

1031 Exchange Property Analysis

Scenic Arms
1234 Jensen St
Newport Harbor, Ca



Fair Market Value	\$800,000
Net Rentable Square Feet	4,200
Number of Units	4

Andrew Exchanger
Exchange Realty
714-730-9403
714-730-9401 Fax

Prepared For
Jennie & Phil Investor

Scenic Arms Table of Contents

	Page #
Introduction Letter	1
Instructions	2
Data Input	3
Table of Contents	4
Cover	5
Sell Current Property C & Reinvest into new Property SB	6
Cash flow analysis Property C (Current Property)	7
Cash flow analysis Property SB (property purchased with after tax net sale proceeds of Property C)	8
Exchange Analysis	9
Cash flow analysis Exchange Property E-1	10
Cash flow analysis Exchange Property E-2	11
Cash flow analysis Exchange Property E-3	12
Refinance and hold analysis	13
Cash flow analysis refinanced Property C	14
Cash flow analysis Property R-1 purchased with proceeds of refinancing Property C	15
Cash flow analysis Property R-2 purchased with proceeds of refinancing Property C	16
Comparing Equities - 1	17
Comparing Equities - 2	18
Comparing Net Cash Flows	19
Frequently asked questions (FAQ)	20
Property C - Loan amortization tables	21
Property SB - Loan amortization tables	22
Property E-1 - Loan amortization tables	23
Property E-2 - Loan amortization tables	24
Property E-3 - Loan amortization tables	25
Property CRefinanced - Loan amortization tables	26
Property R-1 - Loan amortization tables	27
Property R-2 - Loan amortization tables	28
Optional Page 1	29
Optional Page 2	30
Optional Page 3	31
Optional Page 4	32
Optional Page 5	33
ContModify	34

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Scenic Arms Sell and Reinvest Analysis

	Property C		Property SB 60%
Market Value	\$800,000		\$1,067,270
Loan 1	\$181,044		\$640,362
Loan 2	\$0		\$0
Equity	\$618,956		\$426,908
Cap Rate	5.26%		6.00%
Before Tax Spendable			
Gross Schedule Inc	\$62,400		
Other Income	\$900		
Vacancy & Bad Debt	\$2,532		
Gross Operating Income	\$60,768		
Operating Expenses	\$18,720		
Net Operating Income	\$42,048		\$64,036
Loan 1 P & I Payment	\$17,100		\$49,841
Loan 2 P & I Payment	\$0		\$0
Gross Spendable	\$24,948		\$14,196
Income Tax Analysis			
Net Operating Income	\$42,048		\$64,036
Loan 1 Interest	\$12,898		\$43,016
Loan 2 Interest	\$0		\$0
Depreciation per Year	\$7,600		\$26,779
Taxable Income	\$21,550		(\$5,758)
Income Tax Rate - Fed	28.00%		28.00%
Income Tax Rate - State	9.00%		9.00%
Taxes Due(Saved)	\$7,973		(\$2,131)
After Tax Spendable			
Gross Spendable	\$24,948		\$14,196
Taxes Due(Saved)	\$7,973		(\$2,131)
Net Spendable	\$16,975		\$16,326
Loan 1 yrly Pay Down	\$4,202		\$6,825
Loan 2 yrly Pay Down	\$0		\$0
Spendable + Loan Pay Down	\$21,176		\$23,151
3.00% Inflation Factor	\$24,000		\$32,018
Total Return Year 1	\$45,176		\$55,169
Yr 1 Value Change - Cap/GRM	\$21,176		\$32,018
Total Return Year 1	\$42,353		\$55,169
Adjusted Basis	\$224,000		
Costs	\$60,800	7.60%	
Taxable gain on Sale	\$515,200		
Taxes - Capital Gain - Fed	\$65,880	15.00%	
Taxes - Capital Gain - State	\$46,368	9.00%	
Taxes Recapture - Fed	\$19,000	25.00%	
Net Proceeds	\$426,908		

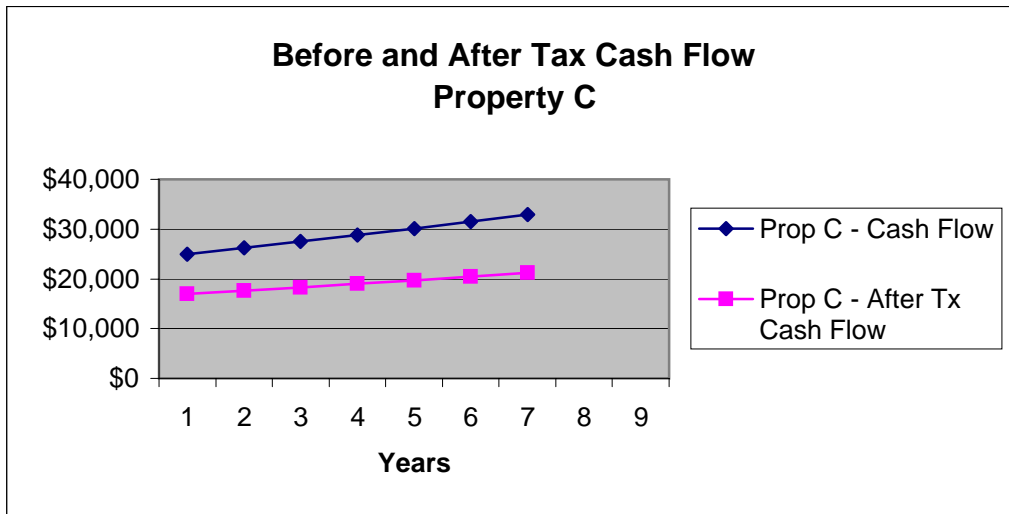
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Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Gross Schedule Income	\$63,300	\$65,199	\$67,155	\$69,170	\$71,245	\$73,382	\$75,584
Less Vacancy	\$2,532	\$2,608	\$2,686	\$2,767	\$2,850	\$2,935	\$3,023
Gross Operating Income	\$60,768	\$62,591	\$64,469	\$66,403	\$68,395	\$70,447	\$72,560
Operating Expenses	\$18,720	\$19,300	\$19,899	\$20,515	\$21,151	\$21,807	\$22,483
Net Operating Income	\$42,048	\$43,291	\$44,570	\$45,887	\$47,243	\$48,640	\$50,077
Less Loan Pmt (1st)	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow per Year	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Net Operating Income	\$42,048	\$43,291	\$44,570	\$45,887	\$47,243	\$48,640	\$50,077
Interest Paid (1st)	\$12,898	\$12,586	\$12,250	\$11,889	\$11,501	\$11,084	\$10,636
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	\$21,550	\$23,105	\$24,721	\$26,399	\$28,143	\$29,956	\$31,841
Taxes (Negative = refund)	\$7,973	\$8,549	\$9,147	\$9,768	\$10,413	\$11,084	\$11,781
Net Cash Flow After Taxes	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%

Market Value - End of year	\$821,507	\$846,153	\$871,537	\$897,683	\$924,614	\$952,352	
Loan 1	\$176,842	\$172,328	\$167,478	\$162,266	\$156,667	\$150,651	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Equity - End of Year Values	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	



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7

[Contents](#)

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Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Prop C - Cash Flow	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Prop C - After Tx Cash Flow	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%

Prop C - End of Yr Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701
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Property SB Cash Flow

