



Complete Analysis Report  
For Property Located At:  
Riverside Apartments  
4445 Riverside, 18 Apt. Units  
Sacramento, CA

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# Introduction

SAMPLE ONLY

Bringing Real Estate Value Across the Americas



Richard Brown, President  
Advanced Capital Investments  
4370 La Jolla Village Drive  
Suite 400  
San Diego, CA 92122

Re: 18 Apt. Units 4445 Riverside in Sacramento, CA 95822

Dear Mr. Brown:

Thank you for your time in considering the investment in the above referenced property. As we have discussed the property is an 18 unit complex that is currently fully rented and is offered for sale at \$1,100,000. As we both know, the bank, Chase would like to sell quickly and that the price is higher than they expect to receive.

The offering price we have determined will allow this complex to perform at an outstanding rate of return is \$975,000 with \$262,500 down-payment. Chase is offering to carry the note at 3.85% for 30years with a 5 year stop. This will provide you with a cash on cash return of 24.26% per year over 5 years. Any further reduction in purchase price or increase in rental income will positively affect your return.

In return for our efforts in the location, negotiation, acquisition and management of this investment we have agreed to share in the profits with you as follows: Monthly cash flow to be distributed 80% to you, 20% to our company. Upon sale of the property anticipated in 5 years you should have already received your entire initial investment back (to be calculated including the cash flow you have received during ownership) plus an annual return of 6% (return total of +/- \$391,713) then we shall share in the profits 80% to you 20% to our group. We anticipate this to be approximately \$418,000 of the sales proceeds for a total return to you of \$810,000 over the 5 year holding period for a total return of 42% per year.

We look forward to moving forward with you on the acquisition of this project and to a mutually profitable relationship.

Sincerely,

John Smith, President  
JS/ab

4653 Carmel Mountain Rd. Suite 308-334  
San Diego, CA 92130



### Investment Highlights

- Bank Owned, REO Pricing
- Located in one of Sacramento's finest residential neighborhoods
- All units are either 3 bedrooms at 1,116 sq. ft. or 2 bedrooms at 819 sq. ft.
- Near Public Transportation
- Just a minute from interstate 5 and less than a 10 minute drive to the Capitol
- Easy access to employment centers
- Opportunity to raise existing rents

### Amenities

- Sacramento River Parkway proximity
- On-Site laundry facility
- 22 open parking spaces
- Mature, easy to maintain landscaping
- Large swimming Pool
- Many units have been upgraded with microwave ovens, tile flooring and hardwood flooring



### Unit Features

- Central heat and air
- All electric kitchens with disposals
- Frost free refrigerators
- Large closets
- Select units upgraded with microwave ovens
- Tiled shower surrounds
- Tiled kitchen counters
- Very large 2 and 3 bedroom floor plans



# **Property Analysis Reports**

# Mortgage Analysis Report

For Property Located At



Purchase Value			
Purchase Price:	\$975,000.00	Assessed Value:	\$0.00
		Last Sale Price:	\$0.00

Mortgages		
	First Mortgage	Second Mortgage
Mortgage Type:	Fixed Interest	
Amount:	\$682,500.00	
Down Payment:	\$292,500.00	
Interest Only Term:		
Interest Only APR:		
Fixed Interest Term:	30 Years	
Fixed Interest APR:	3.85%	
Extra Payment Frequency:		
Extra Payment Amount:		
Bi-Weekly Payments:		
Effective Term:	61 Months	
Monthly I.O. Payment:		
Monthly Fixed APR Payment:	\$1,828.35	
Total Interest:	\$71,584.88	
Total Paid:	\$754,084.88	

Additional Expenses	
Amount Of Default:	\$0.00
Accrued Interest:	\$0.00
Other Fees:	\$0.00

Closing Costs	
Seller Pays Closing Costs: Yes	
Points:	0.00% \$0.00
Administration Fee:	\$336.00
Application Fee:	\$205.00
Commitment Fee:	\$498.00
Document Preparation:	\$194.00
Funding Fee:	\$228.00
Mortgage Broker Fee:	\$839.00
Processing:	\$320.00
Tax Service:	\$73.00
Underwriting:	\$269.00
Appraisal:	\$327.00
Attorney or Settlement	\$445.00
Credit Report:	\$29.00
Flood Certification:	\$17.00
Pest & Other	\$68.00
Survey:	\$174.00
Title Insurance:	\$605.00
Title Search:	\$200.00
Recording Fee:	\$76.00
Taxes:	\$1,339.00
Other Fees or Costs:	\$0.00
Total:	\$0.00

