



Terraces on the Boulevard

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2417 N. Ross | Santa Ana, CA 92706

- Very well maintained building and premise in quite, established neighborhood
- Long-term tenant that are predominately professional currently renting at under market value
- Parking space available for each unit in the building
- Excellent ammenities and open spaces
- Construction/ Pride of ownership.



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ANALYSIS

Analysis Date: October 2009
Scenario: Next Scenario



PROPERTY

Property: Terraces on the Boulevard
Property Address: 2417 N. Ross
 Santa Ana, CA 92706

PURCHASE INFORMATION

Property Type: Multi-Family
Purchase Price: \$2,129,781
Units: 26
Total Rentable Sq. Ft.: 20,350
Resale Valuation: 7.0% (capitalization of noi)
Resale Expenses: 5.0%

FINANCIAL INFORMATION

Down Payment: \$638,934
Passive Loss Rules: No
Closing Costs: \$0
Discount Rate: 6.00%

LOANS

	Debt	Term	Rate	Payment	LO Costs
Balloon	\$1,490,847	11 yrs	7.25%	\$10,170	

INCOME & EXPENSES

Gross Operating Income: \$259,080
Monthly GOI: \$21,590
Total Annual Expenses: (\$97,147)
Monthly Expenses: (\$8,096)

CONTACT INFORMATION

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DISCLAIMER: All information is believed to be accurate.

The calculations and data presented are deemed to be accurate, but not guaranteed. They are intended for the purpose of illustrative projections and analysis. The information provided is not intended to replace or serve as substitute for any legal, accounting, investment, real estate, tax or other professional advice, consultation or service. The user of this software should consult with a professional in the respective legal, accounting, tax or other professional area before making any decisions.

Beautifully Maintained Building
Excellent Tenants

This residential complex & is a ten (10) unit apartment complex in the City of Santa Ana. There are two (2) buildings situated on two (2) parcels and each building has seven (5) units. The property has an easy to rent unit mix of eleven (4) 1-bedroom / 1-bath apartments and three (6) 2-bedroom / 1-bathroom apartments. The property is located in a quiet neighborhood off of Ross Ave. just minutes from the beach. The property is close to shopping, entertainment, freeways and downtown Santa Ana.



This offering is a unique opportunity to acquire an Orange County multi-family property for under \$180,000 per unit. The location and amenities combine to keep this property at or near full occupancy and coastal properties rarely come available for sale.

For the last ten years, Santa Ana has undergone a consistent population growth that is forecast to continue. This growth has been spurred by the ideal weather, new housing and the influx of new businesses. The result of this growth has been an increased work force and a strong demand for residential rental properties. This demand has caused rents in Santa Ana to rise dramatically in the past decade while still maintaining a consistently low vacancy rate. With Los Angeles only 43 miles to the north and San Diego 65 miles to the South, Santa Ana enjoys proximity to all major Southern California destinations.

