



11/12/98

William Bryant, Partner
XYZ Limited Ptr
604-162 Twelve Oaks Center
Wayzata, MN 55391



**RE: Example-Fixed @ 4.0%
Net Present Value (NPV) Analysis
Cash Flows & Gain on Sale**

**File Name:
Example-Fixed @ 4.0% - 00000
78 Units
Any City, Any State**

Dear William,

Enclosed please find graphs, charts and amortization schedules for the above referenced property. Based upon the information that you have provided (copy attached), we have prepared an analysis of the NPV benefits of the cash flows and potential gain of sale (year-by-year basis), using a Real Mortgage versus a competitive Nominal Mortgage. Our comparative analysis includes the following assumptions:

LOAN AMOUNT: \$ 3,117,803 NON-RECOURSE

FIXED REAL RATE: 4.00% NOMINAL RATE: 7.27% (Qualifying Rate)

AMORTIZATION PERIOD: 30 YEARS LOAN TERM: 30 YEARS

We are assuming an annual inflation rate of 3.0% over the life of the loan period. The Net Present Value is calculated using a rate of 7.0% for the positive cash flow streams and potential gain on sale, calculated each year "as-if" sold each year during the life of the loan.

The projected cash flows from the Real Mortgage Loan, as compared to the traditional Nominal Mortgage, in the first year can be summarized as follows:

<u>Year One</u>	<u>Real Mortgage</u>	<u>Nominal Mortgage</u>
Net Operating Income:	\$ 322,173	\$ 322,173
Debt Service:	\$ (178,618)	\$ (255,735)
Positive Cash Flow:	\$ 143,555	\$ 66,438
Debt Service Coverage	1.80	1.26

If we assume a 7.8% Cap Rate, the building would have a value of \$4,157,071. The presumed equity would then be \$1,039,268. The Real Mortgage would result in a cash Return on Equity (ROE) of 13.8% in year one. The Nominal Mortgage would result in a cash Return on Equity (ROE) of only 6.4% in year one. We have calculated the reinvestment benefits of the cash flows using 13.8% and 6.4% as well as 7.0% and 4.0% respectively for both the Nominal and Real (see attached tables and graphs).

Sinc

cc: File

Real Mortgage Corporation, 604-162 Twelve Oaks Center, 15500 Wayzata
Boulevard, Wayzata, Minnesota 55391

Example-Fixed @ 4.0%

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File Name:

Example-Fixed @ 4.0% - 00000

Listed below are the charts, graphs and schedules that we have provided you for your review in order to obtain a Real Mortgage. You will note that the graphs and schedules are prepared in Nominal Dollar Terms as well as Real Dollar Terms. We did this to illustrate the Nominal and Real Dollar differences. Your loan, of course, would be defined in Real Dollars, but which are converted and paid in Nominal Dollars. We look forward to your comments and questions.

- A. **Analysis Input Data Sheet:**
Prepared by Client, which contains ownership and property information.
- B. **Real Mortgage Terms:**
Explanation of the qualifying terms and current pricing for the Real Mortgage vs the Nominal Dollar Mortgage.
- C. **Current Property Operating Data:**
Summary of the operating data provided by the client.
- D. **Real Mortgage Loan Amount:**
Explanation of how the Loan Amount is determined.
- E. **Comparative Mortgage Analysis:**
Comparison of the Real Mortgage versus the Nominal Mortgage, as far as the annual debt service amounts and the resulting cash flows (ROE).
- F. **IRS Interpretation of Real Mortgage Payments:**
Tax breakdown of Principal & Interest portion of payments.
- G. **Graphs:**
Positive Cash Flows - Real Mortgage vs Nominal Mortgage in Real & Nominal Terms.
Annual Debt Service - Real Mortgage vs Nominal Mortgage in Real & Nominal Terms.
Mortgage Balances - Real Mortgage vs Nominal Mortgage in Real & Nominal Terms.
Cumulative Cash Benefits - Real Mortgage vs Nominal Mortgage in Real & Nominal Terms.
Excess Cash Flow - Real Mortgage over the Nominal Mortgage in Nominal Terms.
Mortgage Payments - Principal & Interest portion of Real Mortgage & Nominal Mortgage.
Mortgage Payments - Principal & Interest portion of Real Mortgage per IRS-Tax.
- H. **Cash Flow Comparison:**
Illustration of the Debt Service, Positive Cash Flow and Debt Service Coverage (DSC) when comparing the Real Mortgage to the Nominal Mortgage.
- I. **Convert Real Mortgage to Nominal Dollars:**
Explanation of the process involved to convert the Real Dollar Amortization Schedule into Nominal Dollars during the first four years.
- J. **Amortization Schedules:**
Real Mortgage in Nominal Dollars (proposed Loan & Payments)
Real Mortgage in Real Dollars (Baseline Schedule before conversion to Nominal \$).
Nominal Mortgage in Real Dollars.
Nominal Mortgage in Nominal Dollars (Traditional Loan).
- K. **Example-Fixed @ 4.0% - Financed with [various] Mortgages (Operating Proforma).**
Operating Proforma - Real Mortgage in Real Dollars.
Operating Proforma - Nominal Mortgage in Real Dollars.
Operating Proforma - Real Mortgage in Nominal Dollars (proposed Loan & benefits).
Operating Proforma - Nominal Mortgage in Nominal Dollars (comparison).

Real Mortgage Corporation

FAX: (612) 473-5609

Projection Input Data

Date: _____

File Name: Example-Fixed @ 4.0% - 55391

Client Information			
Ownership Name:	XYZ Limited Ptr	Type of Entity:	Partnership <small>(ie. Ind, Ptr, LLC, Corp, Sub-S, Reit, Other)</small>
Contact Person:	William Bryant	Title:	Partner
Telephone	612-473-5738	Fax:	612-473-5609
<small>(Area Code first)</small>			e-mail:
Address: 604-162 Twelve Oaks Center			
City:	Wayzata	State:	MN
		Zip:	55391

Property Information		Year Built:	Aquired:	Total Units	Vacancy %
Project Name:	Example-Fixed @ 4.0%	1995	1995	78	5.00%
Contact Person:	William Bryant	Title:	REIT Manager	Bldg(s) sq.ft.	90,000
				<small>(total bldgs)</small>	
Telephone	612-473-5738	Fax:	612-473-5609	No. of Bldgs:	4
<small>(Area Code first)</small>					
Project Address:	1000 Main Street	Site Area:	6		
				<small>(in acres)</small>	
City:	Any City	State:	Any State	Zip:	00000

Monthly Income:	Rental Income:		Unit Size	Rent per Month
	Bed/Unit	# Units	Sq. Ft.	
	<i>Exam: 1 bd</i>	12	620	\$ 475
<i>if</i>				
<i>fully</i>				
<i>occupied</i>				\$ -
	1	6	740	\$ 520
	1			
	1			
	2	18	840	\$ 605
	2			\$ -
	2			
	3	24	950	\$ 650
	3			
	3			
	4	30	1050	\$ 675
	4			
	4			
	Other			
	Other			
	Other			

Other Monthly Income:		Monthly:
Item:	Amount:	
Laundry	\$ 250	
Vending	\$ 20	
Pool Service		<i>Other</i>
Commercial		<i>Monthly</i>
Other:	\$ 100	<i>Income</i>
		<i>Items</i>
Total	\$ 370	

