

## **ANALYZER RENTAL APARTMENT BUILDING EXAMPLE USA USA**

### **INTRODUCTION**

This example shows how to use Analyzer to determine the value or purchase price for a rental apartment building.

The owner has provided the 2006 Income & Expenses statement. Next year you anticipate that the rents will increase but feel the expenses provided by the owner for 2006 are understated.

### **STEPS**

Enter the information into the following folders;

1. **Project Info Folder**  
Basic property information such as Property Name, Number of Units etc
2. **Financing Folder**  
Used to set up the financing
3. **Rental Units Income**  
Used to enter the rental income
4. **Rental Units Expenses**  
Used to enter the operating expenses

### **QUESTION**

How much should the buyer pay for the property using next years projected income & expenses to achieve a 7.50% Cap Rate? This question can be answered using the "Goal Seeking" wizard.

### **PROJECT INFO. Folder**

Property Name: The Georgia  
Description: 79 Unit Apartment Building  
Total Rentable Area Units: 58,000 Sq. Ft  
Total Number of Units: 79  
Purchase Price: \$8,000,000 (The asking price)  
Acquisition Costs: 2.00% of the Purchase Price  
Column 1 Header: 2005 from Owner  
Column 2 Header: 2006 Forecasted

### **FINANCING Folder**

#### **First Mortgage**

Mortgage Description: First Mortgage  
Lender: USA Bank  
Amount: \$3,700,000  
Interest Rate: 7.00%  
Amortization: 25 years

**RENTAL UNITS INCOME Folder**

The tenancy information and rental income and Vacancy are provided by the owner are entered in Column No. 1. Column No. 2 is your projected expenses for ;

Tenancy	Column 1 2006		Column 2 2007 Projected	
	Income	Vacancy	Income	Vacancy & Credit Loss
4 Studios	\$650 per Unit per Mo	2.00%	\$670 per Unit per Mo	4.00%
58 One Bedrooms	\$810 per Unit per Mo	3.50%	\$820 per Unit per Mo	4.00%
11 Two Bedrooms	\$975 per Unit per Mo	3.50%	\$1,025 per Unit per Mo	4.00%
4 Three Bedrooms	\$1,050 per Unit per Mo	4.00%	\$1,100 per Unit per Mo	4.00%
79 Laundry	\$12 per Unit per Mo	3.70%	\$13 per Unit per Mo	4.00%
81 Parking	\$30 per Parking Space per Mo	0.00%	\$33 per Parking Space per Mo	4.00%

**RENTAL UNITS EXPENSES Folder**

The expenses paid by the owner are:

Expenses	Column 1 2006	Column 2 2007 Projected
Accounting and Legal	\$2,000 per Yr	\$6,000 per Yr
Advertising	\$2,500 per Yr	\$7,000 per Yr
Licenses and Permits	\$2,100 per Yr	\$2,500 per Yr
Insurance	\$9,000 per Yr	\$14,000 per Yr
Prop. Management	4.00% of Effective Gross Income	5.00% of Effective Gross Income
Salary, Res. Caretaker	\$1,750 per Mo	\$2,600 per Mo
Property Taxes	\$21,000 per Yr	\$29,000 per Yr
Maintenance & Repairs	\$210 per Unit x Total No. of Units per Yr	\$500 per Unit x Total No. of Units per Yr
Elevator Service	\$400 per Mo	\$700 per Mo
Utilities	\$350 per Unit x Total No. of Units per Yr	\$425 per Unit x Total No. of Units per Yr
Supplies	\$200 per Mo	\$250 per Mo
Garbage Collection	\$60 per Unit x Total No. of Units per Yr	\$90 per Unit x Total No. of Units per Yr
Other Expenses	\$30 per Unit x Total No. of Units per Mo	\$120 per Unit x Total No. of Units per Mo

**INSTRUCTIONS FOR ENTERING THE PROJECT INTO ANALYZER EXPRESS**

**Getting started**

The first step is to open the Analyzer Template “Rental Apartment Buildings” as follows:

1. Open Analyzer Express.
2. Select the New Project Folder then select the “Rental Apartment Buildings” template

**Entering the project data and information**

**PROJECT INFO Folder entries**

1. Enter Property Name: The Georgia
2. Enter Description: 79 Unit Apartment Building
3. Enter Total Rentable Area Units: 58,000 Sq. Ft
4. Enter Purchase Price: \$8,000,000 (The asking price)
5. Enter Acquisition Costs: 2.00% of the Purchase Price
6. Enter Column 1 Header: 2005 from Owner
7. Enter Column 2 Header: 2006 Forecasted

