

Real Estate Investment Analysis

Prepared for: John Doe
August 13, 2012



200 Birch Street
Any Town USA
4-plex



Wandering Star
6400 NE Hwy 99 #G-326
Vancouver, WA 98665



Howard Sanderson
O: 800.667.8924

Property Summary

200 Birch Street, Actual
Any Town USA
4-plex



Operating Statement (Actual)

Gross Scheduled Income	\$181,570.44
- Vacancy Loss	\$42,669.05
= Gross Effective Income	\$138,901.39
+ Other Income	\$1,818.00
= Gross Operating Income	\$140,719.39
- Total Operating Expenses	\$9,554.00
= Net Operating Income (NOI)	\$131,165.39

Financial Statistics (Actual)

Occupancy Percent	76.5%
Vacancy Percent	23.5%
Monthly Income Per Unit	\$445.03
Monthly Income Per Sq Ft	
Annual Expenses Per Unit	\$281.00
Annual Expenses per Sq Ft	
Gross Rent Multiplier	1.10
Cap Rate	65.58%

Property Data

Purchase Price	\$200,000.00
Number of Units	34
Number Occupied	27
Number Vacant	7
Price Per Unit	\$5,882.35
Rentable Sq Ft	
Price Per Sq Ft	
Taxes	\$2,200.00
Insurance	\$1,000.00

Year Built	1980
Land Area	70 x 150
Buildings	1
Stories	2
Electric Meters	5
Gas Meters	4
Parking Spaces	6
Roof	Comp
Zoning	Multi-Res

Amenities and Features

This sample property uses itemized income and expenses. The future value of this property is controlled by a 9% cap rate and increases each year due to a 2% annual escalation of income and expenses.

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Annual Property Operating Data (Actual) Year 1

200 Birch Street, Actual
Any Town USA
4-plex



Annual Income

Gross Scheduled Income	\$181,570.44
- Vacancy	\$42,669.05
= Effective Rental Income	\$138,901.39
+ Other Income	\$1,818.00
= Gross Operating Income	\$140,719.39

Annual Operating Expenses

Taxes	\$2,200.00
+ Insurance	\$1,000.00
+ Property Management	\$2,204.00
+ Maintenance & Repair	\$1,400.00
+ Utilities	\$1,400.00
+ Services	\$1,350.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$9,554.00

Net Operating Income

Gross Operating Income	\$140,719.39
- Annual Operating Expenses	\$9,554.00
= Net Operating Income	\$131,165.39

Annual Debt Service

1st Mortgage Principal and Interest	\$13,755.12
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Annual Cash Flow Before Tax

Net Operating Income	\$131,165.39
- Annual Debt Service	\$13,755.12
- Annual Funded Reserves	\$1,000.00
- Funded Reserves Shortfall	\$0.00
= Cash Flow Before Tax	\$116,410.27

Proposed Financing

Purchase Price	\$200,000.00
1st Mortgage	\$160,000.00
Points	1.0
Interest Rate	7.750%
Amortized Over	30.0 years
Term (Due Date)	30.0 years

Initial Investment

Purchase Price	\$200,000.00
Down Payment	\$40,000.00
+ Closing Costs	\$2,400.00
+ Loan Points	\$1,600.00
+ Other Costs	\$5,000.00
= Total Investment	\$49,000.00

Indicators

Cap Rate	65.58%
Gross Rent Multiplier	1.10
Cash on Cash	237.57%
Debt Coverage Ratio	9.54
Modified DCR	9.46
Default Ratio (Break Even)	16.56
Return on Gross Equity	291.03%
Year 1 IRR Before Tax	192.96%

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Annual Return on Investment (Actual) Year 1

200 Birch Street, Actual
Any Town USA
4-plex



ROI Without Tax Calculations

Initial Investment	\$49,000.00	
Cash Flow Before Tax	\$116,410.27	237.6%
+ Appreciation @ 65.6%	(\$283.16)	(0.6%)
+ Principal Reduction	\$1,404.30	2.9%
= Total Return	\$117,531.41	239.9%

ROI With Tax Calculations

Initial Investment	\$49,000.00	
Cash Flow Before Tax	\$116,410.27	237.6%
+ Appreciation @ 65.6%	(\$283.16)	(0.6%)
+ Principal Reduction	\$1,404.30	2.9%
- Tax Liability @ 28.0%	\$31,673.20	64.6%
= Total Return	\$85,858.21	175.2%

Real Estate Taxable Income

Net Operating Income	\$131,165.39
- Mortgage Interest	\$12,350.81
- Points Amortization	\$53.33
- Cost Recovery	\$5,642.67
= R.E. Taxable Income	\$113,118.58

Active Investor Tax Liability

R.E. Taxable Income	\$113,118.58	
- Passive Losses Allowed	\$0.00	
- Suspended Losses Allowed	\$0.00	
= Adjusted Taxable Income	\$113,118.58	
X Tax Rate		28.00%
= Tax Liability	\$31,673.20	

