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Income and Expense Analysis 248 and 262 Hawthorne Monterey, CA

SALE TERMS:

Price = \$1,895,000 9 UNITS
 Down Payment = \$575,000 30.34%

INCOME:

				Current Rents			
Unit	# BR	Baths	248 Hawthorne	# BR	Baths	262 Hawthorne	
1	2	1.5	\$1,450	1	2	1	\$1,235
2	2	1.5	\$1,425	2	2	1	\$1,199
3	2	1.5	\$1,425	3	2	1	\$1,175
				4	2	1	\$1,050
				5	2	1	\$1,100
				6	2	1	\$1,025
Sub-Total:			\$4,300	Sub-Total:			\$6,784

Total Monthly Gross Income = \$11,084
 Laundry Income Estimate Per Month =
 Scheduled Monthly Gross Income = \$11,084

SCHEDULED ANNUAL GROSS INCOME	\$11,084 x 12 =	\$133,008
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PROJECTED ANNUAL OPERATING EXPENSES:

Property Tax Estimate	1.05%	\$19,898
Insurance Estimate (Apartment & Worker's Comp)		\$7,306
Management Fee	6%	\$9,019
Gas & Electric		\$1,716
Trash Service		\$1,584
Water/Sewer		\$4,173
ANNUAL FIXED EXPENSES	32.85%	\$43,696
Maintenance Repairs/Replacement Allowanc	5%	\$6,650
Vacancy Allowance	3%	\$3,990
Expense Allowance	8%	\$10,641

NET OPERATING INCOME:

OPERATING EXPENSES/ALLOWANCES	40.85%	\$54,336
GROSS INCOME LESS OPERATING EXPENSES & ALLOWANCES		\$78,672

CAP RATE	4.15%
GROSS RENT MULTIPLIER	14.25
COST PER UNIT	\$210,556

PROJECTED FINANCING:

Interest only loan - 15 or 30 year loan - 1% loan fee typical

\$1,320,000 Interest only Loan @ 5.50% Monthly Payment = \$6,050
 Seller Carry Back (10 year fixed rate) Annual Payment = \$72,600

PRE-TAX SPENDABLE INC:

NET OPERATING INCOME LESS FINANCING =	1.06%	\$506	\$6,072
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TAX DEDUCTION

Improvements 78% of price \$1,478,100 (per month)
 (Divided by 27.5 years) Total yearly depreciation = \$53,749

CONSIDERATIONS:

(Should be verified by your tax consultant)

Expenses & Allowances	\$54,336
Interest Only	\$72,600
TOTAL DEDUCTIONS	\$180,685
LESS ANNUAL GROSS INCOME	\$133,008

TAX BENEFIT:

TAXABLE GAIN OR (LOSS)	-\$47,677
Tax Bracket 33% x Taxable Gain/Loss of Combined Federal & State	\$15,733
TAX BENEFIT + SPENDABLE INCOME	\$21,805
Estimated Principal Payments (1st year)	\$0

TOTAL RETURN:

1st year return on Down Payment of =	\$575,000	3.79%	\$21,805
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APPRECIATION POTENTIAL:

3% Projected Appreciation (1st year) =	\$56,850	
1st year return on DP with appreciation =	13.68%	\$78,655

REMARKS:

Buyer to cooperate in tax-deferred exchange for Seller.
 For showing and additional information contact: TOM REDFERN, CCIM, Realtor/Exchanger
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