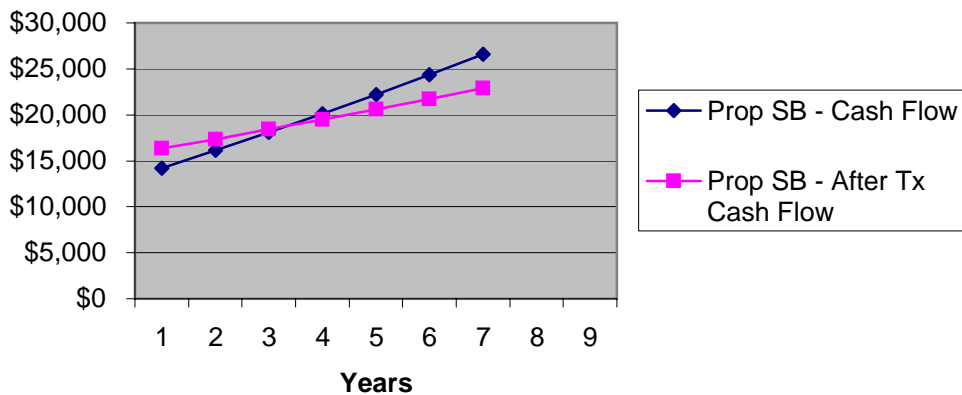
	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$64,036	\$65,957	\$67,936	\$69,974	\$72,073	\$74,236	\$76,463
Less Loan Pmt (1st)	\$49,841	\$49,841	\$49,841	\$49,841	\$49,841	\$49,841	\$49,841
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop SB - Cash Flow	\$14,196	\$16,117	\$18,095	\$20,134	\$22,233	\$24,395	\$26,622
Cash on Cash Return	3.33%	3.78%	4.24%	4.72%	5.21%	5.71%	6.24%
Variance from Existing Property	(\$10,752)	(\$10,074)	(\$9,375)	(\$8,654)	(\$7,911)	(\$7,145)	(\$6,355)

Net Operating Income	\$64,036	\$65,957	\$67,936	\$69,974	\$72,073	\$74,236	\$76,463
Interest Paid (1st)	\$43,016	\$42,541	\$42,032	\$41,489	\$40,907	\$40,285	\$39,620
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$26,779	\$26,779	\$26,779	\$26,779	\$26,779	\$26,779	\$26,779
Taxable Income	(\$5,758)	(\$3,362)	(\$875)	\$1,707	\$4,387	\$7,172	\$10,064
Taxes (Negative = refund)	(\$2,131)	(\$1,244)	(\$324)	\$631	\$1,623	\$2,653	\$3,724

Prop SB - After Tx Cash Flow	\$16,326	\$17,361	\$18,419	\$19,502	\$20,609	\$21,742	\$22,898
Cash on Cash after Tax	3.82%	4.07%	4.31%	4.57%	4.83%	5.09%	5.36%
Variance from Existing Property	(\$648)	(\$281)	\$96	\$482	\$879	\$1,285	\$1,702

Market Value	\$1,099,288	\$1,132,267	\$1,166,235	\$1,201,222	\$1,237,258	\$1,274,376
Loan 1	\$633,537	\$626,238	\$618,429	\$610,078	\$601,144	\$591,589
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Prop SB - End of Yr Equity	\$465,751	\$506,029	\$547,805	\$591,144	\$636,114	\$682,787
Variance from Existing Property	(\$178,914)	(\$167,795)	(\$156,254)	(\$144,273)	(\$131,833)	(\$118,914)

**Before and After Tax Cash Flow
Property SB**



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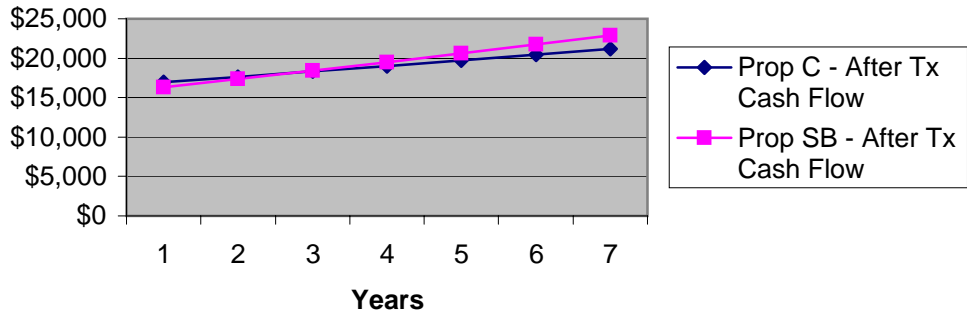
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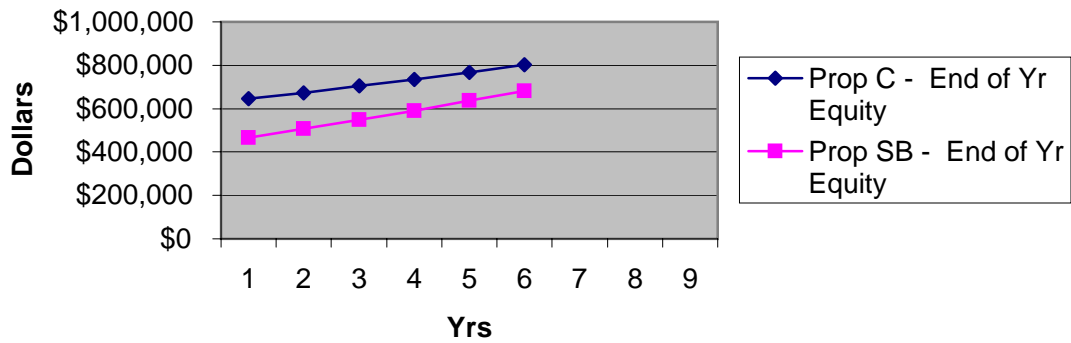
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After Tax Cash Flow Property SB vs Property C



Equity Variance Report Property SB vs Property C



Scenic Arms Comparison with Exchange Properties

	Property C	Property E-1	Property E-2	Property E-3
		70%	60%	70%
Market Value	\$800,000	\$1,860,520	\$1,395,390	\$1,860,520
Loan 1	\$181,044	\$1,302,364	\$837,234	\$1,302,364
Loan 2	\$0	\$0	\$0	\$0
Equity	\$618,956	\$558,156	\$558,156	\$558,156
Cap Rate	5.26%	6.00%	6.00%	8.00%
Before Tax Spendable				
Gross Schedule Inc	\$62,400			
Other Income	\$900			
Vacancy & Bad Debt	\$2,532			
Gross Operating Income	\$60,768			
Operating Expenses	\$18,720			
Net Operating Income	\$42,048	\$111,631	\$83,723	\$148,842
Loan 1 P & I Payment	\$17,100	\$101,365	\$65,163	\$101,365
Loan 2 P & I Payment	\$0	\$0	\$0	\$0
Gross Spendable	\$24,948	\$10,266	\$18,560	\$47,476
Income Tax Analysis				
Net Operating Income	\$42,048	\$111,631	\$83,723	\$148,842
Loan 1 Interest	\$12,898	\$87,485	\$56,241	\$87,485
Loan 2 Interest	\$0	\$0	\$0	\$0
Depreciation per Year		\$28,712	\$17,041	\$28,712
Depreciation per Year	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	\$21,550	-\$12,166	\$2,841	\$25,044
Income Tax Rate - Fed	28%	28%	28%	28%
Income Tax Rate - State	9%	9%	9%	9%
Taxes Due(Saved)	\$7,973	(\$4,501)	\$1,051	\$9,266
After Tax Spendable				
Gross Spendable	\$24,948	\$10,266	\$18,560	\$47,476
Taxes Due(Saved)	\$7,973	(\$4,501)	\$1,051	\$9,266
Net Spendable	\$16,975	\$14,767	\$17,509	\$38,210
Loan 1 yrly Pay Down	\$4,202	\$13,880	\$8,923	\$13,880
Loan 2 yrly Pay Down	\$0	\$0	\$0	\$0
Spendable & Pay Down	\$21,176	\$28,647	\$26,432	\$52,090
3.00% Inflation Factor	\$24,000	\$55,816	\$41,862	\$55,816
Total Return Year 1	\$45,176	\$84,463	\$68,293	\$107,905
Yr 1 Value Change - Cap/GRM	\$21,507	\$55,816	\$41,862	\$694,594
Total Return Year 1	\$42,684	\$84,463	\$68,293	\$746,684