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Future Value Escalator

	Year 1	Year 2	Year 3	Year 4
Cap Rate	65.58%	65.58%	65.58%	65.58%

Vacancy Percent -- C:Calculate or U:Use data until next month

Description	Month 1
Vacant	11.8% U
Loss to Lease	2.9% U
Concessions	2.9% U
Delinquency	5.9% U

Other Income -- Future years use year 5 data with a 2.00% annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Laundry	\$418.00	\$418.00	\$418.00	\$426.36	\$434.89
Vending	\$1,400.00	\$1,400.00	\$1,400.00	\$1,428.00	\$1,456.56
Parking for RV's			\$500.00	\$510.00	\$520.20

Income Escalators

Gross Scheduled Income	
Other Income	2.00%

Expenses: Utilities -- Future years use year 5 data with a 2.00% annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Electric	\$600.00	\$612.00	\$624.24	\$636.72	\$649.46
Sewer and Water	\$800.00	\$816.00	\$832.32	\$848.97	\$865.95

Expenses: Services -- Future years use year 5 data with a 2.00% annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Garbage	\$550.00	\$561.00	\$572.22	\$583.66	\$595.34
Landscaping	\$800.00	\$816.00	\$832.32	\$848.97	\$865.95

Expenses: Other -- Future years use year 5 data with a 2.00% annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5

Expense Escalators

Expenses	2.00%
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Cost Recovery Period

Improvements Years	27.5
Personal Property Years	5.0

Other Assumptions

Tax Bracket	28.00%
Cost to Sell Property	7.00%
NPV Discount Rate	7.00%

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Investment Comparisons

Bank CD Rate	1.00%
Mutual Fund	5.00%

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Rent Roll at Month 1 Showing Monthly Numbers

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Rent Roll Summary (Actual)

Total Units	34	Possible Rent	\$181,570.44	Occupied	76.5%
Vacant Units	7	- Vacancy Rent	\$42,669.05	Vacant	11.8%
Occupied Units	27	= Occupied Rent	\$138,901.39	- Loss to Lease	2.9%
				- Concessions	2.9%
				- Delenquency	5.9%
				= Total Vacancy	23.5%

Row	Unit #	Unit Type	# of Type	Beds	Baths	Sq Ft	Rent/Unit	Rent/SqFt	Vacancy
1	101	SU	1				\$399.02		Occupied
2	102	SU	1				\$414.19		Vacant
3	103	SU	1				\$350.00		Occupied
4	104	1U	1				\$450.00		Occupied
5	105	1U	1				\$475.49		Loss to Lease
6	106	SU	1				\$399.02		Delenquency
7	107	1U	1				\$475.49		Delenquency
8	108	SU	1				\$375.49		Occupied
9	109	1U	1				\$499.02		Concessions
10	110	SU	1				\$443.77		Occupied
11	111	1U	1				\$575.00		Vacant
12	112	SUP	1				\$399.02		Occupied
13	113	SUP	1				\$399.02		Occupied
14	114	SUP	1				\$465.69		Occupied
15	115	SUP	1				\$375.00		Occupied
16	116	SUP	1				\$399.02		Occupied
17	117	SUP	1				\$399.02		Occupied
18	118	1U	1				\$475.49		Occupied
19	119	1U	1				\$475.49		Occupied
20	120	1U	1				\$450.00		Occupied
21	121	1U	1				\$599.00		Occupied
22	122	1U	1				\$499.02		Occupied
23	123	1U	1				\$575.00		Vacant
24	124	1U	1				\$499.02		Occupied
25	125	SUP	1				\$375.49		Occupied
26	126	SUP	1				\$475.00		Vacant
27	127	SUP	1				\$399.00		Occupied
28	128	SUP	1				\$349.02		Occupied
29	129	SUP	1				\$399.02		Occupied
30	130	SUP	1				\$399.02		Occupied
31	131	1U	1				\$450.00		Occupied
32	132	1U	1				\$499.02		Occupied
33	133	1U	1				\$499.02		Occupied
34	134	1U	1				\$420.00		Occupied

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Financing Spreadsheet (Actual)