Other ANNUAL Income		Annual:
Fees	\$ 500	<i>Other</i>
Interest		<i>Annual</i>
Tax Abatement		<i>Income</i>
Other:		<i>Items</i>

ANNUAL Operating Expenses:		Annual
Administrative	\$ 8,000	Expenses:
Management Fees	\$ 32,000	<i>must</i>
(plug) Operating Expenses	\$ 120,000	<i>equal</i>
Operating Reserves	\$ -	<i>total</i>
Real Estate Taxes	\$ 70,000	<i>annual</i>
Replacement Reserv.	\$ -	<i>expenses</i>
Utilities	\$ 32,000	
<i>Adjusted Exp</i>		

Other Monthly Rental Income:			Rent per Month
Type:	# of Type	Sq. Ft./Type	
Garages	78	240	\$ 30
Gar/Parking			\$ -
Storage			\$ -
Storage			\$ -
Cm Room			\$ -

Loan Information:	
Annual Debt Payment	\$
Current Loan Balance	\$
New Loan Requested:	\$ 3,000,000

Note: The above information should summarize data from specific sources. Verification for the above numbers, such as rent rolls, audits and tax returns, are subject to review by our underwriters.

Real Mortgage Terms

CALCULATING THE QUALIFYING INTEREST RATE

Source:	USA-Today
Date:	5-Jan-98
30 Year Treasury Bond	5.77%
Current Margin	1.50%
Qualifying Interest Rate	7.27%
Subject Property:	Example-Fixed @ 4.0%

MORTGAGE QUALIFICATION TERMS

Qualifying Interest Rate:	7.27%
Debt Service Coverage:	1.25
Mortgage Term In Years	30
Payments per Year	12
Inflationary Adjustments per Year	4
Maximum Loan to Value	75.00%

The Real Mortgage uses the traditional terms for a nominal fixed-rate-mortgage to determine the amount of the qualified loan. The Real Mortgage is then granted in the qualified amount in real terms. As a result, the borrower is switched from an amortizing rate of 7.27% to 4.00%, effectively over-qualifying the borrower. The Real Mortgage payments will tend to rise with inflation in nominal dollars, but the borrower's income can now lag somewhat behind inflation without causing a loan default.

CALCULATING THE REAL (AMORTIZING) INTEREST RATE

Source	USA-Today
Date:	5-Jan-98
Fixed Real Rate	4.00%
Prevailing Inflation - Period	1.83%
Effective Nominal Rate - Current Period	5.83%
Inflationary Index:	CPI-U
Measurement Period - Months	12
CPI-U Index	Nov-96 158.6
	Nov-97 161.5
Annual Inflation Rate Used For Period Commencing	12-Nov-98 1.83%
Effective Nominal Rate:	5.83%
Less Inflation Rate:	1.83%
Equals: Fixed Real Rate:	4.00%
Amortizing Real Rate of Interest:	4.00%

The real rate of interest, as adjusted per period, is used to amortize the Real Mortgage in real dollars. The resulting payment in real dollars is converted with an inflationary adjustment factor to nominal dollars for actual payment.

Current Property Operating Data

Date: 12-Nov-98

Data Submitted by: William Bryant
XYZ Limited Ptr
612-473-5738

Subject Property: **Example-Fixed @ 4.0%**

Address: 1000 Main Street
Any City, Any State 00000

Number of Units: 78 Units

Number of Building(s): 4 Building(s)

Residential Footage: 73,860 Sq Ft
Total Footage: 108,720 Sq Ft

Site Area: 6.00 Acres
261,360 Sq Ft

Density : 13.00 Units Per Acre

Age of Project: 2 Years

Replacement Reserve: \$ 200 Per Unit/Year

Vacancy Factor: 5.0% Per Underwriter

Asbestos: None
Rent Controls: None

Properties with Asbestos or Rent Controls will not be accepted.

Gross Potential Income	\$ 631,340	100.00%
Less Vacancy Amount:	\$ 31,567	5.00%
Effective Gross Income:	\$ 599,773	95.00%
Operating Expenses:		
Administration	\$ 8,000	1.27%
Management Fees:	\$ 32,000	5.07%
Operating Expenses	\$ 120,000	19.01%
Operating Reserves	\$ -	0.00%
Real Estate Taxes	\$ 70,000	11.09%
Utilities	\$ 32,000	5.07%
Subtotal:	\$ 262,000	41.50%
Replacement Reserve - Adjusted	\$ 15,600	2.47%
Borrower's Stated Expenses:	\$ 277,600	43.97%
Net Operating Income (NOI)	\$ 322,173	51.03%

Notes & Issues: Increased Reserves & Operating Expenses

Requested Loan Amount: \$ 3,000,000

Loan Per Unit: \$ 38,462

The borrower's operating data is reviewed by a qualified underwriter, an appraiser and the credit rating companies. The underwriter must represent and warrant that the underwriting has been properly performed. The owner must also submit an appraisal acceptable to RMC and the credit rating companies.

Comparative Mortgage Analysis

SUBJECT PROPERTY: **Example-Fixed @ 4.0%**

RESULTING REAL MORTGAGE TERMS:

Qualifying Interest Rate	7.27%
Fixed Real Rate of Interest:	4.00%
Plus Prevailing Inflation Rate:	1.83%
Effective Nominal Rate - Current Period	5.83%
Qualified Loan Amount used:	\$ 3,117,803
Amortizing Interest Rate:	4.00%
Term in Years:	30
Initial Monthly Payments:	\$ 14,885
Net Operating Income:	\$ 322,173
Less Annualized Debt Service:	\$ 178,618
Owners Cash Flow Before Taxes:	\$ 143,555
Debt Service Coverage:	1.80
Appraised Value of Property	\$ 4,157,071
Less Qualified Loan Amount:	\$ 3,117,803
Owner's Estimated Equity:	\$ 1,039,268
Owner's Return on Equity:	13.81%
Balloon Payments:	None
Inflationary Adjustments:	Yes

By factoring out the inflationary premium from the amortization rate, the Real Mortgage effectively transfers cash flow from the later years to the earlier and most critical years of operations.