Aggressively Priced Opportunity
Excellent Location with Strong Upside



Caption 1



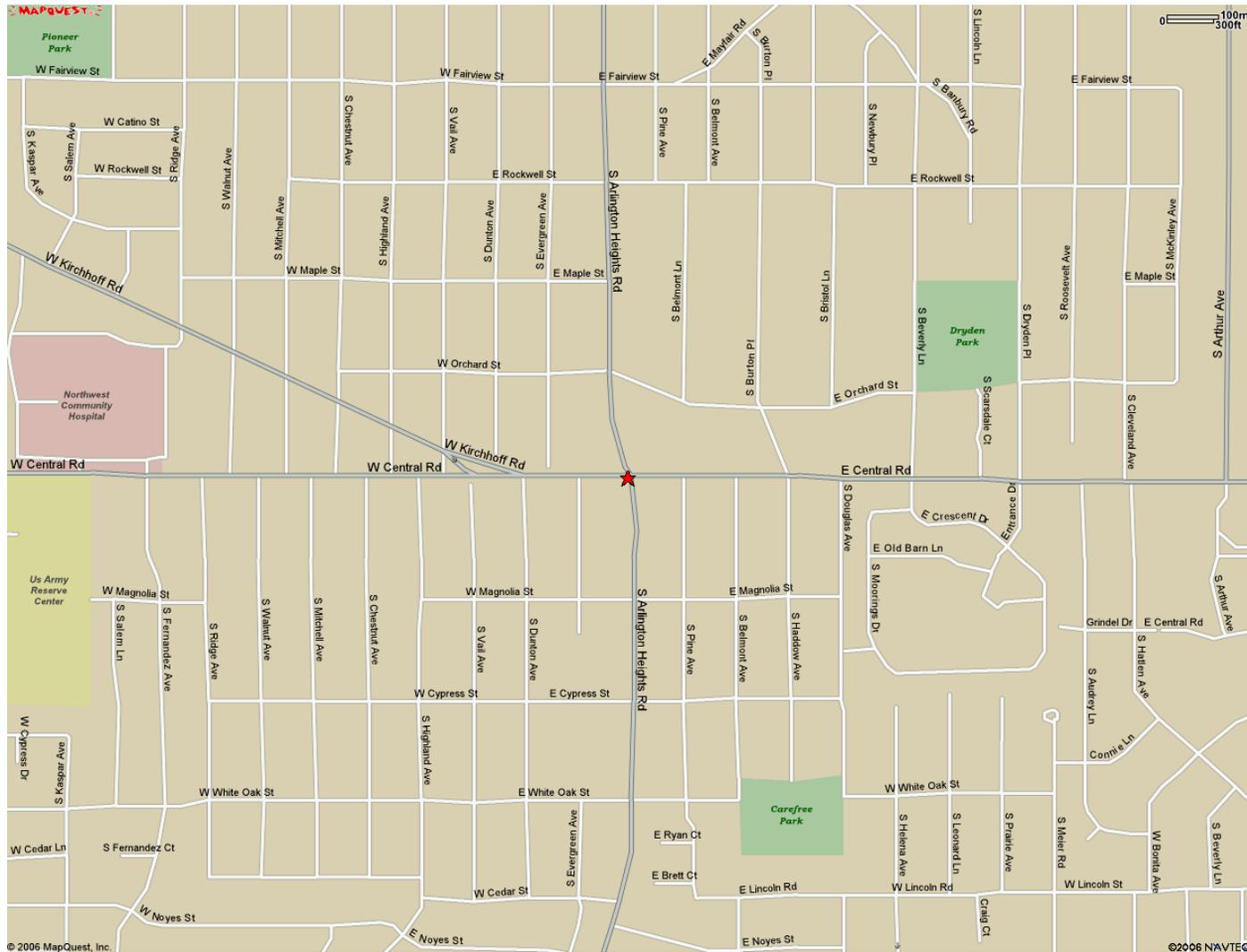
Caption 2



Caption 3



Caption 4



The information and calculations presented are deemed to be accurate, but not guaranteed and we are not responsible for their correctness.



ACQUISITION COSTS

Purchase Price, Points and Closing Costs	\$2,129,781
Investment - Cash	\$638,934
First Loan	\$1,490,847

INVESTMENT INFORMATION

Purchase Price	\$2,129,781
Price per Unit	\$81,915
Price per Sq. Ft.	\$104.66
Income per Unit	\$10,477
Expenses per Unit	(\$3,736)

INCOME, EXPENSES & CASH FLOW

Gross Scheduled Income	\$272,400
Total Vacancy and Credits	(\$13,320)
Operating Expenses	(\$97,147)
Net Operating Income	\$161,933
Debt Service	(\$122,042)
Cash Flow Before Taxes	\$39,890
Total Interest (Debt Service)	(\$107,613)
Depreciation and Amortization	(\$60,266)

FINANCIAL INDICATORS

Cash on Cash Return Before Taxes	6.24%
Optimal Internal Rate of Return (yr 3)	17.56%
Debt Coverage Ratio	1.33
Capitalization Rate	7.60%
Gross Rent Multiplier	7.82
Gross Income / Square Feet	\$13.39
Gross Expenses / Square Feet	(\$4.77)
Operating Expense Ratio	37.50%

2417 N. Ross
Santa Ana, CA 92706

John Freyder
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UNIT MIX & ANNUAL SCHEDULED INCOME

Type	Units	Actual	Total	Market	Total
Studios	6	\$8,400	\$50,400	\$10,200	\$61,200
1 Bdr/1 Bath	10	\$9,900	\$99,000	\$10,201	\$102,008
2 Bdrm/2 Bath	10	\$11,700	\$117,000	\$15,600	\$156,000
TOTALS	26		\$266,400		\$319,208

INVESTMENT SUMMARY

Price:	\$2,129,781
Units:	26
Price/Unit:	\$81,915
RSF:	20,350
Price/RSF:	\$104.66
Cap Rate:	7.6%
Pro Forma Cap Rate:	9.66%
GRM:	7.8
Pro Forma GRM:	6.7

ANNUALIZED INCOME

	Actual	Market
Gross Potential Rent	\$266,400	\$319,208
Less: Vacancy	(\$13,320)	(\$15,960)
Misc. Income	\$6,000	\$0
Effective Gross Income	\$259,080	\$303,248
Less: Expenses	(\$97,147)	(\$97,610)
Net Operating Income	\$161,933	\$205,638
Debt Service	(\$122,042)	(\$122,042)
Net Cash Flow after Debt Service	\$39,890	\$83,595
Principal Reduction	\$14,429	\$14,429
Total Return	\$54,320	\$98,024

FINANCING SUMMARY

Loan Amount:	\$1,490,847
Down Payment:	\$638,934
Loan Type:	Balloon
Interest Rate:	7.25000%
Term:	11 years
Monthly Payment:	\$10,170.20

ANNUALIZED EXPENSES

Description	Actual	Market
Property Management Fee	\$14,897	\$15,960
Accounting	\$3,250	\$1,250
Building Insurance	\$17,500	\$18,000
Grounds Maintenance	\$4,000	\$4,400
Maintenance	\$20,000	\$20,000
Misc	\$3,500	\$4,000
Taxes - Real Estate	\$24,000	\$24,000
Trash Removal	\$2,000	\$2,000
Utilities	\$8,000	\$8,000
Total Expenses	\$97,147	\$97,610
Expenses Per RSF	\$4.77	\$4.80
Expenses Per Unit	\$3,736	\$3,754