# Rehab/Improvements Analysis Report

For Property Located At



Kitchen:	\$0.00	Roof:	\$2,000.00	Electrical:	\$0.00	Driveway:	\$0.00
Exterior:	\$0.00	Chimney:	\$0.00	Wall:	\$0.00	Garage:	\$0.00
Bathroom(s):	\$0.00	Gutter:	\$0.00	Ceiling:	\$0.00	Irrigation/Sprinkles:	\$0.00
Window(s):	\$0.00	Cladding:	\$0.00	Fireplace:	\$0.00	Landscaping:	\$0.00
Door(s):	\$0.00	Deck:	\$0.00	Skylight:	\$0.00	Equipment:	\$0.00
Carpet:	\$10,000.00	Porch:	\$0.00	Foundation:	\$0.00	Pool/Spa Repair:	\$0.00
Interior Paint:	\$10,000.00	Heating:	\$0.00	Basement:	\$0.00	Other:	\$0.00
Exterior Paint:	\$5,000.00	AC/Heat Pump:	\$3,000.00	Attic:	\$0.00		
Flooring:	\$0.00	Plumbing:	\$0.00	Alarm:	\$0.00		

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Total Improvements Expenses: \$30,000.00

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# Rental Analysis Report

For Property Located At



Unit Type	Qty	Rent/Mo	SqFt	\$/SqFt	Occupancy %	Annual % Increase	Average Monthly Rent
1.5	4	\$975.00	1116	\$0.87	100.00%	3.00%	\$3,900.00
2	14	\$795.00	819	\$0.97	100.00%	3.00%	\$11,130.00

Miscellaneous Income			Annual Income Increase	
	Monthly	Annually	Type:	Percentage
Laundry Room:	180.0	2160.00	Amount:	\$3.00
Vending Machines:	25.0	300.00		
Late Charges:	0	0.0		
Deposit Forfeitures:	0	0.0		
Section 8 Income:	0	0.0		
Income From Interest:	0	0.0		
Other Income:	0	0.0		

  

Summary	
Total Gross Monthly Income:	\$15,235.00
Property Management Fee:	6.00%
Leasing Commissions:	0.00%
Leasing Commissions (First Year):	\$0.00
<b>Total Net Monthly Income:</b>	<b>\$14,333.20</b>

SAMPLE ONLY



# Expenses Analysis Report

For Property Located At



## Operating Expenses

	Monthly	Annually		Monthly	Annually
Advertising:	\$0.00	\$0.00	Trash:	\$0.00	\$0.00
Property Taxes:	\$0.00	\$0.00	Accounting:	\$0.00	\$0.00
Janitorial Service:	\$0.00	\$0.00	Association Fees:	\$0.00	\$0.00
Legal:	\$0.00	\$0.00	Landscaping:	\$0.00	\$0.00
Licenses:	\$0.00	\$0.00	Fire Insurance:	\$0.00	\$0.00
Repairs And Maintenance:	\$0.00	\$0.00	Flood Insurance:	\$0.00	\$0.00
Supplies:	\$0.00	\$0.00	Mortgage Insurance:	\$0.00	\$0.00
Electricity:	\$0.00	\$0.00	Liability Insurance:	\$0.00	\$0.00
Gas:	\$0.00	\$0.00	Workmen's Comp Insurance:	\$0.00	\$0.00
Sewer And Water:	\$0.00	\$0.00	Payroll:	\$0.00	\$0.00
Telephone:	\$0.00	\$0.00	Pool/Spa Service:	\$0.00	\$0.00
Other Utilities:	\$0.00	\$0.00	Miscellaneous/Reserves:	\$6,000.00	\$72,000.00

Apply Operating Expenses Per Unit: No

## Yearly Expenses Increase

Type: Percentage  
Amount: 3.00%

## Summary

Total Monthly Operating Expenses: \$6,000.00

## Sales Information

For Property Located At



### Tax Rates

Capital Gains Tax Rate:	15.000
State Income Tax Rate:	9.000
Federal Income Tax Rate:	28.000