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PRICE	Year 1	Year 2	Year 3	Year 4	Year 5
Purchase Price	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
Escalated Price (BOY)	\$200,000.00	\$199,716.84	\$200,182.08	\$199,949.63	\$199,712.53
Escalated Price (EOY)	\$199,716.84	\$200,182.08	\$199,949.63	\$199,712.53	\$199,462.47
Price Escalator: Cap Rate	65.58 %	65.58 %	65.58 %	65.58 %	65.58 %
INITIAL INVESTMENT					
Down Payment	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00
+ Closing Costs	+\$2,400.00	+\$2,400.00	+\$2,400.00	+\$2,400.00	+\$2,400.00
+ Loan Points	+\$1,600.00	+\$1,600.00	+\$1,600.00	+\$1,600.00	+\$1,600.00
+ Other Costs	+\$5,000.00	+\$5,000.00	+\$5,000.00	+\$5,000.00	+\$5,000.00
= Total Investment	=\$49,000.00	=\$49,000.00	=\$49,000.00	=\$49,000.00	=\$49,000.00
1st MTG - 0 Fxd, Fully Amortized					
Loan Amount	\$160,000.00	\$160,000.00	\$160,000.00	\$160,000.00	\$160,000.00
Loan to Value (LTV)	80.00 %	80.00 %	80.00 %	80.00 %	80.00 %
Amortization Period	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs
Term (Due Date)	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs
Points	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Interest Rate	7.750 %	7.750 %	7.750 %	7.750 %	7.750 %
Annual Principal	\$1,404.30	\$1,517.09	\$1,638.93	\$1,770.55	\$1,912.75
+ Annual Interest	+\$12,350.81	+\$12,238.03	+\$12,116.19	+\$11,984.56	+\$11,842.36
= Annual Debt Service	=\$13,755.12	=\$13,755.12	=\$13,755.12	=\$13,755.12	=\$13,755.12
Loan Balance (BOY)	\$160,000.00	\$158,595.70	\$157,078.61	\$155,439.69	\$153,669.13
- Annual Principal	-\$1,404.30	-\$1,517.09	-\$1,638.93	-\$1,770.55	-\$1,912.75
= Loan Balance (EOY)	=\$158,595.70	=\$157,078.61	=\$155,439.69	=\$153,669.13	=\$151,756.38
PRINCIPAL TRACKING					
1st Mortgage Loan Amount	\$160,000.00	\$160,000.00	\$160,000.00	\$160,000.00	\$160,000.00
- 1st Mortgage Loan Balance (EOY)	-\$158,595.70	-\$157,078.61	-\$155,439.69	-\$153,669.13	-\$151,756.38
= Principal Paid (Interest Deferred)	=\$1,404.30	=\$2,921.39	=\$4,560.31	=\$6,330.87	=\$8,243.62

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Before-Tax Cash Flow Spreadsheet (Actual)

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ANNUAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Scheduled Income	\$181,570.44	\$181,570.44	\$181,570.44	\$181,570.44	\$181,570.44
- Vacancy	-\$42,669.05	-\$42,669.05	-\$42,669.05	-\$42,669.05	-\$42,669.05
= Effective Rental Income	=\$138,901.39	=\$138,901.39	=\$138,901.39	=\$138,901.39	=\$138,901.39
+ Other Income	+\$1,818.00	+\$1,818.00	+\$2,318.00	+\$2,364.36	+\$2,411.65
= Gross Operating Income	=\$140,719.39	=\$140,719.39	=\$141,219.39	=\$141,265.75	=\$141,313.04
ANNUAL OPERATING EXPENSES					
Taxes	\$2,200.00	\$2,244.00	\$2,288.88	\$2,334.66	\$2,381.35
+ Insurance	+\$1,000.00	+\$1,020.00	+\$1,040.40	+\$1,061.21	+\$1,082.43
+ Property Management	+\$2,204.00	+\$2,248.08	+\$2,293.04	+\$2,338.90	+\$2,385.68
+ Maintenance & Repair	+\$1,400.00	+\$1,428.00	+\$1,456.56	+\$1,485.69	+\$1,515.41
+ Utilities	+\$1,400.00	+\$1,428.00	+\$1,456.56	+\$1,485.69	+\$1,515.41
+ Services	+\$1,350.00	+\$1,377.00	+\$1,404.54	+\$1,432.63	+\$1,461.28
+ Other Expenses	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Annual Operating Expenses	=\$9,554.00	=\$9,745.08	=\$9,939.98	=\$10,138.78	=\$10,341.56
NET OPERATING INCOME					
Gross Operating Income	\$140,719.39	\$140,719.39	\$141,219.39	\$141,265.75	\$141,313.04
- Annual Operating Expenses	-\$9,554.00	-\$9,745.08	-\$9,939.98	-\$10,138.78	-\$10,341.56
= Net Operating Income	=\$131,165.39	=\$130,974.31	=\$131,279.41	=\$131,126.97	=\$130,971.48
ANNUAL DEBT SERVICE					
Principal and Int. 1st Mortgage	\$13,755.12	\$13,755.12	\$13,755.12	\$13,755.12	\$13,755.12
+ Principal and Int. 2nd Mortgage	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Principal and Int. 3rd Mortgage	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Annual Debt Service	=\$13,755.12	=\$13,755.12	=\$13,755.12	=\$13,755.12	=\$13,755.12
FUNDED RESERVES					
At Beginning of Year	\$0.00	\$6,000.00	\$7,000.00	\$0.00	\$1,000.00
+ Buyer Funded Up-front	+\$5,000.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Annual Funded	+\$1,000.00	+\$1,000.00	+\$1,000.00	+\$1,000.00	+\$1,000.00
= Subtotal	=\$6,000.00	=\$7,000.00	=\$8,000.00	=\$1,000.00	=\$2,000.00
- Capital Additions	-\$0.00	-\$0.00	-\$15,000.00	-\$0.00	-\$0.00
= Funded Reserves Balance	=\$6,000.00	=\$7,000.00	=\$0.00	=\$1,000.00	=\$2,000.00
= Funded Reserves Shortfall	=\$0.00	=\$0.00	=\$7,000.00	=\$0.00	=\$0.00
ANNUAL CASH FLOW BEFORE TAX					
Net Operating Income	\$131,165.39	\$130,974.31	\$131,279.41	\$131,126.97	\$130,971.48
- Annual Debt Service	-\$13,755.12	-\$13,755.12	-\$13,755.12	-\$13,755.12	-\$13,755.12
- Annual Funded Reserves	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00
- Funded Reserves Shortfall	-\$0.00	-\$0.00	-\$7,000.00	-\$0.00	-\$0.00
= Annual Cash Flow Before Tax	=\$116,410.27	=\$116,219.19	=\$109,524.29	=\$116,371.85	=\$116,216.36

