

The Island Apartments

3636 Ocean Breeze Ave.

Torrance, CA. 90504

Financial Underwriting Analysis

	2021	2022	2023 YTD	In Place	Market Rents	
			5			
<b>Gross Scheduled Income</b>	1,390,256	1,466,516	1,458,936	1,614,060	\$134,505	1,775,460 \$147,955
Laundry Income	10,226	12,446	12,000	12,000	\$1,000	12,000 \$1,000
RUBS Program	3,000	3,600	4,200	4,200	\$350	4,200 \$350
Administration			0	1,500	\$125	1,500 \$125
<b>Total Gross Potential Income</b>	1,403,482	1,482,562	1,475,136	1,631,760	\$135,980	1,793,160 \$149,430
Less Vacancy Allowance			0	(81,588)	5%	(89,658) 5%
<b>Gross Operating Income (GOI)</b>	1,403,482	1,482,562	1,475,136	1,550,172		1,703,502
<b>OPERATING EXPENSES:</b>						
Real Estate Taxes	163,134	165,866	0	250,000		250,000 1.250%
Other Taxes & Assessments			0	0		0 0.000%
Licenses	1,858	4,012	0	3,750		3,750 \$50
Insurance	13,199	5,002	0	25,834		25,834 \$0.50
Gas	1,324	1,711	0	15,000		15,000 \$200
Electric	11,294	16,111	0	22,500		22,500 \$300
Water & Sewer	36,488	29,853	0	41,250		41,250 \$550
Trash	18,692	20,958	0	18,000		18,000 \$20.00
Undetailed Combined Utilities				0		0 \$0
Pest Control	780	780	0	3,750		3,750 \$50
Building Maintenance & Repairs	44,001	197,811	0	52,500		52,500 \$700
Pool Maintenance	4,890	30,781	0	2,100		2,100 \$175
Elevator Maintenance			0	0		0 \$0
Interior & Exterior Decorating			0	0		0 \$0
Cleaning			0	0		0 \$0
Supplies			0	0		0 \$0
Payroll(Janitorial, Salaries)			0	0		0 \$0
Payroll Taxes / Workers Comp			0	0		0 0%
Telephone & Communications	3,851	3,601	0	0		0 \$0.00
Legal & Professional Fees		1,465	0	7,500		7,500 \$100
Gardening / Landscaping	11,150	7,170	0	0		0 \$0.00
Off Site Professional Mgt	50,000	52,000	0	46,505		51,105 3.00%
Resident Mgr Salary	14,000	16,800	0	31,500		31,500 \$35
Resident Mgr Apt Allowance	24,000	24,000	0	0		0 \$0
General & Administrative	1,500	1,000	0	7,500		7,500 \$100
Advertising & Marketing	1,125	1,508	0	3,750		3,750 \$50
Contract Services			0	0		0 \$0
Miscellaneous expenses			0	15,502		17,035 1.00%
<b>TOTAL OPERATING EXPENSES</b>	\$401,286	\$580,429	\$0	\$546,941		553,074
Replacements / Capex	0	0	0	22,500		22,500 \$300
<b>TOTAL EXPENSES &amp; RESERVES</b>	\$401,286	\$580,429	\$0	\$569,441		575,574
Expenses / % GOI	28.59%	39.15%	0.00%	36.73%		33.79%
Expenses / Per Unit	\$5,350	\$7,739	\$0	\$7,593		\$7,674
<b>NET OPERATING INCOME</b>	\$1,002,196	\$902,133	\$1,475,136	\$980,731		\$1,127,928
1st TD Debt Service 5.850%	(\$785,582)	(\$785,582)	(\$785,582)	(\$785,582)		(\$785,582)
<b>DSCR (Qualifying-Amort)</b>	1.28	1.15	1.88	1.25		1.44
2nd TD Debt Service 0.00%	\$0	\$0	\$0	\$0		\$0
Total Combined Debt Service	(\$785,582)	(\$785,582)	(\$785,582)	(\$785,582)		(\$785,582)
Total Combined DCR	1.28	1.15	1.88	1.25		1.44

AS IS / Full Market Rents	
Total GBA	51,668
# of Units	75
1st TD LTV	55.00%
Cost per Sq Ft	\$387
Value per Unit	\$266,667
Loan per Unit	\$146,667
GRM (Actual)	12.26
GRM (Market)	11.15
Cap (Actual)	4.90%
Cap (Market)	5.64%
<b>% Rent Upside</b>	<b>10.00%</b>

% of Value / Price	
Direct Assessment	
Per Unit / Year	
Per Sq Ft (GBA)	
Per Unit / Year	
Per Unit / Year	
Per Unit / Year	
Per Unit / Month	
% of Value / Price	
Per Unit / Year	
Per Unit / Year	
Per Month	
Per Month	
Per Unit / Year	
Per Unit / Year	
Per Unit / Year	
Check actual if applicable	
% of Payroll if applicable	
Per Unit / Month	
Per Unit / Year	
Per Unit / Month	
% of GOI	
Per Unit / Month	
Per Month if applicable	
Per Unit / Year	
Per Unit / Year	
Per Unit / Year	
% of GSI if applicable	

Qualifying Rate	5.850%
Interest Rate	5.850%
Amortization	30
1ST TD LTV (As Is)	55.00%
2nd TD LTV (As Is)	0.00%
Value (As Is)	\$20,000,000
Loan Amount 1st TD	\$11,000,000
Loan Amount 2nd TD	\$0

Capex included in Maintenance & Repairs

2021	
2022	\$135,000 new windows included in Maint & Repairs
2022	\$24,680 pool resurface included in Pool expense.

Income & Expense Comments

2021	
2022	
2023	YTD annualized includes unit turnover and extensive remodel; Trailing 3 months estimated at 95% occupancy