

Cedar Ave

**1245 Cedar Ave
Long Beach, CA 90813**



- ❖ Great rental location-100% occupied
- ❖ No rent control!
- ❖ Separately metered for gas and electric
- ❖ Street to street lot
- ❖ 8.64% CAP rate on ACTUAL income

Stephen Hampar
818.687.4915
steve@hamparproperties.com



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ANALYSIS

Analysis Date: March 2010
Scenario: unit mixes

PROPERTY

Property: Cedar Ave
Property Address: 1245 Cedar Ave
 Long Beach, CA 90813

PURCHASE INFORMATION

Property Type: Multi-Family
Purchase Price: \$875,000
Units: 14
Total Rentable Sq. Ft.: 0
Resale Valuation 8.0% (capitalization of noi)
Resale Expenses: 0%

FINANCIAL INFORMATION

Down Payment: \$475,600
Passive Loss Rules: No
Closing Costs: \$0
LT Capital Gain: 15.00%
Federal Tax Rate: 25.0%
State Tax Rate: 9.5%
Discount Rate: 8.00%

LOANS

	Debt	Term	Rate	Payment	LO Costs
Fixed	\$713,400	30 yrs	6.5%	\$4,509	

INCOME & EXPENSES

Gross Operating Income: \$108,465
Monthly GOI: \$9,039
Total Annual Expenses: (\$32,896)
Monthly Expenses: (\$2,741)

CONTACT INFORMATION

Stephen Hampar
818.687.4915
steve@hamparproperties.com

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.

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Property Description



1245 Cedar Ave
Long Beach, CA 90813

Stephen Hampar
818.687.4915

Well maintained building in great rental location in Long Beach, approx 12 block from the beach. Long Beach has no rent control!

Street to street lot with a duplex on Cedar and a three story 12 unit building on Chestnut. The duplex has an extra unit on the 2nd floor. (may not be permitted)

There are three on site parking spaces and a laundry room on site. Buildings are separately metered for gas and electric.

Great multifamily investment with an 8.64% CAP rate on actual income!

