

3BR-Unit @ \$400/month	\$4,800.00	
3BR-Unit @ \$400/month	<u>\$4,800.00</u>	
Potential Gross Income	\$9,600.00	
Less: Vacancy & Collection Loss (15%)	<u>(\$1,440.00)</u>	
Equals: Effective Gross Income	\$8,160.00	
Less: Property Taxes (actual)	(\$729.00)	
Less: Property Insurance (\$0.75/SF)	(\$1,575.00)	
Less: Contingencies (5% of EGI)	(\$408.00)	
Less: Reserves for Replacement (\$0.25/SF)	<u>(\$525.00)</u>	
Net Operating Income	\$4,923.00	
Divided by: Cap Rate	10.50%	11.50%
Equals: Overall Value	\$46,885.71	\$42,808.70
ROUNDED TO	\$47,000	\$43,000
Per SF	\$22.38	\$20.48