vacancy and credit costs of a rental property.
 - a. **This is your final rent income calculation. After all expenses are paid, and all other factors are accounted for, this is the amount of money you will make from a particular property in a given time period.**

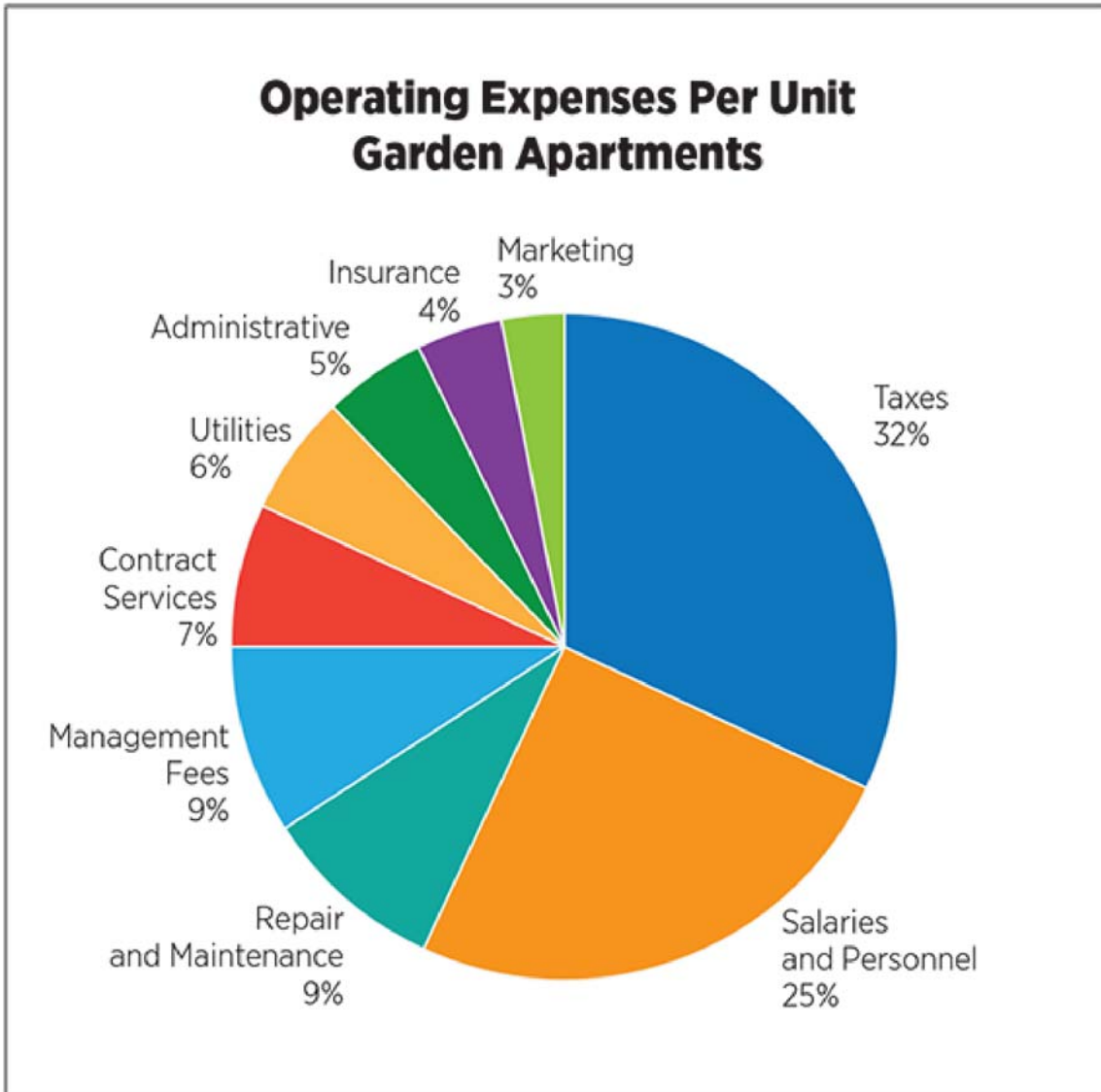
5. **Commercial Reimbursements** -Tenant **reimbursements**, also known as tenant recoveries, are expenses which are paid back to a landlord by a tenant. Common **examples**:tenant **reimbursements** include **property** taxes, **property** insurance, maintenance and repair costs, and other operational expenses.

6. **Adjusted Gross Income (AGI)**- Is the Effective Gross Income plus other income.
 - a. **Adjusted Gross Income is your income prior to taxes, minus deductions, or credits that you may qualify for.**

7. **Expenses**:
 - a. **Unit Turn over**
 - i. **Costs associated with the conclusion of a previous tenant's occupancy. These include repairing any damages that may have come from previous tenants or renovating the given property to modernize for potential buyers.**
 - b. **Maintenance**
 - c. **Contracted Services**
 - i. **Landscaping, Snow Removal, Cleaning Services, etc.**
 - d. **Management Fees**
 - i. **The cost to hire a property manager**
 - e. **Utilities**
 - i. **Electrical, Water, Gas**
 - f. **General & Administration**
 - g. **Marketing**