NET PROCEEDS FROM SALE**Adjusted Basis**

Basis At Acquisition	\$2,129,781
- Depreciation	\$623,690
Adjusted Basis at Sale	\$1,506,091

Capital Gain

Sale Price	\$3,213,130
-Sale Expenses	\$160,656
-Adjusted Basis at Sale	\$1,506,091
Gain or (Loss)	\$1,546,382
-Depreciation (limited to gain)	\$623,690
Capital Gain from Appreciation	\$922,692

Sales Proceeds After Tax

Sales Price	\$3,213,130
-Sale Expenses	\$160,656
-Mortgage Balance	\$1,286,755
Sale Proceeds Before Tax	\$1,765,718
Sale Proceeds Before Tax	\$1,765,718
-Tax On Depreciation	\$155,922
-Tax On Capital Gain	
Sale Proceeds After Tax	\$1,609,795

BEFORE TAX IRR

Time	Future Cash Flows
Initial Investment	(\$638,934)
End of Year 1	\$39,890
End of Year 2	\$46,041
End of Year 3	\$52,389
End of Year 4	\$58,940
End of Year 5	\$65,700
End of Year 6	\$72,676
End of Year 7	\$79,875
End of Year 8	\$87,303
End of Year 9	\$94,968
End of Year 10*	\$1,868,594

IRR = 17.34%

* (\$102,877 + \$1,765,718)

AFTER TAX IRR

Time	Future Cash Flows
Initial Investment	(\$638,934)
End of Year 1	\$39,890
End of Year 2	\$46,041
End of Year 3	\$52,389
End of Year 4	\$58,940
End of Year 5	\$65,700
End of Year 6	\$72,676
End of Year 7	\$79,875
End of Year 8	\$87,303
End of Year 9	\$94,968
End of Year 10*	\$1,712,672

IRR = 16.57%

* (\$102,877 + \$1,609,795)

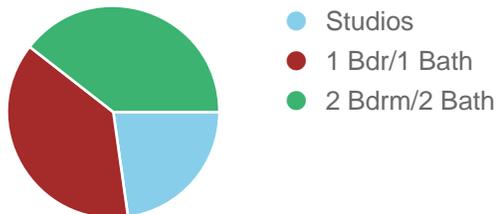
Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	\$266,400	\$274,392	\$282,624	\$291,102	\$299,836	\$308,831	\$318,096	\$327,638	\$337,468	\$347,592
Miscellaneous Income	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
GROSS SCHEDULED INCOME	\$272,400	\$280,392	\$288,624	\$297,102	\$305,836	\$314,831	\$324,096	\$333,638	\$343,468	\$353,592
Turnover Vacancy	(\$13,320)	(\$13,720)	(\$14,131)	(\$14,555)	(\$14,992)	(\$15,442)	(\$15,905)	(\$16,382)	(\$16,873)	(\$17,380)
GROSS OPERATING INCOME	\$259,080	\$266,672	\$274,493	\$282,547	\$290,844	\$299,389	\$308,191	\$317,256	\$326,594	\$336,212
Expenses										
Property Management Fee	(\$14,897)	(\$15,334)	(\$15,783)	(\$16,246)	(\$16,724)	(\$17,215)	(\$17,721)	(\$18,242)	(\$18,779)	(\$19,332)
Accounting	(\$3,250)	(\$3,315)	(\$3,381)	(\$3,449)	(\$3,518)	(\$3,588)	(\$3,660)	(\$3,733)	(\$3,808)	(\$3,884)
Building Insurance	(\$17,500)	(\$17,850)	(\$18,207)	(\$18,571)	(\$18,943)	(\$19,321)	(\$19,708)	(\$20,102)	(\$20,504)	(\$20,914)
Grounds Maintenance	(\$4,000)	(\$4,080)	(\$4,162)	(\$4,245)	(\$4,330)	(\$4,416)	(\$4,505)	(\$4,595)	(\$4,687)	(\$4,780)
Maintenance	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
Misc	(\$3,500)	(\$3,570)	(\$3,641)	(\$3,714)	(\$3,789)	(\$3,864)	(\$3,942)	(\$4,020)	(\$4,101)	(\$4,183)
Taxes - Real Estate	(\$24,000)	(\$24,240)	(\$24,482)	(\$24,727)	(\$24,974)	(\$25,224)	(\$25,476)	(\$25,731)	(\$25,989)	(\$26,248)
Trash Removal	(\$2,000)	(\$2,040)	(\$2,081)	(\$2,122)	(\$2,165)	(\$2,208)	(\$2,252)	(\$2,297)	(\$2,343)	(\$2,390)
Utilities	(\$8,000)	(\$8,160)	(\$8,323)	(\$8,490)	(\$8,659)	(\$8,833)	(\$9,009)	(\$9,189)	(\$9,373)	(\$9,561)
TOTAL OPERATING EXPENSES	(\$97,147)	(\$98,589)	(\$100,061)	(\$101,565)	(\$103,101)	(\$104,670)	(\$106,273)	(\$107,911)	(\$109,584)	(\$111,293)
NET OPERATING INCOME	\$161,933	\$168,084	\$174,432	\$180,982	\$187,743	\$194,719	\$201,918	\$209,346	\$217,010	\$224,919

