

## Chanteclair Apartments (14 Units)

295 Vernon Dr.  
Upland, CA 91785



### Property Data

Purchase Price	\$1,398,000.00	Number of Units	14
Price Per Unit	\$99,857.14	Year Built	1960
Rentable Sq Ft	9,725	Current Occupancy	100%
Price Per Sq Ft	\$143.75	Number of Buildings	3
Taxes	\$15,378.00	Number of Stories	2
Insurance	\$4,500.00	Zoning	Apartment
Roof	Composite	Land Area	16,482
# Electric Meters: 15	# Gas Meters: 15	Parking Spaces	14

### Amenities and Features

OFFERED TO PRINCIPALS ONLY

6.77% CAP RATE / 5.42% CASH ON CASH / \$99,857 PER DOOR / ONLY 39% DOWN  
Remaining Balance ASSUMABLE @ 6.5% to 2014. Buyer is to pay 1% assumption fee (included in analysis)

Well Kept / 100 % Occupied / Gated Access / Gated Swimming Pool / Near Upland's Historical District / Individually Metered for Electric & Gas / Composite Roof / 14 Enclosed Garages / 14 Wall Unit A/C / 1 Laundry Room (Coin Operated) / Very Nice Area

Please See Actual & Proforma Analysis.

PLEASE DO NOT WALK ON PROPERTY OR DISTURB TENANTS.

Located 5 minutes from Ontario International Airport. Easy access to the Interstate 10 and 210 freeways. Property is located in a very nice area of Upland.

### Actual Operating Statement

Gross Scheduled Income	\$138,900.00
- Vacancy Loss (3.00%)	\$4,167.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$136,053.00
- Annual Operating Expenses	\$41,356.81
= Net Operating Income (NOI)	\$94,696.19
Cap Rate	6.77%
Gross Rent Multiplier	10.06
Annual Expenses Per Unit	\$2,954.06

### Proforma Operating Statement

Gross Scheduled Income	\$164,400.00
- Vacancy Loss (3.00%)	\$4,932.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$160,788.00
- Annual Operating Expenses	\$39,937.46
= Net Operating Income (NOI)	\$120,850.54
Cap Rate	8.64%
Gross Rent Multiplier	8.50
Annual Expenses Per Unit	\$2,852.68

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## Chanteclaire Apartments (14 Units)

295 Vernon Dr.  
Upland, CA 91785



### Residential Unit Mix

Unit Type	# of Type	Beds	Baths	Sq Ft	Actual Rent/Unit/ Month	Actual Rent/ Sq Ft	Proforma Rent/Unit/ Month	Proforma Rent/ Sq Ft
Unit 1	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 2	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 3	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 4	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 5	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 6	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 7	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 8	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 9	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 10	1	1	1.00	650	\$795.00	\$1.22	\$950.00	\$1.46
Unit 11	1	2	2.00	750	\$895.00	\$1.19	\$1,050.00	\$1.40
Unit 12	1	2	2.50	825	\$910.00	\$1.10	\$1,050.00	\$1.27
Unit 13	1	2	2.50	825	\$910.00	\$1.10	\$1,050.00	\$1.27
Unit 14	1	2	2.50	825	\$910.00	\$1.10	\$1,050.00	\$1.27

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**Chanteclaire Apartments (14 Units) 295 Vernon Dr. Upland, CA 91785**  
**Itemized Other Income and Detailed Expenses (Actual)**

<b>Other Income -- Future years use year 1 data with a 3.00% annual escalator</b>	
Other Income	Year 1
Laundry Income	\$1,320.00

<b>Utilities -- Future years use year 1 data with a % annual escalator</b>	
Utilities	Year 1
Water / Water	\$1,800.00
Electricity	\$1,548.00
Gas	\$3,480.00

<b>Services -- Future years use year 1 data with a % annual escalator</b>	
Services	Year 1
Landscaping	\$960.00
Pool Maintenance	
Pest Control	\$480.00

<b>Other Expenses -- Future years use year 1 data with a % annual escalator</b>	
Other Expenses	Year 1