Cedar Ave

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Property Photos


KELLER WILLIAMS
R E A L T Y

Stephen Hampar
818.687.4915



Three story building with 12 units on Chestnut



Duplex on Cedar Ave

Cedar Ave

Maps and Aerials



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Stephen Hampar
818.687.4915



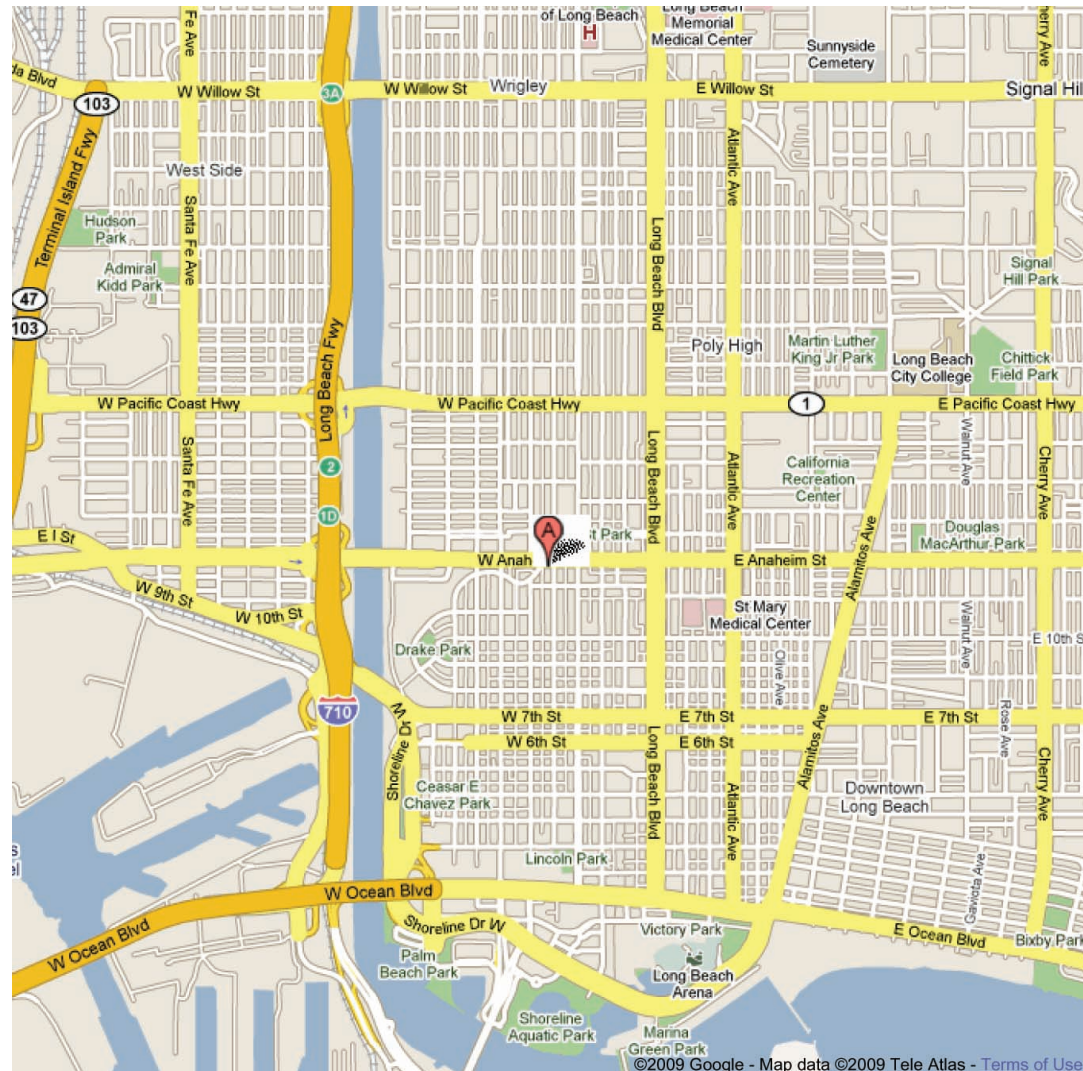
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Maps and Aerials



Stephen Hampar
818.687.4915



ACQUISITION COSTS

Purchase Price, Points and Closing Costs	\$875,000
Investment - Cash	\$475,600
First Loan	\$713,400

INVESTMENT INFORMATION

Purchase Price	\$875,000
Price per Unit	\$62,500
Price per Sq. Ft.	NA
Income per Unit	\$8,147
Expenses per Unit	(\$2,350)

INCOME, EXPENSES & CASH FLOW

Gross Scheduled Income	\$114,060
Total Vacancy and Credits	(\$5,595)
Operating Expenses	(\$32,896)
Net Operating Income	\$75,569
Debt Service	(\$54,110)
Cash Flow Before Taxes	\$21,459
Total Interest (Debt Service)	(\$46,136)
Depreciation and Amortization	(\$30,485)
Taxable Income (Loss)	(\$1,052)
Tax Savings (Costs)	\$363
Cash Flow After Taxes	\$21,822

FINANCIAL INDICATORS

Cash on Cash Return Before Taxes	4.51%
Optimal Internal Rate of Return (yr 7)	9.81%
Debt Coverage Ratio	1.40
Capitalization Rate	8.64%
Gross Rent Multiplier	7.67
Gross Income / Square Feet	\$0.00
Gross Expenses / Square Feet	\$0.00
Operating Expense Ratio	30.33%

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Pro Forma Summary



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Stephen Hampar
818.687.4915



UNIT MIX & ANNUAL SCHEDULED INCOME

Type	Units	Actual	Total	Market	Total
1br/1bath	10	\$7,800	\$78,000	\$8,400	\$84,000
1br/1bath	1	\$8,100	\$8,100	\$8,400	\$8,400
1br/1bath	2	\$7,500	\$15,000	\$8,400	\$16,800
1br/1bath	1	\$10,800	\$10,800	\$10,800	\$10,800
TOTALS	14		\$111,900		\$120,000