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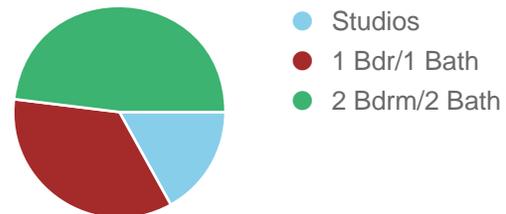
UNIT MIXES

# Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
6	Studios	600	\$700	\$4,200	\$850	\$5,100
10	1 Bdr/1 Bath	725	\$825	\$8,250	\$850	\$8,501
10	2 Bdrm/2 Bath	950	\$975	\$9,750	\$1,300	\$13,000
26		20,350		\$22,200		\$26,601

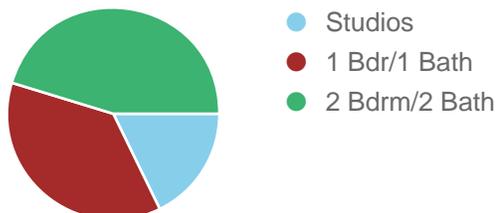
UNIT MIX



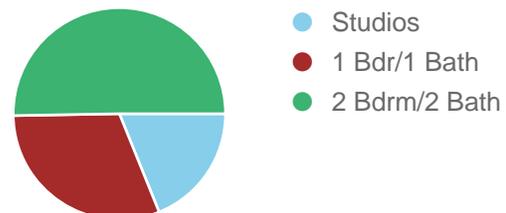
UNIT MIX SQUARE FEET



UNIT MIX INCOME



UNIT MIX MARKET INCOME



Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent Multiplier	8.49	8.56	8.63	8.70	8.77	8.84	8.90	8.96	9.03	9.09
Capitalization Rate	7.60%	7.89%	8.19%	8.50%	8.82%	9.14%	9.48%	9.83%	10.19%	10.56%
Cash On Cash Return b/t	6.24%	7.21%	8.20%	9.22%	10.28%	11.37%	12.50%	13.66%	14.86%	16.10%
Cash On Cash Return a/t	6.24%	7.21%	8.20%	9.22%	10.28%	11.37%	12.50%	13.66%	14.86%	16.10%
Debt Coverage Ratio	1.33	1.38	1.43	1.48	1.54	1.60	1.65	1.72	1.78	1.84
Gross Income per Sq. Ft.	\$13.39	\$13.78	\$14.18	\$14.60	\$15.03	\$15.47	\$15.93	\$16.40	\$16.88	\$17.38
Expenses per Sq. Ft.	(\$4.77)	(\$4.84)	(\$4.92)	(\$4.99)	(\$5.07)	(\$5.14)	(\$5.22)	(\$5.30)	(\$5.38)	(\$5.47)
Net Income Multiplier	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29	14.29
Operating Expense Ratio	37.50%	36.97%	36.45%	35.95%	35.45%	34.96%	34.48%	34.01%	33.55%	33.10%
Loan To Value Ratio	63.82%	60.84%	57.96%	55.17%	52.46%	49.84%	47.29%	44.81%	42.40%	40.05%

Footnotes: b/t = before taxes; a/t = after taxes

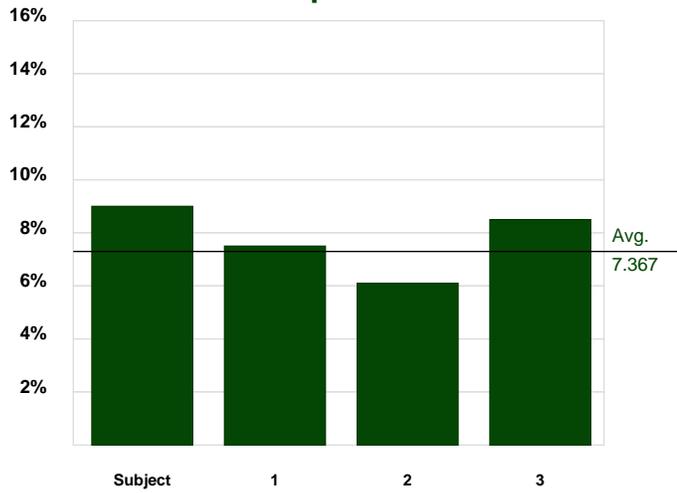
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Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flow - To Date	\$39,890	\$85,932	\$138,321	\$197,261	\$262,961	\$335,638	\$415,513	\$502,816	\$597,784	\$700,661
Net Resale Proceeds	\$706,177	\$789,439	\$876,538	\$967,643	\$1,062,933	\$1,162,596	\$1,266,833	\$1,375,852	\$1,489,876	\$1,609,795
Invested Capital	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)	(\$638,934)
Net Return on Investment	\$107,133	\$236,437	\$375,925	\$525,970	\$686,960	\$859,300	\$1,043,412	\$1,239,734	\$1,448,726	\$1,671,522
Internal Rate of Return	16.77%	17.52%	17.56%	17.46%	17.31%	17.16%	17.00%	16.85%	16.70%	16.57%
Modified IRR	16.77%	17.21%	16.97%	16.61%	16.23%	15.85%	15.50%	15.17%	14.86%	14.57%
NPV (cash flow + reversion)	\$64,903	\$142,273	\$219,620	\$296,812	\$373,728	\$450,262	\$526,315	\$601,801	\$676,641	\$751,132
PV (NOI + reversion)	\$2,226,032	\$2,332,564	\$2,436,435	\$2,537,705	\$2,636,431	\$2,732,672	\$2,826,483	\$2,917,921	\$3,007,040	\$3,093,893

