

Financial Modeling

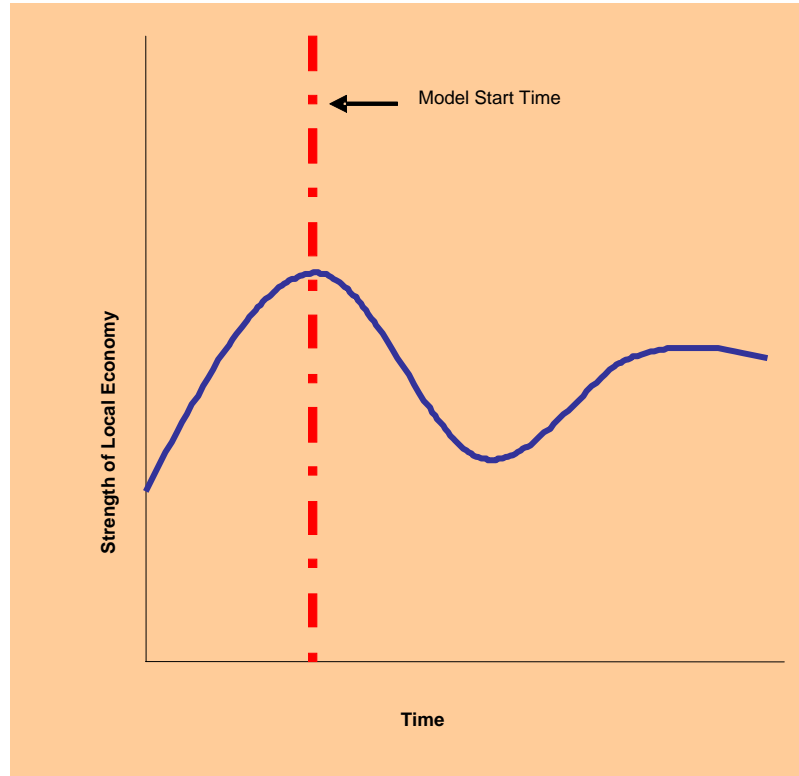
What is a Financial Model?

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stable	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643
Operating Expense Growth			-2%	-1%	0%	4%	4%	3%
Less: Operating Expenses (Insurance, Utilities, Etc.)		\$ (102,934)	\$ (100,875)	\$ (99,866)	\$ (99,866)	\$ (103,861)	\$ (107,496)	\$ (110,721)
Less: Real Estate Taxes		\$ (110,031)	\$ (113,331)	\$ (116,731)	\$ (120,233)	\$ (123,840)	\$ (127,556)	\$ (131,382)
Less: Replacement Reserve		\$ (49,514)	\$ (46,543)	\$ (45,147)	\$ (44,695)	\$ (45,589)	\$ (46,957)	\$ (48,365)
Total Expenses		\$ (262,478)	\$ (260,749)	\$ (261,744)	\$ (264,795)	\$ (273,290)	\$ (282,008)	\$ (290,468)
NOI		\$ 766,858	\$ 675,676	\$ 606,236	\$ 634,131	\$ 674,157	\$ 714,732	\$ 736,174
Change In Cap Ex			-9%	8%	4%	19%	-22%	-2%
Less: Cap Ex		\$ (75,264)	\$ (68,541)	\$ (74,354)	\$ (77,000)	\$ (92,000)	\$ (71,850)	\$ (70,125)
Change In TI			9%	10%	-10%	-10%	-8%	-8%
Less: TI		\$ (35,000)	\$ (38,000)	\$ (41,950)	\$ (37,812)	\$ (34,012)	\$ (31,209)	\$ (28,658)
Change In Leasing Commissions			27%	11%	18%	-2%	-15%	-3%
Less: Leasing Commissions		\$ (20,458)	\$ (25,981)	\$ (28,795)	\$ (33,987)	\$ (33,404)	\$ (28,456)	\$ (27,514)
Adjusted Net Operating Income (NOI)		\$ 636,136	\$ 543,154	\$ 461,137	\$ 485,332	\$ 514,741	\$ 583,217	\$ 609,877
Less: Debt Service First Mortgage		\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)
Before-Tax Cash Flow		\$ 231,189	\$ 138,208	\$ 56,190	\$ 80,385	\$ 109,795	\$ 178,271	\$ 204,931
Plus: Mortgage Amortization		\$ 53,197	\$ 56,920	\$ 60,905	\$ 65,168	\$ 69,730	\$ 74,611	\$ 79,834
Plus: Replacement Reserve		\$ 49,514	\$ 46,543	\$ 45,147	\$ 44,695	\$ 45,589	\$ 46,957	\$ 48,365
Less: Depreciation of Building		\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)
Less: Cost Amortization		\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)
Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ 16,117	\$ 90,842	\$ 124,133
Less: Application of Suspended Losses		\$ -	\$ -	\$ -	\$ -	\$ (16,117)	\$ (49,387)	\$ -
Net Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ -	\$ 41,455	\$ 124,133
Tax Benefit (Liability)		\$ (49,461)	\$ (12,939)	\$ -	\$ -	\$ -	\$ (16,416)	\$ (49,157)
After-Tax Cash Flow		\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854	\$ 155,774
Net Proceeds From Sale								\$ 2,716,514
Initial Equity Investment		\$ (1,725,250)						
Total Cash Flows		\$ (1,725,250)	\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854
								\$ 2,872,288