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## Annual Property Operating Data (Actual) Year 1 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$138,900.00
- Vacancy	\$4,167.00
= Effective Rental Income	\$134,733.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$136,053.00

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,500.00
+ Property Management	\$7,210.81
+ Maintenance & Repair	\$6,000.00
+ Utilities	\$6,828.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$41,356.81

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$136,053.00
- Annual Operating Expenses	\$41,356.81
= Net Operating Income	\$94,696.19

### Indicators

Cap Rate	6.77%
Gross Rent Multiplier	10.06
Cash on Cash	5.43%
Debt Coverage Ratio	1.46
Modified DCR	1.46
Return on Gross Equity	5.51%
Year 1 IRR Before Tax	(9.46%)

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$94,696.19
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$30,014.39

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## Annual Property Operating Data (Actual) Year 2 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$141,678.00
- Vacancy	\$4,250.34
= Effective Rental Income	\$137,427.66
+ Other Income	\$1,359.60
= Gross Operating Income	\$138,787.26

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,500.00
+ Property Management	\$7,355.72
+ Maintenance & Repair	\$6,000.00
+ Utilities	\$6,828.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$41,501.72

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$138,787.26
- Annual Operating Expenses	\$41,501.72
= Net Operating Income	\$97,285.54

### Indicators

Cap Rate	6.96%
Gross Rent Multiplier	9.87
Cash on Cash	5.89%
Debt Coverage Ratio	1.50
Modified DCR	1.50
Return on Gross Equity	5.88%
Year 2 IRR Before Tax	(0.89%)

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$97,285.54
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$32,603.74

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## Annual Property Operating Data (Actual) Year 3 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$144,511.56
- Vacancy	\$4,335.35
= Effective Rental Income	\$140,176.21
+ Other Income	\$1,400.39
= Gross Operating Income	\$141,576.60

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,500.00
+ Property Management	\$7,503.56
+ Maintenance & Repair	\$6,000.00
+ Utilities	\$6,828.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$41,649.56

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$141,576.60
- Annual Operating Expenses	\$41,649.56
= Net Operating Income	\$99,927.04

### Indicators

Cap Rate	7.15%
Gross Rent Multiplier	9.67
Cash on Cash	6.37%
Debt Coverage Ratio	1.54
Modified DCR	1.54
Return on Gross Equity	6.24%
Year 3 IRR Before Tax	2.28%

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$99,927.04
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$35,245.24

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## 295 Vernon Dr. Financing (Actual)

<b>PRICE</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Purchase Price	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Escalated Price (BOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Escalated Price (EOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Price Escalator: Appreciation	%	%	%	%	%
<b>INITIAL INVESTMENT</b>					
Down Payment	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00
+ Closing Costs	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Loan Points	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Other Costs	+\$8,000.00	+\$8,000.00	+\$8,000.00	+\$8,000.00	+\$8,000.00
= Total Investment	=\$553,220.00	=\$553,220.00	=\$553,220.00	=\$553,220.00	=\$553,220.00
<b>1st MTG - Fxd, Fully Amortized</b>					
Loan Amount	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00
Loan to Value (LTV)	61.00 %	61.00 %	61.00 %	61.00 %	61.00 %
Amortization Period	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs
Term (Due Date)	4.0 Yrs	4.0 Yrs	4.0 Yrs	4.0 Yrs	4.0 Yrs
Points	%	%	%	%	%
Interest Rate	6.500 %	6.500 %	6.500 %	6.500 %	%
Annual Principal	\$9,531.74	\$10,170.10	\$10,851.21	\$822,226.96	\$0.00
+ Annual Interest	+\$55,150.06	+\$54,511.70	+\$53,830.59	+\$53,103.86	+\$0.00
= Annual Debt Service	=\$64,681.80	=\$64,681.80	=\$64,681.80	=\$875,330.82	=\$0.00
Loan Balance (BOY)	\$852,780.00	\$843,248.26	\$833,078.16	\$822,226.96	\$0.00
- Annual Principal	-\$9,531.74	-\$10,170.10	-\$10,851.21	-\$822,226.96	-\$0.00
= Loan Balance (EOY)	=\$843,248.26	=\$833,078.16	=\$822,226.96	=\$0.00	=\$0.00
<b>PRINCIPAL TRACKING</b>					
1st Mortgage Loan Amount	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00
- 1st Mortgage Loan Balance (EOY)	-\$843,248.26	-\$833,078.16	-\$822,226.96	-\$0.00	-\$0.00
= Principal Paid (Interest Deferred)	=\$9,531.74	=\$19,701.84	=\$30,553.04	=\$852,780.00	=\$852,780.00