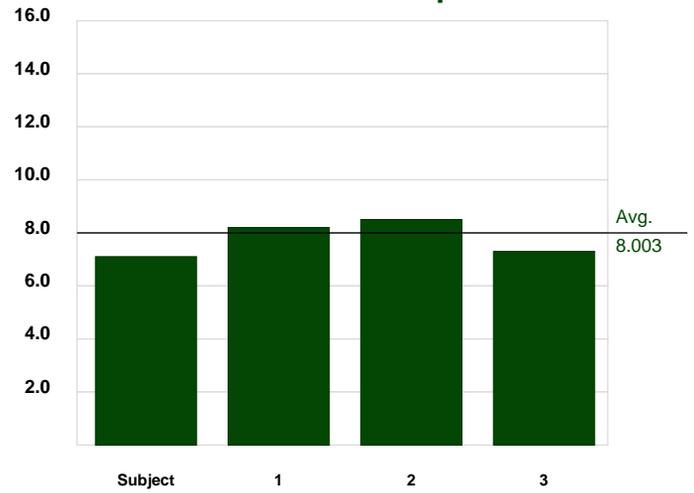
Footnotes: a/t = after taxes; Modified IRR = Modified Internal Rate of Return; PV = Present Value; NPV = Net Present Value; NOI = Net Operating Income
 Reversion = Amount received from the resale; Net Return on Investment = Cash Flow (a/t To Date) + Net Proceeds from Resale - Invested Capital.

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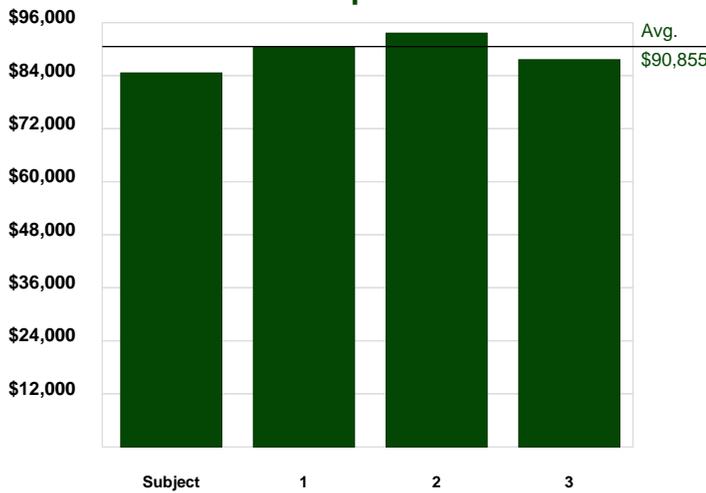
Cap Rate



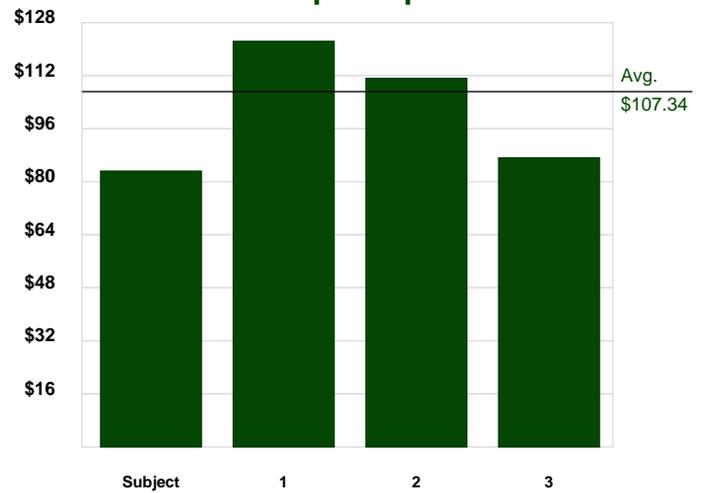
Gross Rent Multiplier



Price per Unit



Price per Sq. Ft.



2417 N. Ross
Santa Ana, CA 92706

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Great Northern Park Location
2417 N. Ross, Santa Ana, CA 92706

Sale Price	\$2,129,781	Units	25
Price/Unit	\$85,191	Price/SqFt	\$83.52
Cap Rate	9.0	Year Built	1992
GRM	7.17		

1



Whilshere Apartments
923 South Cochran Ave., Santa Ana, CA 92704

Sale Price	\$2,816,975	Units	31
Price/Unit	\$90,870	Price/SqFt	\$122.48
Cap Rate	7.5	Year Built	1983
GRM	8.21	Sale Date	05/18/2007