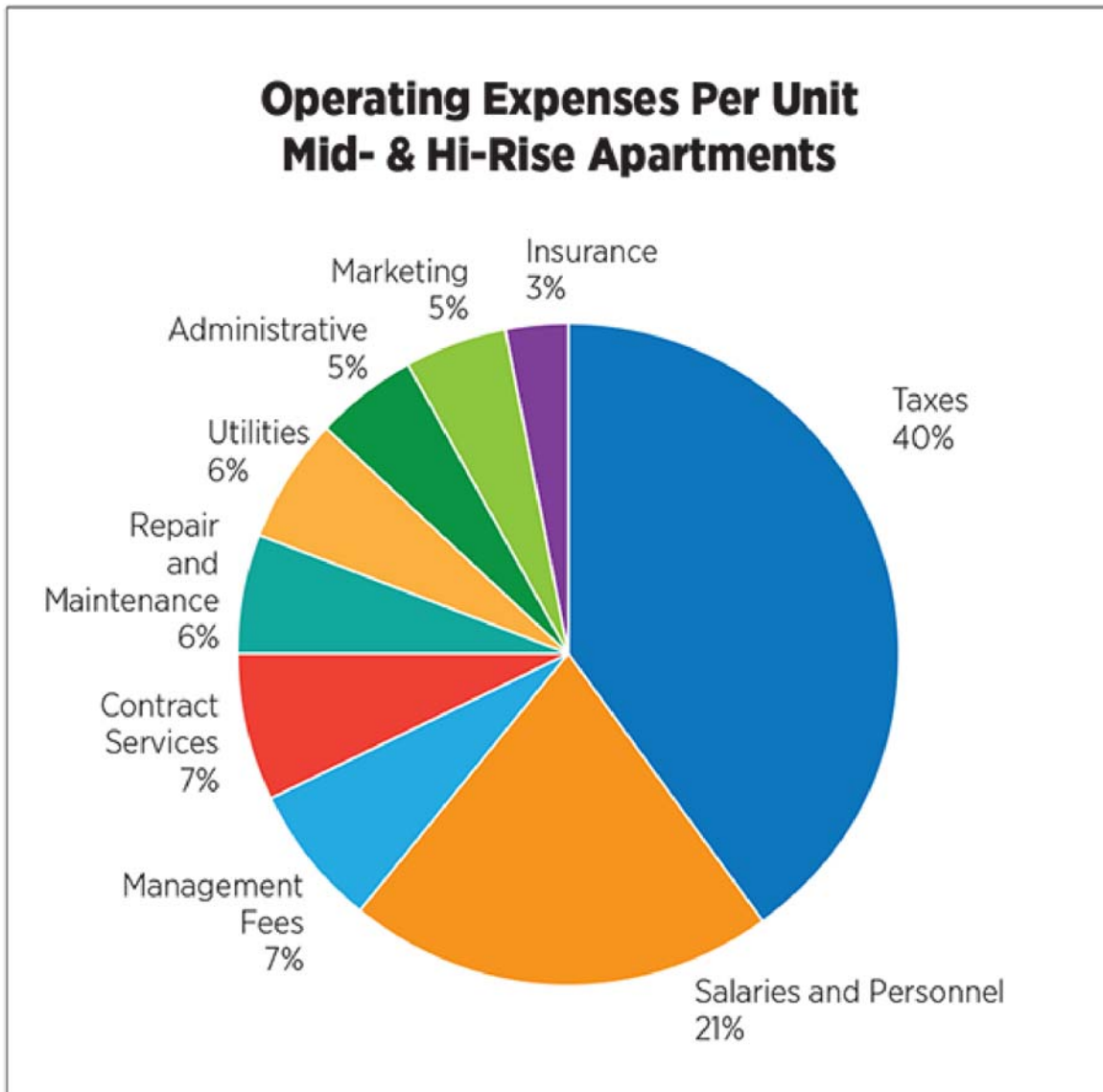
- h. Insurance**
- i. Property Taxes**
- j. Payroll Expense**
 - i. Employee's cost**
- k. Replacement Reserves**
 - i. Reserves kept ensuring the upkeep of a property for diminishing equipment or infrastructure.**

Chart 1



Source: NAA 2019 Survey of Operating Income & Expenses; market rate, individually metered and recovery system garden properties

Chart 2



Source: NAA 2019 Survey of Operating Income & Expenses; market rate, individually metered and recovery system mid- and hi-rise properties

Real Estate Investment Formulas

8. Formulas

- a. Gross Rent Multiplier (GRM): Assessed market value of the property/ Annual Gross Income (AGI)
 - i. Assessed Market Value is the cost to acquire a property
 - ii. Annual Gross Income is your profits or income from the property
- b. Capitalization Rate (CAP): Net Operating Income (NOI)/ Assessed market value of property
 - i. Net Operating Income: Is the Income made after all expenses are accounted for: Revenue - Expenses = Net Operating Income or NOI
 - ii. Value of property=NOI*Cap rate
- c. Cash-on-Cash Return: Annual cash flow before taxes/ Total cash invested (annual before tax cash = cash flow debt services)
 - i. Annual Cash Flow is the money brought in from a property prior to taxes
- d. Debt Coverage Ratio: Net Operating Income (NOI)/ Total annual debt service.
 - i. Total Annual Debt Services are the costs or expenses that you face while owning the property (utilities, fees, repairs, etc.)
- e. Internal Rate of Return (IRR): the interest rate at which the net present value of all the cash flows (positive and negative) from a project or investment equal zero.
 - i. Is used to evaluate the attractiveness of a project investment.
 - ii. If the IRR exceeds company expectations, the project is a successful investment. If the project does not meet one's IRR threshold, the project should be ignored.
 - 1. Formula: $\text{Time Period 0} + \text{Time Period 1}/(1+\text{IRR}) + \text{Time Period 2}/(1+\text{IRR}) + \text{Time Period 3}/(1+\text{IRR}) \dots \text{Time Period X}/(1+\text{IRR})$

9. Resources: YouTube Videos

- a. What is a Pro Forma: <https://youtu.be/D4dSEoLyNCA>
- b. How to create a basic Investment Property Pro Forma https://youtu.be/jfcTvY_2M3Q
- c. Commercial Real Estate Appraisal Valuation Methods <https://youtu.be/gwL8HNILvhw>

