RENTAL PROPERTY ANALYSIS
For
John and Mary Demo

This Property Analysis is for "Rental Property" located at:
1. Sacramento, CA

2. Market Value	97,500	Assumed Appreciation Rate:	5%
3. Gross Income	625	Assumed Escalation Rate:	5%
4. Vacancy Rate	2.00%		
5. Net Income	7,350		
6. OPERATING EXPENSES:			
7. Yearly Property Tax	800	Assumed Escalation Rate:	2%
8. Annual Insurance Premium	380	Assumed Escalation Rate:	3%
9. Maintenance & Other	500	Assumed Escalation Rate:	4%
10. TOTAL OPERATING EXPENSES	1,680		
11. NET OPERATING INCOME	5,670		
12. Cost To Sell	6%		
13. Depreciation Method	SL 15.0 Years		
14. Depreciation Base	53,720		

LOAN(S):	**Date**	**Principal**	**Interest**	**Term**	**Payment**	**Balance**
Jones 2nd	11/1993	10,000	15.00%	120	125	10,000
Rental 1st Mortgage	3/1984	38,500	8.75%	360	303	28,358

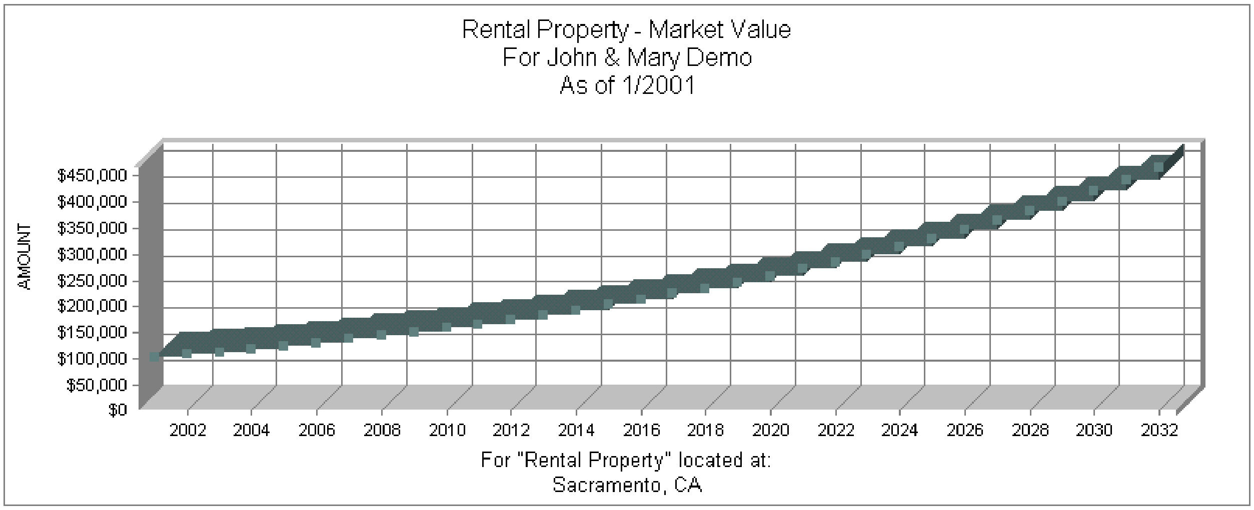
15. Marginal Income Tax Rate			41.00%	41.00%	41.00%	41.00%	41.00%
16. YEARS:		**1/2001**	**2001**	**2002**	**2003**	**2004**	**2005**
17. Market Value	$	97,500	102,375	107,494	112,868	118,512	124,437
18. Cost To Sell	$	5,850	6,143	6,450	6,772	7,111	7,466
19. Loan Balance	$	38,358	37,261	35,961	24,542	22,993	21,304
20. Equity	$	53,292	58,971	65,083	81,555	88,408	95,667
21. Gross Profit	$	34,642	40,321	46,433	62,905	69,758	77,017
22. Net Operating Income		$	5,670	5,990	6,327	6,682	7,055
23. Less Loan Interest		$	3,943	3,834	3,591	2,086	1,945
24. Less Depreciation		$	3,581	3,581	3,581	298	0
25. Taxable Income		$	-1,854	-1,425	-845	4,297	5,110
26. Loan Payments		$	5,135	5,135	15,010	3,635	3,635
27. Pre-Tax Cash Flow		$	535	856	-8,682	3,047	3,421
28. Tax Savings		$	760	584	346	-1,762	-2,095
29. After-Tax Cash Flow		$	1,296	1,440	-8,336	1,286	1,326
30. Mortgage Reduction		$	1,192	1,301	11,419	1,548	1,689
RETURN ON EQUITY:							
31. After-Tax Cash Flow			2.43%	2.44%	-12.81%	1.58%	1.50%
32. Equity Increase			10.17%	10.36%	25.31%	8.40%	8.21%
33. TOTAL RETURN:			**12.60%**	**12.81%**	**12.50%**	**9.98%**	**9.71%**

RENTAL PROPERTY ANALYSIS
For
John and Mary Demo

The Rental Property Analysis program follows a standard investment property analysis format. From this base it calculates future investment performance based on stipulated appreciation and interest rate assumptions.