IRR: 12.78%
NPV @ 15%: \$ (185,238)

Net Sales Proceeds/Sum of Total Cash Flows 75.72%

Model Start Time



Base Rental Revenue

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stability	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787

Vacancy

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stability	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048

Ancillary Income

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stable	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643

Operating Expense

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stable	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643
Operating Expense Growth			-2%	-1%	0%	4%	4%	3%
Less: Operating Expenses (Insurance, Utilities, Etc.)		\$ (102,934)	\$ (100,875)	\$ (99,866)	\$ (99,866)	\$ (103,861)	\$ (107,496)	\$ (110,721)
Less: Real Estate Taxes		\$ (110,031)	\$ (113,331)	\$ (116,731)	\$ (120,233)	\$ (123,840)	\$ (127,556)	\$ (131,382)
Less: Replacement Reserve		\$ (49,514)	\$ (46,543)	\$ (45,147)	\$ (44,695)	\$ (45,589)	\$ (46,957)	\$ (48,365)
Total Expenses		\$ (262,478)	\$ (260,749)	\$ (261,744)	\$ (264,795)	\$ (273,290)	\$ (282,008)	\$ (290,468)
NOI		\$ 766,858	\$ 675,676	\$ 606,236	\$ 634,131	\$ 674,157	\$ 714,732	\$ 736,174

Cap Ex

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stable	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643
Operating Expense Growth			-2%	-1%	0%	4%	4%	3%
Less: Operating Expenses (Insurance, Utilities, Etc.)		\$ (102,934)	\$ (100,875)	\$ (99,866)	\$ (99,866)	\$ (103,861)	\$ (107,496)	\$ (110,721)
Less: Real Estate Taxes		\$ (110,031)	\$ (113,331)	\$ (116,731)	\$ (120,233)	\$ (123,840)	\$ (127,556)	\$ (131,382)
Less: Replacement Reserve		\$ (49,514)	\$ (46,543)	\$ (45,147)	\$ (44,695)	\$ (45,589)	\$ (46,957)	\$ (48,365)
Total Expenses		\$ (262,478)	\$ (260,749)	\$ (261,744)	\$ (264,795)	\$ (273,290)	\$ (282,008)	\$ (290,468)
NOI		\$ 766,858	\$ 675,676	\$ 606,236	\$ 634,131	\$ 674,157	\$ 714,732	\$ 736,174
Change In Cap Ex			-9%	8%	4%	19%	-22%	-2%
Less: Cap Ex		\$ (75,264)	\$ (68,541)	\$ (74,354)	\$ (77,000)	\$ (92,000)	\$ (71,850)	\$ (70,125)