The Project Info folder should look like this;

The screenshot shows the 'Project Info' tab of the software interface. It is divided into several sections:

- Report Headers:**
  - Property Name: The Georgia
  - Description: 79 Unit Apartment Building
- Total Purchase Price:**
  - Purchase Price: \$ 8,000,000
  - Acquisition Costs: 2.00% (selected as '% of Purchase Price')
  - Total Purchase Price: \$ 8,160,000
- Time Period and Column Headers:**

Number of Months	Column Heading
Column 1: 12	2005 from Owner
Column 2: 12	2006 Forecasted
- Unit of Measure:**
  - Land Area: Sq. Ft
  - Frontage: Ft
  - Building Area: Sq. Ft
  - Change Unit of Measure button
- Total Rentable Area:**
  - Units: 58,000 Sq. Ft
  - Total Number of Units: 79
- Calculate Financial Measures based on:**
  - Potential Gross Income
  - Effective Gross Income
- Comments:** (button)

## FINANCING Folder entries

### First Mortgage

Mortgage Description: First Mortgage  
 Lender: USA Bank  
 Amount: \$3,700,000  
 Interest Rate: 7.00%  
 Amortization: 25 years

1. Select row 1
2. Enter Description: 'First Mortgage'
3. Select row 2 with description 'Second Mortgage'
4. Press the  button to remove the row

Enter the First Mortgage information as follows;

Mortgage Description	Lender	Amount	Interest Rate	Amortization Period [Yrs.]	Monthly Payment	Balloon Term Expiry Date
First Mortgage	USA Bank	\$ 3,700,000	7.000%	25	\$ 0.00	

**To calculate payment click on the "Calculate Payment" button**

Total

To calculate the monthly payment click on the "Calculate Payment" button to display the Monthly Payment calculator

**Monthly Payment Calculator** ✕

Mortgage Description

Amount

Nominal Annual Interest Rate

Amortization Period  Years

**Mortgage Settings**

Payment made at

Compounding Frequency

Monthly Payment  **← Answer**

**Click on the "Compute" button then the "OK" button**

To calculate monthly payment click on the "Compute" button and then the OK button.

The monthly mortgage payment has been calculated and transferred to the Financing tab

The completed entries for the “First Mortgage” are;

Mortgage Description	Lender	Amount	Interest Rate	Amortization Period [Yrs.]	Monthly Payment	Balloon Term Expiry Date
First Mortgage	USA Bank	\$ 3,700,000	7.000%	25	\$ 26,150.83	

### RENTAL UNITS INCOME Folder

Tenancy	Column 1 2006		Column 2 207 Forecasted	
	Income	Vacancy	Income	Vacancy & Credit Loss
4 Studios	\$650 per Unit per Mo	2.00%	\$670 per Unit per Mo	4.00%
58 One Bedrooms	\$810 per Unit per Mo	3.50%	\$820 per Unit per Mo	4.00%
11 Two Bedrooms	\$975 per Unit per Mo	3.50%	\$1,025 per Unit per Mo	4.00%
4 Three Bedrooms	\$1,050 per Unit per Mo	4.00%	\$1,100 per Unit per Mo	4.00%
79 Laundry	\$12 per Unit per Mo	3.70%	\$13 per Unit per Mo	4.00%
81 Parking	\$30 per Parking Space per Mo	0.00%	\$33 per Parking Space per Mo	4.00%

The Rental Units Income folder should appear like this;

1. Select row with Description ‘Other Income’
2. Press the  button to delete the row

The next step is to enter the data into the Rental Units Income folder.

Income Description	Entry Choice	Qty	2005 from Owner		2006 Forecasted	
			Income	Vac & Cr. Loss	Income	Vac & Cr. Loss
Studios	\$ per Unit per Mo	4	\$ 650	2.00%	\$ 670	0.00%
One Bedrooms	\$ per Unit per Mo	58	\$ 810	3.50%	\$ 820	0.00%
Two bedrooms	\$ per Unit per Mo	11	\$ 975	3.50%	\$ 1,025	0.00%
Three Bedrooms	\$ per Unit per Mo	4	\$ 1,050	4.00%	\$ 1,100	0.00%
Laundry	\$ per Unit per Mo	79	\$ 12	3.70%	\$ 13	0.00%
Parking	\$ per Parking Space per Mo	81	\$ 30.00	0.00%	\$ 33.00	0.00%

