

AMERICAN HOMEOWNER PRESERVATION PROPERTY REPORT

Property Address:
26701 Wenfield , Roseville, Michigan, 48066

Acquisition Price Calculation

Purchase Price (includes \$500.00 in repairs)	\$ 22,000.00
Program Fee to American Homeowner Preservation	\$ 2,000.00
Closing Costs	\$ 0.00
Repairs Needed (Major defects if not included)	\$ 0.00
Legal Fees	\$ 0.00
Acquisition Price	\$ 24,000.00

Projected Annual Expenses

2008 Property Taxes (likely to be reduced post-closing due to sales price)	\$ 2,583.53
Estimated Annual Property Insurance	\$ 600.00
Estimated Annual Repairs *	\$ 600
Estimated Rental Unit Registration Fee	\$ 15.00
Estimated Annual Management Fee(6% of Lease Payments)** (**if necessary)	\$ 390.96
	\$ 4,189.49

Capitalization Rate Calculation

Net Operating Income	\$ 2,326.51
Divided by Acquisition Price	\$ 24,000.00
Capitalization Rate	10%
Existing Loan Balance	\$ 96,000.00
Discount on Debt	75%

Tenant Affordability

Annual Income	\$ 36,600.00
Annual Lease Payments	\$ 6,516.00
First Year Monthly Lease	\$ 543.00
Housing Expense Percentage - Based on Annual Income	18%

Net Operating Income Calculation

Projected Annual Income (Annual Lease Payments)	\$ 6,516.00
Total Projected Annual Expenses	\$ 4,189.49
Net Operating Income	\$ 2,326.51

Repurchase and Lease Amounts

Repurchase Amounts:

Year One and Two:	\$ 27,600.00
Year Three:	\$ 28,800.00
Year Four:	\$ 30,000.00
Year Five:	\$ 31,200.00

Lease Amounts:

Year One:	\$ 543.00
Year Two:	\$ 559.29
Year Three:	\$ 576.07
Year Four:	\$ 593.35
Year Five:	\$ 611.15

*Note that repairs will be added to option price when repurchased.

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Resale Option Agreement

	Year 1	\$ 27,600.00
Repairs Reimbursement		\$ 600.00
Seller Closing Cost Allowance		\$ (500.00)
Estimated Net Sale Proceeds		\$ 27,700.00

Annualized Return 16%
Total Return 49%

Return if repurchased Year 1

Estimated Net Rental Income		\$ 2,326.51
Estimated Net Sale Proceeds		\$ 27,700.00
Original investment		\$ (24,000.00)
5% to AHP		\$ (1,200.00)
		\$ 4,826.51

Annualized Return 20%
Total Return 20%

	Year 2	\$ 27,600.00
Repairs Reimbursement		\$ 1,200.00
Seller Closing Cost Allowance		\$ (500.00)
Estimated Net Sale Proceeds		\$ 28,300.00

Return if repurchased Year 2

Estimated Net Rental Income		\$ 4,653.02
Estimated Net Sale Proceeds		\$ 28,300.00
Original investment		\$ (24,000.00)
5% to AHP		\$ (1,200.00)
		\$ 7,753.02

Annualized Return 16%
Total Return 32%

	Year 3	\$ 28,800.00
Repairs Reimbursement		\$ 1,800.00
Seller Closing Cost Allowance		\$ (500.00)
Estimated Net Sale Proceeds		\$ 30,100.00

Return if repurchased Year 3

Estimated Net Rental Income		\$ 6,979.53
Estimated Net Sale Proceeds		\$ 30,100.00
Original investment		\$ (24,000.00)
5% to AHP		\$ (1,200.00)
		\$ 11,879.53

Year 4

Repairs Reimbursement		\$ 30,000.00
Seller Closing Cost Allowance		\$ 2,400.00
Estimated Net Sale Proceeds		\$ (500.00)
		\$ 31,900.00

Return if repurchased Year 4

Estimated Net Rental Income		\$ 9,306.04
Estimated Net Sale Proceeds		\$ 31,900.00
Original investment		\$ (24,000.00)
5% to AHP		\$ (1,200.00)
		\$ 16,006.04

Annualized Return 17%
Total Return 67%

Year 5

Repairs Reimbursement		\$ 31,200.00
Seller Closing Cost Allowance		\$ 3,000.00
Estimated Net Sale Proceeds		\$ (500.00)
		\$ 33,700.00

Return if repurchased Year 5

Estimated Net Rental Income		\$ 11,632.55
Estimated Net Sale Proceeds		\$ 33,700.00
Original investment		\$ (24,000.00)
5% to AHP		\$ (1,200.00)
		\$ 20,132.55

Annualized Return 17%
Total Return 84%