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After-Tax Cash Flow Spreadsheet (Actual)

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ANNUAL CASH FLOW BEFORE TAX	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Scheduled Income	\$181,570.44	\$181,570.44	\$181,570.44	\$181,570.44	\$181,570.44
- Vacancy	-\$42,669.05	-\$42,669.05	-\$42,669.05	-\$42,669.05	-\$42,669.05
= Effective Rental Income	=\$138,901.39	=\$138,901.39	=\$138,901.39	=\$138,901.39	=\$138,901.39
+ Other Income	+\$1,818.00	+\$1,818.00	+\$2,318.00	+\$2,364.36	+\$2,411.65
= Gross Operating Income	=\$140,719.39	=\$140,719.39	=\$141,219.39	=\$141,265.75	=\$141,313.04
- Annual Operating Expenses	-\$9,554.00	-\$9,745.08	-\$9,939.98	-\$10,138.78	-\$10,341.56
= Net Operating Income	=\$131,165.39	=\$130,974.31	=\$131,279.41	=\$131,126.97	=\$130,971.48
- Annual Debt Service	-\$13,755.12	-\$13,755.12	-\$13,755.12	-\$13,755.12	-\$13,755.12
- Annual Funded Reserves	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00	-\$1,000.00
- Funded Reserves Shortfall	-\$0.00	-\$0.00	-\$7,000.00	-\$0.00	-\$0.00
= Annual Cash Flow Before Tax	=\$116,410.27	=\$116,219.19	=\$109,524.29	=\$116,371.85	=\$116,216.36

REAL ESTATE TAXABLE INCOME					
Net Operating Income	\$131,165.39	\$130,974.31	\$131,279.41	\$131,126.97	\$130,971.48
- Interest 1st Mortgage	-\$12,350.81	-\$12,238.03	-\$12,116.19	-\$11,984.56	-\$11,842.36
- Interest 2nd Mortgage	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- Interest 3rd Mortgage	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- Points Amortization	-\$53.33	-\$53.33	-\$53.33	-\$53.33	-\$53.33
- Cost Recovery (Improvements)	-\$5,642.67	-\$5,888.00	-\$5,888.00	-\$5,888.00	-\$5,642.67
- Cost Recovery (Personal)	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- Cost Recovery (Cap. Add.)	-\$0.00	-\$0.00	-\$83.33	-\$1,000.00	-\$1,000.00
= R.E. Taxable Income (Loss)	=\$113,118.58	=\$112,794.95	=\$113,138.56	=\$112,201.08	=\$112,433.12

PASSIVE LOSS EXEMPTION					
Passive Loss Exemption Available	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
Passive Losses Allowed	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

ANNUAL SUSPENDED LOSSES					
R.E. Taxable Income (Loss)	\$113,118.58	\$112,794.95	\$113,138.56	\$112,201.08	\$112,433.12
Passive Losses Allowed	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Suspended Losses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TAX LIABILITY (SAVINGS)					
R.E. Taxable Income (Min 0)	\$113,118.58	\$112,794.95	\$113,138.56	\$112,201.08	\$112,433.12
- Passive Losses Allowed	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- Suspended Losses Allowed	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Adjusted R.E. Taxable Income	=\$113,118.58	=\$112,794.95	=\$113,138.56	=\$112,201.08	=\$112,433.12
Tax Liability (Savings) @ 28.00%	\$31,673.20	\$31,582.59	\$31,678.80	\$31,416.30	\$31,481.27

ANNUAL CASH FLOW AFTER TAX					
Annual Cash Flow Before Tax	\$116,410.27	\$116,219.19	\$109,524.29	\$116,371.85	\$116,216.36
- Tax Liability (Savings) @ 28 %	-\$31,673.20	-\$31,582.59	-\$31,678.80	-\$31,416.30	-\$31,481.27
= Cash Flow After Tax	=\$84,737.07	=\$84,636.60	=\$77,845.49	=\$84,955.55	=\$84,735.09

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After-Tax Proceeds from Sale Spreadsheet (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