RESULTING NOMINAL MORTGAGE TERMS:

Qualifying Interest Rate:	7.27%
Qualified Nominal Rate of Interest:	7.27%
Less Current Inflation Rate:	1.83%
Initial Real Rate of Interest:	5.44%
Qualified Loan Amount used:	\$ 3,117,803
Fixed Amortizing Interest Rate:	7.27%
Term in Years:	30
Fixed Monthly Payments:	\$ 21,311
Net Operating Income:	\$ 322,173
Less Annualized Debt Service:	\$ 255,735
Owners Cash Flow Before Taxes:	\$ 66,438
Debt Service Coverage:	1.26
Appraised Value of Property	\$ 4,157,071
Less Qualified Loan Amount:	\$ 3,117,803
Owner's Estimated Equity:	\$ 1,039,268
Owner's Return on Equity:	6.39%
Balloon Payments:	Yes-Usually
Inflationary Adjustments:	None

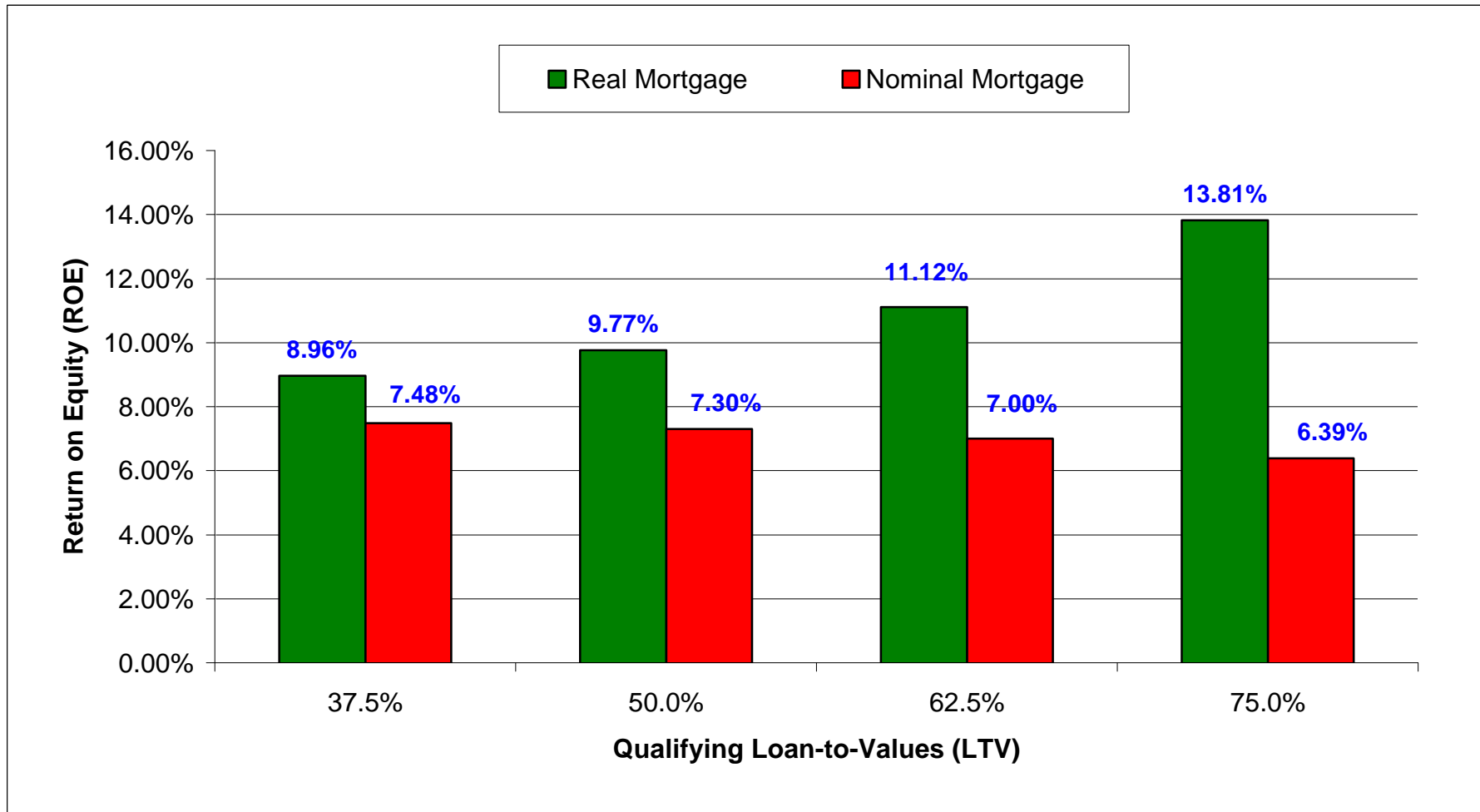
Nominal Fixed-Rate mortgages will typically have a Balloon Payment before the end of their amortized term. The Real Mortgage Corporation offers a fully amortized Non-Recourse Loan.

Example-Fixed @ 4.0% - IRS Interpretation of Real Mortgage Payments

Year	Period	Beginning Principal Balance With Accruals	Net Annual Mortgage Accrual	Cumulative Net Mortgage Accrual	Mortgage Accrual Reduction Payment	Beginning Original Loan Balance	Total Annual Payment in Cash	IRS Recognized Principal Paid (Cash)	IRS Recognized Interest Paid (Cash)	IRS Ending Principal Balance
1999	1	\$ 3,117,803	\$ 36,981	\$ 36,981	\$ -	\$ 3,117,803	\$ 178,618	\$ -	\$ 178,618	\$ 3,117,803
2000	2	\$ 3,154,785	\$ 34,021	\$ 71,002	\$ -	\$ 3,117,803	\$ 183,977	\$ -	\$ 183,977	\$ 3,117,803
2001	3	\$ 3,188,805	\$ 30,679	\$ 101,681	\$ -	\$ 3,117,803	\$ 189,496	\$ -	\$ 189,496	\$ 3,117,803
2002	4	\$ 3,219,484	\$ 26,923	\$ 128,604	\$ -	\$ 3,117,803	\$ 195,181	\$ -	\$ 195,181	\$ 3,117,803
2003	5	\$ 3,246,407	\$ 22,717	\$ 151,321	\$ -	\$ 3,117,803	\$ 201,037	\$ -	\$ 201,037	\$ 3,117,803
2004	6	\$ 3,269,124	\$ 18,025	\$ 169,346	\$ -	\$ 3,117,803	\$ 207,068	\$ -	\$ 207,068	\$ 3,117,803
2005	7	\$ 3,287,149	\$ 12,805	\$ 182,151	\$ -	\$ 3,117,803	\$ 213,280	\$ -	\$ 213,280	\$ 3,117,803
2006	8	\$ 3,299,954	\$ 7,014	\$ 189,165	\$ -	\$ 3,117,803	\$ 219,678	\$ -	\$ 219,678	\$ 3,117,803
2007	9	\$ 3,306,969	\$ 605	\$ 189,770	\$ -	\$ 3,117,803	\$ 226,268	\$ -	\$ 226,268	\$ 3,117,803
2008	10	\$ 3,307,573	\$ -	\$ 183,297	\$ 6,473	\$ 3,117,803	\$ 233,057	\$ -	\$ 233,057	\$ 3,117,803
2009	11	\$ 3,301,101	\$ -	\$ 169,024	\$ 14,274	\$ 3,117,803	\$ 240,048	\$ -	\$ 240,048	\$ 3,117,803
2010	12	\$ 3,286,827	\$ -	\$ 146,168	\$ 22,856	\$ 3,117,803	\$ 247,250	\$ -	\$ 247,250	\$ 3,117,803
2011	13	\$ 3,263,971	\$ -	\$ 113,886	\$ 32,282	\$ 3,117,803	\$ 254,667	\$ -	\$ 254,667	\$ 3,117,803
2012	14	\$ 3,231,689	\$ -	\$ 71,265	\$ 42,621	\$ 3,117,803	\$ 262,307	\$ -	\$ 262,307	\$ 3,117,803
2013	15	\$ 3,189,068	\$ -	\$ 17,322	\$ 53,943	\$ 3,117,803	\$ 270,176	\$ -	\$ 270,176	\$ 3,117,803
2014	16	\$ 3,135,125	\$ -	\$ -	\$ 17,322	\$ 3,117,803	\$ 278,282	\$ 49,007	\$ 229,275	\$ 3,068,797
2015	17	\$ 3,068,797	\$ -	\$ -	\$ -	\$ 3,068,797	\$ 286,630	\$ 79,860	\$ 206,770	\$ 2,988,937
2016	18	\$ 2,988,937	\$ -	\$ -	\$ -	\$ 2,988,937	\$ 295,229	\$ 94,628	\$ 200,601	\$ 2,894,309
2017	19	\$ 2,894,309	\$ -	\$ -	\$ -	\$ 2,894,309	\$ 304,086	\$ 110,730	\$ 193,356	\$ 2,783,579
2018	20	\$ 2,783,579	\$ -	\$ -	\$ -	\$ 2,783,579	\$ 313,209	\$ 128,268	\$ 184,940	\$ 2,655,311
2019	21	\$ 2,655,311	\$ -	\$ -	\$ -	\$ 2,655,311	\$ 322,605	\$ 147,357	\$ 175,248	\$ 2,507,954
2020	22	\$ 2,507,954	\$ -	\$ -	\$ -	\$ 2,507,954	\$ 332,283	\$ 168,114	\$ 164,169	\$ 2,339,840
2021	23	\$ 2,339,840	\$ -	\$ -	\$ -	\$ 2,339,840	\$ 342,251	\$ 190,670	\$ 151,581	\$ 2,149,169
2022	24	\$ 2,149,169	\$ -	\$ -	\$ -	\$ 2,149,169	\$ 352,519	\$ 215,163	\$ 137,356	\$ 1,934,006
2023	25	\$ 1,934,006	\$ -	\$ -	\$ -	\$ 1,934,006	\$ 363,094	\$ 241,742	\$ 121,352	\$ 1,692,264
2024	26	\$ 1,692,264	\$ -	\$ -	\$ -	\$ 1,692,264	\$ 373,987	\$ 270,566	\$ 103,421	\$ 1,421,697
2025	27	\$ 1,421,697	\$ -	\$ -	\$ -	\$ 1,421,697	\$ 385,207	\$ 301,808	\$ 83,399	\$ 1,119,889
2026	28	\$ 1,119,889	\$ -	\$ -	\$ -	\$ 1,119,889	\$ 396,763	\$ 335,651	\$ 61,113	\$ 784,239
2027	29	\$ 784,239	\$ -	\$ -	\$ -	\$ 784,239	\$ 408,666	\$ 372,293	\$ 36,373	\$ 411,946
2028	30	\$ 411,946	\$ -	\$ -	\$ -	\$ 411,946	\$ 420,926	\$ 411,946	\$ 8,980	\$ 0
			\$ 189,770		\$ 189,770		\$ 8,497,846	\$ 3,117,803	\$ 5,380,043	