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**295 Vernon Dr.  
Before-Tax Cash Flow (Actual)**

<b>ANNUAL INCOME</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Gross Scheduled Income	\$138,900.00	\$141,678.00	\$144,511.56	\$147,401.79	\$150,349.83
- Vacancy	-\$4,167.00	-\$4,250.34	-\$4,335.35	-\$4,422.05	-\$4,510.49
= Effective Rental Income	=\$134,733.00	=\$137,427.66	=\$140,176.21	=\$142,979.74	=\$145,839.34
+ Other Income	+\$1,320.00	+\$1,359.60	+\$1,400.39	+\$1,442.40	+\$1,485.67
= Gross Operating Income	=\$136,053.00	=\$138,787.26	=\$141,576.60	=\$144,422.14	=\$147,325.01
<b>ANNUAL OPERATING EXPENSES</b>					
Taxes	\$15,378.00	\$15,378.00	\$15,378.00	\$15,378.00	\$15,378.00
+ Insurance	+\$4,500.00	+\$4,500.00	+\$4,500.00	+\$4,500.00	+\$4,500.00
+ Property Management	+\$7,210.81	+\$7,355.72	+\$7,503.56	+\$7,654.37	+\$7,808.23
+ Maintenance & Repair	+\$6,000.00	+\$6,000.00	+\$6,000.00	+\$6,000.00	+\$6,000.00
+ Utilities	+\$6,828.00	+\$6,828.00	+\$6,828.00	+\$6,828.00	+\$6,828.00
+ Services	+\$1,440.00	+\$1,440.00	+\$1,440.00	+\$1,440.00	+\$1,440.00
+ Other Expenses	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Annual Operating Expenses	=\$41,356.81	=\$41,501.72	=\$41,649.56	=\$41,800.37	=\$41,954.23
<b>NET OPERATING INCOME</b>					
Gross Operating Income	\$136,053.00	\$138,787.26	\$141,576.60	\$144,422.14	\$147,325.01
- Annual Operating Expenses	-\$41,356.81	-\$41,501.72	-\$41,649.56	-\$41,800.37	-\$41,954.23
= Net Operating Income	=\$94,696.19	=\$97,285.54	=\$99,927.04	=\$102,621.77	=\$105,370.78
<b>ANNUAL DEBT SERVICE</b>					
Principal and Int. 1st Mortgage	\$64,681.80	\$64,681.80	\$64,681.80	\$875,330.82	\$0.00
+ 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	=\$64,681.80	=\$64,681.80	=\$64,681.80	=\$875,330.82	=\$0.00
<b>ANNUAL CASH FLOW BEFORE TAX</b>					
Net Operating Income	\$94,696.19	\$97,285.54	\$99,927.04	\$102,621.77	\$105,370.78
- Annual Debt Service	-\$64,681.80	-\$64,681.80	-\$64,681.80	-\$875,330.82	-\$0.00
- Capital Additions	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Annual Cash Flow Before Tax	=\$30,014.39	=\$32,603.74	=\$35,245.24	=\$(772,709.05)	=\$105,370.78

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## 295 Vernon Dr. Equity (Actual)