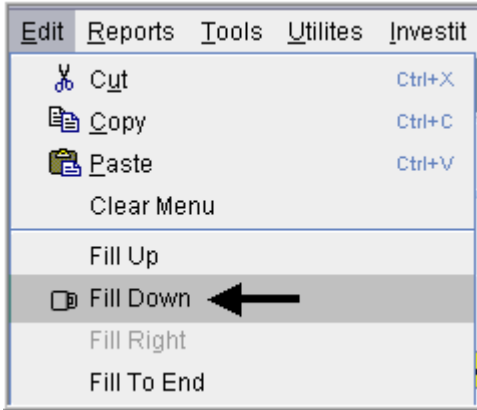
Enter the data as shown above into the columns marked with a black arrow. The final column with the header 'Vac & Cr. Loss' all the figures in the column are the same so they can be entered in a simpler fashion using "Fill Down"

Entering the Vac. & Cr. Loss

1. Select row 1 in the final column with entry '0.00%
2. Enter: '4.00%'
3. Starting with row 1 highlight the Vac. & Cr. Loss Column

Income Description	Entry Choice	Qty	2005 from Owner		2006 Forecasted	
			Income	Vac & Cr. Loss	Income	Vac & Cr. Loss
Studios	\$ per Unit per Mo	4	\$ 650	2.00%	\$ 670	4.00%
One Bedrooms	\$ per Unit per Mo	58	\$ 810	3.50%	\$ 820	0.00%
Two bedrooms	\$ per Unit per Mo	11	\$ 975	3.50%	\$ 1,025	0.00%
Three Bedrooms	\$ per Unit per Mo	4	\$ 1,050	4.00%	\$ 1,100	0.00%
Laundry	\$ per Unit per Mo	79	\$ 12	3.70%	\$ 13	0.00%
Parking	\$ per Parking Space per Mo	81	\$ 30.00	0.00%	\$ 33.00	0.00%

4. Go to the 'Edit' menu and select 'Fill Down' or simply hit the  button.



The Rental Units Income folder should now look like this;

**Analyzer Pro USA - Rental Apartment Building Pro**

File Edit Reports Tools Utilites Investit Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Financing **Rental Units Income** Rental Units Expenses

Income Description	Entry Choice	Qty	2005 from Owner		2006 Forecasted	
			Income	Vac & Cr. Loss	Income	Vac & Cr. Loss
<b>Studios</b>	\$ per Unit per Mo	4	\$ 650	2.00%	\$ 670	4.00%
One Bedrooms	\$ per Unit per Mo	58	\$ 810	3.50%	\$ 820	4.00%
Two bedrooms	\$ per Unit per Mo	11	\$ 975	3.50%	\$ 1,025	4.00%
Three Bedrooms	\$ per Unit per Mo	4	\$ 1,050	4.00%	\$ 1,100	4.00%
Laundry	\$ per Unit per Mo	79	\$ 12	3.70%	\$ 13	4.00%
Parking	\$ per Parking Space per Mo	81	\$ 30.00	0.00%	\$ 33.00	4.00%

Add Insert Delete Move

Comments

Template: Rental Apartment Buildings

**RENTAL UNITS EXPENSES Folder**

<b>Expenses</b>	<b>Column 1</b>	<b>Column 2</b>
Accounting and Legal	\$2,000 per Yr	\$6,000 per Yr
Advertising	\$2,500 per Yr	\$7,000 per Yr
Licenses and Permits	\$2,100 per Yr	\$2,500 per Yr
Insurance	\$9,000 per Yr	\$14,000 per Yr
Prop. Management	4.00% of Effective Gross Income	5.00% of Effective Gross Income
Salary, Res. Caretaker	\$1,750 per Mo	\$2,600 per Mo
Property Taxes	\$21,000 per Yr	\$29,000 per Yr
Maintenance & Repairs	\$210 per Unit x Total No. of Units per Yr	\$500 per Unit x Total No. of Units per Yr
Elevator Service	\$400 per Mo	\$700 per Mo
Utilities	\$350 per Unit x Total No. of Units per Yr	\$425 per Unit x Total No. of Units per Yr
Supplies	\$200 per Mo	\$250 per Mo
Garbage Collection	\$60 per Unit x Total No. of Units per Yr	\$90 per Unit x Total No. of Units per Yr
Other Expenses	\$30 per Unit x Total No. of Units per Mo	\$120 per Unit x Total No. of Units per Mo