2



8 Units in Santa Ana
2143 W Richland, Santa Ana, CA 92703

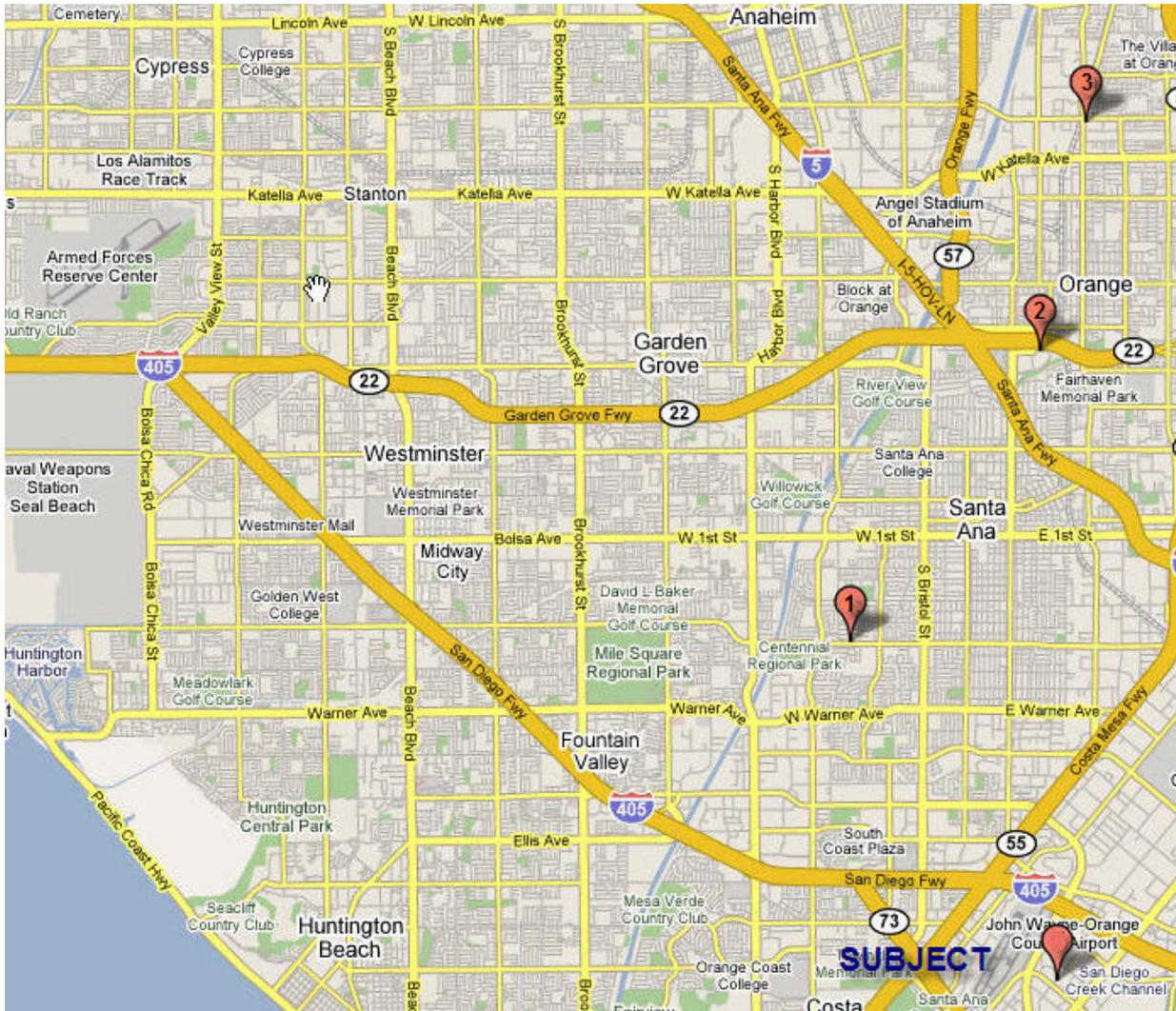
Sale Price	\$2,343,232	Units	25
Price/Unit	\$93,729	Price/SqFt	\$111.58
Cap Rate	6.1	Year Built	1988
GRM	8.5	Sale Date	N/A