<b>SALES PROCEEDS BEFORE TAX</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Sale Price (EOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
- Cost of Sale @ 6.00%	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00
- 1st Mortgage Loan Balance	-\$843,248.26	-\$833,078.16	-\$822,226.96	-\$0.00	-\$0.00
- 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	=\$470,871.74	=\$481,041.84	=\$491,893.04	=\$1,314,120.00	=\$1,314,120.00
<b>GROSS EQUITY AT PURCHASE</b>					
Down Payment	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00
= Gross Equity at Purchase	=\$545,220.00	=\$545,220.00	=\$545,220.00	=\$545,220.00	=\$545,220.00
<b>GROSS EQUITY (EOY)</b>					
Gross Equity (BOY)	\$545,220.00	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00
+ Appreciation Equity	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Principal Paydown Equity	+\$9,531.74	+\$10,170.10	+\$10,851.21	+\$822,226.96	+\$0.00
= Gross Equity (EOY)	=\$554,751.74	=\$564,921.84	=\$575,773.04	=\$1,398,000.00	=\$1,398,000.00
<b>GROSS EQUITY PLUS RESERVES</b>					
Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
+ Reserve Balance	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Total Gross Equity	=\$554,751.74	=\$564,921.84	=\$575,773.04	=\$1,398,000.00	=\$1,398,000.00
<b>RETURN ON GROSS EQUITY (EOY)</b>					
Annual Cash Flow Before Tax	\$30,014.39	\$32,603.74	\$35,245.24	(\$772,709.05)	\$105,370.78
div Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
= Return on Gross Equity	=5.41 %	=5.77 %	=6.12 %	=(55.27) %	=7.54 %
<b>NET EQUITY (EOY)</b>					
Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
- Cost of Sale @ 6.00%	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00
= Net Equity (EOY)	=\$470,871.74	=\$481,041.84	=\$491,893.04	=\$1,314,120.00	=\$1,314,120.00
<b>INDICATORS</b>					
Cap Rate	6.77 %	6.96 %	7.15 %	7.34 %	7.54 %
Gross Rent Multiplier	10.06	9.87	9.67	9.48	9.30
Cash on Cash	5.43 %	5.89 %	6.37 %	(139.67) %	19.05 %
Debt Coverage Ratio	1.46	1.50	1.54	0.12	
Modified DCR	1.46	1.50	1.54	0.12	
IRR Before Tax	(9.46) %	(0.89) %	2.28 %	4.00 %	5.40 %
IRR After Tax	(7.22) %	(0.84) %	1.48 %	2.74 %	3.79 %
NPV After Tax	(\$75,731.98)	(\$81,166.01)	(\$84,909.22)	(\$87,156.05)	(\$104,189.36)

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Chanteclair Apartments (14 Units)  
 295 Vernon Dr. Upland, CA 91785  
 Analysis Assumptions (Actual)

<b>Future Value Escalator</b>				
	Year 1	Year 2	Year 3	Year 4
Appreciation				

<b>Income and Expense Escalators</b>	
Gross Scheduled Income	2.00%
Other Income	3.00%
Expenses	

<b>Cost Recovery Period</b>	
Improvements Years	27.5
Personal Property Years	5.0

<b>Other Assumptions</b>	
Vacancy Factor	3.00%
Tax Bracket	28.00%
Cost to Sell Property	6.00%
NPV Discount Rate	7.50%

<b>Investment Comparisons</b>	
Bank CD Rate	2.00%
Mutual Fund	7.50%

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**Chanteclaire Apartments (14 Units) 295 Vernon Dr. Upland, CA 91785**  
**Itemized Other Income and Detailed Expenses (Proforma)**

<b>Other Income -- Future years use year 1 data with a % annual escalator</b>	
Other Income	Year 1
Laundry Income	\$1,320.00

<b>Utilities -- Future years use year 1 data with a % annual escalator</b>	
Utilities	Year 1
Water / Water	\$1,800.00
Electricity	\$1,548.00
Gas	\$3,000.00

<b>Services -- Future years use year 1 data with a % annual escalator</b>	
Services	Year 1
Landscaping	\$960.00
Pool Maintenance	
Pest Control	\$480.00

<b>Other Expenses -- Future years use year 1 data with a % annual escalator</b>	
Other Expenses	Year 1

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## Annual Property Operating Data (Proforma) Year 1 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$164,400.00
- Vacancy	\$4,932.00
= Effective Rental Income	\$159,468.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$160,788.00

