

Property Acquisition Report

Hillside Terrace Apartments

This report shows the projected cash requirement for acquisition of the Hillside Terrace Apartments on 1 January 2013.

Cost of Property Acquired			
Price of Property	\$999,000		
+ Closing Costs	6,000		
Total Cost of Property Acquired			\$1,005,000
Cash Required at Acquisition			\$1,005,000

The data and calculations presented herein, while not guaranteed, have been obtained from sources we believe to be reliable, primarily from the seller. Potential purchasers must verify all information regarding this property independently, and are urged to obtain the advice of qualified accounting, legal, and 1031 tax-deferred exchange professionals.

Hillside Terrace Apartments

691 Molalla Ave,
Oregon City, Oregon

Executive Summary

Please don't disturb tenants!

Asking Price: \$999,000, only \$55,500 per unit!

Financing: There is no seller financing. This is a short sale, and the note holder has informally approved the sale. Please call the listing agent for details. You must obtain new financing or pay all cash at closing.

Income/Expenses:	2013 gross income is:	\$ 164,100
	less 5% vacancy factor	\$ 8,109
	2013 effective income is:	\$ 155,991
	<u>Actual 2012 expenses were:</u>	<u>\$ 46,119</u>
	Net Operating Income per Seller:	\$ 109,872

Cap Rate: At the listed price, current capitalization rate is **11.00 %**. GRM is 6.09

Property Description:

At this price, Hillside Terrace Apartments is the best deal in town! The property is located on Molalla Avenue in Oregon City, Oregon (please see maps included in this package). The property has high visibility and is situated on the bus line and convenient to shopping. *Some cosmetic improvements need to be made on the buildings and parking lot in order to maximize the value.* There are 18 two bedroom one bath apartments of approximately 800 square feet in 2 two-story buildings. There appears to be ample paved parking for tenants & guests.

According to the seller, the current zoning allows for construction of 4-6 additional apartments on the 1.09 acre lot, which is partly wooded and overlooking a beautiful wooded ravine on the back side of the property. This must be verified by the buyer!

The current owner of Hillside Terrace has completed extensive renovation of the property, including new vinyl windows, new doors, and new siding in the past 2-3 years. There is a laundry room with seller owned washers & dryers for the tenants use. The property is on city water and city sewer, however, there is a lift station to bring sewage from the property up to the level of the sewer line in the street. The property owner is responsible for the maintenance of this system, which has an alarm system in case of mal-function. A new pump was installed this year. The washers & dryers are included in the purchase price, as are the ranges & refrigerators in each unit.

Oregon City was the first city in the United States west of the Rocky Mountains to be incorporated. It is the county seat of Clackamas County, Oregon. As of the 2000 census, the city population was 25,754; the 2009 estimate has the population at 31,826. The town is divided into upper and lower areas; the lower area is on a bench next to the Willamette River, and the upper area atop a bluff composed of Columbia Plateau basalt. For many years, Indian trails connected the two, but stairs were built in the 19th century. In 1915 the town built the water-powered Oregon City Municipal Elevator to connect the two parts, which was converted to electricity in the 1920s. In 1952, a new electric elevator was constructed with the specification that it was to be "as plain as possible and without ornament."

The median income for a household in the city was \$45,531, and the median income for a family was \$51,597. Males had a median income of \$38,699 versus \$29,547 for females. The per capita income for the city was \$19,870. About 6.5% of families and 8.9% of the population were below the poverty line, including 11.0% of those under age 18 and 7.5% of those age 65 or over.

Today, the city is home to several notable high technology and light manufacturing concerns. Notable companies based in Oregon City include Benchmade, a leading manufacturer of high-end cutlery. Chrome Systems Corporation (formerly Chrome Data) was founded there, but has since moved its operations to nearby Portland. Medrisk, LLC is a major insurance brokerage which does business in the Northwest and is headquartered in Oregon City. In 2006 Anderson Vending Inc. chose Oregon City as its new headquarters.

Feel free to call the listing broker, Randy Smith for further details, or to answer questions you may have. He can be reached at: (503) 242-0033, or on his cell phone: (503) 320-3030 or via email: randysmith@westernequities.com.

For additional photos of the property, please go to our website: www.westernequities.com and click on properties.