SALES PROCEEDS BEFORE TAX	Year 1	Year 2	Year 3	Year 4	Year 5
Sale Price (EOY)	\$199,716.84	\$200,182.08	\$199,949.63	\$199,712.53	\$199,462.47
- Cost of Sale @ 7.00%	-\$13,980.18	-\$14,012.75	-\$13,996.47	-\$13,979.88	-\$13,962.37
- 1st Mortgage Loan Balance	-\$158,595.70	-\$157,078.61	-\$155,439.69	-\$153,669.13	-\$151,756.38
- 2nd Mortgage Loan Balance	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- 3rd Mortgage Loan Balance	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Sale Proceeds before Tax	=\$27,140.97	=\$29,090.72	=\$30,513.47	=\$32,063.52	=\$33,743.72
+ Balance of Funded Reserves	+\$6,000.00	+\$7,000.00	+\$0.00	+\$1,000.00	+\$2,000.00
= Total Proceeds before Tax	=\$33,140.97	=\$36,090.72	=\$30,513.47	=\$33,063.52	=\$35,743.72
BASIS AT ACQUISITION					
Purchase Price	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
+ Capitalized Closing Costs	+\$2,400.00	+\$2,400.00	+\$2,400.00	+\$2,400.00	+\$2,400.00
+ Basis Adjustments	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Basis at Acquisition	=\$202,400.00	=\$202,400.00	=\$202,400.00	=\$202,400.00	=\$202,400.00
COST RECOVERY (CR)					
Annual CR (Improvements)	\$5,642.67	\$5,888.00	\$5,888.00	\$5,888.00	\$5,642.67
+ Annual CR (Personal)	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Annual CR (Cap. Add.)	+\$0.00	+\$0.00	+\$83.33	+\$1,000.00	+\$1,000.00
= Annual Cost Recovery Taken	=\$5,642.67	=\$5,888.00	=\$5,971.33	=\$6,888.00	=\$6,642.67
Total Cost Recovery Taken	\$5,642.67	\$11,530.67	\$17,502.00	\$24,390.00	\$31,032.67
ADJUSTED BASIS AT SALE					
Basis at Beginning of Year	\$202,400.00	\$196,757.33	\$190,869.33	\$199,898.00	\$193,010.00
+ Annual Capital Additions	+\$0.00	+\$0.00	+\$15,000.00	+\$0.00	+\$0.00
- Annual Cost Recovery Taken	-\$5,642.67	-\$5,888.00	-\$5,971.33	-\$6,888.00	-\$6,642.67
= Adjusted Basis at Sale	=\$196,757.33	=\$190,869.33	=\$199,898.00	=\$193,010.00	=\$186,367.33
GAIN (LOSS) ON SALE					
Sale Price (EOY)	\$199,716.84	\$200,182.08	\$199,949.63	\$199,712.53	\$199,462.47
- Cost of Sale @ 7.00%	-\$13,980.18	-\$14,012.75	-\$13,996.47	-\$13,979.88	-\$13,962.37
- Adjusted Basis at Sale	-\$196,757.33	-\$190,869.33	-\$199,898.00	-\$193,010.00	-\$186,367.33
= Total Gain (Loss)	=(\$11,020.66)	=(\$4,700.00)	=(\$13,944.85)	=(\$7,277.35)	=(\$867.23)
- Total Cost Recovery Taken (LTG)	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Capital Gain from Apprec. (Min 0)	=\$0.00	=\$0.00	=\$0.00	=\$0.00	=\$0.00
TAXED AS ORDINARY INCOME					
Unamortized Loan Points	(\$1,546.67)	(\$1,493.33)	(\$1,440.00)	(\$1,386.67)	(\$1,333.33)
+ Suspended Losses (from ATCF)	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Loss at Disposition	+(\$11,020.66)	+(\$4,700.00)	+(\$13,944.85)	+(\$7,277.35)	+(\$867.23)
= Taxed as Ordinary Income	=(\$12,567.33)	=(\$6,193.33)	=(\$15,384.85)	=(\$8,664.01)	=(\$2,200.56)
SALES PROCEEDS AFTER TAX					

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After-Tax Proceeds from Sale Spreadsheet (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



Continued	Year 1	Year 2	Year 3	Year 4	Year 5
SALES PROCEEDS AFTER TAX					
Sale Proceeds before Tax	\$27,140.97	\$29,090.72	\$30,513.47	\$32,063.52	\$33,743.72
- Tax (Savings) Ord. Inc. @ 28.00%	-\$3,518.85	-\$1,734.13	-\$4,307.76	-\$2,425.92	-\$616.16
- Cost Recovery Recapture @ 25.00%	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- Federal Tax on Gain @ 15.00%	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- State Tax on Gain @ %	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Sale Proceeds after Tax	=\$30,659.82	=\$30,824.85	=\$34,821.22	=\$34,489.44	=\$34,359.88
+ Balance of Funded Reserves	+\$6,000.00	+\$7,000.00	+\$0.00	+\$1,000.00	+\$2,000.00
= Total Proceeds after Tax	=\$36,659.82	=\$37,824.85	=\$34,821.22	=\$35,489.44	=\$36,359.88