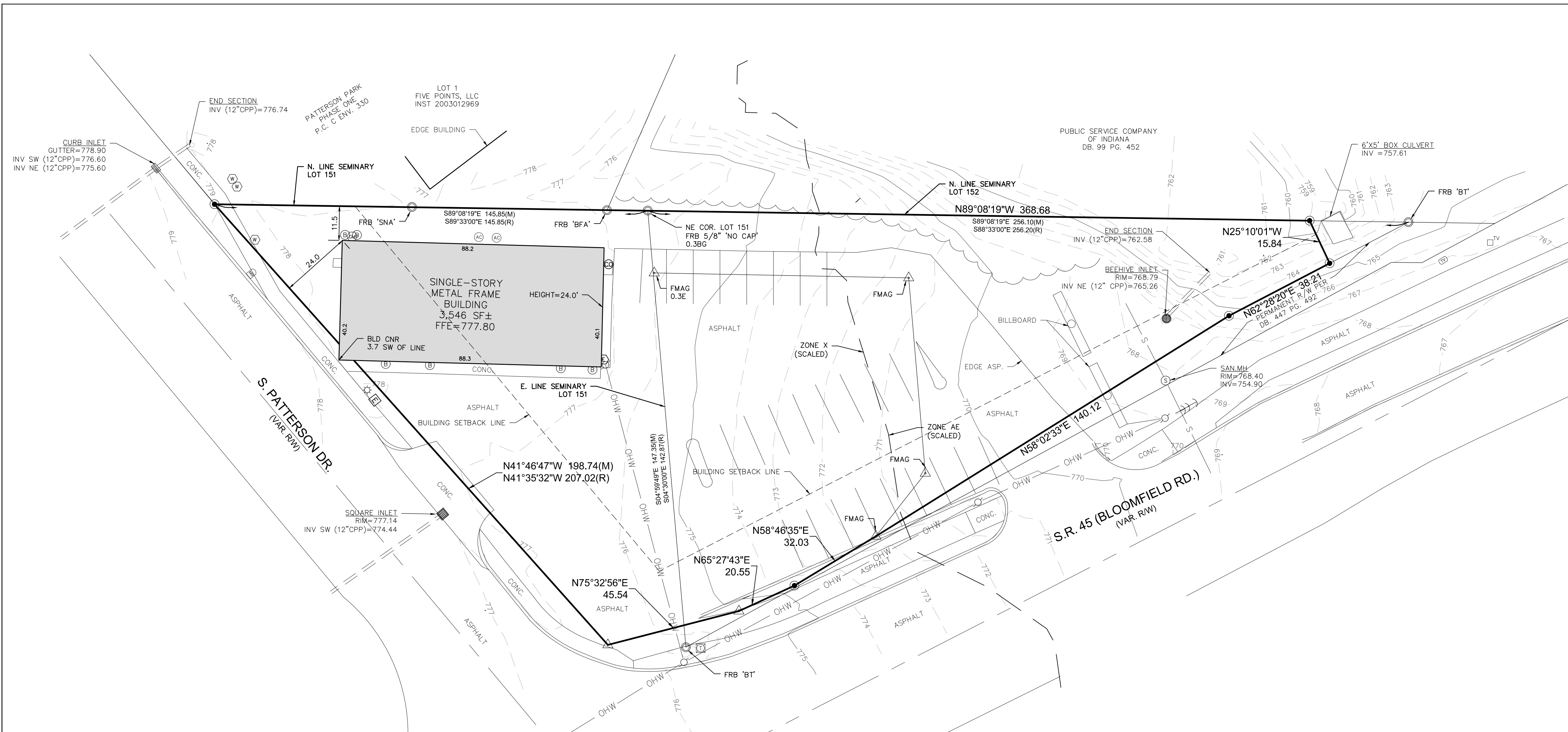
Bloomfield Apartments
Bloomfield, IN

Units	Type	Unit Sq. Ft.	Total Sq. Ft.	Actual Rents	PSF	Target Rents	PSF	Market Rents	PSF
29	Apartments	650	18,850	\$332	\$0.51	\$450	\$0.69	\$600	\$0.92
29		650	18,850	\$332	\$0.51	\$450	\$0.69	\$600	\$0.92

Income			Actual		Target Budget		Proforma		
Gross Potential Income (GPI)			\$115,536		\$156,600		\$208,800		
Less: Vacancy & Credit Loss			\$0	0.00%	(\$12,528)	8.00%	(\$16,704)	8.00%	
Effective Gross Income (EGI)			\$115,536		\$144,072		\$192,096		
Plus: Other Income			\$0		\$0		\$0		
Total Adjusted Gross Income (AGI)			\$115,536		\$144,072		\$192,096		
Expenses									
	Per Unit								
Unit Turnover	\$78.98		\$4,739	4%	\$4,739	3%	\$4,739	2%	
Maintenance & Repairs	\$166.67		\$10,000	9%	\$10,000	7%	\$10,000	5%	
Contracted Services	\$55.98		\$3,359	3%	\$3,359	2%	\$3,359	2%	
Management Fees	\$154.05		\$9,243	8%	\$7,204	5%	\$9,605	5%	
Utilities	\$484.80		\$29,088	25%	\$29,088	20%	\$29,088	15%	
General & Administrative	\$25.00		\$1,500	1%	\$1,500	1%	\$1,900	1%	
Marketing	\$41.67		\$2,500	2%	\$2,500	2%	\$7,500	4%	
Insurance	\$29.17		\$1,750	2%	\$5,520	4%	\$5,520	3%	
Property Tax	\$291.67		\$17,500	15%	\$26,017	18%	\$26,017	14%	
Payroll Expense	\$62.97		\$3,778	3%	\$3,778	3%	\$3,778	2%	
Replacement Reserves	\$150.00		\$4,350	4%	\$4,350	3%	\$4,350	2%	
Total Operating Expenses			\$87,807	76%	\$98,055	68%	\$105,856	55%	
	Per Unit:		\$3,028		\$3,381		\$3,650		
	Per Foot:		\$4.66		\$5.20		\$5.62		
Net Operating Income (NOI)			\$27,729		\$46,017		\$86,240		
Less: Debt Service: Asking Price			\$641,461		(29,682)		(29,682)		
Projected Net Cash Flow					(\$1,952)		\$56,559		
Cash on Cash Return (Based on Ask Price)					-1.22%		10.19%	35.27%	
Cap Rate Analysis	Price	\$/Unit	\$/Foot	Cap Rate	GRM	Cap Rate	GRM	Cap Rate	GRM
Asking Price (4)	\$641,461	\$22,119	\$34.03	4.32%	5.55	7.17%	4.45	13.44%	3.34
High	\$641,461	\$22,119	\$34.03	4.32%	5.55	7.17%	4.45	13.44%	3.34
Low	\$595,900	\$20,548	\$31.61	4.65%	5.16	7.72%	4.14	14.47%	3.10