The Rental Units Expenses folder should appear like this:

**Analyzer Pro USA - Untitled Project Pro**

File Edit Reports Tools Utilities Investit Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Financing Rental Units Income **Rental Units Expenses**

Expenses	Entry Choice	Qty	Expenses	
			Actual	Forecasted
Accounting and Legal	\$ per Yr		\$ 0	\$ 0
Advertising	\$ per Yr		\$ 0	\$ 0
Licenses and Permits	\$ per Yr		\$ 0	\$ 0
Insurance	\$ per Yr		\$ 0	\$ 0
Prop. Management	% of Effective Gross Income		0.00%	0.00%
Salary, Res. Caretaker	\$ per Mo		\$ 0	\$ 0
Employee Benefits	\$ per Mo		\$ 0	\$ 0
Property Taxes	\$ per Yr		\$ 0	\$ 0
Maintenance & Repairs	\$ per Unit x Total No.of Units per Mo	79	\$ 0	\$ 0
Elevator service	\$ per Mo		\$ 0	\$ 0
Fire Safety System service	\$ per Mo		\$ 0	\$ 0
Utilities	\$ per Unit x Total No.of Units per Mo	79	\$ 0	\$ 0
Security Services	\$ per Mo		\$ 0	\$ 0
Supplies	\$ per Mo		\$ 0	\$ 0
Intercom Rental	\$ per Mo		\$ 0	\$ 0
Telephone	\$ per Mo		\$ 0	\$ 0
Cablevision	\$ per Mo		\$ 0	\$ 0
Garbage Collection	\$ per Unit x Total No.of Units per Mo	79	\$ 0	\$ 0
Other Expenses	\$ per Unit x Total No.of Units per Mo	79	\$ 0	\$ 0

Add Insert Delete Move

Comments

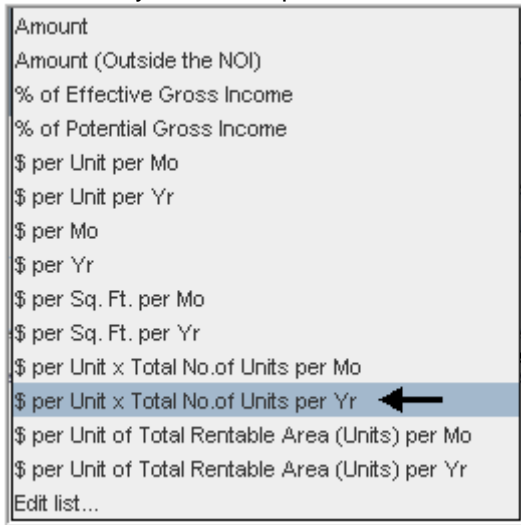
Template: Rental Apartment Buildings

Select the following rows and press the  button to delete the row

1. Employee Benefits
2. Fire Safety System service
3. Security Services
4. Intercom Rental
5. Telephone
6. Cablevision

**Setting up the Entry Choices** for 'Maintenance & Repairs' and 'Utilities'

1. Select row with Description 'Maintenance & Repairs'
2. Select Entry Choice: '\$ per Unit x Total No. of Units per Yr'



3. Select row with Description 'Utilities'
4. Select Entry Choice: '\$ per Unit x Total No. of Units per Yr'
5. Select row with Description 'Garbage Collection'
6. Select Entry Choice: '\$ per Unit x Total No. of Units per Yr'

The Rental Units Expenses folder should now look like this;

**Analyzer Pro USA - Untitled Project Pro**

File Edit Reports Tools Utilities Investit Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Financing Rental Units Income **Rental Units Expenses**

Expenses	Entry Choice	Qty	Expenses	
			2005 From Owner	2006 Forecasted
Accounting and Legal	\$ per Yr		\$ 0	\$ 0
Advertising	\$ per Yr		\$ 0	\$ 0
Licenses and Permits	\$ per Yr		\$ 0	\$ 0
Insurance	\$ per Yr		\$ 0	\$ 0
Prop. Management	% of Effective Gross Income		0.00%	0.00%
Salary, Res. Caretaker	\$ per Mo		\$ 0	\$ 0
Property Taxes	\$ per Yr		\$ 0	\$ 0
Maintenance & Repairs	\$ per Unit x Total No.of Units per Yr	79	\$ 0	\$ 0
Elevator service	\$ per Mo		\$ 0	\$ 0
Utilities	\$ per Unit x Total No.of Units per Yr	79	\$ 0	\$ 0
Supplies	\$ per Mo		\$ 0	\$ 0
Garbage Collection	\$ per Unit x Total No.of Units per Yr	79	\$ 0	\$ 0
Other Expenses	\$ per Unit x Total No.of Units per Mo	79	\$ 0	\$ 0