### Depreciation

Type: Percentage Of Purchase Price: 80.00  
Method: Straightline

### Analysis

First Payment Date: 7/21/2010      Length: 5 Years

#### Property Value Increase

Cap Rate: 7.500

#### Sales Cost Rate

Sales Cost Rate: 8.000      Type: Percentage

#### Property Value Basis

Market Value: 0.000

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# Cash Flow

5 year Analysis

# Cash Flow

## 5 Year Analysis

Beginning 07/21/10

Purchase Price:	\$975,000.00	Rental Increase:	3.00%
Down Payment:	\$292,500.00	Inflation:	0.00%
Closing Costs:	\$0.00	State Tax:	9.00%
Additional Up-Front Expenses:	\$0.00	Federal Tax:	28.00%
Initial Capital Improvements:	\$30,000.00		

1st Year July 2011	2nd Year July 2012	3rd Year July 2013	4th Year July 2014	5th Year July 2015
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### Details

Rental Income					
Rental Income	\$180,360.00	\$185,770.80	\$191,343.92	\$197,084.24	\$202,996.77
Section 8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Leasing Commissions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Rental Income	\$180,360.00	\$185,770.80	\$191,343.92	\$197,084.24	\$202,996.77
Vacancy Reduction					
Vacancy	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Vacancy Reduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Revenue					
Deposit Forfeitures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Income From Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Late Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Laundry Room	\$2,160.00	\$2,224.80	\$2,291.54	\$2,360.29	\$2,431.10
Vending Machines	\$300.00	\$309.00	\$318.27	\$327.82	\$337.65
Other Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Revenue	\$2,460.00	\$2,533.80	\$2,609.81	\$2,688.11	\$2,768.75
Administrative Expenses					
Advertising	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Legal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payroll	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Administrative Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management Expenses					
Management Fees	(\$10,821.60)	(\$11,146.25)	(\$11,480.64)	(\$11,825.05)	(\$12,179.81)
Association Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Management Expenses	(\$10,821.60)	(\$11,146.25)	(\$11,480.64)	(\$11,825.05)	(\$12,179.81)
Utilities Expenses					
Electricity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gas	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sewer And Water	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Utilities Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

1st Year July 2011	2nd Year July 2012	3rd Year July 2013	4th Year July 2014	5th Year July 2015
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## Details (Continued)

Insurance Expenses					
Fire	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Flood	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mortgage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Property & Liability	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Workmen's Comp	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Insurance Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operating & Maintenance Expenses					
Telephone	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Janitorial Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Landscaping	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pool & Spa Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Property Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Repairs And Maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Trash	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous	(\$72,000.00)	(\$74,160.00)	(\$76,384.80)	(\$78,676.34)	(\$81,036.63)
Total Operating & Maint Expenses	(\$72,000.00)	(\$74,160.00)	(\$76,384.80)	(\$78,676.34)	(\$81,036.63)

## Summary

Gross Scheduled & Additional Income	\$182,820.00	\$188,304.60	\$193,953.74	\$199,772.35	\$205,765.52
Vacancy & Leasing Commissions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Operating Income	\$182,820.00	\$188,304.60	\$193,953.74	\$199,772.35	\$205,765.52
Operating Expenses	(\$82,821.60)	(\$85,306.25)	(\$87,865.44)	(\$90,501.40)	(\$93,216.44)
Net Operating Income	\$99,998.40	\$102,998.35	\$106,088.30	\$109,270.95	\$112,549.08
Capitalization Rate Of Return	10.256%	10.5639%	10.8809%	11.2073%	11.5435%
Annual Principal Payments	(\$7,048.72)	(\$7,324.93)	(\$7,611.97)	(\$7,910.26)	(\$8,220.24)
Annual Interest Payments	(\$14,891.48)	(\$14,615.27)	(\$14,328.23)	(\$14,029.94)	(\$13,719.96)
Initial Capital Improvements	(\$30,000.00)	N/A	N/A	N/A	N/A
Down Payment(s)	(\$292,500.00)	N/A	N/A	N/A	N/A
Closing Costs & Additional Expenses	\$0.00	N/A	N/A	N/A	N/A
Cash Flow Before Taxes	\$48,058.20	\$81,058.15	\$84,148.10	\$87,330.75	\$90,608.88
Cash Flow Before Taxes (Cumulative)	\$48,058.20	\$129,116.35	\$213,264.45	\$300,595.21	\$391,204.09
Cash On Cash Return (Pre-Tax)	14.902%	40.036%	66.129%	93.208%	121.304%
Depreciation (Property & Improvements)	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)
Taxable Income/Loss	\$55,652.37	\$58,928.54	\$62,305.53	\$65,786.47	\$69,374.57
Total Tax Cost/Credit	(\$19,188.94)	(\$20,318.56)	(\$21,482.95)	(\$22,683.17)	(\$23,920.35)
Cash Flow After Taxes	\$28,869.26	\$60,739.59	\$62,665.16	\$64,647.58	\$66,688.53
Cash Flow After Taxes (Cumulative)	\$28,869.26	\$89,608.85	\$152,274.01	\$216,921.59	\$283,610.11



