Advanced Property Analysis
Residential – Commercial – Industrial – Retail

USER GUIDE

To run a test of the free trial Traditional Analysis and receive a free report, visit our website at www.advancedpropertyanalysis.com. Select SIGN UP and follow the on-screen instructions. If you already have a user account, select SIGN IN and complete your sign in. This will take you to the INPUT PAGE where you put in your property information. Scroll down the page and complete each input field using the helpful hints provided below and on-screen. Once you've finished completing the form, select compute, and your free real estate investment analysis will come up in 30 – 45 seconds. This report can be viewed on-screen or downloaded and saved as a PDF.

To become a Premium User and receive both the Traditional Analysis and the Advanced Analysis, visit our website at www.advancedpropertyanalysis.com and select SIGN UP. On the SIGN UP page enter your Email Address and Password, and follow the on-screen instructions.

Company Details Page (Paid subscriptions only. Users seeking a free report only can skip to the INPUT PAGE section below.)

On the Company Details page of the website, enter the information as you would like it to appear on your Advanced Reports. This information can be edited and changed at any time.

Full Name
This will appear on the Cover page of the Advanced Report.

Company Name
This will appear on the Cover page of the Advanced Report.

Email
This is the email address you entered earlier. This is the email address where your Advanced Reports will be sent.

Address, City, State, Zip Code
Actual Address, City, State, and Zip Code.

Personal Photo
This will appear on the Cover page of the Advanced Report. You can upload it from your computer. 2 MB max file size. JPG and PNG file types only. The personal photo may display

incorrectly at this phase, but they normally display correctly on the reports. Run a test report to make sure your photo displays as you want it displayed on the report.

Company Logo
This will appear on the Cover page of the Advanced Report. You can upload it from your computer. 2 MB max file size. JPG and PNG file types only. The Company Logo may display incorrectly at this phase, but they normally display correctly on the reports. Run a test report to make sure your logo displays as you want it displayed on the report.

Website URL
This will appear on the Cover page of the Advanced Report.

Phone No.
This will appear on the Cover page of the Advanced Report.

Cell No.
This will appear on the Cover page of the Advanced Report.

Fax No.
This will appear on the Cover page of the Advanced Report.

Disclosure Info
This will appear as a centered footer on each page of the Advanced Report except the Cover page. This information may be required by your company, supervisors, regulators, or others. Check with your company, supervisors, regulators or others for details.

Input Page
On the Input Form page of the website, enter the property information you analyzed.

General Information

Property Name
User Choice. We recommend the property address plus the date. If you are running multiple "what-if" scenarios on the same property, differentiate your changes here in an abbreviated manner and differentiate your changes in the Notes section below in greater detail.

Address, City, State, Zip Code
Actual Address, City, State, and Zip Code.   This information will be used by the mapping program to show investment location, and it will be used by other advanced qualitative analysis features in the program.

Property Photo
User Choice. 2 MB max file size. JPG and PNG file types only.

Purchase Price / Market Value
Use the Listing Price from your real estate broker, Zillow, Realtor, Redfin or other sources. Alternatively, if you are analyzing an existing property, use the current Market Value. You may also want to run a "what-if" scenario using the Zillow Home Value Zestimate, a potential Offer Price, or a potential Counter Offer Price.

Down Payment or Existing Equity
N/A. This field is calculated by the program. No user input is allowed. This field is calculated as: [(Purchase Price or Market Value) – (Loan 1) – (Loan 2)].

Land Value
If known, use the value. If unknown, estimate using 20% of the purchase price or market value.

Total Escrow or Closing Costs
If known, use the value. If unknown, estimate using 2% - 5% of the purchase price.

Scheduled Rental Income
If known, use the value. If unknown, estimate using Zillow Rent Zestimate or Rent-o-meter value.

Other Annual Income
If known, use the value. If unknown, estimate using $0.

Total Annual Income
N/A. This field is calculated by the program. No user input is allowed. This field is calculated as: [(Scheduled Rental Income) + (Other Annual Income)].

Annual Expenses

Property Management Fees
If known, use the value. If unknown, estimate using 10% of Total Annual Income. This is the fee charged by a 3rd party company licensed to perform real property management on behalf of property owners. This amount varies from 3.5% to 12% depending on the size and location of the building.

Real Estate Taxes
If known, use the value. The current property tax AMOUNT is rarely the same as the buyer's tax AMOUNT. Additionally, the current Property Tax RATE may be different from the buyer's tax RATE. Some jurisdictions have Owner Occupied Property Tax RATES and Non-owner

Occupied Property Tax RATES. Additionally, the government jurisdictions (state, county, city, school districts, and other municipalities) may use one Assessed value for the current rate and a different Assessed value for the buyer's rate. Verify that you've applied the correct Assessed Value and Property Tax Rate to get the correct amount of property taxes for your analysis.

Insurance
If known, use the value. If unknown, estimate using 1/2 of 1% of the purchase price (i.e. 0.005 or .5%).