Add Insert Delete Move

Comments

Template: Rental Apartment Buildings

The next step is to enter the data into the Rental Units Income folder

Expenses	Entry Choice	Qty	Expenses	
			2005 from Owner	2006 Forecasted
Accounting and Legal	\$ per Yr		\$ 2,000	\$ 6,000
Advertising	\$ per Yr		\$ 2,500	\$ 7,000
Licenses and Permits	\$ per Yr		\$ 2,100	\$ 2,500
Insurance	\$ per Yr		\$ 9,000	\$ 14,000
Prop. Management	% of Effective Gross Income		4.00%	5.00%
Salary, Res. Caretaker	\$ per Mo		\$ 1,750	\$ 2,600
Property Taxes	\$ per Yr		\$ 21,000	\$ 29,000
Maintenance & Repairs	\$ per Unit x Total No.of Units per Yr	79	\$ 210	\$ 500
Elevator Service	\$ per Mo		\$ 400	\$ 700
Utilities	\$ per Unit x Total No.of Units per Yr	79	\$ 350	\$ 425
Supplies	\$ per Mo		\$ 200	\$ 250
Garbage Collection	\$ per Unit x Total No.of Units per Yr	79	\$ 60	\$ 90
Other Expenses	\$ per Unit x Total No.of Units per Mo	79	\$ 30	\$ 120

Enter the data as shown in the above screenshot into the columns marked by a black arrow.

**SAVE YOUR PROJECT**

## GOAL SEEKING

Goal Seeking allow you to determine the “Purchase Price” based on the desired return.

Using the “2006 Forecasted” Income & Expenses statement, how much should you pay for the property to achieve a 7.50% Cap Rate?

Steps

1. Click on the **Goal Seeking** button
2. Enter 7.50% in the Cap Rate entry field

**Goal Seeking Wizard** ✖

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Current Purchase Price

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**Calculate the Purchase Price for**

		Purchase Price Using Income & Expenses	
		2005 from Ow...	2006 Forecast
Cap Rate	<input style="width: 80px;" type="text" value="7.500%"/>	\$ 8,181,160	\$ 6,224,293
Return on Equity	<input style="width: 80px;" type="text" value="0.000%"/>	\$ 0	\$ 0
Potential Gross Income Multiplier	<input style="width: 80px;" type="text" value="0.000"/>	\$ 0	\$ 0
Effective Gross Income Multiplier	<input style="width: 80px;" type="text" value="0.000"/>	\$ 0	\$ 0
Net Income Multiplier	<input style="width: 80px;" type="text" value="0.000"/>	\$ 0	\$ 0

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**Calculate Financial Measures for**

		Financial Measures Using Income & Expenses	
		2005 from Owner	2006 Forecast..
Purchase Price	<input style="width: 100px;" type="text" value="\$ 8,000,000"/>		
<input type="button" value="Display Results"/>			
Cap Rate		7.670%	5.835%
Return on Equity		6.972%	3.558%
Potential Gross Income Multiplier		9.821	9.576
Effective Gross Income Multiplier		10.161	9.975
Net Income Multiplier		13.038	17.137