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,536.00
+ Property Management	\$7,235.46
+ Maintenance & Repair	\$5,000.00
+ Utilities	\$6,348.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$39,937.46

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$160,788.00
- Annual Operating Expenses	\$39,937.46
= Net Operating Income	\$120,850.54

### Indicators

Cap Rate	8.64%
Gross Rent Multiplier	8.50
Cash on Cash	10.15%
Debt Coverage Ratio	1.87
Modified DCR	1.87
Return on Gross Equity	10.30%
Year 1 IRR Before Tax	(4.73%)

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$120,850.54
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$56,168.74

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## Annual Property Operating Data (Proforma) Year 2 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$164,400.00
- Vacancy	\$4,932.00
= Effective Rental Income	\$159,468.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$160,788.00

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,536.00
+ Property Management	\$7,235.46
+ Maintenance & Repair	\$5,000.00
+ Utilities	\$6,348.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$39,937.46

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$160,788.00
- Annual Operating Expenses	\$39,937.46
= Net Operating Income	\$120,850.54

### Indicators

Cap Rate	8.64%
Gross Rent Multiplier	8.50
Cash on Cash	10.15%
Debt Coverage Ratio	1.87
Modified DCR	1.87
Return on Gross Equity	10.13%
Year 2 IRR Before Tax	3.75%

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$120,850.54
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$56,168.74

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## Annual Property Operating Data (Proforma) Year 3 Chanteclaire Apartments (14 Units), 295 Vernon Dr.

### Annual Income

Gross Scheduled Income	\$164,400.00
- Vacancy	\$4,932.00
= Effective Rental Income	\$159,468.00
+ Other Income	\$1,320.00
= Gross Operating Income	\$160,788.00

### Proposed Financing

Purchase Price	\$1,398,000.00
1st Mortgage	\$852,780.00
Points	0.0
Interest Rate	6.500%
Amortized Over	30.0 years
Term (Due Date)	4.0 years

### Annual Operating Expenses

Taxes	\$15,378.00
+ Insurance	\$4,536.00
+ Property Management	\$7,235.46
+ Maintenance & Repair	\$5,000.00
+ Utilities	\$6,348.00
+ Services	\$1,440.00
+ Other Expenses	\$0.00
= Annual Operating Expenses	\$39,937.46

### Initial Investment

Purchase Price	\$1,398,000.00
Down Payment	\$545,220.00
+ Closing Costs	\$0.00
+ Loan Points	\$0.00
+ Other Costs	\$8,000.00
= Total Investment	\$553,220.00

### Net Operating Income

Gross Operating Income	\$160,788.00
- Annual Operating Expenses	\$39,937.46
= Net Operating Income	\$120,850.54

### Indicators

Cap Rate	8.64%
Gross Rent Multiplier	8.50
Cash on Cash	10.15%
Debt Coverage Ratio	1.87
Modified DCR	1.87
Return on Gross Equity	9.94%
Year 3 IRR Before Tax	6.69%

### Annual Debt Service

1st Mortgage Principal and Interest	\$64,681.80
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### Annual Cash Flow Before Tax

Net Operating Income	\$120,850.54
- Annual Debt Service	\$64,681.80
- Capital Additions	\$0.00
= Cash Flow Before Tax	\$56,168.74

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## 295 Vernon Dr. Financing (Proforma)