INVESTMENT SUMMARY

Price:	\$875,000
Units:	14
Price/Unit:	\$62,500
RSF:	1
Price/RSF:	\$875,000.00
Cap Rate:	8.64%
Pro Forma Cap Rate:	10.2%
GRM:	7.7
Pro Forma GRM:	7.2

ANNUALIZED INCOME

	Actual	Market
Gross Potential Rent	\$111,900	\$120,000
Less: Vacancy	(\$5,595)	\$0
Misc. Income	\$2,160	\$2,160
Effective Gross Income	\$108,465	\$122,160
Less: Expenses	(\$32,896)	(\$32,896)
Net Operating Income	\$75,569	\$89,264
Debt Service	(\$54,110)	(\$54,110)
Net Cash Flow after Debt Service	\$21,459	\$35,154
Principal Reduction	\$7,974	\$7,974
Total Return	\$29,433	\$43,128

FINANCING SUMMARY

Loan Amount:	\$713,400
Down Payment:	\$475,600
Loan Type:	Fixed
Interest Rate:	6.50000%
Term:	30 years
Monthly Payment:	\$4,509.17

ANNUALIZED EXPENSES

Description	Actual	Market
Building Insurance	\$4,944	\$4,944
Grounds Maintenance	\$900	\$900
Management Fees	\$5,700	\$5,700
Repairs	\$2,500	\$2,500
Taxes - Real Estate	\$10,800	\$10,800
Utilities	\$8,052	\$8,052
Total Expenses	\$32,896	\$32,896
Expenses Per RSF	\$32,896.00	\$32,896.00
Expenses Per Unit	\$2,350	\$2,350

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Cash Flow Analysis



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Stephen Hampar
818.687.4915

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
GROSS SCHEDULED INCOME	\$114,060	\$119,655	\$125,530	\$131,698	\$138,175	\$144,976	\$152,117
General Vacancy	(\$5,595)	(\$5,875)	(\$6,168)	(\$6,477)	(\$6,801)	(\$7,141)	(\$7,498)
Total Operating Expenses	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)
NET OPERATING INCOME	\$75,569	\$80,884	\$86,465	\$92,325	\$98,478	\$104,939	\$111,723
Loan Payment	(\$54,110)	(\$54,110)	(\$54,110)	(\$54,110)	(\$54,110)	(\$54,110)	(\$54,110)
NET CASH FLOW (b/t)	\$21,459	\$26,774	\$32,355	\$38,215	\$44,368	\$50,829	\$57,613
Cash On Cash Return b/t	4.51%	5.63%	6.80%	8.04%	9.33%	10.69%	12.11%
NET OPERATING INCOME	\$75,569	\$80,884	\$86,465	\$92,325	\$98,478	\$104,939	\$111,723
Depreciation	(\$30,485)	(\$31,815)	(\$31,815)	(\$31,815)	(\$31,815)	(\$31,815)	(\$30,485)
Loan Interest	(\$46,136)	(\$45,602)	(\$45,032)	(\$44,424)	(\$43,776)	(\$43,084)	(\$42,345)
TAXABLE INCOME (LOSS)	(\$1,052)	\$3,467	\$9,618	\$16,086	\$22,888	\$30,040	\$38,893
Income Taxes	\$363	(\$1,196)	(\$3,318)	(\$5,550)	(\$7,896)	(\$10,364)	(\$13,418)
CASH FLOW (a/t)	\$21,822	\$25,578	\$29,037	\$32,666	\$36,472	\$40,465	\$44,195
Cash On Cash Return a/t	4.59%	5.38%	6.11%	6.87%	7.67%	8.51%	9.29%