Annual Property Operating Data

Hillside Terrace Apartments

Purpose	Listing Package
Name	Hillside Terrace Apartments
Location	691 Molalla Ave, Oregon City,
Property Type	Garden Court Two Story Buildin
Date	27 July 2013
Units	18

Price	\$999,000
-Loans	0
Down Payment	999,000
+Acq Costs	6,000
+Loan Points	0
Investment	1,005,000

	\$/Unit	% of GI	Annual \$
Gross Income	\$9,117	100.0%	\$164,100
- Vacancy & Credit Loss	450	4.9%	8,109
Effective Income	\$8,666	95.1%	\$155,991
Less: Operating Expenses			
Water & Sewer	758	8.3%	13,640
Garbage	300	3.3%	5,400
Electricity	64	0.7%	1,160
Insurance	160	1.8%	2,875
Property Taxes	838	9.2%	15,079
Maintenance	436	4.8%	7,840
Other	7	0.1%	125
Total Operating Expenses	\$2,562	28.1%	\$46,119
Net Operating Income	\$6,104	67.0%	\$109,872

Capitalization Rate	11.00%
Gross Income Multiplier	6.09
Price/Unit	\$55,500

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Property Acquisition Report

Hillside Terrace Apartments

This report shows the projected cash requirement for acquisition of the Hillside Terrace Apartments if the buyer & seller agree upon seller carry back terms as described in this package

Cost of Property Acquired			
Price of Property	\$1,154,000		
+ Closing Costs	6,000		
Total Cost of Property Acquired			\$1,160,000
Property Financing			
Proposed Owner Carry Contract Loan Principal	\$1,004,000		
Proposed Owner Carry Contract Loan Proceeds		\$1,004,000	
Total Net Loan Proceeds			1,004,000
Cash Required at Acquisition			\$156,000

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Analysis Assumptions Report

Hillside Terrace Apartments

Investment Assumptions

Price of Property	\$999,000.00
Closing Costs	\$6,000.00
Date of Acquisition	1 January 2013
Holding Period	5 Years
Inflation Rate	3% per Year
Sale Price Method	8% Capitalization of NOI on Sale Date
Selling Costs	4.5%

Investor's Assumptions

Present Value Discount Rate	8% per Year
Tax Rate - First Year	28%
Tax Rate - Following Years	28%
Capital Gain Rate	20%
Cost Recovery Recapture Rate	25% - Losses Carried Forward

Depreciation - Estimated Depreciation Assumptions

Depreciable Amount	\$900,000.00
Depreciable Life	27.5 Years
Depreciation Method	Straight Line
Depreciation Start Date	at Acquisition

June 2013 Rent Roll Revenue Assumptions

Annual Revenue (18 Units @ \$730.00/Unit/Month)	\$157,680.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	5%

Other Income Revenue Assumptions

Other income includes laundry, rental applications, late fees, tenant reimbursements, if any.

Annual Revenue	\$6,420.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	3.5%

Water & Sewer Expense Assumptions

All expenses listed are actual expenses for 2010, per the seller.

Annual Expense	\$13,640.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Analysis Assumptions Report

Hillside Terrace Apartments

Garbage Expense Assumptions

Annual Expense	\$5,400.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Electricity Expense Assumptions

Annual Expense	\$1,160.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Insurance Expense Assumptions

Annual Expense	\$2,875.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Property Taxes Expense Assumptions

Annual Expense	\$15,079.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Maintenance Expense Assumptions

Annual Expense	\$7,840.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Other Expense Assumptions

Annual Expense	\$125.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Analysis Assumptions Report