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Equity Spreadsheet (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



SALES PROCEEDS BEFORE TAX	Year 1	Year 2	Year 3	Year 4	Year 5
Sale Price (EOY)	\$199,716.84	\$200,182.08	\$199,949.63	\$199,712.53	\$199,462.47
- Cost of Sale @ 7.00%	-\$13,980.18	-\$14,012.75	-\$13,996.47	-\$13,979.88	-\$13,962.37
- 1st Mortgage Loan Balance	-\$158,595.70	-\$157,078.61	-\$155,439.69	-\$153,669.13	-\$151,756.38
- 2nd Mortgage Loan Balance	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
- 3rd Mortgage Loan Balance	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Sale Proceeds before Tax	=\$27,140.97	=\$29,090.72	=\$30,513.47	=\$32,063.52	=\$33,743.72
+ Balance of Funded Reserves	+\$6,000.00	+\$7,000.00	+\$0.00	+\$1,000.00	+\$2,000.00
= Total Proceeds before Tax	=\$33,140.97	=\$36,090.72	=\$30,513.47	=\$33,063.52	=\$35,743.72
GROSS EQUITY AT PURCHASE					
Down Payment	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00
= Gross Equity at Purchase	=\$40,000.00	=\$40,000.00	=\$40,000.00	=\$40,000.00	=\$40,000.00
GROSS EQUITY (EOY)					
Gross Equity (BOY)	\$40,000.00	\$41,121.15	\$43,041.10	\$44,505.71	\$46,039.56
+ Appreciation Equity	+\$283.16	+\$402.87	+\$174.31	+\$236.71	+\$248.97
+ Principal Paydown Equity	+\$1,404.30	+\$1,517.09	+\$1,638.93	+\$1,770.55	+\$1,912.75
= Gross Equity (EOY)	=\$41,121.15	=\$43,041.10	=\$44,505.71	=\$46,039.56	=\$47,703.34
GROSS EQUITY PLUS RESERVES					
Gross Equity (EOY)	\$41,121.15	\$43,041.10	\$44,505.71	\$46,039.56	\$47,703.34
+ Reserve Balance	+\$6,000.00	+\$7,000.00	+\$0.00	+\$1,000.00	+\$2,000.00
= Total Gross Equity	=\$47,121.15	=\$49,041.10	=\$50,505.71	=\$52,039.56	=\$53,703.34
RETURN ON GROSS EQUITY (EOY)					
Annual Cash Flow Before Tax	\$116,410.27	\$116,219.19	\$109,524.29	\$116,371.85	\$116,216.36
div Gross Equity (EOY)	\$47,121.15	\$49,041.10	\$50,505.71	\$52,039.56	\$53,703.34
= Return on Gross Equity	=283.09 %	=270.02 %	=246.09 %	=252.76 %	=243.62 %
NET EQUITY (EOY)					
Gross Equity (EOY)	\$47,121.15	\$49,041.10	\$50,505.71	\$52,039.56	\$53,703.34
- Cost of Sale @ 7.00%	-\$13,980.18	-\$14,012.75	-\$13,996.47	-\$13,979.88	-\$13,962.37
= Net Equity (EOY)	=\$27,140.97	=\$29,028.35	=\$30,509.24	=\$32,059.68	=\$33,740.96
INDICATORS					
Cap Rate	65.58 %	65.58 %	65.58 %	65.58 %	65.58 %
Gross Rent Multiplier	1.10	1.10	1.10	1.10	1.10
Cash on Cash	237.57 %	237.18 %	223.52 %	237.49 %	237.18 %
Debt Coverage Ratio	9.54	9.52	9.54	9.53	9.52
Modified DCR	9.46	9.45	9.47	9.46	9.45
Default Ratio (Break Even)	16.56	16.70	16.78	16.91	17.05
IRR Before Tax	192.96 %	227.96 %	234.15 %	235.96 %	236.44 %
IRR After Tax	135.50 %	162.65 %	168.95 %	170.71 %	171.33 %

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Equity Spreadsheet (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



Continued	Year 1	Year 2	Year 3	Year 4	Year 5
INDICATORS					
NPV After Tax	\$58,847.56	\$131,042.03	\$196,088.02	\$258,787.54	\$317,388.78