3

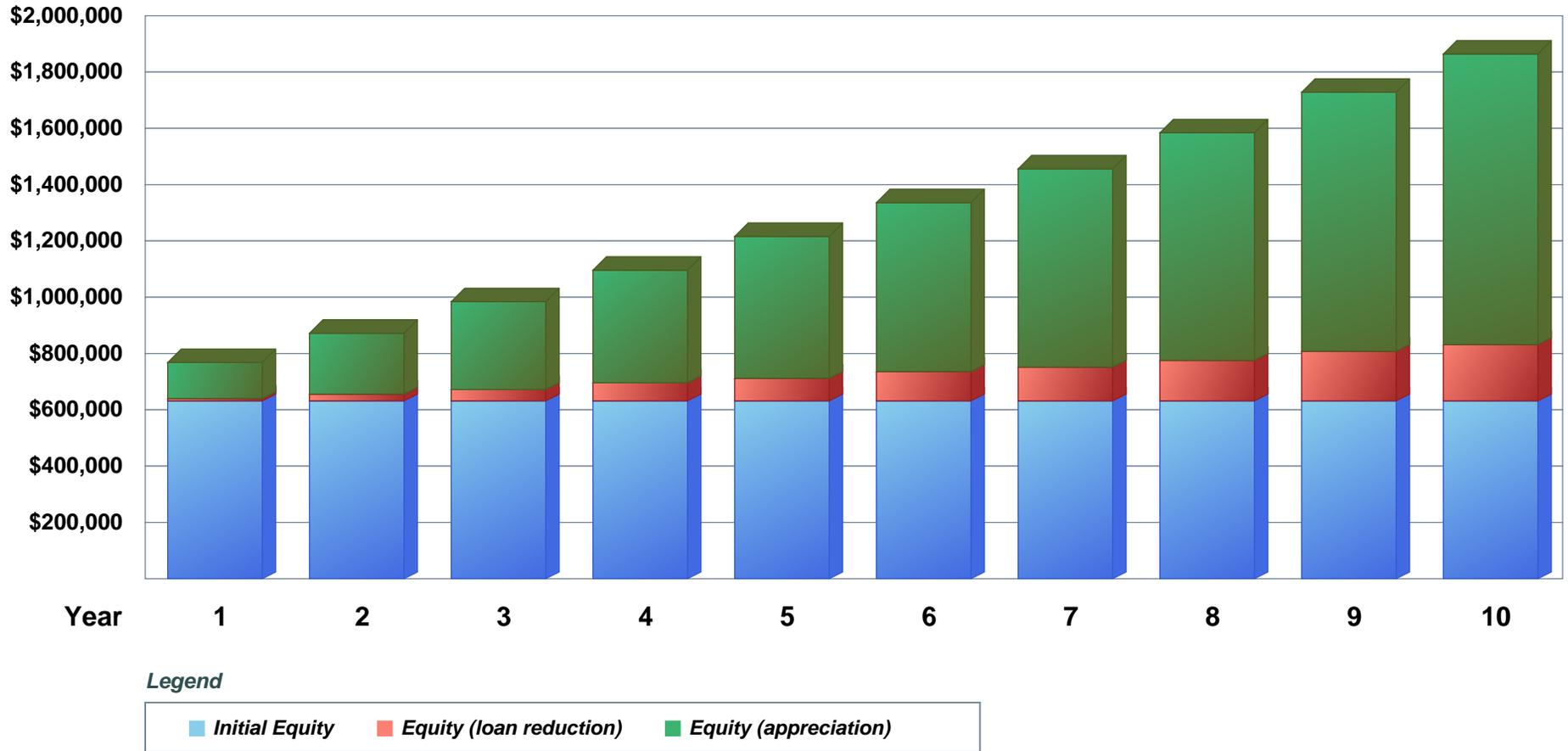


Swiss Apartments
1411 N Bush St., Santa Ana, CA 92701

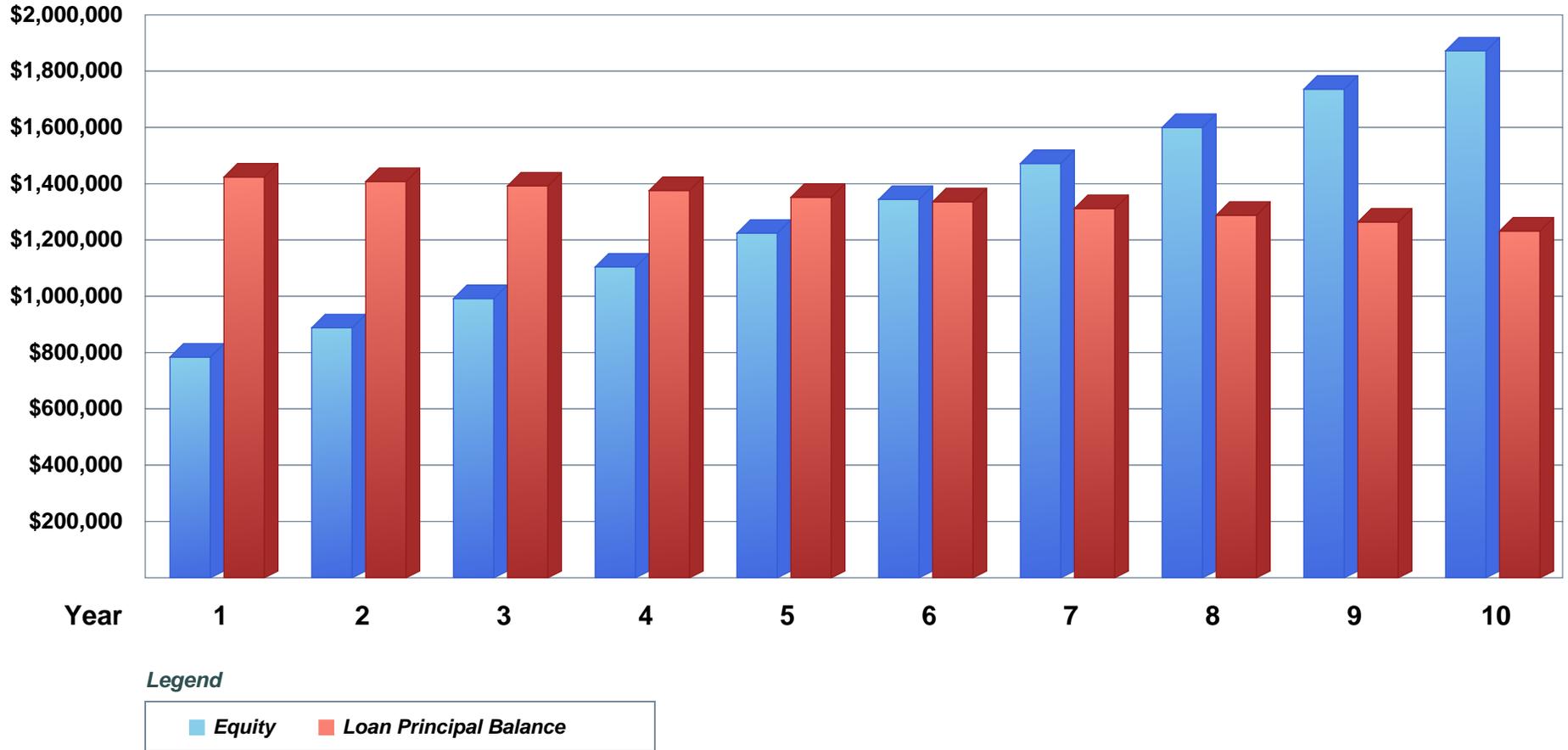
Sale Price	\$2,375,100	Units	27
Price/Unit	\$87,967	Price/SqFt	\$87.97
Cap Rate	8.5	Year Built	1989
GRM	7.3	Sale Date	N/A