NOTE: The Current Inflationary Adjustment (CIA) is considered interest, but for simplicity it is not included above.
The Principal reduction shown within the Real Mortgage Amortization Schedule (N\$) is not recognized as principal for Tax purposes.

Comparative Return on Equity (ROE) vs Loan to Value (LTV)

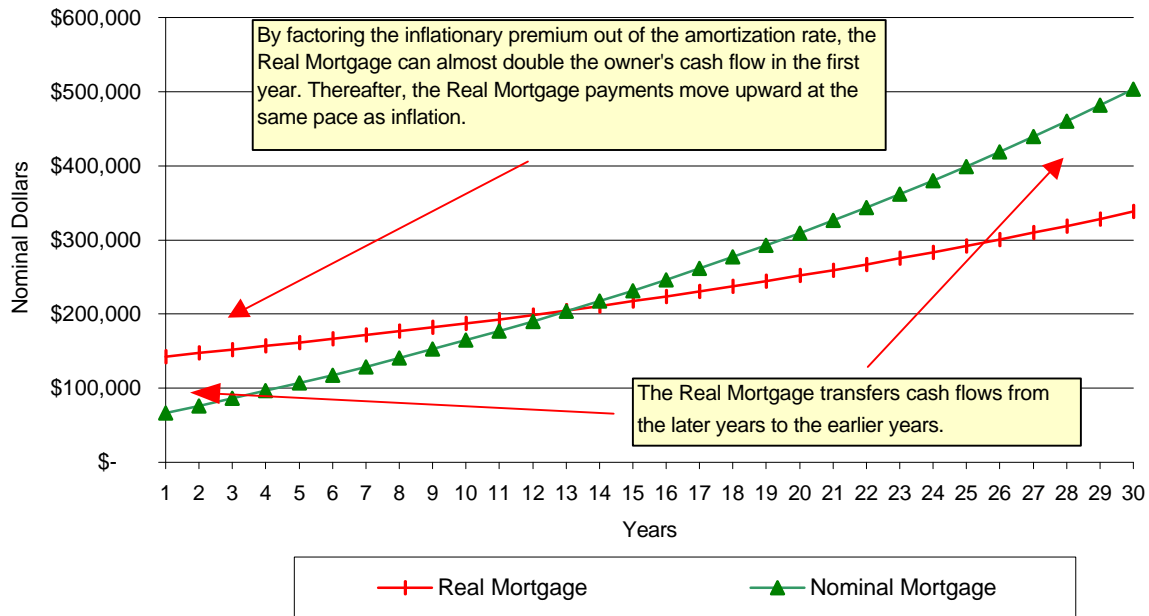


The above graph illustrates the percentage of Return on Equity, given various Loan to Value amounts, and compares the performance of the Real Mortgage to the traditional Nominal Mortgage. In our example, we are using an 7.75% Cap Rate. We then establish loan parameters at 37.5%, 50%, 62.5% and 75% Loan to Value. The first year of debt service is calculated for both the Nominal and the Real Mortgage. The positive cash flows are then divided into the presumed equity of the property at each LTV level. The results indicate that the Real Mortgage will out perform the Nominal Mortgage at each loan level. Please note that the actual Loan is \$3,117,803 and the estimated property value is \$4,157,071 which equals a 75.00% Loan to Value (LTV) for this property.