Loan Amount (5)	Down Payment	% Down Payment	Interest Rate	Amort.	Target		
					Based on Target Payments	Based on Target Annual Debt Service	Based on Target Debt Coverage Ratio
\$481,096	\$160,365	25%	3.750%	25	\$2,473.46	\$29,682	1.55
\$481,096	\$160,365	25%	3.750%	25	\$2,473.46	\$29,682	1.55
\$446,925	\$148,975	25%	3.750%	25	\$2,297.78	\$27,573	1.67

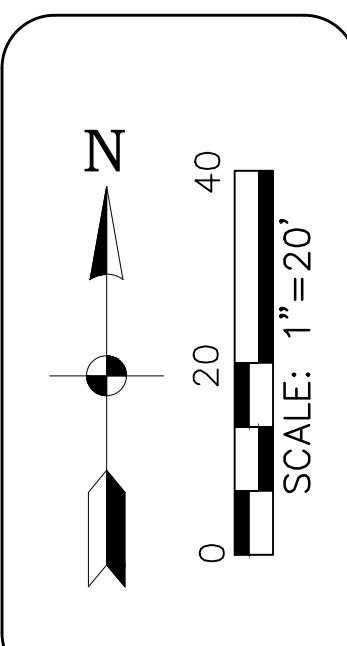
This information contained herein has been obtained from sources we deem reliable. While we have no reason to doubt it, we do not guarantee it.



BASIS OF BEARINGS:
INDIANA STATE PLANE,
WEST ZONE

LEGEND

- RR SPIKE
- STONE
- REBAR
- IRON PIPE
- MAG NAIL
- UTILITY POLE
- LIGHT POLE
- GUY WIRE
- ELECTRIC METER
- ELECTRIC MANHOLE
- ELECTRIC VAULT
- ELECTRIC HANDHOLE
- ELECTRIC TRANSFORMER
- SANITARY MANHOLE
- CLEAN OUT
- STORM MANHOLE
- CURB INLET
- INLET ROUND
- INLET SQUARE
- YARD INLET
- DOWN SPOUT DRAIN
- WATER VALVE
- WATER MANHOLE
- WATER METER
- FIRE HYDRANT
- OVERHEAD WIRES
- SANITARY SEWER
- UNDERGROUND GAS LINE
- UNDERGROUND ELECTRIC LINE
- UNDERGROUND COMMUNICATION LINE
- WATER LINE
- STORM SEWER
- FENCE
- AIR CONDITIONER
- GAS METER
- GAS VALVE
- COMMUNICATION MANHOLE
- COMMUNICATION VAULT
- FIBER OPTIC MANHOLE
- FIBER OPTIC VAULT
- CONCRETE BOLLARD
- T-POST
- UNKNOWN MANHOLE
- UNKNOWN LID
- MONITORING WELL
- STEAM MANHOLE
- STEAM METER
- STEAM VAULT
- CONIFEROUS TREE
- DECIDUOUS TREE
- M MEASURED
- P PLATTED
- R RECORD
- FRB FOUND REBAR
- SRB SET REBAR
- FIP FOUND IRON PIPE
- FRS FOUND RAILROAD SPIKE
- FMAG FOUND MAG NAIL
- SMAG SET MAG NAIL
- B/C BUILDING CORNER
- FND FOUND
- P.D.O. POSSIBLE DEED OVERLAP
- B.G. BELOW GRADE
- A.G. ABOVE GRADE
- OHW
- S
- G
- E
- C
- W
- ST
- X



JOB TITLE:
ALTA/NSPS SURVEY
1204 W 2ND ST
BLOOMINGTON, INDIANA
SEC 5-T8N-R1W

LEGAL DESCRIPTION

- GENERAL NOTES**
- 1) BASED UPON A SCALED INTERPRETATION OF THE FLOOD INSURANCE RATE MAP (18105C0141D) FOR MONROE COUNTY, INDIANA, DATED DECEMBER 17, 2010. THE SUBJECT PROPERTY IS LOCATED WITHIN A SPECIAL FLOOD HAZARD AREA, AS ESTABLISHED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY FOR THE NATIONAL FLOOD INSURANCE PROGRAM. THE SUBJECT PROPERTY IS LOCATED WITHIN ZONE AE, AS SHOWN.
 - 2) UNDERGROUND UTILITIES WERE LOCATED FROM ABOVE GROUND OBSERVATIONS ONLY AND SHOULD NOT BE CONSIDERED COMPLETE.
 - 3) THE SUBJECT PROPERTY CONTAINS 24 MARKED PARKING SPACES AND 0 HANDICAPPED SPACES.
 - 4) ALL MONUMENTS FOUND IN PERFORMANCE OF THIS SURVEY WERE FOUND FLUSH WITH THE EXISTING GROUND UNLESS OTHERWISE NOTED, AND THE AGE AND ORIGIN OF SAID FOUND MONUMENTS ARE UNKNOWN UNLESS OTHERWISE NOTED.
 - 5) ALL DIMENSIONS SHOWN HEREON ARE IN FEET AND DECIMALS THEREOF UNLESS OTHERWISE LABELED.
 - 6) REFERENCE IS MADE TO THE FOLLOWING SURVEYS OR PLATS.

SCHEDULE B SURVEY ITEMS
THIS SURVEY WAS PREPARED UTILIZING INFORMATION CONTAINED IN TITLE INSURANCE COMPANY TITLE FILE NO. , DATED 2018.