TIs and Leasing Commissions

Leslie Court Apartments								
	Year 0	Decline			Recovery		Stable	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787
Vacancy Percentage		7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643
Operating Expense Growth			-2%	-1%	0%	4%	4%	3%
Less: Operating Expenses (Insurance, Utilities, Etc.)		\$ (102,934)	\$ (100,875)	\$ (99,866)	\$ (99,866)	\$ (103,861)	\$ (107,496)	\$ (110,721)
Less: Real Estate Taxes		\$ (110,031)	\$ (113,331)	\$ (116,731)	\$ (120,233)	\$ (123,840)	\$ (127,556)	\$ (131,382)
Less: Replacement Reserve		\$ (49,514)	\$ (46,543)	\$ (45,147)	\$ (44,695)	\$ (45,589)	\$ (46,957)	\$ (48,365)
Total Expenses		\$ (262,478)	\$ (260,749)	\$ (261,744)	\$ (264,795)	\$ (273,290)	\$ (282,008)	\$ (290,468)
NOI		\$ 766,858	\$ 675,676	\$ 606,236	\$ 634,131	\$ 674,157	\$ 714,732	\$ 736,174
Change In Cap Ex			-9%	8%	4%	19%	-22%	-2%
Less: Cap Ex		\$ (75,264)	\$ (68,541)	\$ (74,354)	\$ (77,000)	\$ (92,000)	\$ (71,850)	\$ (70,125)
Change In TI			9%	10%	-10%	-10%	-8%	-8%
Less: TI		\$ (35,000)	\$ (38,000)	\$ (41,950)	\$ (37,812)	\$ (34,012)	\$ (31,209)	\$ (28,658)
Change In Leasing Commissions			27%	11%	18%	-2%	-15%	-3%
Less: Leasing Commissions		\$ (20,458)	\$ (25,981)	\$ (28,795)	\$ (33,987)	\$ (33,404)	\$ (28,456)	\$ (27,514)
Adjusted Net Operating Income (NOI)		\$ 636,136	\$ 543,154	\$ 461,137	\$ 485,332	\$ 514,741	\$ 583,217	\$ 609,877
Less: Debt Service First Mortgage		\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)
Before-Tax Cash Flow		\$ 231,189	\$ 138,208	\$ 56,190	\$ 80,385	\$ 109,795	\$ 178,271	\$ 204,931
Plus: Mortgage Amortization		\$ 53,197	\$ 56,920	\$ 60,905	\$ 65,168	\$ 69,730	\$ 74,611	\$ 79,834
Plus: Replacement Reserve		\$ 49,514	\$ 46,543	\$ 45,147	\$ 44,695	\$ 45,589	\$ 46,957	\$ 48,365
Less: Depreciation of Building		\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)
Less: Cost Amortization		\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)
Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ 16,117	\$ 90,842	\$ 124,133
Less: Application of Suspended Losses		\$ -	\$ -	\$ -	\$ -	\$ (16,117)	\$ (49,387)	\$ -
Net Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ -	\$ 41,455	\$ 124,133
Tax Benefit (Liability)		\$ (49,461)	\$ (12,939)	\$ -	\$ -	\$ -	\$ (16,416)	\$ (49,157)
After-Tax Cash Flow		\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854	\$ 155,774