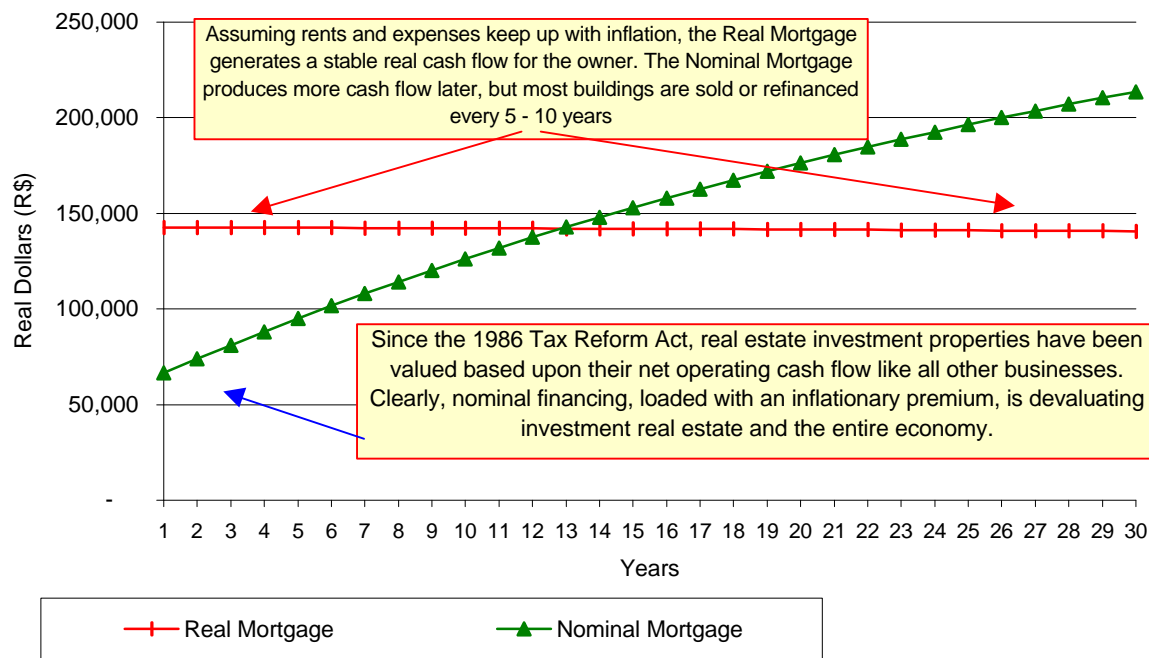
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%

Cash Flow B/F Taxes (N\$)



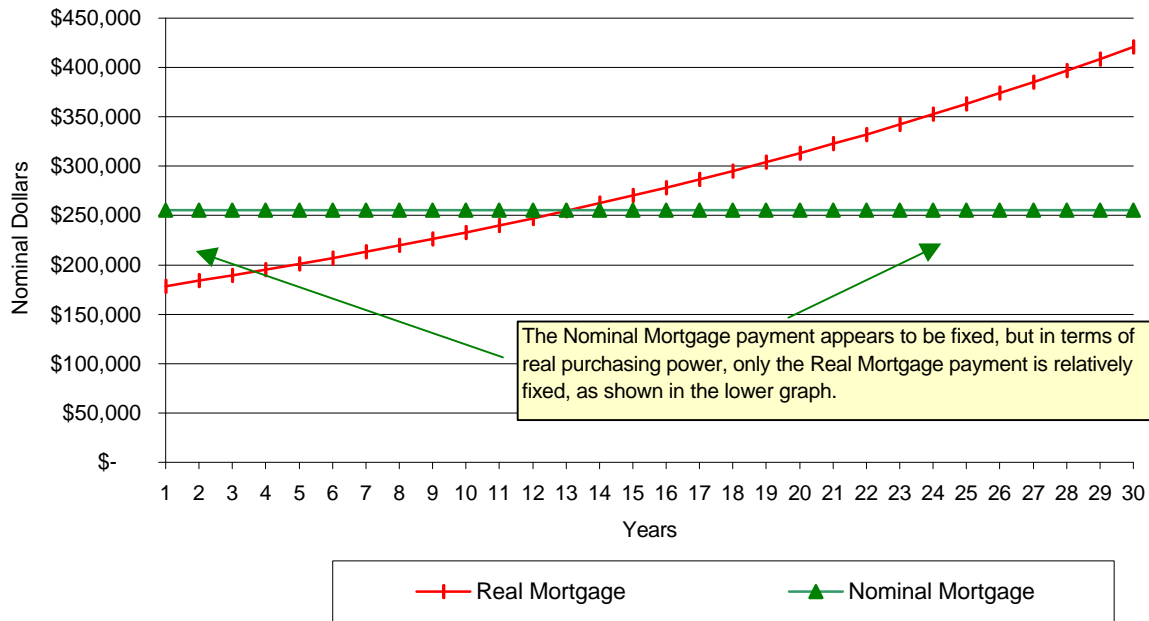
Cash Flow B/F Taxes (R\$)



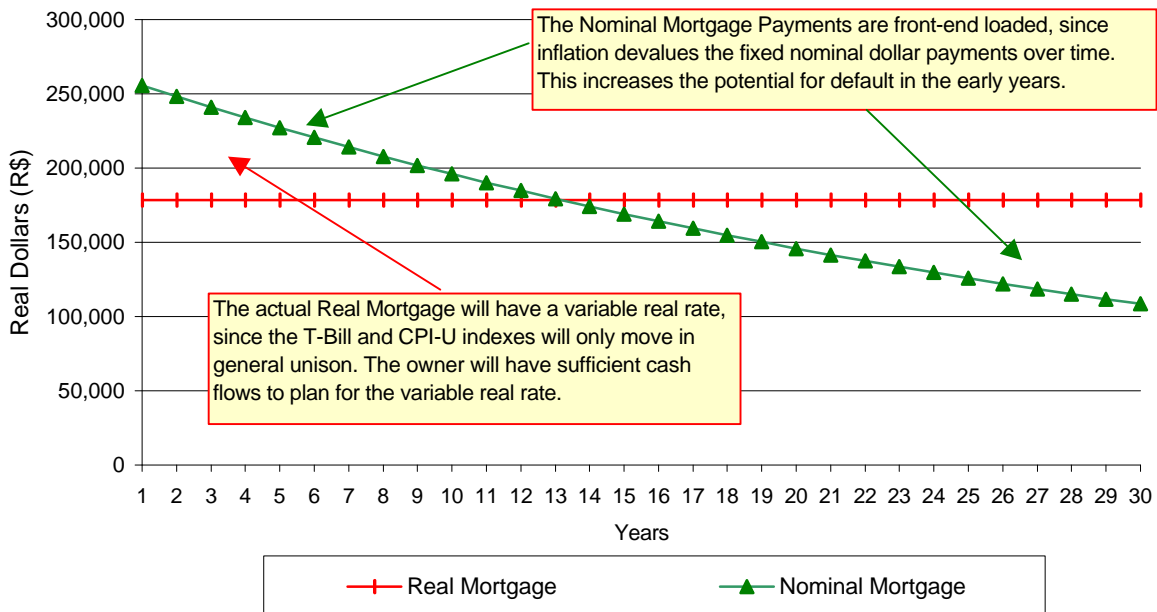
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%