## **Taxes & Deductions**

# Taxes And Deductions

## 5 Year Analysis

Beginning 07/21/10

State Tax Rate:	9.00%
Federal Tax Rate:	28.00%
Operating Expenses Increase:	3.00%
Initial Capital Improvements:	\$30,000.00
Property Depreciable Amount:	\$780,000.00
Depreciable Years:	27.5
Depreciation Method:	Straightline

1st Year	2nd Year	3rd Year	4th Year	5th Year
July 2011	July 2012	July 2013	July 2014	July 2015

### Tax Details

Gross Operating Income	\$182,820.00	\$188,304.60	\$193,953.74	\$199,772.35	\$205,765.52
Operating Expenses					
Monthly Operating Expenses	(\$82,821.60)	(\$85,306.25)	(\$87,865.44)	(\$90,501.40)	(\$93,216.44)
Total Operating Expense Deductions	(\$82,821.60)	(\$85,306.25)	(\$87,865.44)	(\$90,501.40)	(\$93,216.44)
Net Operating Income	\$99,998.40	\$102,998.35	\$106,088.30	\$109,270.95	\$112,549.08
Depreciation					
Building Structure	(\$28,363.64)	(\$28,363.64)	(\$28,363.64)	(\$28,363.64)	(\$28,363.64)
Capital Improvements	(\$1,090.91)	(\$1,090.91)	(\$1,090.91)	(\$1,090.91)	(\$1,090.91)
Total Depreciation Deductions	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)	(\$29,454.55)
Mortgages					
First Mortgage Interest	(\$14,891.48)	(\$14,615.27)	(\$14,328.23)	(\$14,029.94)	(\$13,719.96)
Second Mortgage Interest	--	--	--	--	--
Total Mortgage Deductions	(\$14,891.48)	(\$14,615.27)	(\$14,328.23)	(\$14,029.94)	(\$13,719.96)
Taxable Income/Loss	\$55,652.37	\$58,928.54	\$62,305.53	\$65,786.47	\$69,374.57
Taxes					
State Tax	(\$5,008.71)	(\$5,303.57)	(\$5,607.50)	(\$5,920.78)	(\$6,243.71)
Federal Tax	(\$14,180.22)	(\$15,014.99)	(\$15,875.45)	(\$16,762.39)	(\$17,676.64)
Total Tax	(\$19,188.94)	(\$20,318.56)	(\$21,482.95)	(\$22,683.17)	(\$23,920.35)

### Tax Summary

Net Operating Income	\$99,998.40	\$102,998.35	\$106,088.30	\$109,270.95	\$112,549.08
Total Deductions	(\$44,346.03)	(\$44,069.81)	(\$43,782.77)	(\$43,484.48)	(\$43,174.51)
Taxable Income/Loss	\$55,652.37	\$58,928.54	\$62,305.53	\$65,786.47	\$69,374.57
Total Tax Cost/Savings	(\$19,188.94)	(\$20,318.56)	(\$21,482.95)	(\$22,683.17)	(\$23,920.35)
Cash Before Taxes	\$48,058.20	\$81,058.15	\$84,148.10	\$87,330.75	\$90,608.88
Net Income	\$28,869.26	\$60,739.59	\$62,665.16	\$64,647.58	\$66,688.53

