

1BR-Unit @ \$300/month		\$3,600.00
2BR-Unit @ \$600/month		\$7,200.00
2BR-Unit @ \$400/month		\$4,800.00
3BR-Unit @ \$600/month		<u>\$7,200.00</u>
Potential Gross Income		\$22,800.00
Less: Vacancy & Collection Loss (10%)		<u>(\$2,280.00)</u>
Equals: Effective Gross Income		\$20,520.00
Less: Property Taxes (actual)		(\$2,494.00)
Less: Property Insurance (\$0.75/SF)		(\$1,976.25)
Less: Contingencies (5% of EGI)		(\$1,026.00)
Less: Reserves for Replacement (\$0.25/SF)		<u>(\$658.75)</u>
Net Operating Income		\$14,365.00
Divided by: Cap Rate	10.50%	11.50%
Equals: Overall Value	\$136,809.52	\$124,913.04
ROUNDED TO	\$137,000	\$125,000
Per SF	\$51.99	\$47.44