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Answer: **\$6,224,293**

**Screenshots of Reports****FINANCIAL MEASURES 1 & 2**

		<b>Financial Measures</b>	
		The Georgia 79 Unit Apartment Building	
Purchase Price	\$ 8,000,000		
*Acquisition Costs	\$ 160,000		
*Total Purchase Price	\$ 8,160,000		
Financing	\$ 3,700,000		
Equity (Based on the Purchase Price)	\$ 4,300,000		
Loan to Value Ratio	46.25%		
Units. Rentable Area (Sq. Ft)	58,000		
Number of Units	79		
Price per Sq. Ft	\$ 138		
Price per Unit	\$ 101,266		
		<b>2005 from Owner</b>	<b>2006 Forecasted</b>
Capitalization Rate (Using Purchase Price)	7.67%	←	5.84% ←
Potential Gross Income Multiplier (PGIM)	9.82		9.58
Effective Gross Income Multiplier (EGIM)	10.16		9.98
Net Income Multiplier (NIM)	13.04		17.14
Return on Equity (ROE)	6.97%		3.56%
Default Ratio or Break-even (Using PGI)	59.85%		77.68%
Default Ratio or Break-even (Using EGI)	61.92%	←←	80.92% ←←
Debt Service Ratio	1.96	←←	1.49 ←←
Income per Unit per Year (Using PGI)	\$ 10,311		\$ 10,574
Income per Unit per Month (Using PGI)	\$ 859		\$ 881
Income per Sq. Ft per Year (Using PGI)	\$ 14.04		\$ 14.40
Income per Sq. Ft per Month (Using PGI)	\$ 1.17		\$ 1.20
Operating Expense Ratio (Using PGI)	21.32%		40.12%
Operating Expense Ratio (Using EGI)	22.06%	←	41.79% ←
Operating Cost per Unit per Year	\$ 2,199		\$ 4,242
Operating Cost per Unit per Month	\$ 183		\$ 354
Operating Cost per Sq. Ft per Year	\$ 3.00		\$ 5.78
Operating Cost per Sq. Ft per Month	\$ 0.25		\$ 0.48
* The Financial Measure calculations:			
a) Uses the Purchase Price not the Total Purchase Price which includes the Acquisition costs			
b) Excludes Income and Expenses not included in the Net Operating Income			

**INCOME & EXPENSE STATEMENT**

**Preview Income & Expense Statements** ✕

**Report Settings**

Column  One  Two  One & Two

with Ratios

OK Cancel Help

		<b>Income &amp; Expense Statement</b>	
		The Georgia 79 Unit Apartment Building	
		<b>2005 from Owner (12 months)</b>	<b>2006 Forecasted (12 months)</b>
	Quantity		
<b>Income</b>			
Studios	4	\$ 31,200	\$ 32,160
One Bedrooms	58	563,760	570,720
Two bedrooms	11	128,700	135,300
Three Bedrooms	4	50,400	52,800
Laundry	79	11,376	12,324
Parking	81	29,160	32,076
<b>Potential Gross Income</b>		<b>814,596</b>	<b>835,380</b>
Less: Vacancy and Credit Loss Allow.		27,297	33,415
<b>Effective Gross Income</b>		<b>787,299</b>	<b>801,965</b>
<b>Operating Expenses.</b>			
Accounting and Legal		2,000	6,000
Advertising		2,500	7,000
Licenses and Permits		2,100	2,500
Insurance		9,000	14,000
Prop. Management		31,492	40,098
Salary, Res. Caretaker		21,000	31,200
Property Taxes		21,000	29,000
Maintenance & Repairs		16,590	39,500
Elevator Service		4,800	8,400
Utilities		27,650	33,575
Supplies		2,400	3,000
Garbage Collection		4,740	7,110
Other Expenses		28,440	113,760
<b>Operating Expenses</b>		<b>173,712</b>	<b>335,143</b>
<b>Net Operating Income (NOI)</b>		<b>613,587</b>	<b>466,822</b>
Less: Debt Service		313,810	313,810
<b>CASH FLOW BEFORE TAX</b>		<b>299,777</b>	<b>153,012</b>