# Property Sale

## 5 Year Analysis

Beginning 07/21/10

Purchase Price:	\$975,000.00
Initial Capital Improvements:	\$30,000.00
Total Closing Costs:	\$0.00
Capital Gains Rate:	15.000%
Property Depreciable Amount:	\$780,000.00
Depreciable Years:	27.5
Depreciation Method:	Straightline

	1st Year July 2011	2nd Year July 2012	3rd Year July 2013	4th Year July 2014	5th Year July 2015
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### Sale Details

#### Tax Basis

Purchase Price	\$975,000.00	\$975,000.00	\$975,000.00	\$975,000.00	\$975,000.00
Capital Improvements	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
Depreciation	(\$29,454.55)	(\$58,909.09)	(\$88,363.64)	(\$117,818.18)	(\$147,272.73)

Adjusted Tax Basis	\$975,545.45	\$946,090.91	\$916,636.36	\$887,181.82	\$857,727.27
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#### Expenses

Up-Front Cash	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)
Closing Costs/Additional Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Improvements	(\$30,000.00)	(\$30,000.00)	(\$30,000.00)	(\$30,000.00)	(\$30,000.00)
Down Payments	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)	(\$292,500.00)
First Mortgage Balance	(\$382,951.28)	(\$375,626.35)	(\$368,014.38)	(\$360,104.12)	(\$351,883.88)
Second Mortgage Balance	--	--	--	--	--
Property Sale Cost	(\$88,000.00)	(\$109,864.91)	(\$113,160.86)	(\$116,555.68)	(\$120,052.35)

Total Expenses	(\$1,085,951.28)	(\$1,100,491.26)	(\$1,096,175.23)	(\$1,091,659.80)	(\$1,086,936.23)
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Total Exchange Expenses	(\$88,000.00)	(\$109,864.91)	(\$113,160.86)	(\$116,555.68)	(\$120,052.35)
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#### Taxes

Taxable Gain	\$36,454.55	\$317,355.54	\$384,713.48	\$453,208.52	\$522,874.78
Depreciation Recovery Tax	(\$8,247.27)	(\$16,494.55)	(\$24,741.82)	(\$32,989.09)	(\$41,236.36)
Capital Gains Tax	(\$1,050.00)	(\$38,766.97)	(\$44,452.48)	(\$50,308.55)	(\$56,340.31)

Total Tax Liability	(\$9,297.27)	(\$55,261.51)	(\$69,194.29)	(\$83,297.64)	(\$97,576.67)
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#### Monthly Income And Expenses

Principal Payments	(\$7,048.72)	(\$14,373.65)	(\$21,985.62)	(\$29,895.88)	(\$38,116.12)
Interest Payments	(\$14,891.48)	(\$29,506.75)	(\$43,834.98)	(\$57,864.92)	(\$71,584.88)
Operating Expenses	(\$82,821.60)	(\$168,127.85)	(\$255,993.28)	(\$346,494.68)	(\$439,711.12)
Gross Operating Income	\$182,820.00	\$371,124.60	\$565,078.34	\$764,850.69	\$970,616.21
Income Tax	(\$19,188.94)	(\$39,507.50)	(\$60,990.45)	(\$83,673.62)	(\$107,593.97)

Net Income Profit/Loss	\$58,869.26	\$119,608.85	\$182,274.01	\$246,921.59	\$313,610.11
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### Summary

Sale Price	\$1,100,000.00	\$1,373,311.36	\$1,414,510.70	\$1,456,946.02	\$1,500,654.40
Adjusted Tax Basis	\$975,545.45	\$946,090.91	\$916,636.36	\$887,181.82	\$857,727.27
Taxable Gain	\$36,454.55	\$317,355.54	\$384,713.48	\$453,208.52	\$522,874.78
Total Tax Liability	(\$9,297.27)	(\$55,261.51)	(\$69,194.29)	(\$83,297.64)	(\$97,576.67)
Total Expenses	(\$1,085,951.28)	(\$1,100,491.26)	(\$1,096,175.23)	(\$1,091,659.80)	(\$1,086,936.23)
Net Sale Profit/Loss	\$4,751.44	\$217,558.59	\$249,141.17	\$281,988.58	\$316,141.50
Net Income Profit/Loss	\$58,869.26	\$119,608.85	\$182,274.01	\$246,921.59	\$313,610.11
Net Profit/Loss	\$63,620.71	\$337,167.44	\$431,415.18	\$528,910.17	\$629,751.62



