

Ten Year Performance Projection

Desirable area!  
Arizona  
3bd | 2ba | Built: 2004

| Projected Income | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   | Year 6   | Year 7   | Year 8   | Year 9   | Year 10  |
|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Projected Rent   | \$25,200 | \$25,956 | \$26,735 | \$27,537 | \$28,363 | \$29,214 | \$30,090 | \$30,993 | \$31,923 | \$32,880 |
| Vacancy Losses   | -\$2,016 | -\$2,076 | -\$2,139 | -\$2,203 | -\$2,269 | -\$2,337 | -\$2,407 | -\$2,479 | -\$2,554 | -\$2,630 |
| Operating Income | \$23,184 | \$23,880 | \$24,596 | \$25,334 | \$26,094 | \$26,877 | \$27,683 | \$28,513 | \$29,369 | \$30,250 |

| Estimated Expenses       | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   | Year 6   | Year 7   | Year 8   | Year 9   | Year 10  |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Property Taxes           | -\$1,430 | -\$1,480 | -\$1,532 | -\$1,585 | -\$1,641 | -\$1,698 | -\$1,758 | -\$1,819 | -\$1,883 | -\$1,949 |
| Insurance                | -\$715   | -\$740   | -\$766   | -\$793   | -\$820   | -\$849   | -\$879   | -\$910   | -\$942   | -\$974   |
| Management Fees          | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     |
| Leasing/Advertising Fees | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     |
| Association Fees         | -\$1,080 | -\$1,118 | -\$1,157 | -\$1,197 | -\$1,239 | -\$1,283 | -\$1,328 | -\$1,374 | -\$1,422 | -\$1,472 |
| Maintenance              | -\$504   | -\$522   | -\$540   | -\$559   | -\$578   | -\$599   | -\$620   | -\$641   | -\$664   | -\$687   |
| Other                    | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     | -\$0     |
| Operating Expenses       | -\$3,729 | -\$3,860 | -\$3,995 | -\$4,134 | -\$4,279 | -\$4,429 | -\$4,584 | -\$4,744 | -\$4,910 | -\$5,082 |

| Income Analysis       | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    | Year 7    | Year 8    | Year 9    | Year 10   |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Operating Income  | \$19,455  | \$20,020  | \$20,601  | \$21,199  | \$21,815  | \$22,448  | \$23,099  | \$23,769  | \$24,458  | \$25,168  |
| - Mortgage Payments   | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 | -\$16,758 |
| = Cash Flow           | \$2,697   | \$3,262   | \$3,844   | \$4,442   | \$5,057   | \$5,690   | \$6,341   | \$7,011   | \$7,701   | \$8,410   |
| + Principal Reduction | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       |
| + Appreciation        | \$21,450  | \$22,737  | \$24,101  | \$25,547  | \$27,080  | \$28,705  | \$30,427  | \$32,253  | \$34,188  | \$36,239  |
| = Gross Equity Income | \$24,147  | \$25,999  | \$27,945  | \$29,989  | \$32,137  | \$34,395  | \$36,768  | \$39,264  | \$41,889  | \$44,649  |
| Capitalization Rate   | 5.1%      | 5.0%      | 4.8%      | 4.7%      | 4.6%      | 4.4%      | 4.3%      | 4.2%      | 4.0%      | 3.9%      |
| Cash on Cash Return   | 2.8%      | 3.4%      | 4.1%      | 4.7%      | 5.3%      | 6.0%      | 6.7%      | 7.4%      | 8.1%      | 8.9%      |
| Return on Equity      | 21.8%     | 19.5%     | 17.7%     | 16.4%     | 15.3%     | 14.4%     | 13.6%     | 13.0%     | 12.5%     | 12.0%     |

| Loan Analysis           | Year 1     | Year 2     | Year 3     | Year 4     | Year 5     | Year 6     | Year 7     | Year 8     | Year 9     | Year 10    |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Market Value            | \$378,950  | \$401,687  | \$425,788  | \$451,336  | \$478,416  | \$507,121  | \$537,548  | \$569,801  | \$603,989  | \$640,228  |
| - Loan Balance          | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 | -\$268,125 |
| = Equity                | \$110,825  | \$133,562  | \$157,663  | \$183,211  | \$210,291  | \$238,996  | \$269,423  | \$301,676  | \$335,864  | \$372,103  |
| Loan-to-Value Ratio     | 70.8%      | 66.7%      | 63.0%      | 59.4%      | 56.0%      | 52.9%      | 49.9%      | 47.1%      | 44.4%      | 41.9%      |
| Potential Cash-Out Refi | \$72,930   | \$93,393   | \$115,084  | \$138,077  | \$162,449  | \$188,284  | \$215,668  | \$244,696  | \$275,465  | \$308,080  |

| Sale Analysis             | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    | Year 7    | Year 8    | Year 9    | Year 10   |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Equity                    | \$110,825 | \$133,562 | \$157,663 | \$183,211 | \$210,291 | \$238,996 | \$269,423 | \$301,676 | \$335,864 | \$372,103 |
| - Closing Costs           | -\$26,527 | -\$28,118 | -\$29,805 | -\$31,593 | -\$33,489 | -\$35,498 | -\$37,628 | -\$39,886 | -\$42,279 | -\$44,816 |
| = Proceeds After Sale     | \$84,298  | \$105,444 | \$127,858 | \$151,617 | \$176,802 | \$203,497 | \$231,794 | \$261,790 | \$293,585 | \$327,287 |
| + Cumulative Cash Flow    | \$2,697   | \$5,959   | \$9,803   | \$14,245  | \$19,302  | \$24,992  | \$31,333  | \$38,344  | \$46,045  | \$54,455  |
| - Approximate Cash Invest | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 | -\$94,738 |
| = Net Profit              | -\$7,742  | \$16,666  | \$42,924  | \$71,124  | \$101,366 | \$133,751 | \$168,390 | \$205,396 | \$244,892 | \$287,004 |
| Internal Rate of Return   | -8.2%     | 8.6%      | 13.6%     | 15.6%     | 16.4%     | 16.7%     | 16.7%     | 16.6%     | 16.5%     | 16.3%     |
| Return on Investment      | -8.2%     | 17.6%     | 45.3%     | 75.1%     | 107.0%    | 141.2%    | 177.7%    | 216.8%    | 258.5%    | 302.9%    |

\*Information is not guaranteed and investors should do their own research, get professional advice and conduct due diligence prior to investing.