Annual Debt Service in Nominal Dollars



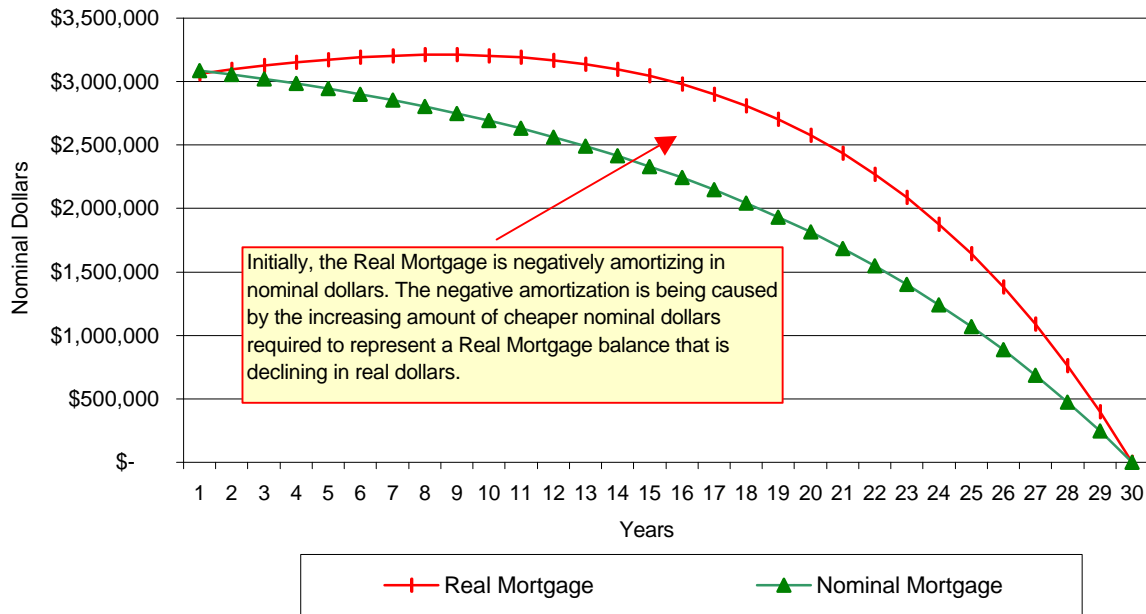
Annual Debt Service in Real Dollars



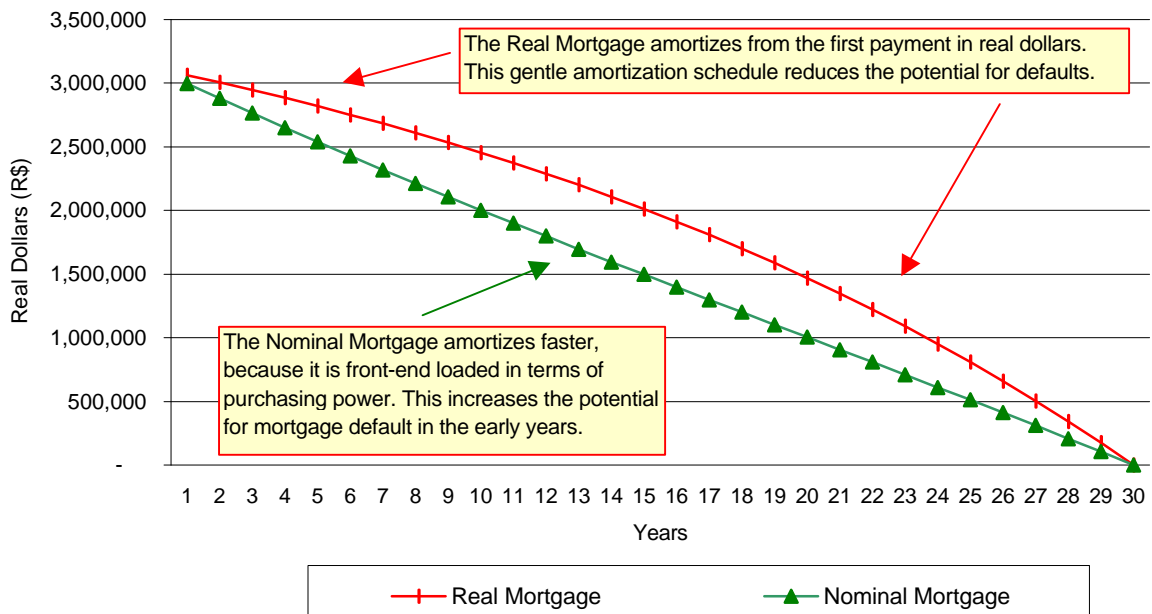
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%