SURVEYOR'S REPORT
JOB NUMBER: 5661
TYPE OF SURVEY: RETRACEMENT SURVEY MEETING THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS
CLASS OF SURVEY: URBAN SURVEY (865 IAC 1-12)
FIELD WORK COMPLETED: MARCH 2018
LOCATION OF SURVEY: 1204 W. 2ND STREET BLOOMINGTON, INDIANA

IN ACCORDANCE WITH TITLE 865, ARTICLE 1, CHAPTER 12 (RULE 12) OF THE INDIANA ADMINISTRATIVE CODE (IAC), THE FOLLOWING OBSERVATIONS AND OPINIONS ARE SUBMITTED REGARDING THE UNCERTAINTY IN THE POSITION OF THE LINES AND CORNERS ESTABLISHED AND/OR REESTABLISHED ON THIS SURVEY AS A RESULT OF:

- 1) AVAILABILITY AND CONDITION OF REFERENCE MONUMENTS;
- 2) CLARITY AND/OR AMBIGUITY OF THE RECORD DESCRIPTION(S) USED AND/OR THE ADJOINER'S DESCRIPTIONS; AND
- 3) OCCUPATION OR POSSESSION LINES.
- 4) MEASUREMENTS (RELATIVE POSITIONAL ACCURACY)

NOTE: THERE MAY EXIST UNWRITTEN RIGHTS ASSOCIATED WITH THESE UNCERTAINTIES.

1) AVAILABILITY AND CONDITION OF REFERENCE MONUMENTS
MONUMENTS USED IN PERFORMANCE OF THIS SURVEY ARE LABELED HEREON. UP TO 0.3 FEET OF UNCERTAINTY.

2) CLARITY AND/OR AMBIGUITY OF THE RECORD DESCRIPTION(S)
INSTRUMENT 2012008603 DOES NOT CLOSE BY ± 17.00 FEET.

3) OCCUPATION OR POSSESSION LINES
POSSESSION LINES AT THE TIME OF THE SURVEY ARE LABELED HEREON. UP TO 3.7 FEET OF UNCERTAINTY.

4) MEASUREMENTS (RELATIVE POSITIONAL ACCURACY)
URBAN SURVEY (+/- 0.07 FOOT PLUS 50 PARTS PER MILLION) AS DEFINED IN 865 IAC 1-12-8, EFFECTIVE MAY 4, 2006.

THEORY OF LOCATION

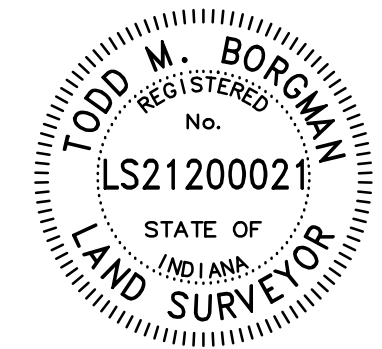
SURVEYOR'S CERTIFICATE
TO:

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 1-4, 7(a)(b)1, 8, 9, 11 AND 13 OF TABLE A THEREOF. THE FIELD WORK WAS COMPLETED IN MARCH 2018.

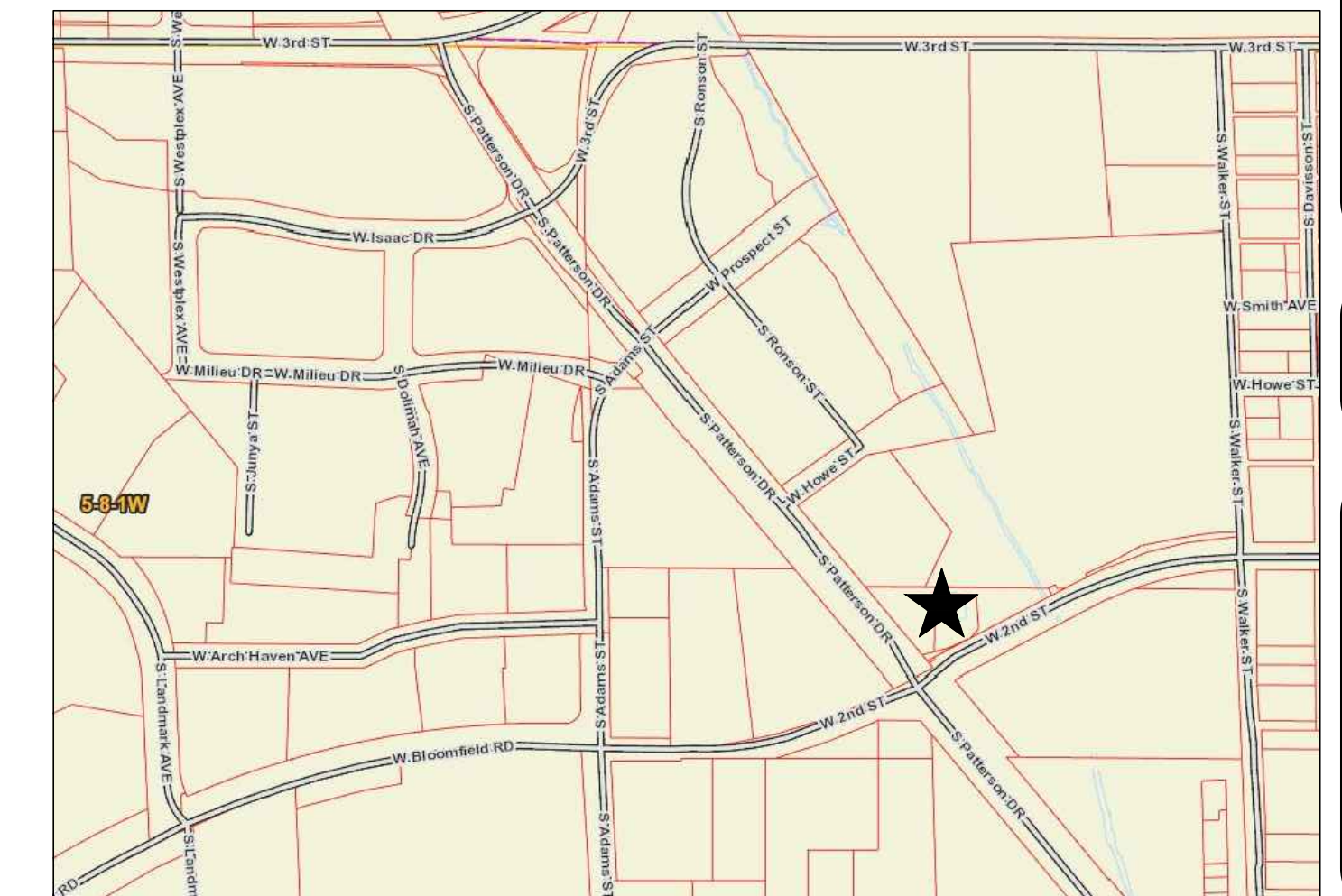
THIS SURVEY WAS PERFORMED UNDER THE DIRECTION OF THE UNDERSIGNED, AND TO THE BEST OF THIS SURVEYOR'S KNOWLEDGE AND BELIEF WAS EXECUTED ACCORDING TO SURVEY REQUIREMENTS IN 865 IAC 1.12 FOR THE STATE OF INDIANA.