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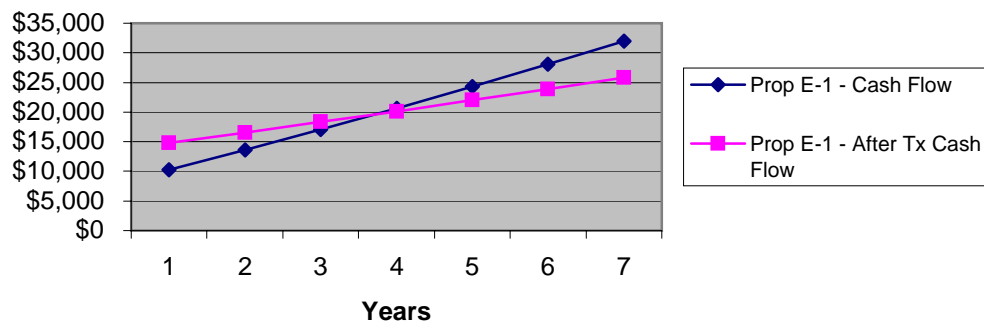
Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Prop C - Cash Flow	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Prop C - After Tx Cash Flow	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Prop C - End of Yr Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property E-1 Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$111,631	\$114,980	\$118,430	\$121,982	\$125,642	\$129,411	\$133,293
Less Loan Pmt (1st)	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop E-1 - Cash Flow	\$10,266	\$13,615	\$17,064	\$20,617	\$24,277	\$28,046	\$31,928
Cash on Cash Return	1.84%	2.44%	3.06%	3.69%	4.35%	5.02%	5.72%
Variance from Existing Property	(\$14,682)	(\$12,576)	(\$10,406)	(\$8,170)	(\$5,867)	(\$3,494)	(\$1,049)
Net Operating Income	\$111,631	\$114,980	\$118,430	\$121,982	\$125,642	\$129,411	\$133,293
Interest Paid (1st)	\$87,485	\$86,519	\$85,485	\$84,380	\$83,197	\$81,932	\$80,579
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712
Less depreciation	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	-\$12,166	-\$7,851	-\$3,368	\$1,291	\$6,133	\$11,167	\$16,403
Taxes (Negative = refund)	-\$4,501	-\$2,905	-\$1,246	\$478	\$2,269	\$4,132	\$6,069
Prop E-1 - After Tx Cash Flow	\$14,767	\$16,520	\$18,310	\$20,140	\$22,007	\$23,914	\$25,859
Cash on Cash after Tax	2.65%	2.96%	3.28%	3.61%	3.94%	4.28%	4.63%
Variance from Existing Property	(\$2,207)	(\$1,122)	(\$13)	\$1,120	\$2,277	\$3,458	\$4,663
Market Value	\$1,916,336	\$1,973,826	\$2,033,040	\$2,094,032	\$2,156,853	\$2,221,558	
Loan 1	\$1,288,484	\$1,273,638	\$1,257,758	\$1,240,772	\$1,222,603	\$1,203,170	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Prop E-1 - End of Yr Equity	\$627,852	\$700,188	\$775,283	\$853,260	\$934,249	\$1,018,388	
Variance from Existing Property	(\$16,814)	\$26,363	\$71,223	\$117,843	\$166,302	\$216,687	

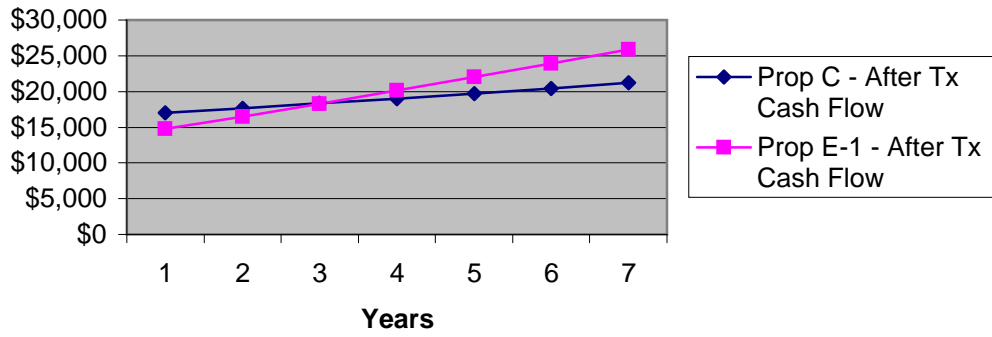
**Before and After Tax Cash Flow
Property E-1**



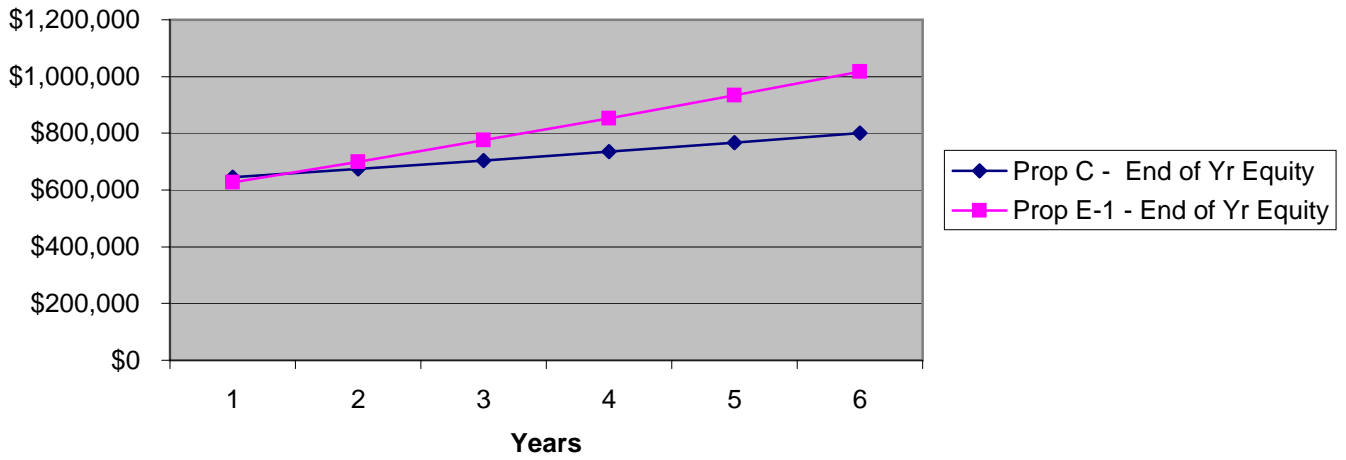
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After Tax Cash Flow Report Property E-1 vs Property C