Mortgage Balances in Nominal Dollars



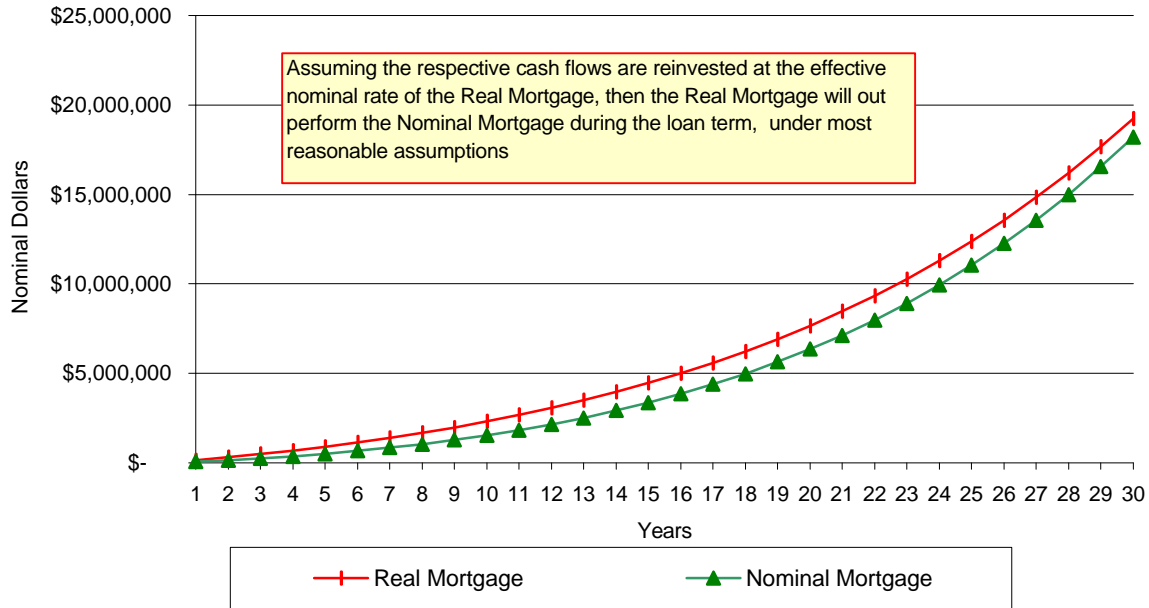
Mortgage Balances in Real Dollars



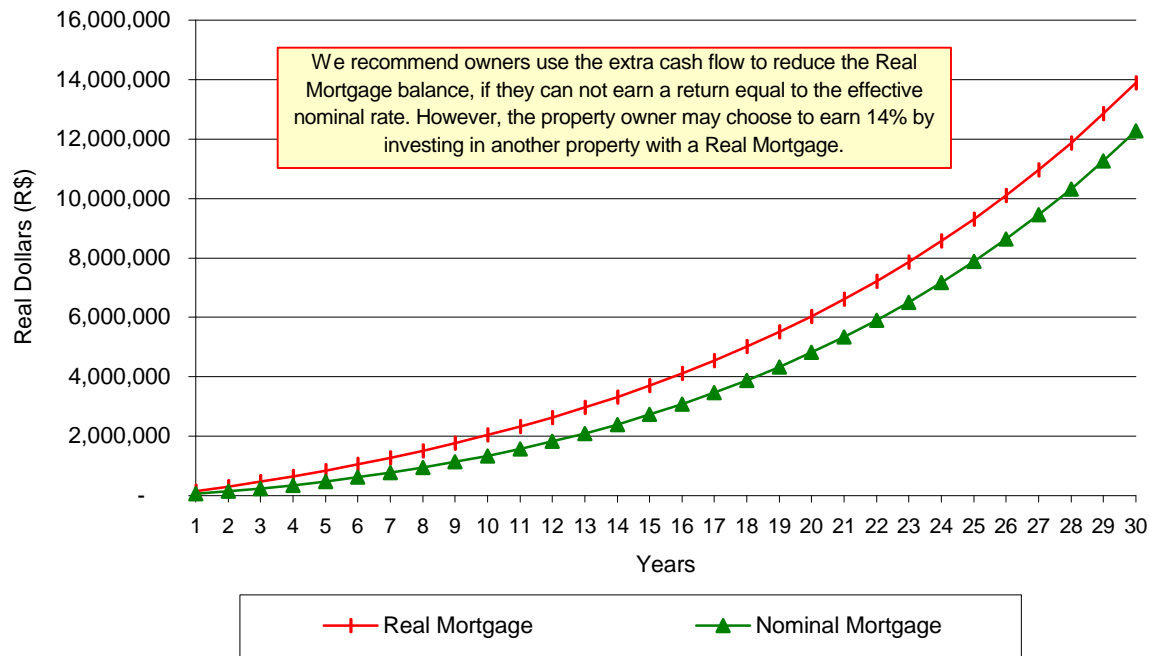
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%
 Excess cash-flow is reinvested at the Projected Effective Nominal Interest Rate of 7.00%

Cumulative Cash Flow B/F Taxes (N\$)



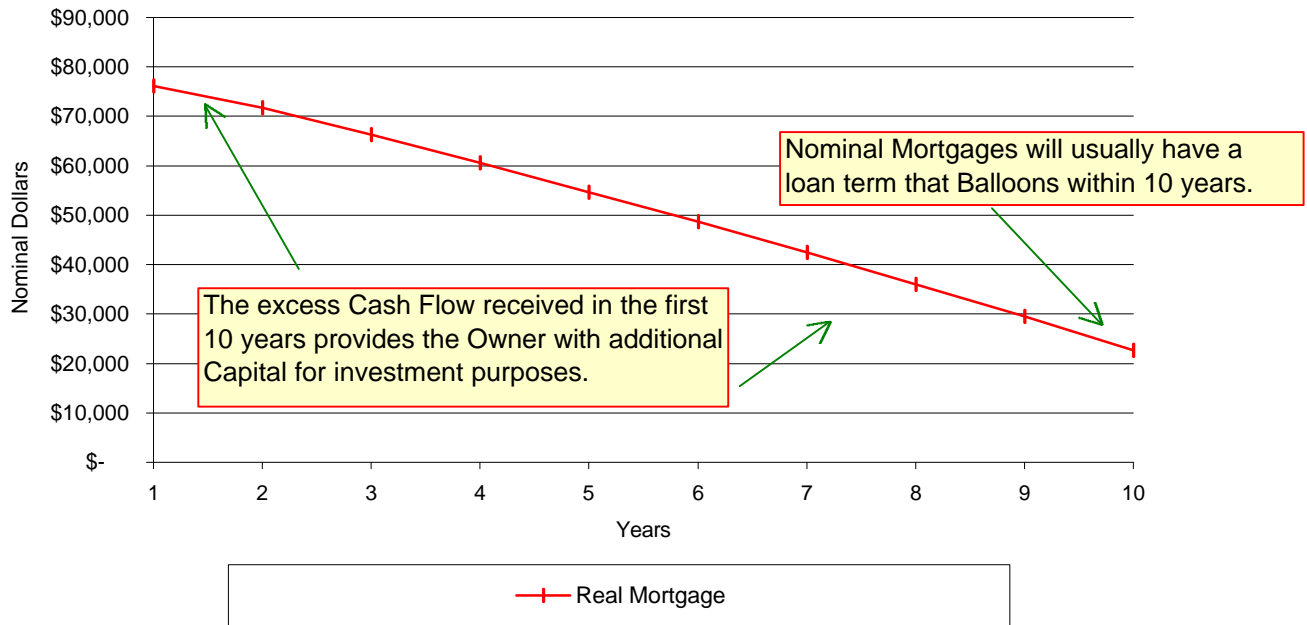
Cumulative Cash Flow B/F Taxes (R\$)



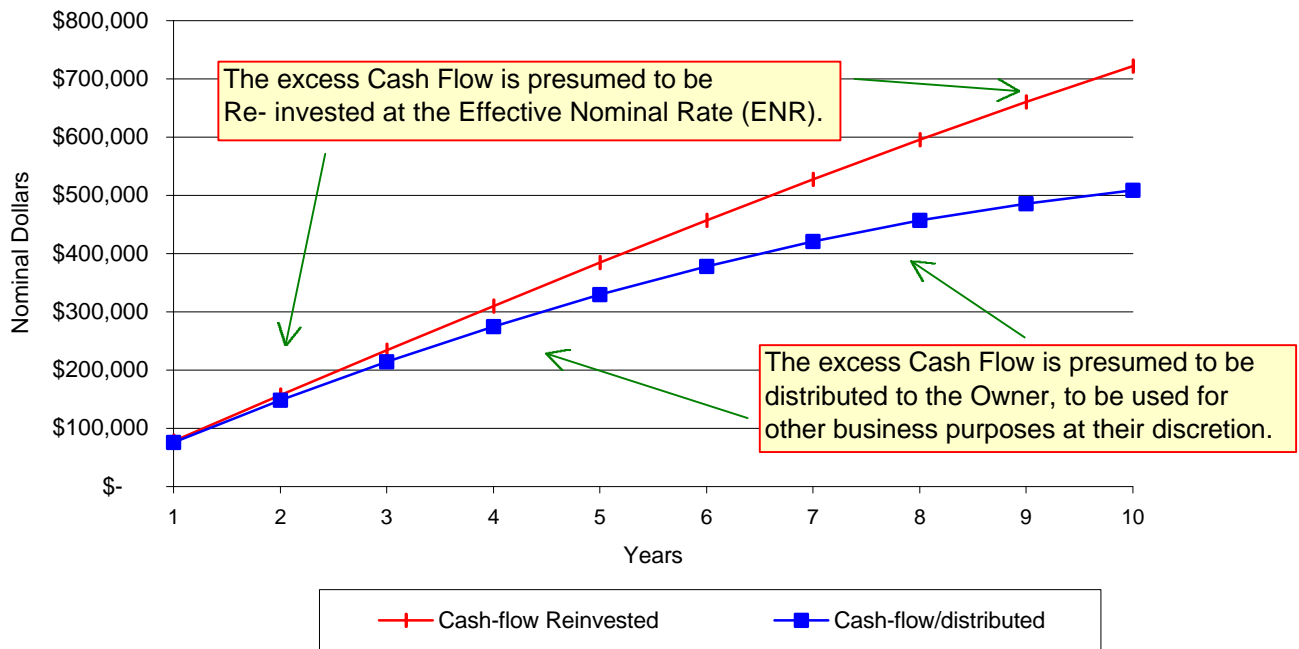
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% - Inflation Rate at 3.00%
 Excess cash-flow is reinvested at the Effective Nominal Interest Rate of 5.83%