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

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Cash In Cash Out



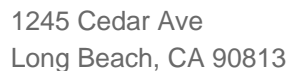
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Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rental Income	\$111,900	\$117,495	\$123,370	\$129,538	\$136,015	\$142,816	\$149,957
Miscellaneous Income	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160
GROSS SCHEDULED INCOME	\$114,060	\$119,655	\$125,530	\$131,698	\$138,175	\$144,976	\$152,117
General Vacancy	(\$5,595)	(\$5,875)	(\$6,168)	(\$6,477)	(\$6,801)	(\$7,141)	(\$7,498)
GROSS OPERATING INCOME	\$108,465	\$113,780	\$119,361	\$125,221	\$131,374	\$137,835	\$144,619
Expenses							
Building Insurance	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)
Grounds Maintenance	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)
Management Fees	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)
Repairs	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)
Taxes - Real Estate	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)
Utilities	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)
TOTAL OPERATING EXPENSES	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)
NET OPERATING INCOME	\$75,569	\$80,884	\$86,465	\$92,325	\$98,478	\$104,939	\$111,723
Debt Service							
Loan Interest	(\$46,136)	(\$45,602)	(\$45,032)	(\$44,424)	(\$43,776)	(\$43,084)	(\$42,345)
Principal Payments	(\$7,974)	(\$8,508)	(\$9,078)	(\$9,686)	(\$10,334)	(\$11,026)	(\$11,765)

Footnotes: Cash Flow IRR based upon net cash flow and principle payments

Cash In Cash Out

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Annual Property Operating Data



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Stephen Hampar
818.687.4915

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rental Income	\$111,900	\$117,495	\$123,370	\$129,538	\$136,015	\$142,816	\$149,957
Miscellaneous Income	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160
GROSS SCHEDULED INCOME	\$114,060	\$119,655	\$125,530	\$131,698	\$138,175	\$144,976	\$152,117
General Vacancy	(\$5,595)	(\$5,875)	(\$6,168)	(\$6,477)	(\$6,801)	(\$7,141)	(\$7,498)
GROSS OPERATING INCOME	\$108,465	\$113,780	\$119,361	\$125,221	\$131,374	\$137,835	\$144,619
Expenses							
Building Insurance	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)	(\$4,944)
Grounds Maintenance	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)
Management Fees	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)	(\$5,700)
Repairs	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)
Taxes - Real Estate	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)	(\$10,800)
Utilities	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)	(\$8,052)
TOTAL OPERATING EXPENSES	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)	(\$32,896)
NET OPERATING INCOME	\$75,569	\$80,884	\$86,465	\$92,325	\$98,478	\$104,939	\$111,723

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Annual Property Operating Data per Sq. Ft.



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Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rental Income	\$111,900.00	\$117,495.00	\$123,369.75	\$129,538.24	\$136,015.15	\$142,815.91	\$149,956.70
Miscellaneous Income	\$2,160.00	\$2,160.00	\$2,160.00	\$2,160.00	\$2,160.00	\$2,160.00	\$2,160.00
GROSS SCHEDULED INCOME	\$114,060.00	\$119,655.00	\$125,529.75	\$131,698.24	\$138,175.15	\$144,975.91	\$152,116.70
General Vacancy	(\$5,595.00)	(\$5,874.75)	(\$6,168.49)	(\$6,476.91)	(\$6,800.76)	(\$7,140.80)	(\$7,497.84)
GROSS OPERATING INCOME	\$108,465.00	\$113,780.25	\$119,361.26	\$125,221.33	\$131,374.39	\$137,835.11	\$144,618.87
Expenses							
Building Insurance	(\$4,944.00)	(\$4,944.00)	(\$4,944.00)	(\$4,944.00)	(\$4,944.00)	(\$4,944.00)	(\$4,944.00)
Grounds Maintenance	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)
Management Fees	(\$5,700.00)	(\$5,700.00)	(\$5,700.00)	(\$5,700.00)	(\$5,700.00)	(\$5,700.00)	(\$5,700.00)
Repairs	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)
Taxes - Real Estate	(\$10,800.00)	(\$10,800.00)	(\$10,800.00)	(\$10,800.00)	(\$10,800.00)	(\$10,800.00)	(\$10,800.00)
Utilities	(\$8,052.00)	(\$8,052.00)	(\$8,052.00)	(\$8,052.00)	(\$8,052.00)	(\$8,052.00)	(\$8,052.00)
TOTAL OPERATING EXPENSES	(\$32,896.00)	(\$32,896.00)	(\$32,896.00)	(\$32,896.00)	(\$32,896.00)	(\$32,896.00)	(\$32,896.00)
NET OPERATING INCOME	\$75,569.00	\$80,884.25	\$86,465.26	\$92,325.33	\$98,478.39	\$104,939.11	\$111,722.87