Equity Variance Report Property E-1 vs Property C

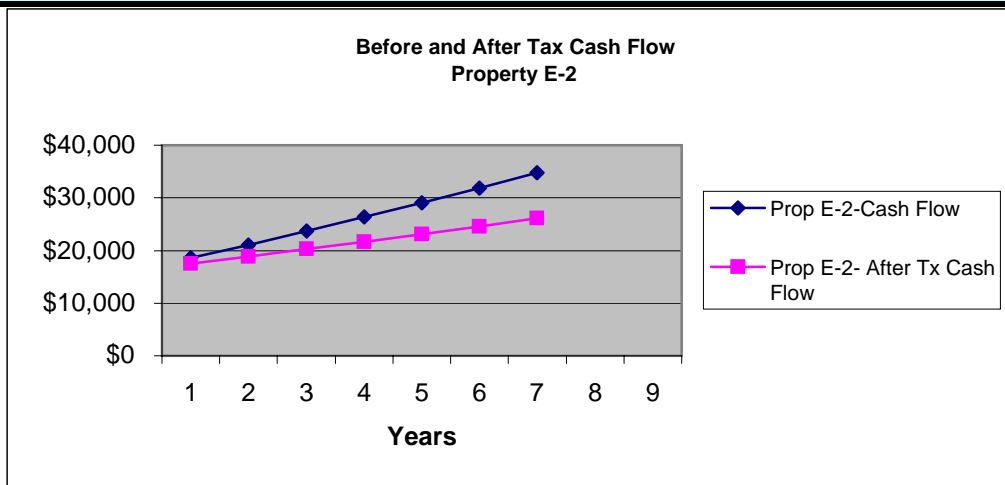


Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 6</u>
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Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Prop C - End of Yr Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property E-2 Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$83,723	\$86,235	\$88,822	\$91,487	\$94,231	\$97,058	\$99,970
Less Loan Pmt (1st)	\$65,163	\$65,163	\$65,163	\$65,163	\$65,163	\$65,163	\$65,163
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop E-2-Cash Flow	\$18,560	\$21,072	\$23,659	\$26,323	\$29,068	\$31,895	\$34,807
Cash on Cash Return	3.33%	3.78%	4.24%	4.72%	5.21%	5.71%	6.24%
Variance from Existing Property	(\$6,388)	(\$5,119)	(\$3,811)	(\$2,464)	(\$1,075)	\$355	\$1,830
Net Operating Income	\$83,723	\$86,235	\$88,822	\$91,487	\$94,231	\$97,058	\$99,970
Interest Paid (1st)	\$56,241	\$55,619	\$54,955	\$54,244	\$53,484	\$52,670	\$51,801
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$17,041	\$17,041	\$17,041	\$17,041	\$17,041	\$17,041	\$17,041
Less depreciation	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	\$2,841	\$5,974	\$9,226	\$12,601	\$16,106	\$19,746	\$23,528
Taxes (Negative = refund)	\$1,051	\$2,210	\$3,414	\$4,662	\$5,959	\$7,306	\$8,705
Prop E-2- After Tx Cash Flow	\$17,509	\$18,861	\$20,245	\$21,661	\$23,109	\$24,589	\$26,101
Cash on Cash after Tax	3.14%	3.38%	3.63%	3.88%	4.14%	4.41%	4.68%
Variance from Existing Property	\$534	\$1,219	\$1,922	\$2,641	\$3,378	\$4,133	\$4,905
Market Value	\$1,437,252	\$1,480,369	\$1,524,780	\$1,570,524	\$1,617,639	\$1,666,169	
Loan 1	\$828,311	\$818,767	\$808,558	\$797,639	\$785,959	\$773,466	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Prop E-2- End of Yr Equity	\$608,941	\$661,602	\$716,222	\$772,885	\$831,680	\$892,702	
Variance from Existing Property	(\$35,725)	(\$12,223)	\$12,162	\$37,468	\$63,733	\$91,001	



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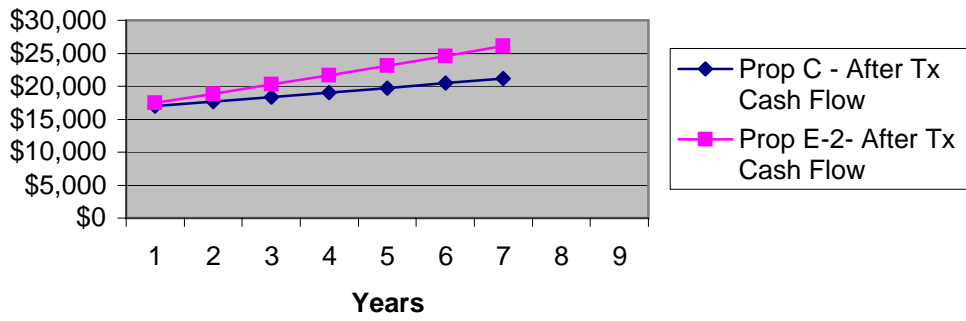
1031 AnalyzRE v1.0 4/01

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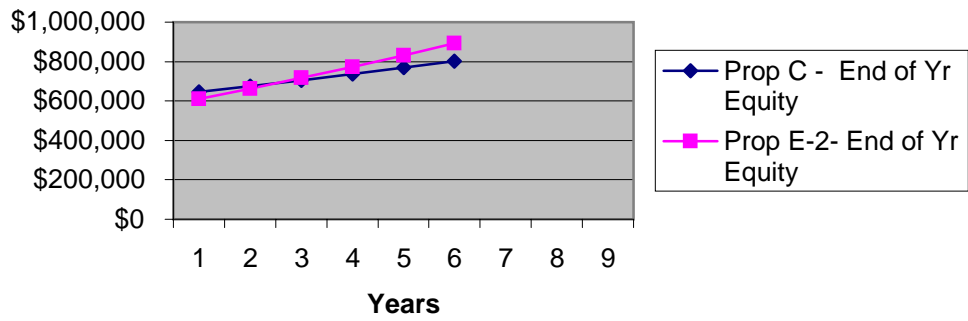
[Contents](#)

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After Tax Cash Flow Property E-2 vs Property C