DATED MARCH 13, 2018

TMB
TODD M. BORGMAN
REGISTERED LAND SURVEYOR NO. 21200021
STATE OF INDIANA



I AFFIRM, UNDER THE PENALTIES FOR PERJURY, THAT I HAVE TAKEN REASONABLE CARE TO REDACT EACH SOCIAL SECURITY NUMBER IN THIS DOCUMENT, UNLESS REQUIRED BY LAW. (TODD BORGMAN)



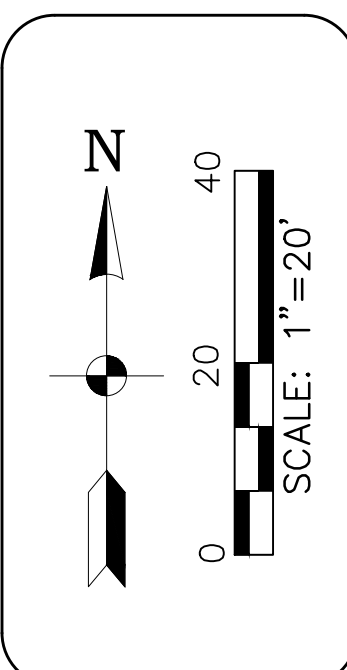
REVISIONS	BY	DATE

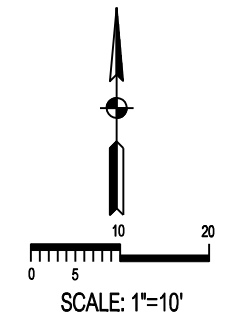
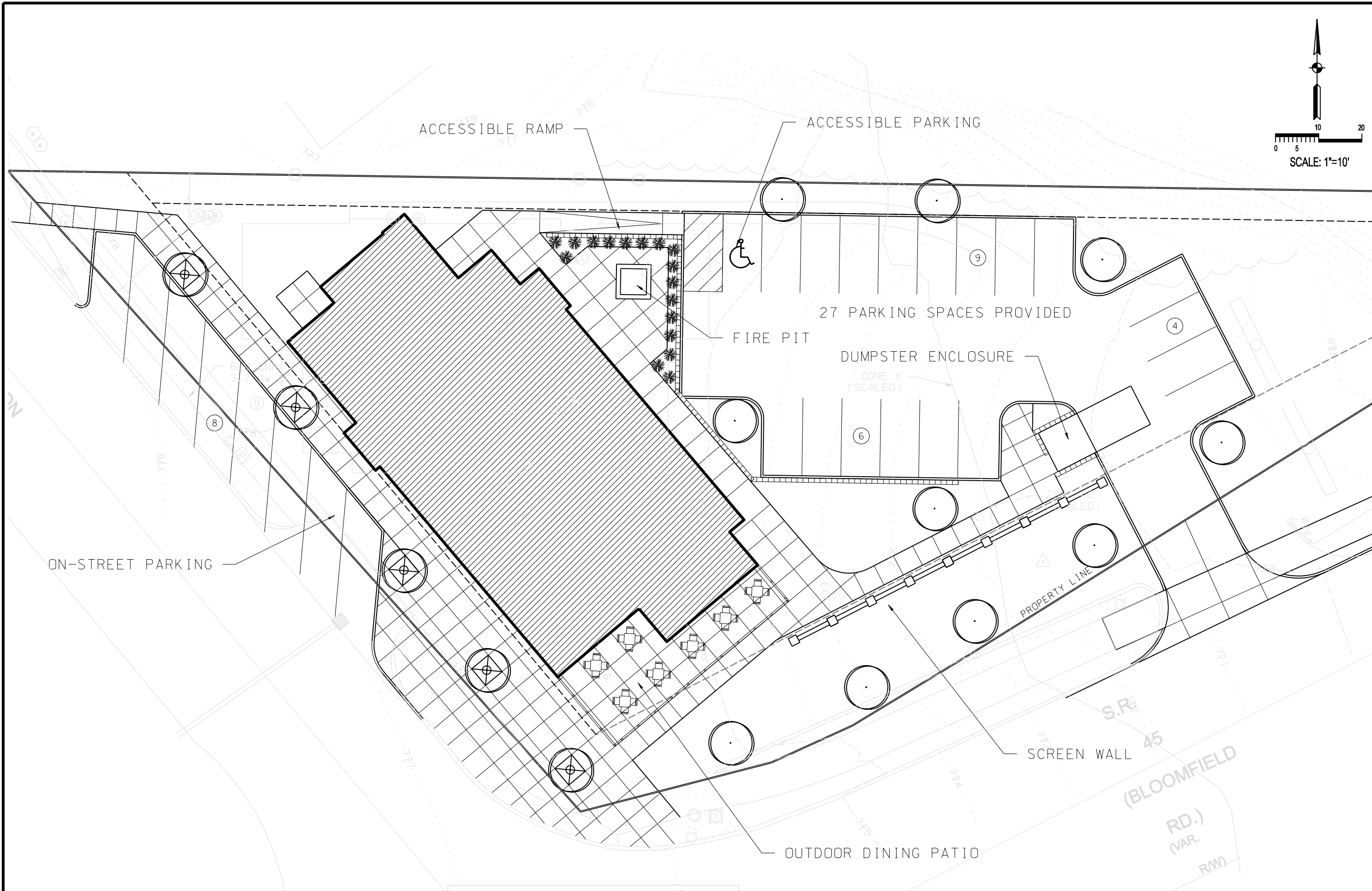
PREPARED BY: TMB
CHECKED BY: TMB

