

2BR-Unit @ \$550/month	\$6,600.00	
2BR-Unit @ \$550/month	<u>\$6,600.00</u>	
Potential Gross Income	\$13,200.00	
Less: Vacancy & Collection Loss (20%)	<u>(\$2,640.00)</u>	
Equals: Effective Gross Income	\$10,560.00	
Less: Property Taxes (actual)	(\$1,203.00)	
Less: Property Insurance (\$0.75/SF)	(\$1,575.00)	
Less: Contingencies (5% of EGI)	(\$528.00)	
Less: Reserves for Replacement (\$0.25/SF)	<u>(\$525.00)</u>	
Net Operating Income	\$6,729.00	
Divided by: Cap Rate	10.50%	11.50%
Equals: Overall Value	\$64,085.71	\$58,513.04
ROUNDED TO	\$65,000	\$59,000
Per SF	\$30.95	\$28.10