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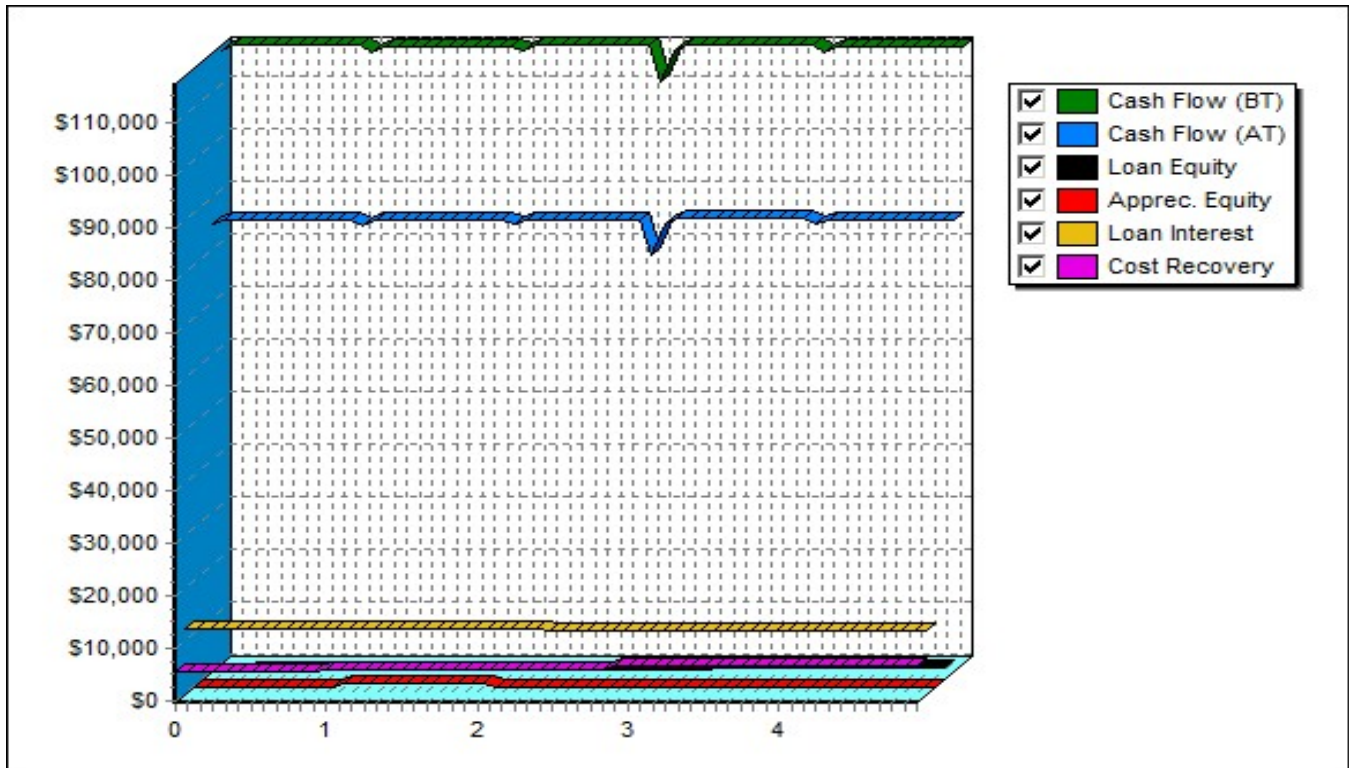
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Annual Values Chart (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



This chart shows annual values on a \$49,000 investment in the property at 200 Birch Street over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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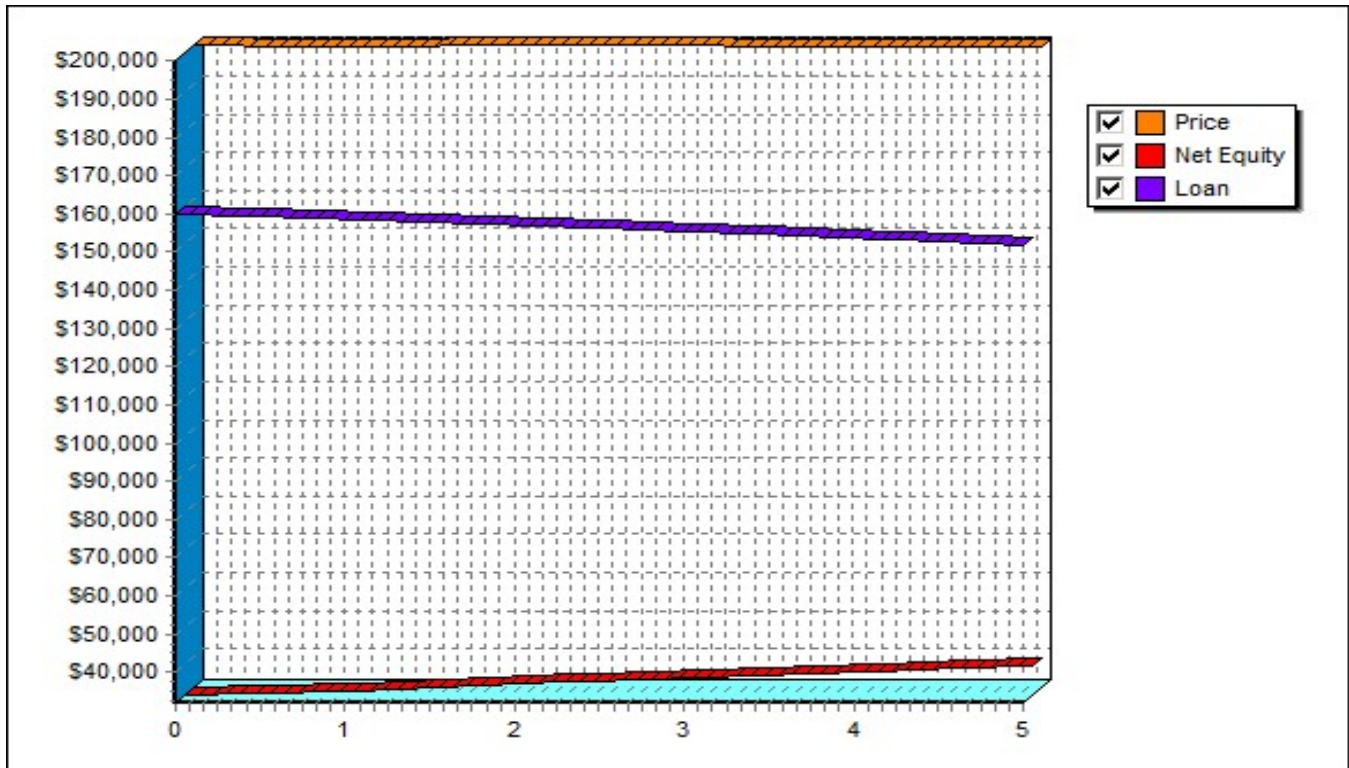
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Equity Values Chart (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