Maintenance and Repairs
If known, use the value. If unknown, estimate using 1 month's rent or estimate using 10% - 15% of the Gross Scheduled Income. Pro forma estimates should err on the high side, and the estimates should vary with the age, condition, and complexity of the mechanical systems of the property. (Note: Capital Expense Allowance (CapEx) costs are sometimes confused with Maintenance and Repairs. CapEx is for those large items that the IRS wants us depreciate over a number of years. Anything from foundation and roof structural repairs to flooring, lighting, plumbing, electrical, and HVAC items would typically be considered capital expenses.   People are often confused between CapEx and Maintenance items and which costs should be assigned to what category. A "simple rule of thumb" is that CapEx improves the quality and "newness" of the building, while Maintenance simply prolongs the life of what's already there. Either way check with your accountant for final classification.

Utilities
If known, use the value. If unknown, verify with local property managers how utilities are handled in the local market. In areas where the tenant pays utilities, use an extra $600/unit/year for miscellaneous utilities. In areas where the landlord pays utilities, be diligent in assessing these values.

Reserves and Misc.
If known, use the value. If unknown, estimate using 1 month's rent.

Other
If known, use the value. If unknown, estimate using $0.

Total Annual Expenses
N/A. This field is calculated by the program. No user input is allowed. This field is calculated by adding all annual expenses listed.

Loan #1

Loan Amount
If known, use the value. If unknown, estimate using 70% - 75% of the Purchase Price / Market Value for non-owner occupied property. If the property is an owner-occupied multi-family property, estimate using 80%.

Loan Interest Rate

If known, use the value. If unknown, call a lender to determine current rates. Interest rates for owner occupied loans are lower than interest rates for investment properties. At the time this guide was prepared, non-owner occupied rates were 4% - 8% depending on your credit score.

Loan Fees

If known, use the value. If unknown, call a lender to determine current possible values or potentially use 1% - 3% of the loan amount.

Loan Term (Years)

If known, use the value. If unknown, call a lender to determine current amortization period or use a 30 year amortization.

Loan #2

Loan Amount

If known, use the value. If unknown, contact a lender.

Loan Interest Rate

If known, use the value. If unknown, call a lender to determine current rates. Interest rates for owner occupied loans are lower than interest rates for investment properties. At the time this guide was prepared, non-owner occupied rates were 6% - 8%

Loan Fees

If known, use the value. If unknown, call a lender to determine current possible values. If it is seller financing, potentially use 0% - 3% of the loan amount.

Loan Term (Years)

If known, use the value. If unknown, call a lender to determine the amortization period or potentially use a 15 year amortization.

Pro Forma Projection Variables

Monte Carlo Variables

Traditional Reports use the Expected Values shown in this section. The Traditional Report is provided in the free trial.

Paid subscribers receive the Traditional Report and the Advanced Report. Advanced Reports use the Monte Carlo Minimum, Expected, and Maximum values in the Advanced Property Analysis and Report.

Income Tax Rates

To calculate, add all income tax sources including federal, state, city, etc.
If known, use the values. If unknown, the default values are set to:

Minimum: 15%
Expected: 25%
Maximum: 40%
Consult with a tax professional regarding tax rates.

Capital Gain Tax Rates
To calculate, add all income tax sources including federal, state, city, etc.
If known, use the values. If unknown, the default values are set to:
Minimum: 15%
Expected: 15%
Maximum: 40%
Consult with a tax professional regarding tax rates.

Vacancy Rates
If known, use the values. If unknown, the default values are set to:
Minimum: 3%
Expected: 5%
Maximum: 10%
Vacancy Rates can be area or neighborhood specific. Use care in determining this input.

Annual GSI Increases
This controls the rate at which the property's Gross Scheduled Income (aka Scheduled Rental Income) increases/decreases each year.
If known, use the values. If unknown, the default values are set to:
Minimum: -1%
Expected: 2%
Maximum: 3%
Consult with a real estate professional regarding this information.

Annual Operating Expense Increases
This controls the rate at which the property's Annual Operating Expenses (aka Total Annual Expenses) increase/decrease each year.
If known, use the values. If unknown, the default values are set to:
Minimum: 1%
Expected: 4%
Maximum: 6%
Consult with a real estate professional regarding this information.

Annual Appreciation Rate
This controls the rate at which the property's market value will increase/decrease each year.
If known, use the values. If unknown, the default values are set to:
Minimum: -2%
Expected: 2%
Maximum: 4%
Consult with a real estate professional regarding this information or potentially use the Zillow or other housing appreciation / growth estimates.

Notes
Add any notes pertaining to the property. This is often helpful to differentiate multiple "what-if" scenario differences. This could include factors used to estimate the values you entered in other fields or other criteria you deemed important to the analysis.

Important
The values used in the Input Form determine the illustration results. Small errors in these values will create large errors over the 15-year period of this illustration. When values are unknown, conservative estimates should be selected. The investor should use diligence in gathering this information. Whenever estimates are used in the initial analysis, users should re-run the analysis before making a final investment decision. Consult with professionals to make sure the values input into your final run are as accurate as possible. Do not rely solely on the estimates offered by APA. These values cannot predict future results even when careful due diligence is exercised.