<b>PRICE</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Purchase Price	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Escalated Price (BOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Escalated Price (EOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
Price Escalator: Appreciation	%	%	%	%	%
<b>INITIAL INVESTMENT</b>					
Down Payment	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00
+ Closing Costs	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Loan Points	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Other Costs	+\$8,000.00	+\$8,000.00	+\$8,000.00	+\$8,000.00	+\$8,000.00
= Total Investment	=\$553,220.00	=\$553,220.00	=\$553,220.00	=\$553,220.00	=\$553,220.00
<b>1st MTG - Fxd, Fully Amortized</b>					
Loan Amount	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00
Loan to Value (LTV)	61.00 %	61.00 %	61.00 %	61.00 %	61.00 %
Amortization Period	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs
Term (Due Date)	4.0 Yrs	4.0 Yrs	4.0 Yrs	4.0 Yrs	4.0 Yrs
Points	%	%	%	%	%
Interest Rate	6.500 %	6.500 %	6.500 %	6.500 %	%
Annual Principal	\$9,531.74	\$10,170.10	\$10,851.21	\$822,226.96	\$0.00
+ Annual Interest	+\$55,150.06	+\$54,511.70	+\$53,830.59	+\$53,103.86	+\$0.00
= Annual Debt Service	=\$64,681.80	=\$64,681.80	=\$64,681.80	=\$875,330.82	=\$0.00
Loan Balance (BOY)	\$852,780.00	\$843,248.26	\$833,078.16	\$822,226.96	\$0.00
- Annual Principal	-\$9,531.74	-\$10,170.10	-\$10,851.21	-\$822,226.96	-\$0.00
= Loan Balance (EOY)	=\$843,248.26	=\$833,078.16	=\$822,226.96	=\$0.00	=\$0.00
<b>PRINCIPAL TRACKING</b>					
1st Mortgage Loan Amount	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00	\$852,780.00
- 1st Mortgage Loan Balance (EOY)	-\$843,248.26	-\$833,078.16	-\$822,226.96	-\$0.00	-\$0.00
= Principal Paid (Interest Deferred)	=\$9,531.74	=\$19,701.84	=\$30,553.04	=\$852,780.00	=\$852,780.00

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**295 Vernon Dr.  
Before-Tax Cash Flow (Proforma)**

<b>ANNUAL INCOME</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Gross Scheduled Income	\$164,400.00	\$164,400.00	\$164,400.00	\$164,400.00	\$164,400.00
- Vacancy	-\$4,932.00	-\$4,932.00	-\$4,932.00	-\$4,932.00	-\$4,932.00
= Effective Rental Income	=\$159,468.00	=\$159,468.00	=\$159,468.00	=\$159,468.00	=\$159,468.00
+ Other Income	+\$1,320.00	+\$1,320.00	+\$1,320.00	+\$1,320.00	+\$1,320.00
= Gross Operating Income	=\$160,788.00	=\$160,788.00	=\$160,788.00	=\$160,788.00	=\$160,788.00
<b>ANNUAL OPERATING EXPENSES</b>					
Taxes	\$15,378.00	\$15,378.00	\$15,378.00	\$15,378.00	\$15,378.00
+ Insurance	+\$4,536.00	+\$4,536.00	+\$4,536.00	+\$4,536.00	+\$4,536.00
+ Property Management	+\$7,235.46	+\$7,235.46	+\$7,235.46	+\$7,235.46	+\$7,235.46
+ Maintenance & Repair	+\$5,000.00	+\$5,000.00	+\$5,000.00	+\$5,000.00	+\$5,000.00
+ Utilities	+\$6,348.00	+\$6,348.00	+\$6,348.00	+\$6,348.00	+\$6,348.00
+ Services	+\$1,440.00	+\$1,440.00	+\$1,440.00	+\$1,440.00	+\$1,440.00
+ Other Expenses	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Annual Operating Expenses	=\$39,937.46	=\$39,937.46	=\$39,937.46	=\$39,937.46	=\$39,937.46
<b>NET OPERATING INCOME</b>					
Gross Operating Income	\$160,788.00	\$160,788.00	\$160,788.00	\$160,788.00	\$160,788.00
- Annual Operating Expenses	-\$39,937.46	-\$39,937.46	-\$39,937.46	-\$39,937.46	-\$39,937.46
= Net Operating Income	=\$120,850.54	=\$120,850.54	=\$120,850.54	=\$120,850.54	=\$120,850.54
<b>ANNUAL DEBT SERVICE</b>					
Principal and Int. 1st Mortgage	\$64,681.80	\$64,681.80	\$64,681.80	\$875,330.82	\$0.00
+ 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	=\$64,681.80	=\$64,681.80	=\$64,681.80	=\$875,330.82	=\$0.00
<b>ANNUAL CASH FLOW BEFORE TAX</b>					
Net Operating Income	\$120,850.54	\$120,850.54	\$120,850.54	\$120,850.54	\$120,850.54
- Annual Debt Service	-\$64,681.80	-\$64,681.80	-\$64,681.80	-\$875,330.82	-\$0.00
- Capital Additions	-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
= Annual Cash Flow Before Tax	=\$56,168.74	=\$56,168.74	=\$56,168.74	=(754,480.28)	=\$120,850.54

