

REIA Report[®] : Executive Summary

for the following income producing property:



811-817 Madison
East Pittsburgh PA 15112

Prepared for

Max Wilson

Phone: 724-368-3650

Cell: 724-816-1999

Email: MaxWilson@MaxBusinessGroup.com

on

March 30, 2009

Please verify accuracy of all information provided in this report by contacting the listing agent:

John Johns

John Johns Realty Company

999-999-9999

*The information, calculations & data presented in this report are believed to be accurate but are not guaranteed or warranted
This report was constructed using first and second party information, conservative assumptions, and industry standards.
The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advise.
Please seek proper real estate, legal, and tax advice as appropriate before making any purchases of real estate.*

REIA Report[®] : Investor Profile

Borrower Information

Name:	Current Employer:	Gross Income 2007:
Address:	Position:	Gross Income 2006:
City:	Time on Job in Years: <input style="width: 100px;" type="text"/>	Gross Income 2005:
State:	Gross Monthly Income:	Estimated Credit Score: <input style="width: 100px;" type="text"/>
Zip:	Have you filed Bankruptcy:	Debt to Income Ratio: <input style="width: 100px;" type="text"/>
Phone #:	Current with ALL Payments:	Purchase Price of Property:
Cell Phone #:	Housing Expenses (28%):	Global Debt to Income Ratio: <input style="width: 100px;" type="text"/>
Email:	Housing & Debt (36%):	Global Debt Service Coverage Ratio: <input style="width: 100px;" type="text"/>

Liquidable Assets		Gross Income:		Recurring Debt:		
		From	Yearly	Creditor	Balance	Monthly Payment
Cash on Hand:		Salary/Wages:		Home (PITI):		
CD/Money Market:		Military Pay:		Other Properties (PITI):		
Cash Value Life Insurance:		Social Security:		Property Management:		
Market Value US Securities:		Pension:		Equity Loans:		
Marketable Securities:		Rentals:		Car Payments:		
Stocks:		Business (draw):		Credit Cards:		
401K:		Interest:		Alimony/Child Support:		
IRA:		Dividends:		Student Loans:		
Personal Property:		Medical Disability:		Medical / Dental:		
Profit Sharing/Pension:				Furniture / Appliance:		
Investment Real Estate:						
Personal Residence:						
TOTAL ASSETS:		Total INCOME:		TOTAL LIABILITY:		

* PITI= Property Mortgage Principle + Interest + Taxes + Insurance

Number of Mortgages Held	
Name of Holder	Number Held

Total Out of Pocket Needed=	\$35,941.70	will come from
TOTAL FUNDS AVAILABLE: <input style="width: 150px;" type="text"/>		

Which type of ownership will be used to purchase this property? Sole Ownership, Co-Ownership, or by Corporate Entity

Previous Experience Relating to this Project

- | | | |
|---|---|---|
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| • | • | • |

Steps to Increasing Profits

Reduce Operating Expenses

Increase Income

- | | |
|---|---|
| • | • |
| • | • |
| • | • |

Available Documents:

Personal	On Property
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•	•
•	•
•	•
•	•

Method of Property Management: Use of a Property Manager or Self Managed

I Authorize Lender to Pull My Credit AFTER Review of Verbal Pre-qualification

Yes

REIA Report[®] : Property Profile

This property profile is **NOT AN APPRAISAL**.
 "THIS ANALYSIS HAS NOT BEEN PERFORMED IN ACCORDANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE WHICH REQUIRE VALUERS TO ACT AS UNBIASED, DISINTERESTED THIRD PARTIES WITH IMPARTIALITY, OBJECTIVITY AND INDEPENDENCE AND WITHOUT ACCOMMODATION OF PERSONAL INTEREST. IT IS NOT TO BE CONSTRUED AS AN APPRAISAL AND MAY NOT BE USED AS SUCH FOR ANY PURPOSE."

Please read "**Limitations of a Max Reportsm**" to understand the limitation of the analysis and the impact on the financial performance data calculated below.

Location				
Street Address	City	State	Zip	County
811-817 Madison	East Pittsburgh	PA	15112	East Alleg

Property Information			
Type*	Number of Units	Assessed Land Value	Assessed Building Value
Multi-family	4	\$23,960	\$95,840

Type* = Single family, Multi-family, Mixed use (commercial & residential), or Commercial

Purchasing Information				
Purchase Price	Estimated Cost to Close	Down Payment		Total Out of Pocket Funds
\$119,800	\$11,982	20%	\$23,960	\$35,942

* Seller's Assist in the amount of \$0 has been factored into this figure.