Residual Value

Leslie Court Apartments									
	Year 0	Decline			Recovery		Stable		Sale
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 7
Base Rental Revenue Growth			-6.0%	-3.0%	-1.0%	2.0%	3.0%	3.0%	3.0%
Base Rental Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787	\$ 1,107,031
Expense Reimbursement Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenues		\$ 1,100,305	\$ 1,034,287	\$ 1,003,258	\$ 993,226	\$ 1,013,090	\$ 1,043,483	\$ 1,074,787	\$ 1,107,031
Vacancy Percentage			7.0%	10.0%	14.0%	10.0%	7.0%	5.0%	5.0%
Less: Vacancies		\$ (77,021)	\$ (103,429)	\$ (140,456)	\$ (99,323)	\$ (70,916)	\$ (52,174)	\$ (53,739)	\$ (55,352)
Net Base Rental Revenue		\$ 1,023,284	\$ 930,858	\$ 862,802	\$ 893,903	\$ 942,174	\$ 991,309	\$ 1,021,048	\$ 1,051,679
Ancillary Income Growth			-8%	-7%	-3%	5%	3%	3%	3%
Plus: Ancillary Income		\$ 6,052	\$ 5,568	\$ 5,178	\$ 5,022	\$ 5,274	\$ 5,432	\$ 5,595	\$ 5,763
Effective Gross Income (EGI)		\$ 1,029,335	\$ 936,426	\$ 867,980	\$ 898,925	\$ 947,447	\$ 996,740	\$ 1,026,643	\$ 1,057,442
Operating Expense Growth			-2%	-1%	0%	4%	4%	3%	3%
Less: Operating Expenses (Insurance, Utilities, Etc.)		\$ (102,934)	\$ (100,875)	\$ (99,866)	\$ (99,866)	\$ (103,861)	\$ (107,496)	\$ (110,721)	\$ (114,042)
Less: Real Estate Taxes		\$ (110,031)	\$ (113,331)	\$ (116,731)	\$ (120,233)	\$ (123,840)	\$ (127,556)	\$ (131,382)	\$ (135,324)
Less: Replacement Reserve		\$ (49,514)	\$ (46,543)	\$ (45,147)	\$ (44,695)	\$ (45,589)	\$ (46,957)	\$ (48,365)	\$ (49,816)
Total Expenses		\$ (262,478)	\$ (260,749)	\$ (261,744)	\$ (264,795)	\$ (273,290)	\$ (282,008)	\$ (290,468)	\$ (299,182)
NOI		\$ 766,858	\$ 675,676	\$ 606,236	\$ 634,131	\$ 674,157	\$ 714,732	\$ 736,174	\$ 758,259
Change In Cap Ex			-9%	8%	4%	19%	-22%	-2%	0%
Less: Cap Ex		\$ (75,264)	\$ (68,541)	\$ (74,354)	\$ (77,000)	\$ (92,000)	\$ (71,850)	\$ (70,125)	\$ (70,125)
Change In TI			9%	10%	-10%	-10%	-8%	-8%	0%
Less: TI		\$ (35,000)	\$ (38,000)	\$ (41,950)	\$ (37,812)	\$ (34,012)	\$ (31,209)	\$ (28,658)	\$ (28,658)
Change In Leasing Commissions			27%	11%	18%	-2%	-15%	-3%	0%
Less: Leasing Commissions		\$ (20,458)	\$ (25,981)	\$ (28,795)	\$ (33,987)	\$ (33,404)	\$ (28,456)	\$ (27,514)	\$ (27,514)
Adjusted Net Operating Income (NOI)		\$ 636,136	\$ 543,154	\$ 461,137	\$ 485,332	\$ 514,741	\$ 583,217	\$ 609,877	\$ 631,962
Less: Debt Service First Mortgage		\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)	\$ (404,947)
Before-Tax Cash Flow		\$ 231,189	\$ 138,208	\$ 56,190	\$ 80,385	\$ 109,795	\$ 178,271	\$ 204,931	
Plus: Mortgage Amortization		\$ 53,197	\$ 56,920	\$ 60,905	\$ 65,168	\$ 69,730	\$ 74,611	\$ 79,834	
Plus: Replacement Reserve		\$ 49,514	\$ 46,543	\$ 45,147	\$ 44,695	\$ 45,589	\$ 46,957	\$ 48,365	
Less: Depreciation of Building		\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	\$ (201,818)	
Less: Cost Amortization		\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	\$ (7,179)	
Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ 16,117	\$ 90,842	\$ 124,133	
Less: Application of Suspended Losses		\$ -	\$ -	\$ -	\$ -	\$ (16,117)	\$ (49,387)	\$ -	
Net Taxable Income (Loss)		\$ 124,903	\$ 32,674	\$ (46,755)	\$ (18,748)	\$ -	\$ 41,455	\$ 124,133	
Tax Benefit (Liability)		\$ (49,461)	\$ (12,939)	\$ -	\$ -	\$ -	\$ (16,416)	\$ (49,157)	
After-Tax Cash Flow		\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854	\$ 155,774	
Net Proceeds From Sale								\$ 2,716,514	
Initial Equity Investment		\$ (1,725,250)							
Total Cash Flows		\$ (1,725,250)	\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854	\$ 2,872,288

IRR: 12.78%
NPV @ 15%: \$ (185,238)

Net Sales Proceeds/Sum of Total Cash Flows 75.72%

Residual Value (cont'd)

Leslie Court Apartments		
Gain on Sale Accounting Analysis		
Gross Sales Price: =(Year 8 NOI/Cap Rate)		\$ 7,899,531
Less Brokerage Commission	2%	<u>(157,991)</u>
Net Sales Price		\$ 7,741,540
Less Adjusted Basis:		
Acquisition Cost	\$ 6,700,000	
Loan Points	50,250	
Application of Replacement Reserve	326,810	
Accumulated Depreciation	(1,412,727)	
Accumulated Cost Amortization	(50,250)	
		<u>\$ 5,614,082</u>
Net Book Gain-on-Sale		\$ 2,127,458
Tax on Accum Depreciation	25%	\$ 353,182
Capital Gains Tax Liability	15%	107,210
Tax Liability		<u>\$ 460,391</u>
Net Sales Proceeds: Cash Flows		
Gross Sales Price		\$ 7,899,531
Less Brokerage Commission		<u>(157,991)</u>
Net Sales Price		\$ 7,741,540
Less Tax Liability		(460,391)
Less Outstanding Mortgage Balance		<u>(4,564,635)</u>
Net Sales Proceeds		\$ 2,716,514

Gross Sale Price

Total Cash Flows	\$ (1,725,250)	\$ 181,727	\$ 125,269	\$ 56,190	\$ 80,385	\$ 109,795	\$ 161,854	\$ 2,485,211
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IRR:	10.81%
NPV @ 15%:	\$ (330,754)

Net Sales Proceeds/Sum of Total Cash Flows	72.79%
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Brokerage Commissions

Leslie Court Apartments	
Gain on Sale Accounting Analysis	
Gross Sales Price: =(Year 8 NOI/Cap Rate)	\$ 7,899,531
Less Brokerage Commission	2% (157,991)
Net Sales Price	7,741,540