Cedar Ave

Unit Mix Report



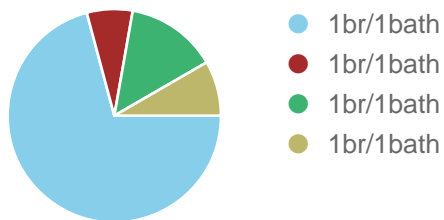
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Stephen Hampar
818.687.4915

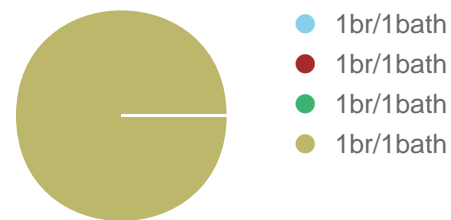
UNIT MIXES

# Units	Type	Approx. SqFt	Avg. Rents	Monthly	Mkt Rents	Monthly
10	1br/1bath	0	\$650	\$6,500	\$700	\$7,000
1	1br/1bath	0	\$675	\$675	\$700	\$700
2	1br/1bath	0	\$625	\$1,250	\$700	\$1,400
1	1br/1bath	0	\$900	\$900	\$900	\$900
14		0		\$9,325		\$10,000

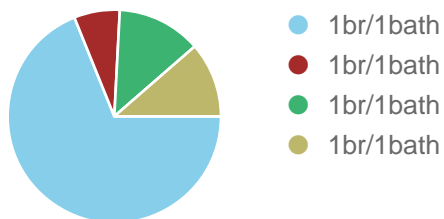
UNIT MIX



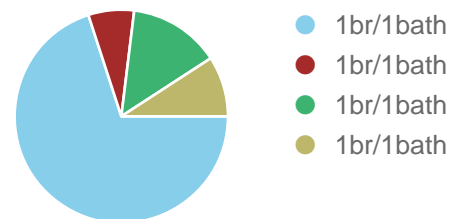
UNIT MIX SQUARE FEET



UNIT MIX INCOME



UNIT MIX MARKET INCOME



Cedar Ave

Investment Return Analysis



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Stephen Hampar
818.687.4915

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cash Flow - To Date	\$21,822	\$47,400	\$76,437	\$109,103	\$145,575	\$186,040	\$230,235
Net Resale Proceeds	\$221,123	\$278,152	\$338,574	\$402,569	\$470,326	\$542,044	\$618,265
Invested Capital	(\$475,600)	(\$475,600)	(\$475,600)	(\$475,600)	(\$475,600)	(\$475,600)	(\$475,600)
Net Return on Investment	(\$232,655)	(\$150,048)	(\$60,589)	\$36,072	\$140,301	\$252,484	\$372,899
Internal Rate of Return	N/A	-17.76%	N/A	1.99%	5.84%	8.23%	9.81%
Modified IRR	-48.92%	-17.04%	-4.01%	2.45%	6.05%	8.21%	9.57%
NPV (cash flow + reversion)	(\$250,987)	(\$194,306)	(\$138,321)	(\$83,102)	(\$28,710)	\$24,805	\$77,593
PV (NOI + reversion)	\$944,613	\$1,006,132	\$1,065,942	\$1,124,091	\$1,180,624	\$1,235,587	\$1,289,024

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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Gross Income Vs. Operating Expenses



Stephen Hampar
818.687.4915