Equity Variance Report Property E-2 vs Property C



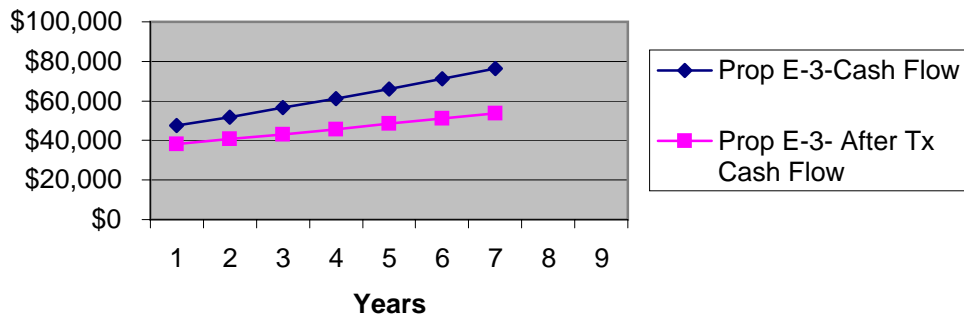
Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 6</u>
Prop C - Cash Flow	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Prop C - After Tx Cash Flow	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Prop C - End of Yr Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property E-3 Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$148,842	\$153,307	\$157,906	\$162,643	\$167,523	\$172,548	\$177,725
Less Loan Pmt (1st)	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365	\$101,365
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop E-3-Cash Flow	\$47,476	\$51,942	\$56,541	\$61,278	\$66,157	\$71,183	\$76,359
Cash on Cash Return	8.51%	9.31%	10.13%	10.98%	11.85%	12.75%	13.68%
Variance from Existing Property	\$22,528	\$25,751	\$29,071	\$32,491	\$36,014	\$39,643	\$43,382
Net Operating Income	\$148,842	\$153,307	\$157,906	\$162,643	\$167,523	\$172,548	\$177,725
Interest Paid (1st)	\$87,485	\$86,519	\$85,485	\$84,380	\$83,197	\$81,932	\$80,579
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712	\$28,712
Less depreciation	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	\$25,044	\$30,476	\$36,109	\$41,952	\$48,014	\$54,304	\$60,834
Taxes (Negative = refund)	\$9,266	\$11,276	\$13,360	\$15,522	\$17,765	\$20,093	\$22,509
Prop E-3- After Tx Cash Flow	\$38,210	\$40,665	\$43,181	\$45,756	\$48,392	\$51,090	\$53,851
Cash on Cash after Tax	6.85%	7.29%	7.74%	8.20%	8.67%	9.15%	9.65%
Variance from Existing Property	\$21,235	\$23,024	\$24,857	\$26,736	\$28,662	\$30,634	\$32,655
Market Value	\$2,555,114	\$2,631,768	\$2,710,721	\$2,792,042	\$2,875,803	\$2,962,078	
Loan 1	\$1,288,484	\$1,273,638	\$1,257,758	\$1,240,772	\$1,222,603	\$1,203,170	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Prop E-3-End of Year Equity	\$1,266,630	\$1,358,130	\$1,452,963	\$1,551,270	\$1,653,200	\$1,758,908	
Variance from Existing Property	\$621,965	\$684,305	\$748,903	\$815,853	\$885,253	\$957,206	

**Before and After Tax Cash Flow
Property E-3**



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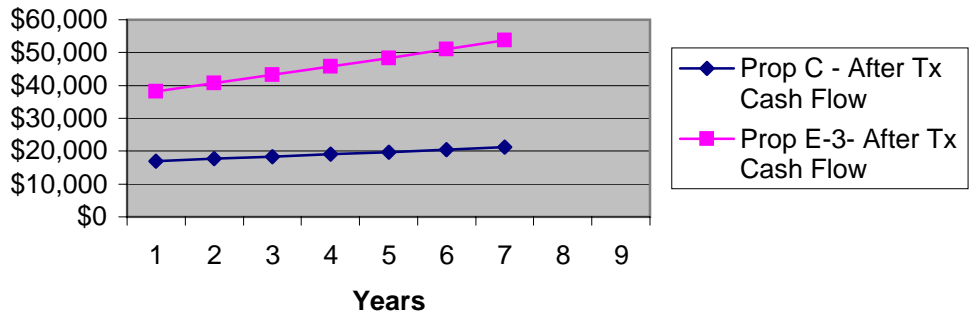
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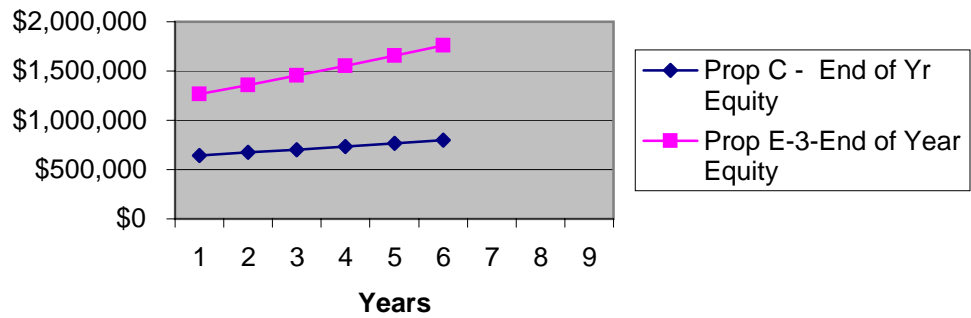
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After Tax Cash Flow Property E-3 vs Property C



Equity Variance Report Property E-3 vs Property C



Scenic Arms Refinance and Hold

	Property C	Property C Refied	Property R-1	Property R-2
		65.00%	70.00%	70.00%
Market Value	\$800,000	\$800,000	\$1,129,853	\$1,129,853
Loan 1	\$181,044	\$520,000	\$790,897	\$790,897
Loan 2	\$0	\$0	\$0	\$0
Equity	\$618,956	\$280,000	\$338,956	\$338,956
Cap Rate	5.26%	5.26%	6.00%	8.00%
Before Tax Spendable				
Gross Schedule Inc	\$62,400	\$62,400		
Other Income	\$900	\$900		
Vacancy & Bad Debt	\$2,532	\$2,532		
Gross Operating Income	\$60,768	\$60,768		
Operating Expenses	\$18,720	\$18,720		
Net Operating Income	\$42,048	\$42,048	\$67,791	\$90,388
Loan 1 P & I Payment	\$17,100	\$40,473	\$61,557	\$61,557
Loan 2 P & I Payment	\$0	\$0	\$0	\$0
Gross Spendable	\$24,948	\$1,575	\$6,234	\$28,831
Income Tax Analysis				
Net Operating Income	\$42,048	\$42,048	\$67,791	\$90,388
Loan 1 Interest	\$12,898	\$34,931	\$53,128	\$53,128
Loan 2 Interest	\$0	\$0	\$0	\$0
Depreciation per Year	\$7,600	\$7,600	\$28,349	\$28,349
Taxable Income	\$21,550	(\$483)	(\$13,686)	\$8,911
Income Tax Rate - Fed	28.00%	28.00%	28.00%	28.00%
Income Tax Rate - State	9.00%	9.00%	9.00%	9.00%
Taxes Due(Saved)	\$7,973	(\$179)	(\$5,064)	\$3,297
After Tax Spendable				
Gross Spendable	\$24,948	\$1,575	\$6,234	\$28,831
Taxes Due(Saved)	\$7,973	(\$179)	(\$5,064)	\$3,297
Net Spendable	\$16,975	\$1,754	\$11,298	\$25,534
Loan 1 yrly Pay Down	\$4,202	\$5,542	\$8,429	\$8,429
Loan 2 yrly Pay Down	\$0	\$0	\$0	\$0
Spendable & Pay Down	\$21,176	\$7,296	\$19,727	\$33,963
3.00% Inflation Factor	\$24,000	\$24,000	\$33,896	\$33,896
Total Return Year 1	\$45,176	\$31,296	\$53,623	\$67,859
Yr 1 Value Change - Cap/GRM				
Total Return Year 1	\$21,176	\$7,296	\$53,623	\$421,812

