

2BR-Unit @ \$500/month	\$6,000.00	
2BR-Unit @ \$600/month	\$7,200.00	
3BR-Unit @ \$650/month	<u>\$7,800.00</u>	
Potential Gross Income	\$21,000.00	
Less: Vacancy & Collection Loss (5%)	<u>(\$1,050.00)</u>	
Equals: Effective Gross Income	\$19,950.00	
Less: Property Taxes (actual)	(\$2,390.00)	
Less: Property Insurance (\$0.75/SF)	(\$2,340.00)	
Less: Contingencies (5% of EGI)	(\$997.50)	
Less: Reserves for Replacement (\$0.25/SF)	<u>(\$780.00)</u>	
Net Operating Income	\$13,442.50	
Divided by: Cap Rate	10.50%	12.00%
Equals: Overall Value	\$128,023.81	\$112,020.83
ROUNDED TO	\$130,000	\$113,000
Per SF	\$41.67	\$36.22