- 1) Whilshere Apartments
- 2) 8 Units in Santa Ana
- 3) Swiss Apartments

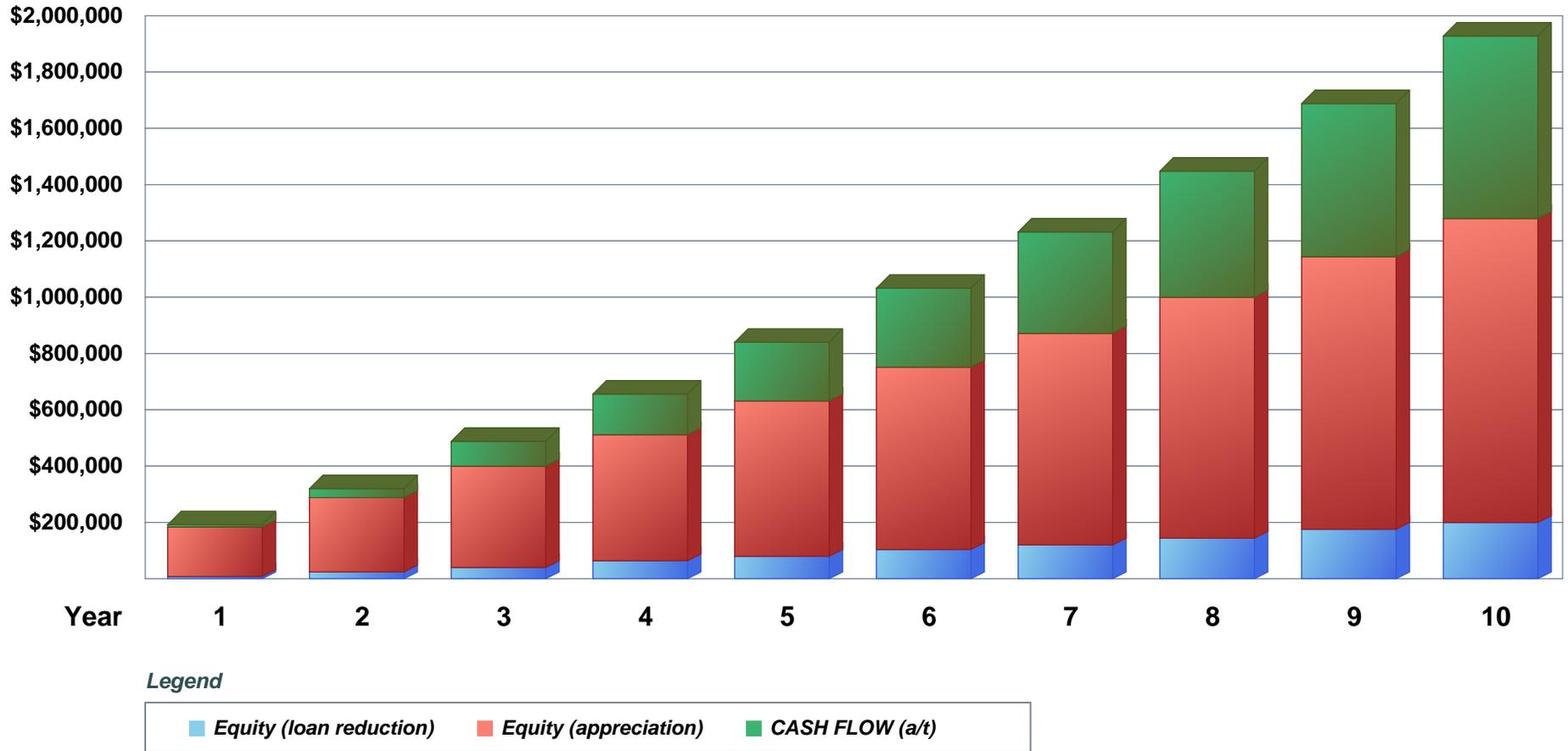


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Cumulative Wealth Analysis



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