You can place a picture here

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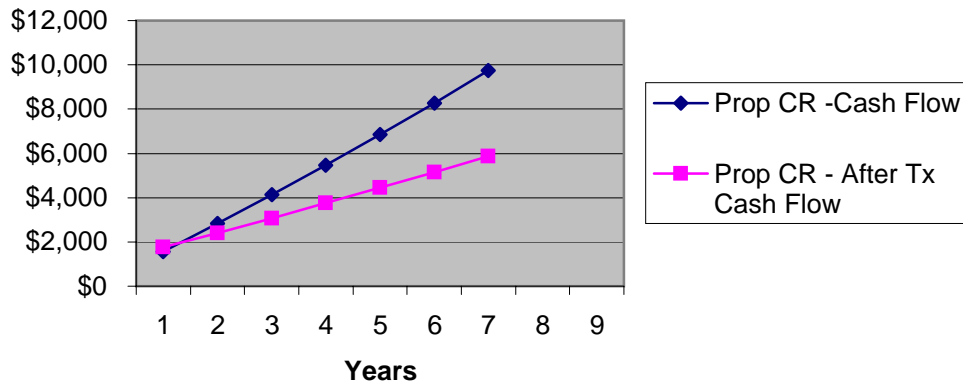
Scenic Arms Property C Refied Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Cash Flow per Year	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Net Cash Flow After Taxes	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Equity - End of Year Values	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property C Refied Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$42,048	\$43,309	\$44,609	\$45,947	\$47,325	\$48,745	\$50,208
Less Loan Pmt (1st)	\$40,473	\$40,473	\$40,473	\$40,473	\$40,473	\$40,473	\$40,473
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop CR -Cash Flow	\$1,575	\$2,837	\$4,136	\$5,474	\$6,853	\$8,273	\$9,735
Cash on Cash Return	0.56%	1.01%	1.48%	1.96%	2.45%	2.95%	3.48%
Variance from Existing Property	(\$23,373)	(\$23,354)	(\$23,334)	(\$23,313)	(\$23,291)	(\$23,267)	(\$23,242)
Net Operating Income	\$42,048	\$43,309	\$44,609	\$45,947	\$47,325	\$48,745	\$50,208
Interest Paid (1st)	\$34,931	\$34,545	\$34,132	\$33,691	\$33,218	\$32,713	\$32,173
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Taxable Income	(\$483)	\$1,165	\$2,877	\$4,656	\$6,507	\$8,432	\$10,435
Taxes (Negative = refund)	(\$179)	\$431	\$1,064	\$1,723	\$2,408	\$3,120	\$3,861
Prop CR - After Tx Cash Flow	\$1,754	\$2,406	\$3,072	\$3,752	\$4,445	\$5,153	\$5,874
Cash on Cash after Tax	0.63%	0.86%	1.10%	1.34%	1.59%	1.84%	2.10%
Variance from Existing Property	(\$15,221)	(\$15,236)	(\$15,252)	(\$15,268)	(\$15,285)	(\$15,303)	(\$15,322)
Market Value	\$821,507	\$846,153	\$871,537	\$897,683	\$924,614	\$952,352	
Loan 1	\$514,458	\$508,530	\$502,190	\$495,408	\$488,154	\$480,394	
Loan 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Prop CR - End of Yr Equity	\$307,049	\$337,622	\$369,347	\$402,275	\$436,460	\$471,958	
Variance from Existing Property	(\$337,616)	(\$336,202)	(\$334,712)	(\$333,142)	(\$331,487)	(\$329,743)	

**Before and After Tax Cash Flow
Property CR**



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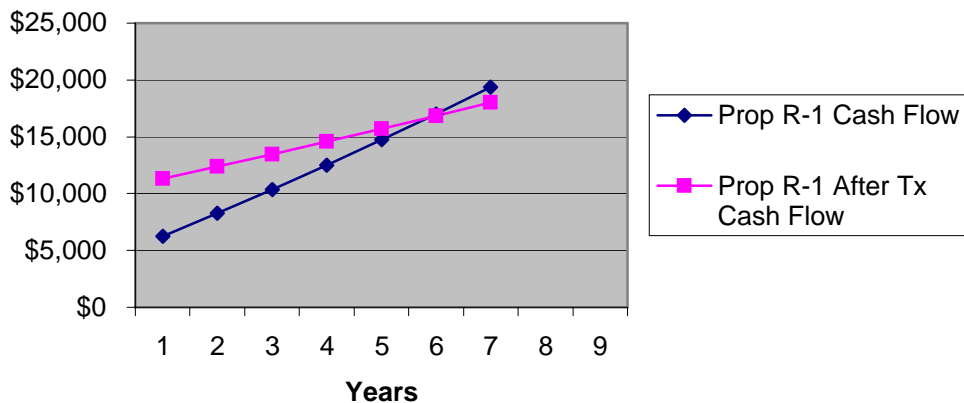
Scenic Arms Property C Refied Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Cash Flow per Year	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Net Cash Flow After Taxes	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Equity - End of Year Values	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property R-1 Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$67,791	\$69,825	\$71,920	\$74,077	\$76,300	\$78,589	\$80,946
Less Loan Pmt (1st)	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop R-1 Cash Flow	\$6,234	\$8,268	\$10,363	\$12,520	\$14,743	\$17,032	\$19,389
Cash on Cash Return	1.84%	2.44%	3.06%	3.69%	4.35%	5.02%	5.72%
Variance from Existing Property	(\$18,714)	(\$17,923)	(\$17,107)	(\$16,267)	(\$15,401)	(\$14,508)	(\$13,588)
Net Operating Income	\$67,791	\$69,825	\$71,920	\$74,077	\$76,300	\$78,589	\$80,946
Interest Paid (1st)	\$53,128	\$52,541	\$51,913	\$51,242	\$50,524	\$49,755	\$48,934
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349
Taxable Income	(\$13,686)	(\$11,065)	(\$8,343)	(\$5,514)	(\$2,573)	\$484	\$3,663
Taxes (Negative = refund)	(\$5,064)	(\$4,094)	(\$3,087)	(\$2,040)	(\$952)	\$179	\$1,355
Prop R-1 After Tx Cash Flow	\$11,298	\$12,362	\$13,450	\$14,560	\$15,695	\$16,853	\$18,034
Cash on Cash after Tax	3.33%	3.65%	3.97%	4.30%	4.63%	4.97%	5.32%
Variance from Existing Property	(\$5,677)	(\$5,280)	(\$4,874)	(\$4,459)	(\$4,036)	(\$3,604)	(\$3,162)
Market Value	\$1,163,749	\$1,198,661	\$1,234,621	\$1,271,660	\$1,309,810	\$1,349,104	
Loan 1	\$782,468	\$773,452	\$763,809	\$753,494	\$742,460	\$730,659	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Prop R-1 End of Yr Equity	\$381,281	\$425,209	\$470,812	\$518,166	\$567,349	\$618,445	
Variance from Existing Property	(\$263,385)	(\$248,616)	(\$233,247)	(\$217,251)	(\$200,598)	(\$183,256)	

**Before and After Tax Cash Flow
Property R-1**



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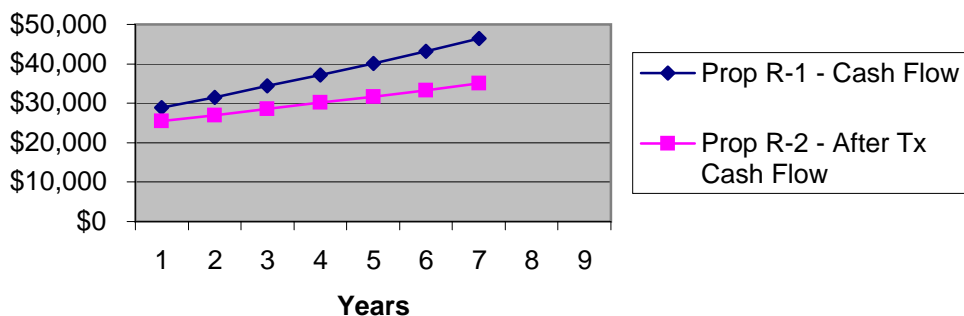
Scenic Arms Property C Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Cash Flow per Year	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Cash on Cash Return	4.03%	4.23%	4.44%	4.65%	4.87%	5.10%	5.33%
Net Cash Flow After Taxes	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196
Cash on Cash after Tax	2.74%	2.85%	2.96%	3.07%	3.19%	3.30%	3.42%
Equity - End of Year Values	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701	