Income		
	With Property Manager	Self Managed
Gross Annual Income	\$36,000	\$36,000
Net Operating Income*	\$24,601	\$28,021
Cash Flow Before Taxes (CFBT)	\$15,511	\$18,931

*NOI calculated using: Vacancy= 5% Maintenance Reserves= 3% Property Management Fee= 10% or, 0% when Self Managed

Wealth Builders		
	With Property Manager	Self Managed
Tax Benefits	-\$4,001	-\$4,962
Cash Flow After Taxes (CFAT)	\$11,510	\$13,969
Appreciation at 2.0%	\$2,396	\$2,396
Principal Reduction	\$2,214	\$2,214
Bank Equity (included money down) End Year 1	\$28,570	\$28,570
Total Equity (Bank Equity + CFAT) End Year 1	\$40,080	\$42,539

Lending Criteria		
	With Property Manager	Self Managed
Cap Rate	20.54%	23.39%
Debt Service Coverage Ratio (DSCR)**	2.71	3.08
Net Income Multiplier (NIM)	4.87	4.28
Gross Rent Multiplier (GRM)	3.33	3.33
Mortgage Constant Factor (MCF)	13.56%	13.56%
Cash-On-Cash Return (End Year 1)	43.16%	52.67%
Payback of Cash to Close using only CFAT in Years	3.12	2.57
Payback of Cash to Close using Total Wealth Growth in Year	2.00	2.00
Break Even Occupancy Rate	51.91%	42.41%
Calculated Offer Price based on DSCR of 1.20	\$270,188	\$307,750
Calculated Offer Price based on capitalized rate of 9.00%	\$273,344	\$311,344

**Calculation: DSCR=Net Operating Income / Total Debt Service (Total Principle + Total Interest)

*** Calculation: Cash-On-Cash Return= CFBT/Down payment + closing costs

Compare to Other Investments: Internal Rate of Return (IRR)				
	Highest IRR at	With Property Manager	Highest IRR at	Self Managed
Before Tax IRR:	Year 15	54.17%	Year 17	63.67%
After Tax IRR:	Year 15	38.95%	Year 17	45.78%

REIA Report[®] : Investor Input Data Sheet

Investor's Information

Borrower/Co-Borrower/s	Phone:	Estimated Credit Score	Cell:	Email:
Max Wilson	724-368-3650	760	724-816-4999	MaxWilson@MaxBusinessGroup.com

Listing Company Information

Representing Firm Name	Agent Name	Company Phone #	Multi-List #
John Johns Realty Company	John Johns	999-999-9999	752652

Property Location

Street:	City:	State	Zip	County
811-817 Madison	East Pittsburgh	PA	15112	East Alleg

Property Information

Zoning	Number of Units	Total Assessed Value	Assessed Land Value	Assessed Building Value
Multi-family	4	\$119,800	\$23,960	\$95,840

Zoning = Single Family, Multi-family, Mixed Use (commercial/residential), or Commercial

Commercial Property: Additional Information

Description	Number of Units	Rentable Square Feet	Total Personal Property Value
	0	0	\$0

Income

Purchase price	Gross Annual Income	Vacancy (default to 10%)	Additional Income not effected by vacancy
\$119,800	\$36,000	5%	\$0

Expenses

Insurance	\$1,200
Electricity	\$0
Gas	\$0
Sewer and Water	\$0
Refuse	\$0
Total Utility Expenses (over past year)	\$248
Lawn Care / Snow Removal	
Landscaping	
Maintenance	\$1,000
Advertising	\$0
Telephone	\$0
Accounting and Legal	\$0
License & Permits	\$0
Payroll- Residential Management	\$0
Taxes / Workman's Compensation	\$0
Labor	\$0
Supplies	\$0
Total Other Expenses:	\$0
Local Taxes	\$0
County Taxes	\$0
School Taxes	\$0
Total Real Estate Taxes	\$2,705

Updates / Repairs to be made

Roof	\$0
Windows	\$0
Siding	\$0
Porches	\$0
Garage	\$0
Concrete	\$0
Yard / Grounds	\$0
	\$0
	\$0
Kitchen	\$0
Appliances	\$0
Bathroom/s	\$0
Family Rooms	\$0
Flooring	\$0
Electrical	\$0
Walls	\$0
Plumbing	\$0
Heating	\$0
Lighting	\$0
Basement	\$0
	\$0
	\$0
Total Update / Repair Costs	\$0

Lending Assumptions to be made in the analysis

Percent Down	20%	\$23,960
First position loan (percentage)	80%	\$95,840
Interest rate on first position loan		7.250%
Amortization term on first loan		20
Second position loan at	0%	\$0
Interest rate on second position loan		13.00%
Amortization term on second loan		30
Total Mortgages (First and Second)		\$95,840
Loan Points (total)	0	\$0
Required Debt Coverage Service Ratio		1.20
Personal Mortgage Insurance on	0%	\$0
Estimated cost to close		\$11,982
Total Out of Pocket Funds	\$0	\$35,942
Estimated Settlement Date		4/11/08
Estimated Sellers Assist Allowance	0%	\$0

Additional Assumptions to be made in the analysis

Federal Tax Rate (10%, 15%, 25%, 28%, 33%, 35%)	25%
State Tax Rate for PA	3.1%
Property Management Allowance	10%
Maintenance Reserves (% of GAI)	3%
Appreciation rate	2.0%
Net Operating Income Increase / Yr	5.0%
Cap Rate return required by buyer	9.00%
Sales Cost Basis (cost to sell property)	7.0%
Confidence (1=minimal data to 5= complete data)	4
Percent of total income from residential leases	100.0%
Depreciation Life in Years	27.9
Credit score minimum	680
Property Warranty (1= Buyer pays / 2= Seller pays)	0
Property Warranty Cost	\$1,029