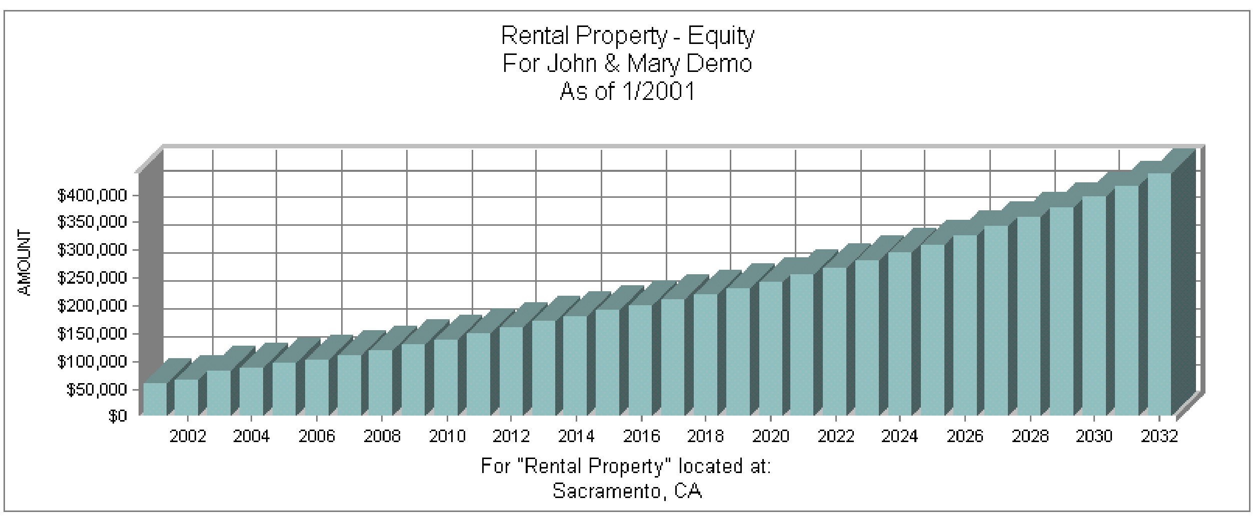
The following assumptions are built into this analysis for you:

1. The market value of the property increases at 5% per year.
2. Property taxes are assumed to escalate at 2% per year.
3. Gross rental income escalates at 5% annually.
4. Operating expenses are increased at an average of 3% annually.



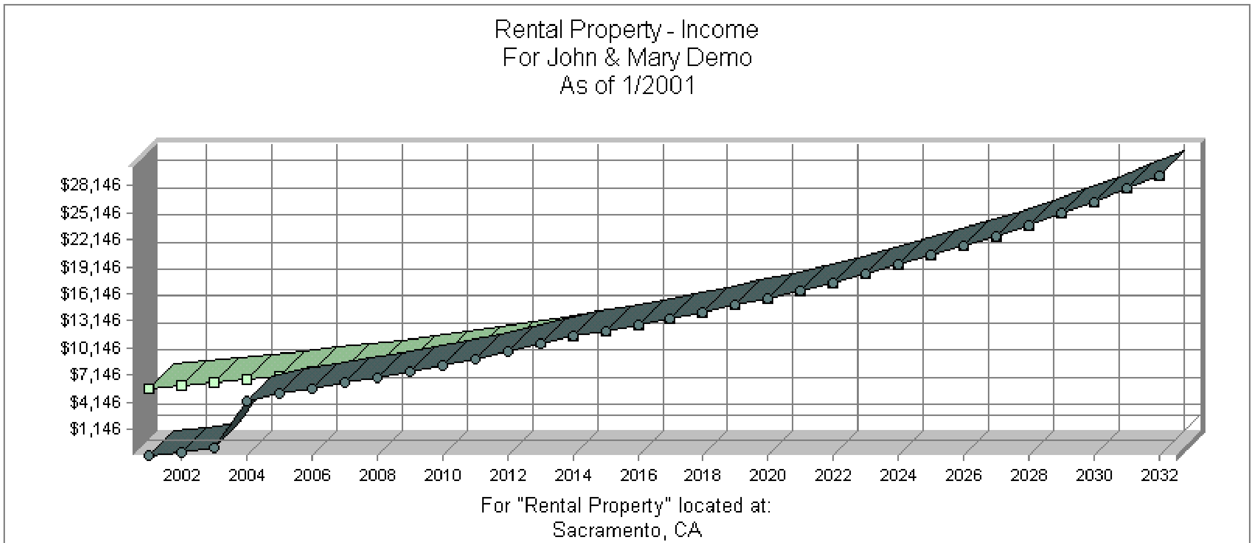
This report analyzes the property known as Rental Property. The following explanation applies to 2002.

The 20th line on the financial analysis is titled EQUITY. $65,083 is the net cash (before income taxes) you would get if you sold the property at the end of the year.



RENTAL PROPERTY ANALYSIS
For
John and Mary Demo

The 25th line down $-1,425, titled TAXABLE INCOME, is the amount that would be used in determining your passive income and loss for the year.



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Operating Income	$5,670	$5,990	$6,327	$6,682	$7,055	$7,449	$7,862	$8,298	$8,756	$9,239	$9,746	$10,281	$10,843	$11,434	$12,056
Taxable Income	($1,854)	($1,425)	($845)	$4,297	$5,110	$5,657	$6,239	$6,858	$7,516	$8,216	$8,962	$9,756	$10,601	$11,421	$12,056

The $856 entered on line 27, titled PRE-TAX CASH FLOW, is the cash income or loss this property will produce without regard to any savings the tax write-offs will produce. After making the adjustment for the income tax savings of $584 shown on line 28, we arrive at the AFTER-TAX CASH FLOW.

The final line of the report, TOTAL RETURN, expresses the after-tax return of 12.81% on this property when you combine both the After-Tax Cash Flow and annual Equity Increase due to the property's appreciation. It is important to keep in mind that all returns are figured on the previous year's equity.