Property R-2 Cash Flow

	<u>Year - 1</u>	<u>Year - 2</u>	<u>Year - 3</u>	<u>Year - 4</u>	<u>Year - 5</u>	<u>Year - 6</u>	<u>Year - 7</u>
Net Operating Income	\$90,388	\$93,100	\$95,893	\$98,770	\$101,733	\$104,785	\$107,928
Less Loan Pmt (1st)	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557	\$61,557
Less Loan Pmt (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop R-1 - Cash Flow	\$28,831	\$31,543	\$34,336	\$37,213	\$40,176	\$43,228	\$46,371
Cash on Cash Return	8.51%	9.31%	10.13%	10.98%	11.85%	12.75%	13.68%
Variance from Existing Property	\$3,883	\$5,352	\$6,866	\$8,425	\$10,032	\$11,688	\$13,394
Net Operating Income	\$90,388	\$93,100	\$95,893	\$98,770	\$101,733	\$104,785	\$107,928
Interest Paid (1st)	\$53,128	\$52,541	\$51,913	\$51,242	\$50,524	\$49,755	\$48,934
Interest Paid (2nd)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less depreciation	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349	\$28,349
Taxable Income	\$8,911	\$12,210	\$15,631	\$19,179	\$22,860	\$26,680	\$30,646
Taxes (Negative = refund)	\$3,297	\$4,518	\$5,783	\$7,096	\$8,458	\$9,872	\$11,339
Prop R-2 - After Tx Cash Flow	\$25,534	\$27,025	\$28,553	\$30,117	\$31,718	\$33,356	\$35,033
Cash on Cash after Tax	7.53%	7.97%	8.42%	8.89%	9.36%	9.84%	10.34%
Variance from Existing Property	\$8,560	\$9,384	\$10,229	\$11,097	\$11,987	\$12,900	\$13,837
Market Value	\$1,551,665	\$1,598,215	\$1,646,162	\$1,695,547	\$1,746,413	\$1,798,805	
Loan 1	\$782,468	\$773,452	\$763,809	\$753,494	\$742,460	\$730,659	
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0	
Prop R-2- End of Yr Equity	\$782,468	\$773,452	\$763,809	\$753,494	\$742,460	\$730,659	
Variance from Existing Property	jeff	\$99,628	\$59,749	\$18,077	(\$25,486)	(\$71,042)	

**Before and After Tax Cash Flow
Property R-2**



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Scenic Arms

Comparison of Equities over Time

<u>C Property</u>	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5	End Year 6
Market Value	\$821,507	\$846,153	\$871,537	\$897,683	\$924,614	\$952,352
Loan 1	\$176,842	\$172,328	\$167,478	\$162,266	\$156,667	\$150,651
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701

SB Property

Market Value	\$1,099,288	\$1,132,267	\$1,166,235	\$1,201,222	\$1,237,258	\$1,274,376
Loan 1	\$633,537	\$626,238	\$618,429	\$610,078	\$601,144	\$591,589
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Equity	\$465,751	\$506,029	\$547,805	\$591,144	\$636,114	\$682,787
Variance from Existing Property	(\$178,914)	(\$167,795)	(\$156,254)	(\$144,273)	(\$131,833)	(\$118,914)

E-1 Property

Market Value	\$1,916,336	\$1,973,826	\$2,033,040	\$2,094,032	\$2,156,853	\$2,221,558
Loan 1	\$1,288,484	\$1,273,638	\$1,257,758	\$1,240,772	\$1,222,603	\$1,203,170
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Equity	\$627,852	\$700,188	\$775,283	\$853,260	\$934,249	\$1,018,388
Variance from Existing Property	(\$16,814)	\$26,363	\$71,223	\$117,843	\$166,302	\$216,687

E-2 Property

Market Value	\$1,437,252	\$1,480,369	\$1,524,780	\$1,570,524	\$1,617,639	\$1,666,169
Loan 1	\$828,311	\$818,767	\$808,558	\$797,639	\$785,959	\$773,466
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Equity	\$608,941	\$661,602	\$716,222	\$772,885	\$831,680	\$892,702
Variance from Existing Property	(\$35,725)	(\$12,223)	\$12,162	\$37,468	\$63,733	\$91,001

E-3 Property

Market Value	\$2,555,114	\$2,631,768	\$2,710,721	\$2,792,042	\$2,875,803	\$2,962,078
Loan 1	\$1,288,484	\$1,273,638	\$1,257,758	\$1,240,772	\$1,222,603	\$1,203,170
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Equity	\$1,266,630	\$1,358,130	\$1,452,963	\$1,551,270	\$1,653,200	\$1,758,908
Variance from Existing Property	\$621,965	\$684,305	\$748,903	\$815,853	\$885,253	\$957,206

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Scenic Arms

Comparison of Equities over Time

C Property

	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5	End Year 6
Market Value	\$821,507	\$846,153	\$871,537	\$897,683	\$924,614	\$952,352
Loan 1	\$176,842	\$172,328	\$167,478	\$162,266	\$156,667	\$150,651
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Prop-C Equity	\$644,665	\$673,825	\$704,060	\$735,417	\$767,947	\$801,701

Property C Refinanced

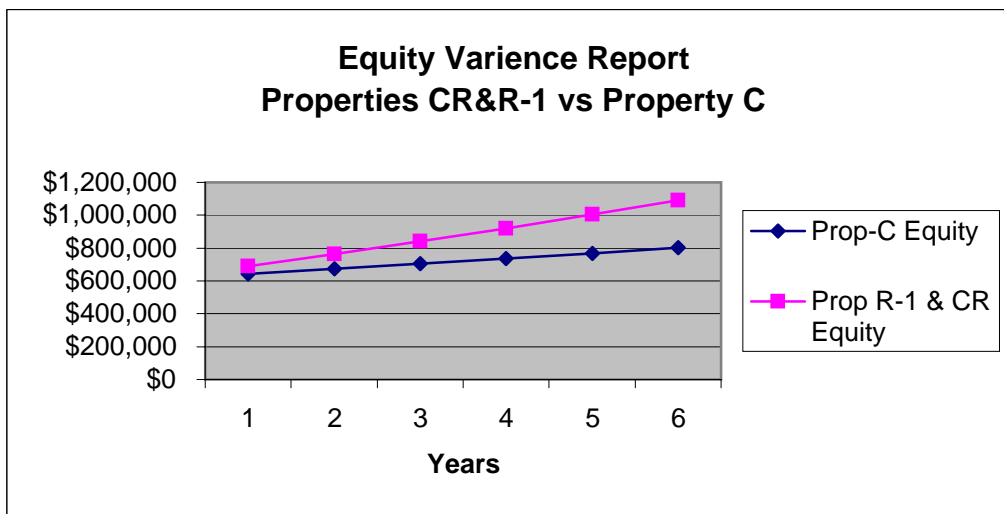
Market Value	\$821,507	\$846,153	\$871,537	\$897,683	\$924,614	\$952,352
Loan 1	\$514,458	\$508,530	\$502,190	\$495,408	\$488,154	\$480,394
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Prop - CR Equity	\$307,049	\$337,622	\$369,347	\$402,275	\$436,460	\$471,958

R-1 Property

Market Value	\$1,163,749	\$1,198,661	\$1,234,621	\$1,271,660	\$1,309,810	\$1,349,104
Loan 1	\$782,468	\$773,452	\$763,809	\$753,494	\$742,460	\$730,659
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Prop R-1 Equity	\$381,281	\$425,209	\$470,812	\$518,166	\$567,349	\$618,445
Prop R-1 & CR Equity	\$688,330	\$762,831	\$840,160	\$920,442	\$1,003,809	\$1,090,403
CR & R-1 Variance from Prop C	\$43,665	\$89,006	\$136,100	\$185,024	\$235,862	\$288,702