This chart shows the Price, Net Equity, and Loan values for the property at 200 Birch Street over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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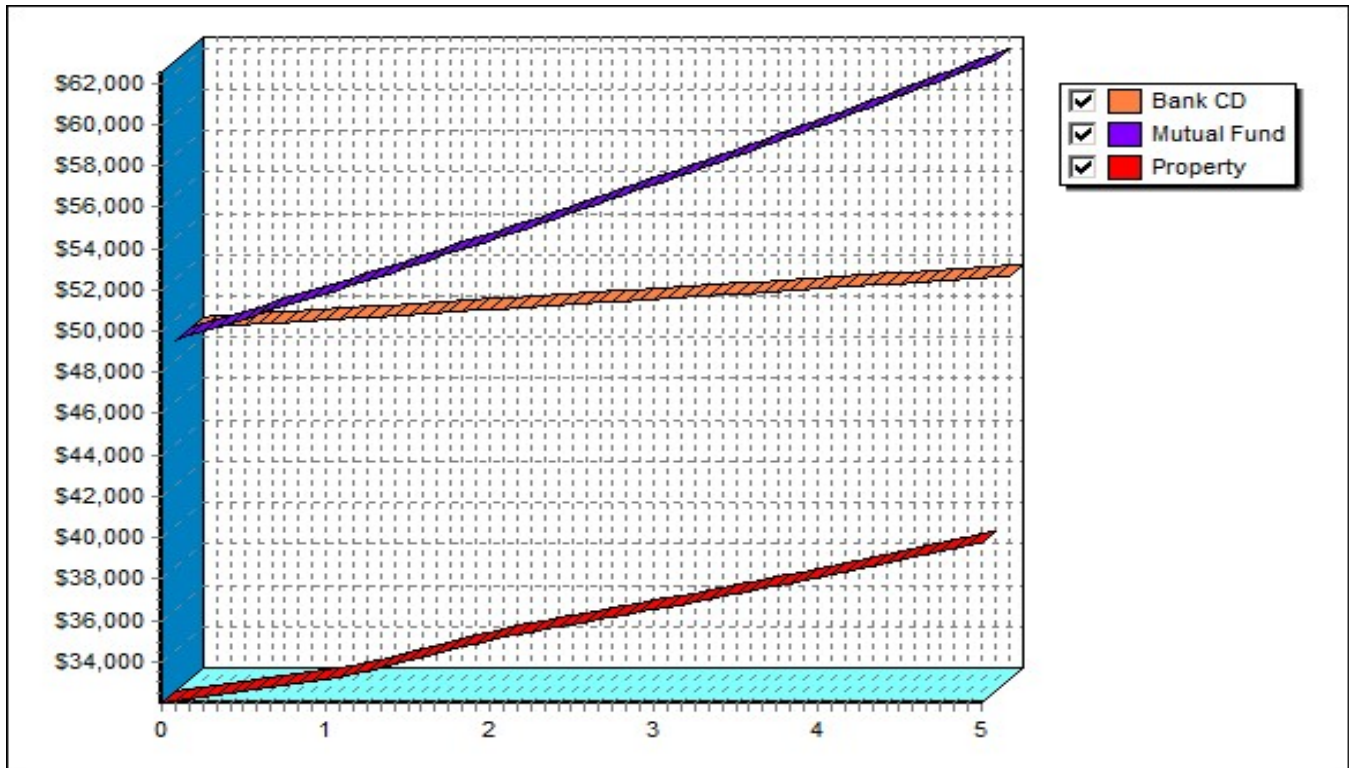
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Investment Comparison Chart (Actual)

200 Birch Street, Actual
Any Town USA
4-plex



This chart compares the return on a \$49,000 investment in the property at 200 Birch Street with a Bank CD at 1.0% and a Mutual Fund at 5.0% over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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