JOB NUMBER:
5661
SHEET:
1 OF 1
DATE:
3/13/18

ALTA/NSPS SURVEY

Smith Bruboh & Associates, Inc.
453 S. Claritz Boulevard
Bloomington, Indiana 47401
Telephone: (812) 336-6536
Fax: (812) 336-0513
Web: http://smithbruboh.com





Smith Brechob & Associates, Inc.
 453 S. Clariss Boulevard
 Bloomington, Indiana, 47401
 Telephone: (812) 336-6836
 Fax: (812) 336-0213
 Web: <http://smithbrechob.com>

CERTIFICATION DATE
//

JOB TITLE:
THE RAILS
AT 2ND AND PATTERSON

REVISIONS	BY	DATE

DESIGNED	DRAWN	CHECKED	DATE
SAB			

JOB NUMBER
5661
 SHEET
C201
 DATE
 03/28/18
 SHEET
 9 NAME



NW PERSPECTIVE VIEW

SHEET NUMBER

A7

SHEET DESCRIPTION

NORTHWEST
PERSPECTIVE
VIEW

PROJECT NO.

18023

DATE

04-20-2018

THE RAILS - 2nd & Patterson

BLOOMINGTON, IN



SW PERSPECTIVE VIEW



NE PERSPECTIVE VIEW

SHEET NUMBER

A10

SHEET DESCRIPTION

NORTHEAST
PERSPECTIVE
VIEW

PROJECT NO.

18023

DATE

04-20-2018

THE RAILS - 2nd & Patterson

BLOOMINGTON, IN



SE PERSPECTIVE VIEW

New Development

Input Information Below:

Property Type:	r
Revenue Type:	r

Total Square Footage of Land:	32,234
Total Square Footage of Improvement:	15,389

Purchase Price:	Scenario 1		Scenario 2		Scenario 3	
Land	\$950,000	\$ 29.47	\$800,000	\$ 24.82	\$750,000	\$ 23.27
Building	\$0	\$ -	\$0	\$ -	\$0	\$ -
	\$950,000		\$800,000		\$750,000	

Closing Cost:	Scenario 1		Scenario 2		Scenario 3	
Closing Fee	\$200		\$200		\$200	
Attorney Fees	\$2,500		\$2,500		\$2,500	
Title Insurance	\$1,100		\$1,100		\$1,100	
Survey	\$0		\$0		\$0	
Environmental Engineering	\$2,100		\$2,100		\$2,100	
Recording Fee	\$100		\$100		\$100	
	\$6,000		\$6,000		\$6,000	

Acquisition Cost:	\$956,000	\$806,000	\$756,000
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Development Cost:	Scenario 1		Scenario 2		Scenario 3	
		Cost per SF		Cost per SF		Cost per SF
Site Work	\$75,000	\$ 4.87	\$75,000	\$ 4.87	\$75,000	\$ 4.87
Utilities	\$35,000	\$ 2.27	\$35,000	\$ 2.27	\$35,000	\$ 2.27
Landscaping	\$15,000	\$ 0.97	\$15,000	\$ 0.97	\$15,000	\$ 0.97
Elevator	\$0	\$ -	\$0	\$ -	\$0	\$ -
Architect	\$65,000	\$ 4.22	\$65,000	\$ 4.22	\$65,000	\$ 4.22
Engineering	\$25,000	\$ 1.62	\$25,000	\$ 1.62	\$25,000	\$ 1.62
Permits	\$1,350	\$ 0.09	\$1,350	\$ 0.09	\$1,350	\$ 0.09
Tap Fees	\$1,250	\$ 0.08	\$1,250	\$ 0.08	\$1,250	\$ 0.08
Inspections	\$1,000	\$ 0.06	\$1,000	\$ 0.06	\$1,000	\$ 0.06
Building Costs	\$1,500,000	\$ 97.47	\$1,500,000	\$ 97.47	\$1,500,000	\$ 97.47
Tenant Investments	\$80,000	\$ 5.20	\$80,000	\$ 5.20	\$80,000	\$ 5.20
Constr. Interest	\$40,000	\$ 2.60	\$40,000	\$ 2.60	\$40,000	\$ 2.60
Constr. Loan Closing	\$1,000	\$ 0.06	\$1,000	\$ 0.06	\$1,000	\$ 0.06
Development Fee	\$9,500	\$ 0.62	\$9,500	\$ 0.62	\$9,500	\$ 0.62
Contingency	\$150,000	\$ 9.75	\$150,000	\$ 9.75	\$150,000	\$ 9.75
Investment	\$2,955,100	\$ 192.03	\$2,805,100	\$ 182.28	\$2,755,100	\$ 179.03