R-2 Property

Market Value	\$1,551,665	\$1,598,215	\$1,646,162	\$1,695,547	\$1,746,413	\$1,798,805
Loan 1	\$782,468	\$773,452	\$763,809	\$753,494	\$742,460	\$730,659
Loan 2	\$0	\$0	\$0	\$0	\$0	\$0
Prop R-2 Equity	\$769,197	\$824,763	\$882,353	\$942,053	\$1,003,952	\$1,068,146
Prop R-2 & CR Equity	\$1,076,246	\$1,162,385	\$1,251,700	\$1,344,328	\$1,440,413	\$1,540,104
CR & R-2 Variance from Prop C	\$505,812	\$576,147	\$649,105	\$724,802	\$803,355	\$884,890



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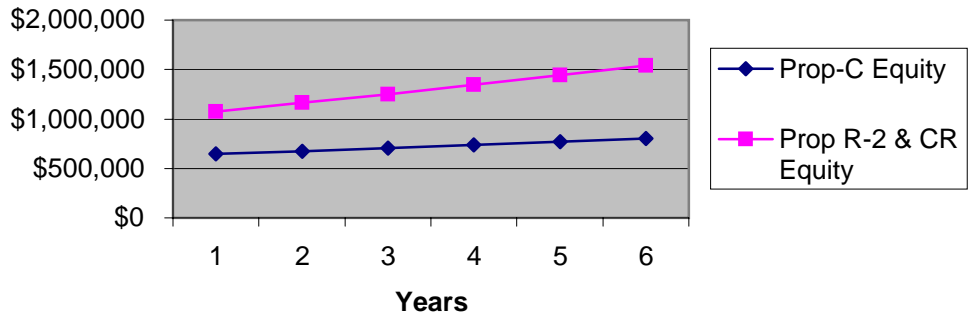
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Equity Variance Report Properties CR & R-2 vs Property C



Scenic Arms

Comparison of Cash Flows over Time

C Property

	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5	End Year 6	End Year 7
Gross Spendable	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Net Spendable	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196

SB Property

Gross Spendable	\$14,196	\$16,117	\$18,095	\$20,134	\$22,233	\$24,395	\$26,622
Net Spendable	\$16,326	\$17,361	\$18,419	\$19,502	\$20,609	\$21,742	\$22,898
Variance from Property C	(\$648)	(\$281)	\$96	\$482	\$879	\$1,285	\$1,702

E-1 Property

Gross Spendable	\$10,266	\$13,615	\$17,064	\$20,617	\$24,277	\$28,046	\$31,928
Net Spendable	\$14,767	\$16,520	\$18,310	\$20,140	\$22,007	\$23,914	\$25,859
Variance from Property C	(\$2,207)	(\$1,122)	(\$13)	\$1,120	\$2,277	\$3,458	\$4,663

E-2 Property

Gross Spendable	\$18,560	\$21,072	\$23,659	\$26,323	\$29,068	\$31,895	\$34,807
Net Spendable	\$17,509	\$18,861	\$20,245	\$21,661	\$23,109	\$24,589	\$26,101
Variance from Property C	\$534	\$1,219	\$1,922	\$2,641	\$3,378	\$4,133	\$4,905

E-3 Property

Gross Spendable	\$47,476	\$51,942	\$56,541	\$61,278	\$66,157	\$71,183	\$76,359
Net Spendable	\$38,210	\$40,665	\$43,181	\$45,756	\$48,392	\$51,090	\$53,851
Variance from Property C	\$21,235	\$23,024	\$24,857	\$26,736	\$28,662	\$30,634	\$32,655

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Scenic Arms

Comparison of Cash Flows over Time

C Property

	End Year 1	End Year 2	End Year 3	End Year 4	End Year 5	End Year 6	End Year 7
Prop C- Cash Flow	\$24,948	\$26,191	\$27,470	\$28,787	\$30,143	\$31,540	\$32,977
Prop C -After Tx Cash Flow	\$16,975	\$17,642	\$18,324	\$19,020	\$19,731	\$20,456	\$21,196

CR Property

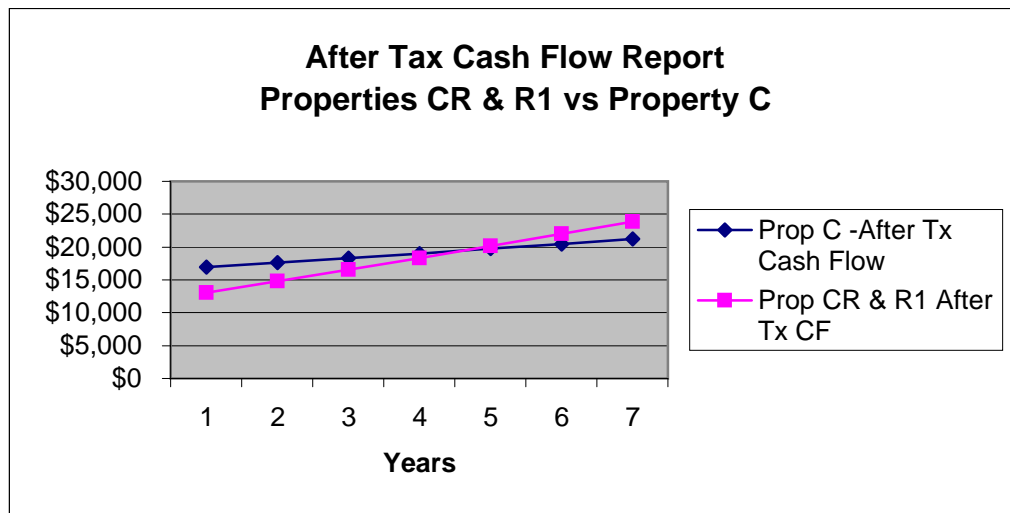
Prop CR- Cash Flow	\$1,575	\$2,837	\$4,136	\$5,474	\$6,853	\$8,273	\$9,735
Prop CR -After Tx Cash Flow	\$1,754	\$2,406	\$3,072	\$3,752	\$4,445	\$5,153	\$5,874

R-1 Property

Prop R1- Cash Flow	\$6,234	\$8,268	\$10,363	\$12,520	\$14,743	\$17,032	\$19,389
Prop R1 -After Tx Cash Flow	\$11,298	\$12,362	\$13,450	\$14,560	\$15,695	\$16,853	\$18,034
Prop CR & R1 After Tx CF	\$13,052	\$14,768	\$16,521	\$18,312	\$20,140	\$22,005	\$23,908
CR & R-1 Vs Property C	(\$3,923)	(\$2,874)	(\$1,802)	(\$708)	\$409	\$1,549	\$2,712

R-2 Property

Prop R2- Cash Flow	\$28,831	\$31,543	\$34,336	\$37,213	\$40,176	\$43,228	\$46,371
Prop R2 -After Tx Cash Flow	\$25,534	\$27,025	\$28,553	\$30,117	\$31,718	\$33,356	\$35,033
Prop CR & R2 After Tx CF	\$27,288	\$29,431	\$31,624	\$33,868	\$36,163	\$38,509	\$40,907
CR & R-2 Vs Property C	\$10,314	\$11,790	\$13,301	\$14,848	\$16,432	\$18,053	\$19,711



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After Tax Cash Flow Report Properties CR & R2 vs Property C