**INCOME & EXPENSE STATEMENT WITH RATIOS**

		Income & Expense Statement			June 26, 2008				
		The Georgia 79 Unit Apartment Building			Analyzer Pro Rental Apartment Building				
		2005 from Owner (12 months)			2006 Forecasted (12 months)				
		\$	\$	\$	\$	\$	\$		
		% of	per	per Unit or	% of	per	per Unit or		
		E GI	Sq. Ft	Sq. Ft	E GI	Sq. Ft	Sq. Ft		
Quantity									
<b>Income</b>									
Studios	4	\$ 31,200	3.96%	-	\$ 650 /mo	\$ 32,160	4.01%	-	\$ 670 /mo
One Bedrooms	58	563,760	71.61%	-	810 /mo	570,720	71.17%	-	820 /mo
Two bedrooms	11	128,700	16.35%	-	975 /mo	135,300	16.87%	-	1,025 /mo
Three Bedrooms	4	50,400	6.40%	-	1,050 /mo	52,800	6.58%	-	1,100 /mo
Laundry	79	11,376	1.44%	-	12 /mo	12,324	1.54%	-	13 /mo
Parking	81	29,160	3.70%	-	30 /mo	32,076	4.00%	-	33 /mo
<b>Potential Gross Income</b>		<b>814,596</b>	<b>103.47%</b>	<b>1.17 /mo</b>	<b>859 /mo</b>	<b>835,380</b>	<b>104.17%</b>	<b>1.20 /mo</b>	<b>881 /mo</b>
Less: Vacancy and Credit Loss Allow.		27,297	3.47%	0.04 /mo	29 /mo	33,415	4.17%	0.05 /mo	35 /mo
<b>Effective Gross Income</b>		<b>787,299</b>	<b>100.00%</b>	<b>1.13 /mo</b>	<b>830 /mo</b>	<b>801,965</b>	<b>100.00%</b>	<b>1.15 /mo</b>	<b>846 /mo</b>
<b>Operating Expenses.</b>									
Accounting and Legal		2,000	0.25%	0.03 /yr	25 /yr	6,000	0.75%	0.10 /yr	76 /yr
Advertising		2,500	0.32%	0.04 /yr	32 /yr	7,000	0.87%	0.12 /yr	89 /yr
Licenses and Permits		2,100	0.27%	0.04 /yr	27 /yr	2,500	0.31%	0.04 /yr	32 /yr
Insurance		9,000	1.14%	0.16 /yr	114 /yr	14,000	1.75%	0.24 /yr	177 /yr
Prop. Management		31,492	4.00%	0.54 /yr	399 /yr	40,098	5.00%	0.69 /yr	508 /yr
Salary, Res. Caretaker		21,000	2.67%	0.36 /yr	266 /yr	31,200	3.89%	0.54 /yr	395 /yr
Property Taxes		21,000	2.67%	0.36 /yr	266 /yr	29,000	3.62%	0.50 /yr	367 /yr
Maintenance & Repairs		16,590	2.11%	0.29 /yr	210 /yr	39,500	4.93%	0.68 /yr	500 /yr
Elevator Service		4,800	0.61%	0.08 /yr	61 /yr	8,400	1.05%	0.14 /yr	106 /yr
Utilities		27,650	3.51%	0.48 /yr	350 /yr	33,575	4.19%	0.58 /yr	425 /yr
Supplies		2,400	0.30%	0.04 /yr	30 /yr	3,000	0.37%	0.05 /yr	38 /yr
Garbage Collection		4,740	0.60%	0.08 /yr	60 /yr	7,110	0.89%	0.12 /yr	90 /yr
Other Expenses		28,440	3.61%	0.49 /yr	360 /yr	113,760	14.19%	1.96 /yr	1,440 /yr
<b>Operating Expenses</b>		<b>173,712</b>	<b>22.06%</b>	<b>3.00 /yr</b>	<b>2,199 /yr</b>	<b>335,143</b>	<b>41.79%</b>	<b>5.78 /yr</b>	<b>4,242 /yr</b>
<b>Net Operating Income (NOI)</b>		<b>613,587</b>	<b>77.94%</b>	<b>10.58 /yr</b>	<b>7,767 /yr</b>	<b>466,822</b>	<b>58.21%</b>	<b>8.05 /yr</b>	<b>5,909 /yr</b>
Less: Debt Service		313,810	39.86%	5.41 /yr	0.45 /mo	313,810	39.13%	5.41 /yr	0.45 /yr
<b>CASH FLOW BEFORE TAX</b>		<b>299,777</b>	<b>38.08%</b>	<b>5.17 /yr</b>	<b>0.43 /mo</b>	<b>153,012</b>	<b>19.08%</b>	<b>2.64 /yr</b>	<b>0.22 /mo</b>