Rent Increase %	
Year 1 - 2	3.0%
Year 2 - 3	3.0%

Expense Increase %	
Year 1 - 2	2.0%
Year 2 - 3	2.0%

**New Development
Property Evaluation**

Units	Type	Unit SF	Total SF	Actual Rents or Actual Annual PSF	Monthly PSF	Monthly Rents or Annual PSF- Year 1	Monthly PSF	Monthly Rents or Annual PSF- Year 2	Monthly PSF	Monthly Rents or Annual PSF- Year 3	Monthly PSF
16	1br	650	10,400	\$ 950.00	\$1.46	\$ 950.00	\$1.46	\$ 978.50	\$1.51	\$ 1,007.86	\$1.55
1	Commercial Retail	4,189	4,189	\$ 5,062.00	\$1.21	\$ 5,062.00	\$1.21	\$ 5,213.86	\$1.24	\$ 5,370.28	\$1.28
17			14,589		\$16.67		\$16.67		\$17.17		\$17.68
Total Monthly Rent				\$ 20,262		\$ 20,262		\$ 20,870		\$ 21,496	

Income		Income Prior Year	Income Year 1	Income Year 2	Income Year 3
Gross Potential Rent		\$ 243,144	\$ 243,144	\$ 250,438	\$ 257,951
Less: Vacancy		\$ (19,452)	\$ (19,452)	\$ (7,513)	\$ (7,739)
Less: Concessions		\$ -	\$ -	\$ -	\$ -
Net Rental Revenue	Pass Through Override	\$ 223,692	\$ 223,692	\$ 242,925	\$ 250,213
Plus: Pass Through	19,430	\$ 19,430	\$ 19,430	\$ 19,819	\$ 20,215
Plus: Other Income					
Total Income		\$ 243,122	\$ 243,122	\$ 262,744	\$ 270,428

Expenses		Expenses Prior Year	Expenses Year 1	Expenses Year 2	Expenses Year 3
Salaries and Personnel		\$ -	\$ -	\$ -	\$ -
Insurance		\$ 1,750	\$ 1,750	\$ 1,785	\$ 1,821
Taxes		\$ 17,500	\$ 17,500	\$ 17,850	\$ 18,207
Utilities		\$ 19,250	\$ 19,250	\$ 19,635	\$ 20,028
Management Fees		\$ 17,357	\$ 17,357	\$ 17,704	\$ 18,058
Administrative		\$ 1,500	\$ 1,500	\$ 1,530	\$ 1,561
Marketing		\$ 5,000	\$ 5,000	\$ 5,100	\$ 5,202
Contract Services		\$ 5,950	\$ 5,950	\$ 6,069	\$ 6,190
Repair and Maintenance		\$ 23,250	\$ 23,250	\$ 23,715	\$ 24,189
Replacement Reserves		\$ 15,000	\$ 15,000	\$ 15,300	\$ 15,606
Total Operating Expenses		\$ 106,557	\$ 106,557	\$ 108,688	\$ 110,862
	Expenses Per Unit:	\$ 6,268	\$ 6,268	\$ 6,393	\$ 6,521
	Expenses Per SF:	\$ 0.61	\$ 0.61	\$ 0.62	\$ 0.63
Net Operating Income		\$ 136,565	\$ 136,565	\$ 154,056	\$ 159,566

Projected Net Cash Flow:	Cost/Price	Net Cash Flow	Cash On Cash Return	Net Cash Flow	Cash On Cash Return	Net Cash Flow	Cash On Cash Return	Net Cash Flow	Cash On Cash Return
	\$ 2,955,100	\$ (172)	-0.02%	\$ (172)	-0.02%	\$ 17,318	2.34%	\$ 22,828	3.09%
	\$ 2,805,100	\$ 6,768	0.97%	\$ 6,768	0.97%	\$ 24,259	3.46%	\$ 29,769	4.24%
	\$ 2,755,100	\$ 9,082	1.32%	\$ 9,082	1.32%	\$ 26,572	3.86%	\$ 32,083	4.66%

Cap Rate Analysis	Cost/Price	Cost/Unit	Cost/SF	GRM	Cap Rate	GRM	Cap Rate	Cap Rate	Cap Rate
Scenario 1	\$2,955,100	\$173,829	\$202.56	12.15	4.62%	12.15	4.62%	5.21%	5.40%
Scenario 2	\$2,805,100	\$165,006	\$192.28	11.54	4.87%	11.54	4.87%	5.49%	5.69%
Scenario 3	\$2,755,100	\$162,065	\$188.85	11.33	4.96%	11.33	4.96%	5.59%	5.79%

Cost/Price	Loan Amount	Down Payment	Down Pmt %	LTV	Interest Rate	Amort.	Payment	Annual Debt Service	Debt Coverage Ratio
\$2,955,100	\$2,216,325	\$738,775	25.0%	75.0%	3.75%	25	\$11,395	\$136,738	1.00
\$2,805,100	\$2,103,825	\$701,275	25.0%	75.0%	3.75%	25	\$10,816	\$129,797	1.19
\$2,755,100	\$2,066,325	\$688,775	25.0%	75.0%	3.75%	25	\$10,624	\$127,483	1.25

This Section based on Prior Year Actual NOI

Cap Rate	Value by Cap Rate
5.00%	\$ 2,731,307.60
6.50%	\$ 2,101,005.85
8.00%	\$ 1,707,067.25

This Section based on NOI and Cash Flow from Year 3

Property Value & Return Analysis	Land Value	Development	Value w/ Development	Return on Investment	Equity Value	Return on Equity	Cap Rate	Value by Cap Rate
Scenario 1	\$956,000	\$1,999,100	\$2,955,100	0.77%	\$738,775	3.09%	6.00%	\$2,659,433
Scenario 2	\$806,000	\$1,999,100	\$2,805,100	1.06%	\$701,275	4.24%	6.50%	\$2,454,861
Scenario 3	\$756,000	\$1,999,100	\$2,755,100	1.16%	\$688,775	4.66%	7.00%	\$2,279,514

This information contained herein has been obtained from sources we deem reliable. While we have no reason to doubt it, we do not guarantee it.