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## 295 Vernon Dr. Equity (Proforma)

<b>SALES PROCEEDS BEFORE TAX</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Sale Price (EOY)	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00	\$1,398,000.00
- Cost of Sale @ 6.00%	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00
- 1st Mortgage Loan Balance	-\$843,248.26	-\$833,078.16	-\$822,226.96	-\$0.00	-\$0.00
- 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	=\$470,871.74	=\$481,041.84	=\$491,893.04	=\$1,314,120.00	=\$1,314,120.00
<b>GROSS EQUITY AT PURCHASE</b>					
Down Payment	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00	\$545,220.00
= Gross Equity at Purchase	=\$545,220.00	=\$545,220.00	=\$545,220.00	=\$545,220.00	=\$545,220.00
<b>GROSS EQUITY (EOY)</b>					
Gross Equity (BOY)	\$545,220.00	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00
+ Appreciation Equity	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
+ Principal Paydown Equity	+\$9,531.74	+\$10,170.10	+\$10,851.21	+\$822,226.96	+\$0.00
= Gross Equity (EOY)	=\$554,751.74	=\$564,921.84	=\$575,773.04	=\$1,398,000.00	=\$1,398,000.00
<b>GROSS EQUITY PLUS RESERVES</b>					
Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
+ Reserve Balance	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
= Total Gross Equity	=\$554,751.74	=\$564,921.84	=\$575,773.04	=\$1,398,000.00	=\$1,398,000.00
<b>RETURN ON GROSS EQUITY (EOY)</b>					
Annual Cash Flow Before Tax	\$56,168.74	\$56,168.74	\$56,168.74	(\$754,480.28)	\$120,850.54
div Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
= Return on Gross Equity	=10.13 %	=9.94 %	=9.76 %	=(53.97) %	=8.64 %
<b>NET EQUITY (EOY)</b>					
Gross Equity (EOY)	\$554,751.74	\$564,921.84	\$575,773.04	\$1,398,000.00	\$1,398,000.00
- Cost of Sale @ 6.00%	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00	-\$83,880.00
= Net Equity (EOY)	=\$470,871.74	=\$481,041.84	=\$491,893.04	=\$1,314,120.00	=\$1,314,120.00
<b>INDICATORS</b>					
Cap Rate	8.64 %	8.64 %	8.64 %	8.64 %	8.64 %
Gross Rent Multiplier	8.50	8.50	8.50	8.50	8.50
Cash on Cash	10.15 %	10.15 %	10.15 %	(136.38) %	21.84 %
Debt Coverage Ratio	1.87	1.87	1.87	0.14	
Modified DCR	1.87	1.87	1.87	0.14	
IRR Before Tax	(4.73) %	3.75 %	6.69 %	8.16 %	8.51 %
IRR After Tax	(3.81) %	2.46 %	4.62 %	5.69 %	5.97 %
NPV After Tax	(\$58,214.65)	(\$48,966.75)	(\$40,583.29)	(\$33,002.32)	(\$42,272.19)

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Chanteclair Apartments (14 Units)  
 295 Vernon Dr. Upland, CA 91785  
 Analysis Assumptions (Proforma)

<b>Future Value Escalator</b>				
	Year 1	Year 2	Year 3	Year 4
Appreciation				

<b>Income and Expense Escalators</b>	
Gross Scheduled Income	
Other Income	
Expenses	

<b>Cost Recovery Period</b>	
Improvements Years	27.5
Personal Property Years	5.0

<b>Other Assumptions</b>	
Vacancy Factor	3.00%
Tax Bracket	28.00%
Cost to Sell Property	6.00%
NPV Discount Rate	7.50%

<b>Investment Comparisons</b>	
Bank CD Rate	2.00%
Mutual Fund	7.50%

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