Hillside Terrace Apartments

Other Expense Assumptions

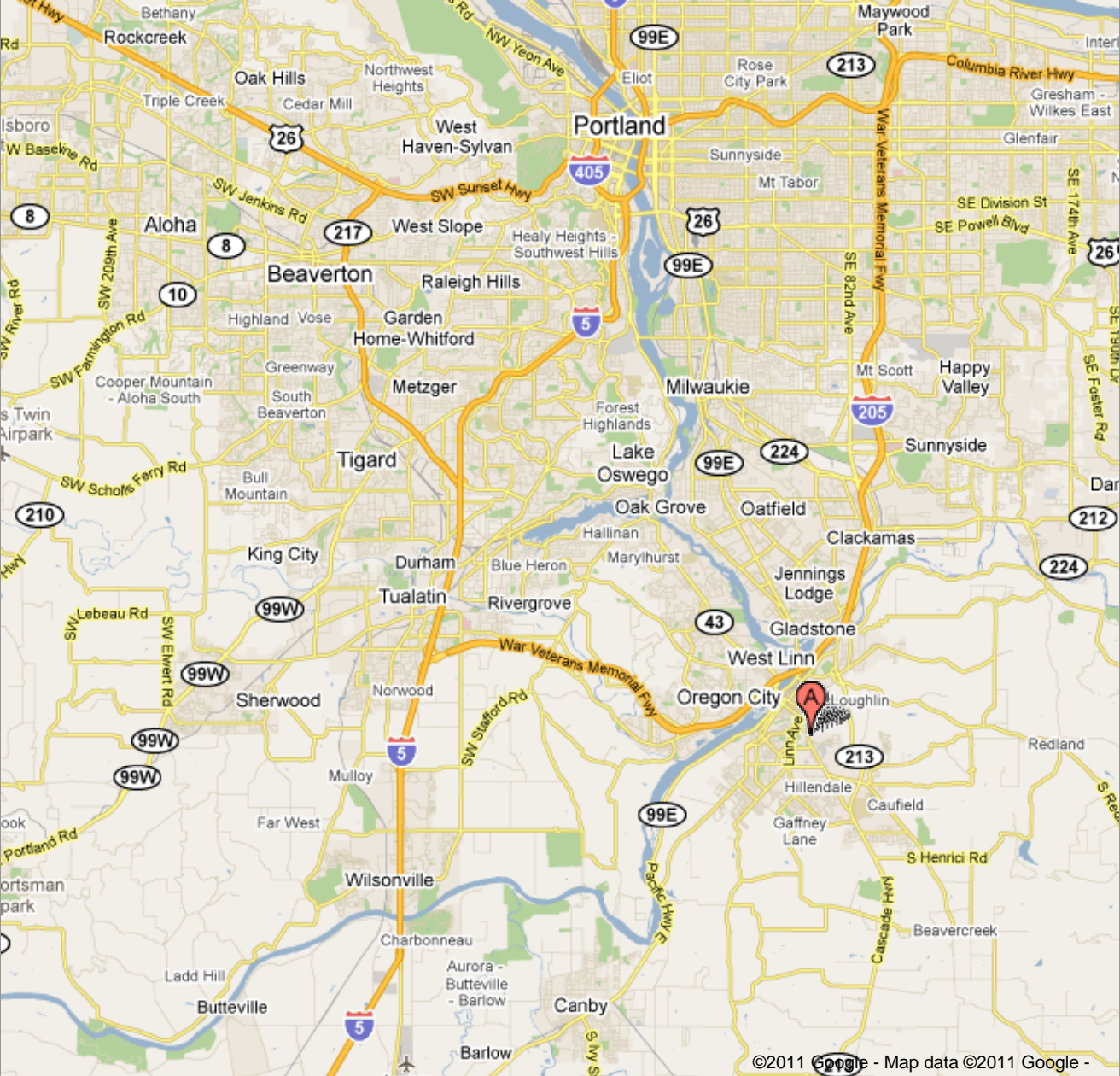
Annual Expense	\$125.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

