RESIDENTIAL PROPERTY ANALYSIS
For
John and Mary Demo

This Property Analysis is for "Personal Home" located at:
1. Fair Oaks, CA

2. Market Value	225,000	Assumed Appreciation Rate:	5%
3. OPERATING EXPENSES:			
4. Yearly Property Tax	1,600	Assumed Escalation Rate:	2%
5. Annual Insurance Premium	740	Assumed Escalation Rate:	3%
6. Maintenance & Other	1,200	Assumed Escalation Rate:	4%
7. TOTAL OPERATING EXPENSES	3,540		
8. Estimated Cost To Rent/Month	1,100	Assumed Escalation Rate:	5%
9. Cost To Sell	6%		

LOAN(S):	**Date**	**Principal**	**Interest**	**Term**	**Payment**	**Balance**
VA 1st Mtge	5/1989	135,000	11.50%	360	1,337	122,390
10. Marginal Income Tax Rate		41.00%	41.00%	41.00%	41.00%	41.00%

11. YEARS:		**1/2001**	**2001**	**2002**	**2003**	**2004**	**2005**
12. Market Value	$	225,000	236,250	248,063	260,466	273,489	287,163
13. Cost To Sell	$	13,500	14,175	14,884	15,628	16,409	17,230
14. Loan Balance	$	122,390	120,497	118,192	115,609	112,711	109,463
15. Equity	$	89,110	101,578	114,986	129,229	144,368	160,471
16. Gross Profit	$	69,110	81,578	94,986	109,229	124,368	140,471
17. Loan Payments		$	16,043	16,043	16,043	16,043	16,043
18. Loan Reduction		$	2,055	2,305	2,584	2,897	3,249
19. Loan Interest		$	13,987	13,738	13,459	13,145	12,794
20. Property Tax		$	1,600	1,632	1,665	1,698	1,732
21. Tax Write-Offs		$	15,587	15,370	15,123	14,843	14,526
OWNERSHIP EXPENSES:							
22. Principal, Interest, Property Tax & Insurance		$	18,383	18,437	18,492	18,549	18,607
23. Maintenance & Other Expenses		$	1,200	1,236	1,273	1,311	1,351
OWNERSHIP ADVANTAGES:							
24. Equity Increase		$	11,866	13,408	14,243	15,139	16,103
25. Tax Savings		$	6,391	6,302	6,201	6,086	5,956
26. FINANCIAL RETURN		**$**	**18,257**	**19,710**	**20,443**	**21,225**	**22,058**
27. ON EQUITY:			**20.35%**	**19.40%**	**17.78%**	**16.42%**	**15.28%**
28. RESIDENTIAL USE		**$**	**-6,383**	**-6,077**	**-5,762**	**-5,437**	**-5,101**
29. (BENEFIT OR COST):			**-7.11%**	**-5.98%**	**-5.01%**	**-4.21%**	**-3.53%**
30. NET RETURN ON EQUITY:			**13.24%**	**13.42%**	**12.77%**	**12.22%**	**11.75%**

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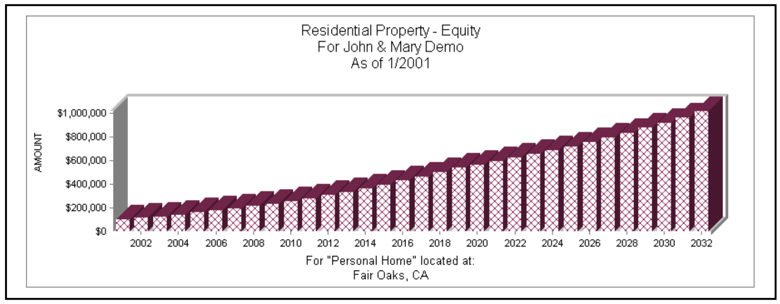


The Residential Property Analysis was developed in order to illustrate the importance of equity in a home as a significant part of the total assets of our financial planning clients.

The approach taken is to treat a personal residence as much like income property as possible. To do so, tax deductible expenses are itemized. There are, of course, fewer of them than for true income property.

The concept of "residential use benefit" substitutes for lease/rental income from investment property. The owner/occupant attributes an income value to his home equivalent to what it would cost to rent similar accommodations.

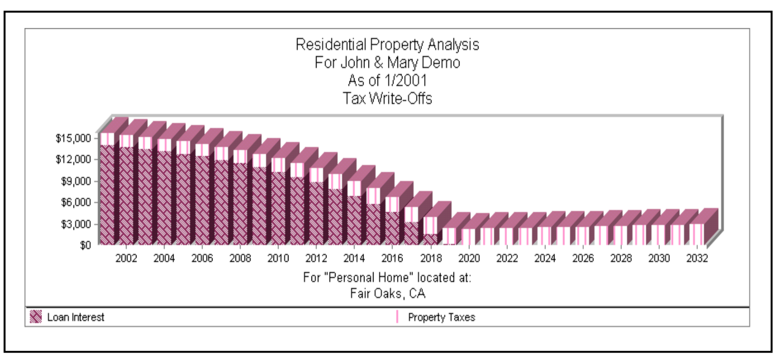
The analysis then computes a financial return on equity which omits consideration of the property's residential use value. Separately, it then computes the residential use benefit or cost. The results may either be positive or negative.

The bottom line is NET RETURN ON EQUITY. It's important to note that if you have a positive Residential Use Benefit you should be systematically saving or investing that amount of money in order to credit yourself with the additional return on equity dollars.

This report analyzes the property for year 2002.

The 15th line down in the analysis is titled EQUITY. $114,986 is the net amount of money you would have (before income taxes) if you were to sell your home, pay off all mortgages, real estate commissions and closing costs.

Lines 17, 18 and 19, LOAN PAYMENTS, LOAN REDUCTION and LOAN INTEREST, simply describe how much of your mortgage payment goes to pay off principal and how much to interest.



Line 21, TAX WRITE-OFFS, is the total of the annual interest on your mortgage and the annual property taxes. The $15,370 shown would be reflected on your income tax form Schedule A, Itemized Deductions.

The next two lines, 22 and 23, comprise the costs you incur by owning this home. These costs include your mortgage payments, property taxes, insurance premiums, maintenance and any condominium fees.

Line 24, shows your equity increasing by $13,408 for the year and line 25 shows income tax savings of $6,302. These are the two biggest advantages of home ownership. The total of these two lines shows up on lines 26 and 27, FINANCIAL RETURN ON EQUITY. It is shown in both dollars and as a percent. Keep in mind that this return is expressed as a percent of the previous year's equity.

The RESIDENTIAL USE BENEFIT OR COST line either adds (in the case of a positive number) or subtracts (in the case of a negative number) the cost of renting this home as opposed to owning it. The rationale here is that it may be more cost effective to rent if your ownership expenses are very high.

The final line on the report, NET RETURN ON EQUITY, is the sum of lines 27 and 29. Disregarding any "pride of ownership" advantages, this line tells you that your home is "yielding" about 13.42% as a financial asset.