

REIA Report[®]: Negotiation

for the following income producing property:



811-817 Madison
East Pittsburgh PA 15112

Prepared for

Max Wilson

724-368-3650

724-816-4999

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.*

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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 |

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[®] : Glossary of Terms

Data Complete- Amount of data provided to achieve a level of confidence. 1=Lowest confidence while 5= Highest confidence.

of Units- The number of rental units in a particular building or project. May have multiple units in multiple buildings.

Purchase Price- The actual amount paid to and accepted by a seller for a particular property.

Gross Annual Income (GAI)- Total yearly income from all sources before expenses are deducted for a given property.

Net Operating Income (NOI)- Income after deducting operating expenses but before deducting for income taxes and interest.

Cash Flow Before Taxes (CFBT)- Net Operating Income minus the yearly debt services (principal and interest payments).

Tax Benefits (Tax Ben)- The estimate of tax benefits a property may provide its owner at a given time. A negative number suggests a profit while a positive number suggests an income loss. Note: this loss may be a function of depreciation.

Cash Flow After Taxes (CFAT)- The amount of cash generated from an investment after taxes have been paid per year.

Appreciation (Apprec)- The increase in value of a property over a given period of time. Usually reported in a %.

Principal Reduction End Year 1 (Prin Red EY1)- The amount of principal that has been paid down at the end of year one.

Total Out Of Pocket Funds (TOOPF)- The amount of cash it will take to purchase the property. This figure includes: estimated closing costs, payment of taxes and insurance, setup of escrow for taxes and insurance, out of closing expenses (inspections, tests, etc), and required down payment.

Cash on Cash Return (CoCR)- A comprehensive measure of the yield of an investment. It is a ratio of CFAT to the TOOPF required to close the transaction. Note: Once the property has generated enough CFAT or Total Equity (combining Appreciation, Principle Reduction, and Cash Flow After Taxes), to return to the investor all of the TOOPF, thus making TOOPF=\$0, the CoCR would then calculate to yielding infinite returns (CFAT/0).

Capitalization Rate (Cap Rate)- An estimation of a property's rate of return by consideration of net annual income as a percentage of its investment cost. The higher the rate (in %), the better the property may perform.

Debt Service Coverage Ratio (DSCR)- A risk index used by lending institutions as to the properties ability to repay the debt service over time from cash flows. Preferred ratios are 1.2 or greater. A lower ratio may be accepted for a "strong" buyer.

Net Income Multiplier (NIM)- A measure for judging how effective a property is generating income as compared to its market price. It is the direct inverse of Cap Rate. The lower the number, the better the property may perform.

Gross Rent Multiplier (GRM)- A ratio of a property's value by consideration of the sales price to total gross rents. GRM is limited to use as it does not factor in NOI nor Vacancy rates. The lower the number, the better the property may perform.

Mortgage Constant Factor (MCF)- A factor which expresses the cash cost of borrowing money. It is a ratio between the loan payment (principle and interest) and the loan amount of a specific property. Once calculated, this rate is presented as a %.

Cash on Cash Return- A ratio of the annual before-tax cash flow to the total amount of cash invested. It is presented as a %. It can be used by investors to evaluate the cash flow from an income-producing asset.

Payback of Cash to Close using Cash Flow After Taxes in Years- A ratio of the total amount of cash invested to the annual after-tax cash flow. It is the direct inverse of Cash on Cash Return. Provides the number of years it will take to recoup the total investment from after-tax cash flows only.

Payback of Cash to Close using Total Wealth Growth in Years- A ratio of the total amount of cash invested to the annual total wealth growth. Provides the number of years it will take to recoup the total investment based on the total yearly equity gain *after* the sale of the property. Except for the impact of spikes in appreciation, if the property is sold before this time period, the buyer will experience a negative "return on investment."

Break Even Occupancy Rate- A ratio of the expenses and financing costs to the Gross Annual Income. This factor, presented as a %, reports the minimum occupancy rate required for the gross income to cover the debt service.

Calculated Offer Price at DSCR of 1.XX (SLV/DSCR)- The maximum loan value of a property calculated by holding a the required Debt Service Coverage Ratio of 1.XX by the lender as a constant.

Calculated Offer Price based on cap rate of X.X%- The maximum offer price based on properties reported Net Operating Income, holding the investors need for a specific return (cap rate).

Before Tax IRR: Sell @ Yr X- IRR tells you how fast or slow you are making money. The before tax internal rate or return of the property if sold at year X. The year has been selected by analyzing projected performance for next 30 years. End of year X provides highest before-tax return.

After Tax IRR: Sell @ Yr X- IRR tells you how fast or slow you are making money. The after tax internal rate or return of the property if sold at year X. The year

REIA Report[®] : Seller's Estimated Closing Costs

Mailing Address of Property: 811-817 Madison East Pittsburgh PA 15112
 Name of Seller: Home Settlers LLC
 Estimated Settlement Date: 10/1/08
 Purchase Price: \$119,800

| | | | | |
|----|---|--|-----------|----------------|
| 1 | Broker's Commissions Paid at Settlement: | 6.00% | \$ | 7,188 |
| 2 | Preparation of Deed | | \$ | 100 |
| 3 | Seller Side of Transfer Tax | 1.00% of sales price | \$ | 1,198 |
| 4 | Seller's Assist : 3.00% | | \$ | 3,594 |
| 5 | Property Warranty Paid by Seller | | \$ | 0 |
| 6 | Municipal Certifications | | \$ | 100 |
| 7 | Certificate of Resale (Condominium/Homeowner's Association) | | \$ | 0 |
| 8 | Settlement, Closing or Escrow Fee | | \$ | 150 |
| 9 | Notary Fee | | \$ | 50 |
| 10 | Survey | | \$ | 0 |
| 11 | On-lot Sewage System Pumping | | \$ | 0 |
| 12 | Property Repairs | | \$ | 0 |
| 13 | Tax Certifications | | \$ | 100 |
| 14 | Overnight/Express Mail Charges | | \$ | 50 |
| 15 | Domestic Lien Search | | \$ | 125 |
| 16 | "Patriot Act" Search | | \$ | 0 |
| 17 | Dye Test | | \$ | 0 |
| 18 | Selling Agents Commission Bonus | | \$ | 0 |
| 19 | Other | | \$ | 0 |
| 20 | Other | | \$ | 0 |
| 21 | Seller's Estimated Closing Costs | | \$ | 12,655 |
| 22 | | | | |
| 23 | | Seller's Original Listing Price | \$ | 119,800 |
| 24 | | Seller's Estimated Closing Costs from Line 21 | \$ | 12,655 |
| 25 | | Seller's Estimated Payoff of First Mortgage | \$ | 0 |
| 26 | | Seller's Estimated Payoff of Second Mortgage | \$ | 0 |
| 27 | | Seller's Estimated Payoff of Equity Line of Credit | \$ | 0 |
| 28 | | Seller's Estimated Net Proceeds | \$ | 107,145 |