**GRAPH. INCOME DISTRIBUTION**

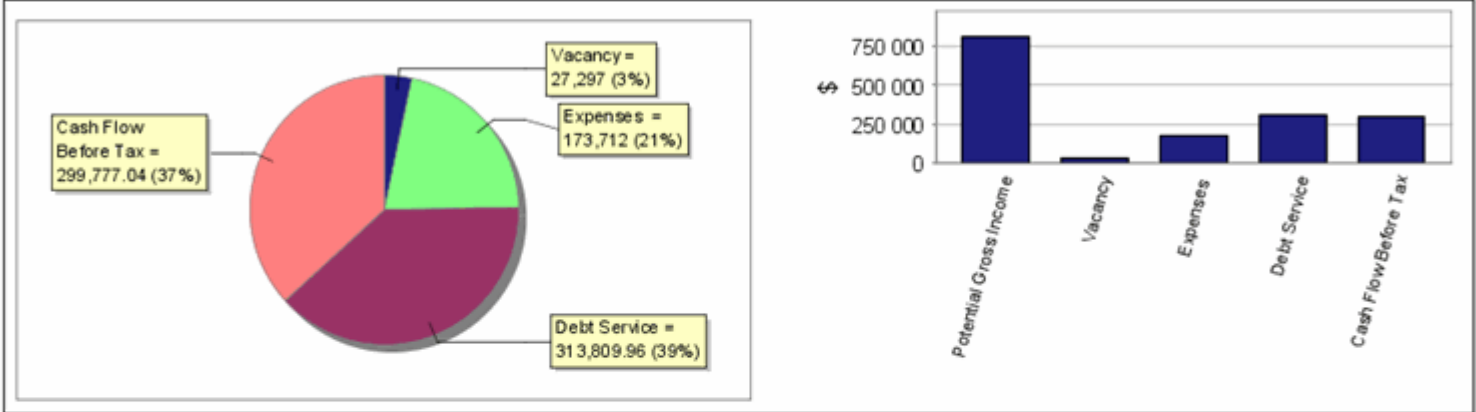


**Income Distribution Chart**  
The Georgia  
79 Unit Apartment Building

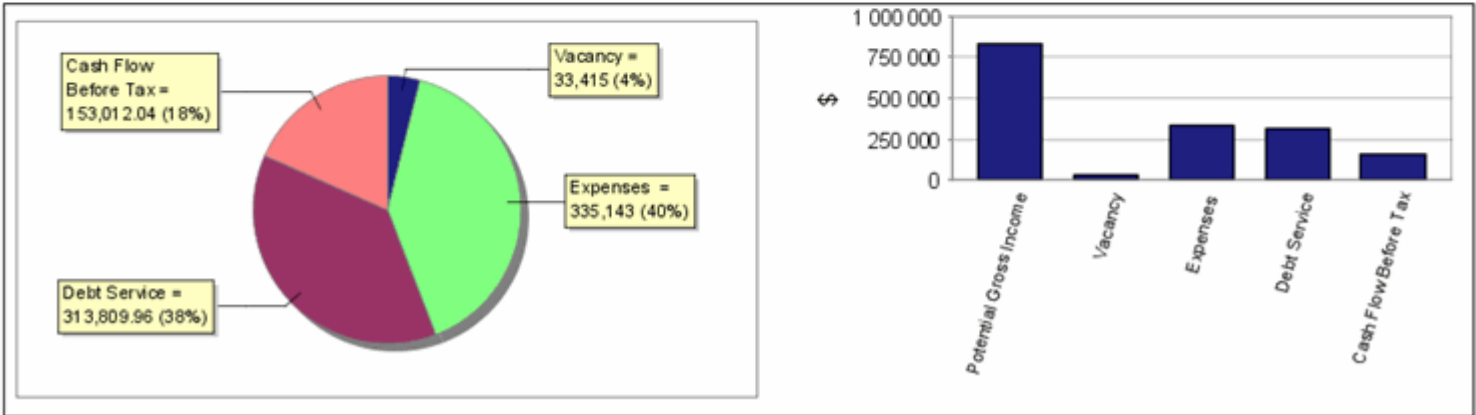
June 26, 2008  
Analyzer Pro  
Rental Apartment Building

Currency: \$

**2005 from Owner**



**2006 Forecasted**



**GRAPH. COLUMN 1 & 2 COMPARISONS**



Cash Flow Comparison Report  
The Georgia  
79 Unit Apartment Building

June 26, 2008  
Analyzer Pro  
Rental Apartment Building

	2005 from Owner		2006 Forecasted	
		% of EGI		% of EGI
Potential Gross Income	814,596	103.47%	835,380	104.17%
Less: Vacancy & Credit Loss Allow.	27,297	3.47%	33,415	4.17%
Effective Gross Income	787,299	100.00%	801,965	100.00%
Operating Expenses	173,712	22.06%	335,143	41.79%
Net Operating Income (NOI)	613,587	77.94%	466,822	58.21%
Less: Debt Service	313,810	39.86%	313,810	39.13%
Cash Flow Before Tax	299,777	38.08%	153,012	19.08%