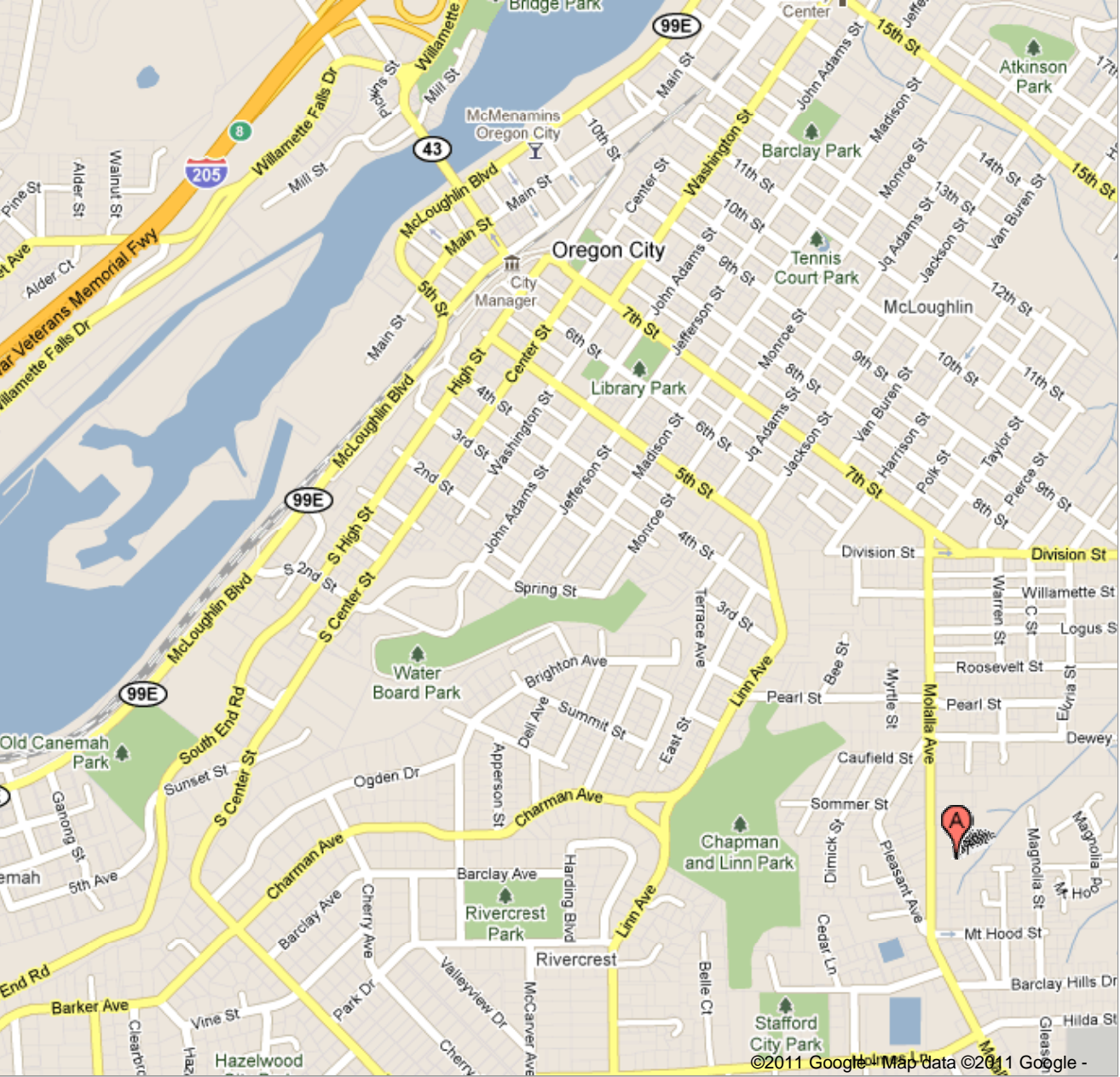
Updated: 2/6/2013

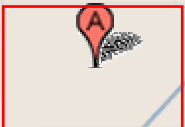
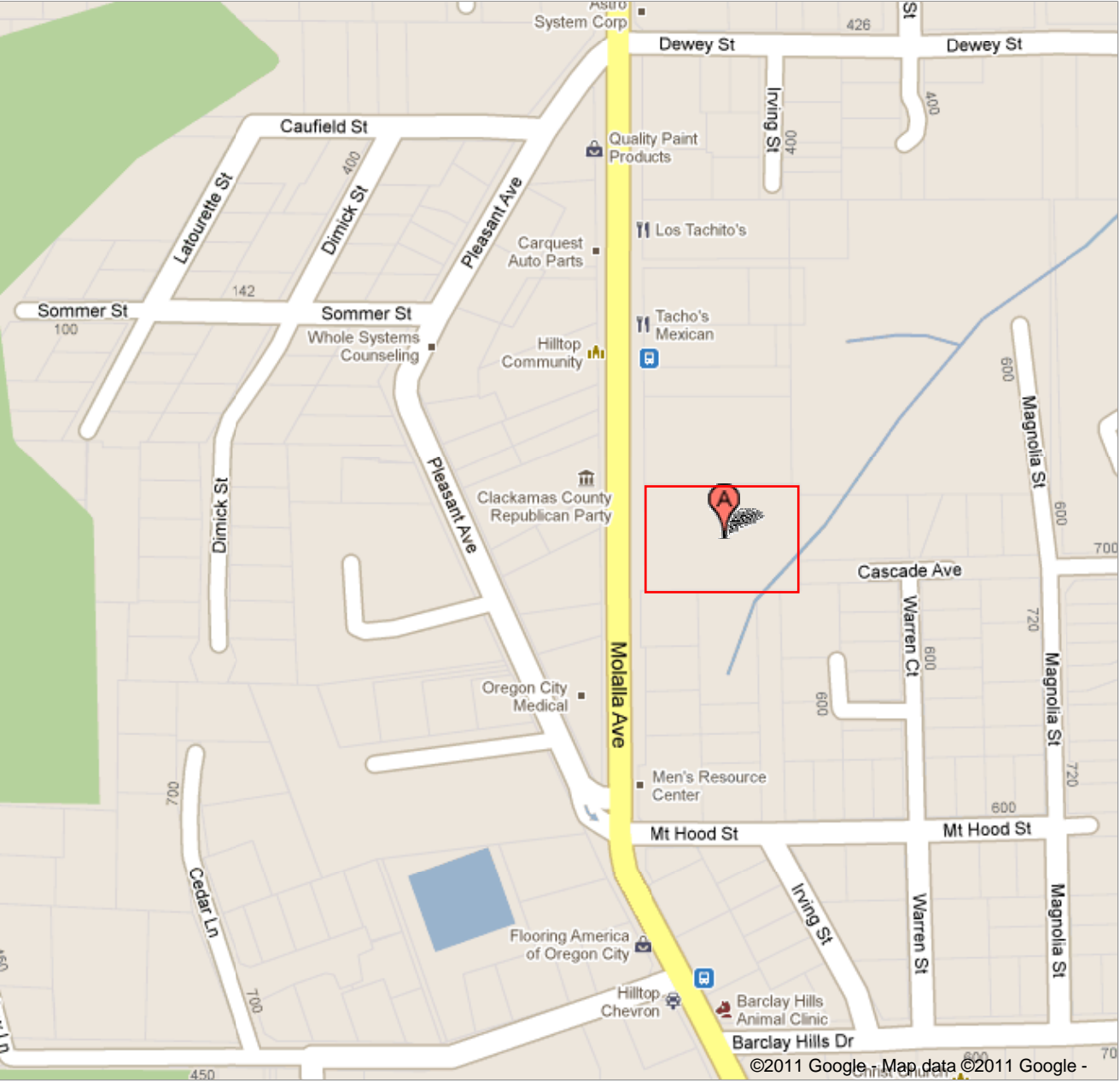
Hillside Terrace

691 Molalla Ave, Oregon City OR 97045

<u>P#</u>	<u>Unit #</u>	<u>Property</u>	<u>Owner</u>	<u>Address</u>	<u>Tenant</u>	<u>Rent</u>	<u>Pmt. Argmt</u> <u>Balance</u>	<u>Prior Mo.</u> <u>Unpaid Bal.</u>	<u>Current</u> <u>Month</u>	<u>Ck Fig</u>	<u>Comments</u>
68	HS1	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Steve Ukena	730				0	
68	HS2	Hillside	RNI	691 Molalla Ave, Oregon City P#68	William Tate & Mellissa Holthe	730				0	
68	HS3	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Krisshell Douglas	730				0	
68	HS4	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Kia Rohwer	730				0	
68	HS5	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Michael Horn	730				0	
68	HS6	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Kristina Hampton	730				0	
68	HS7	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Vacant	730				0	
68	HS8	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Mindy Solomon	730				0	
68	HS9	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Paige Moles	730				0	
68	HS10	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Cari Lee	730				0	
68	HS11	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Sarah Lewis	730				0	
68	HS12	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Cara Werner	730				0	
68	HS13	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Patty Finn / Patricia Rosenberg	730				0	
68	HS14	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Felicia Koczian & Darrin Miller	730				0	
68	HS15	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Bruce & Jennifer Pruet	730				0	
68	HS16	Hillside	RNI	691 Molalla Ave, Oregon City P#68	James Anderson - Pederson	730				0	
68	HS17	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Tami Greenup	730				0	
68	HS18	Hillside	RNI	691 Molalla Ave, Oregon City P#68	Jesse Judah	730				0	
							13140	0	0	0	



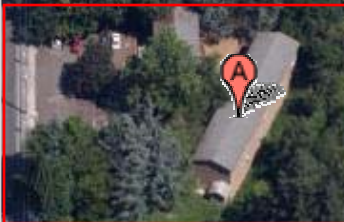




Estes
Garage

Hilltop
Community

Clackamas County
Republican Party



Cascade Ave

Mt Hood St

Mt Hood St



To see all the details that are visible on the screen, use the "Print" link next to the map.