Real Mortgage - Excess Cash Flow over Nominal Mortgage



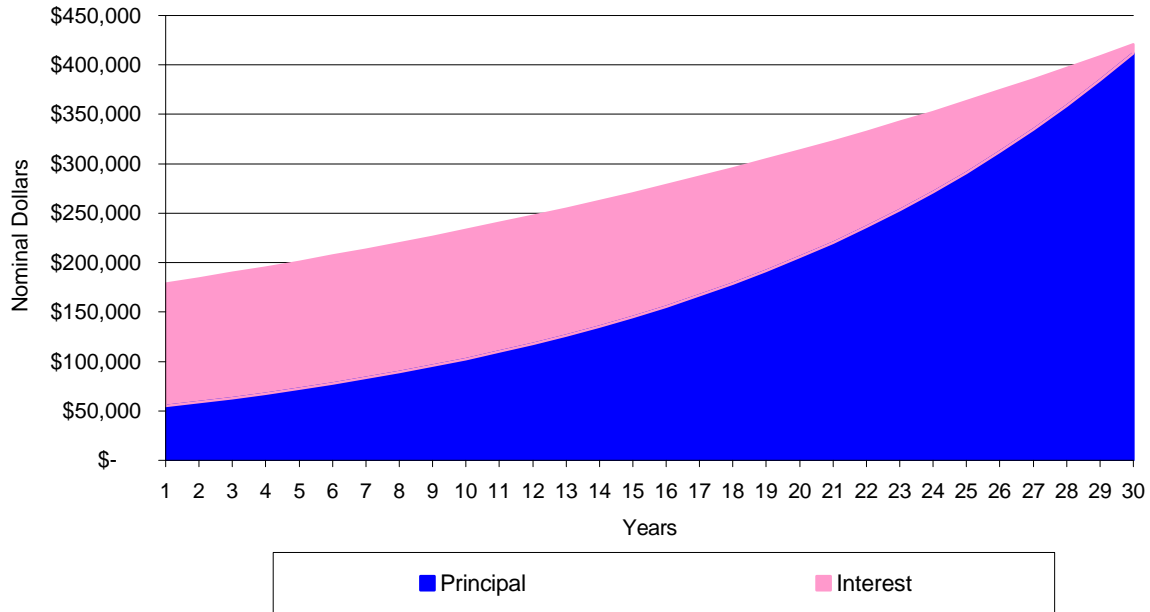
Real Mortgage - Cumulative Cash Benefit



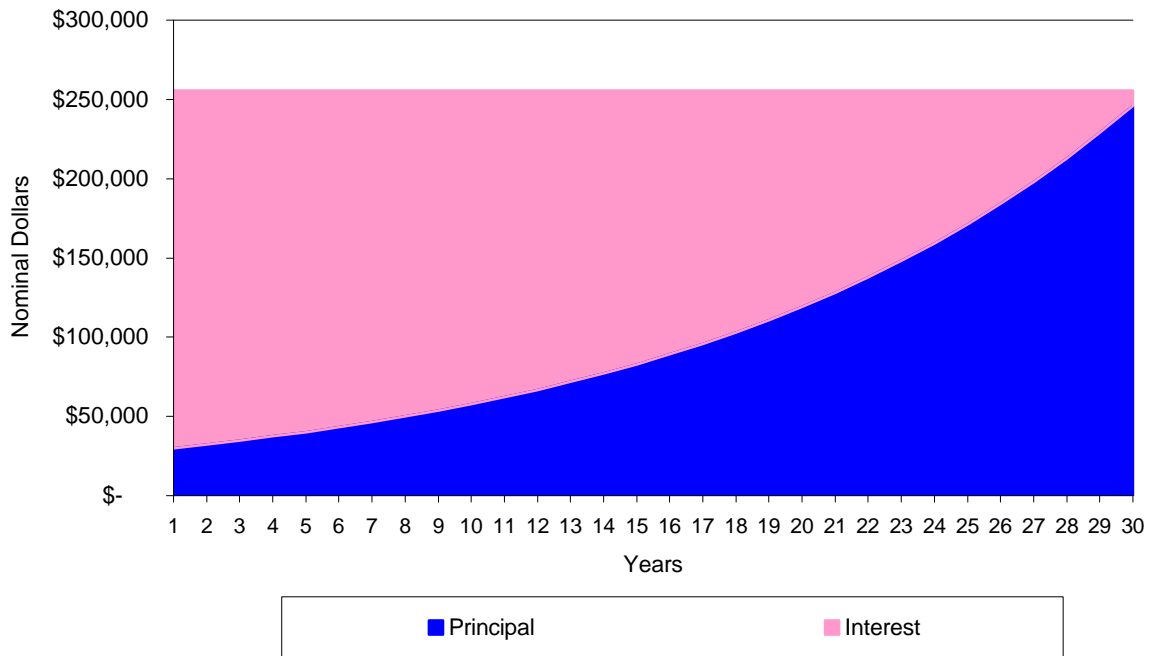
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%

Real Mortgage Payments (N\$)



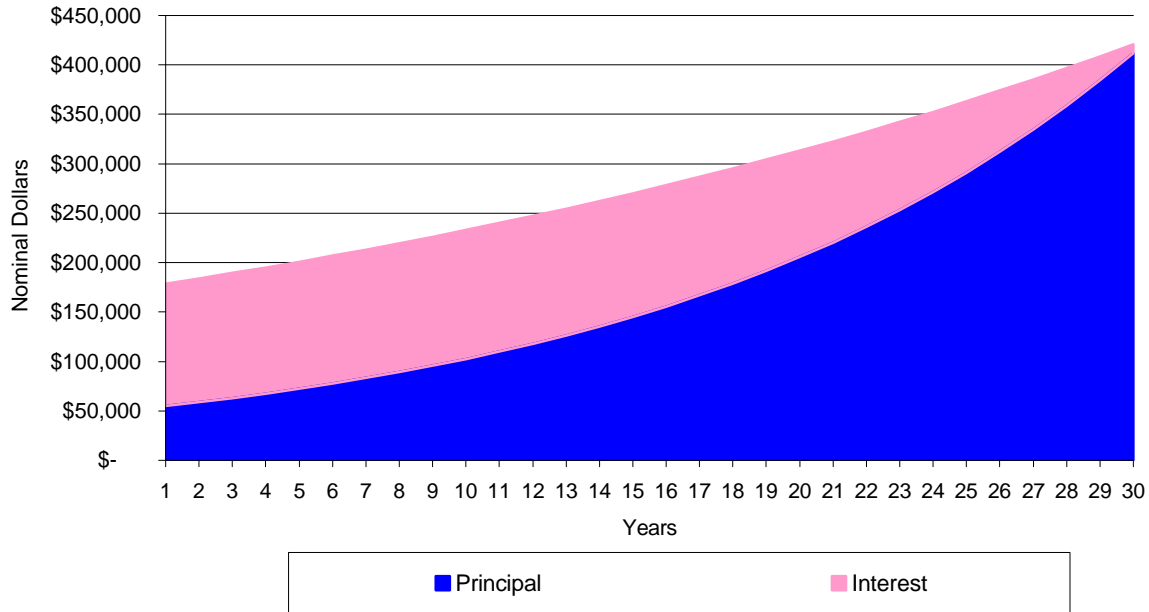
Nominal Mortgage Payments (N\$)



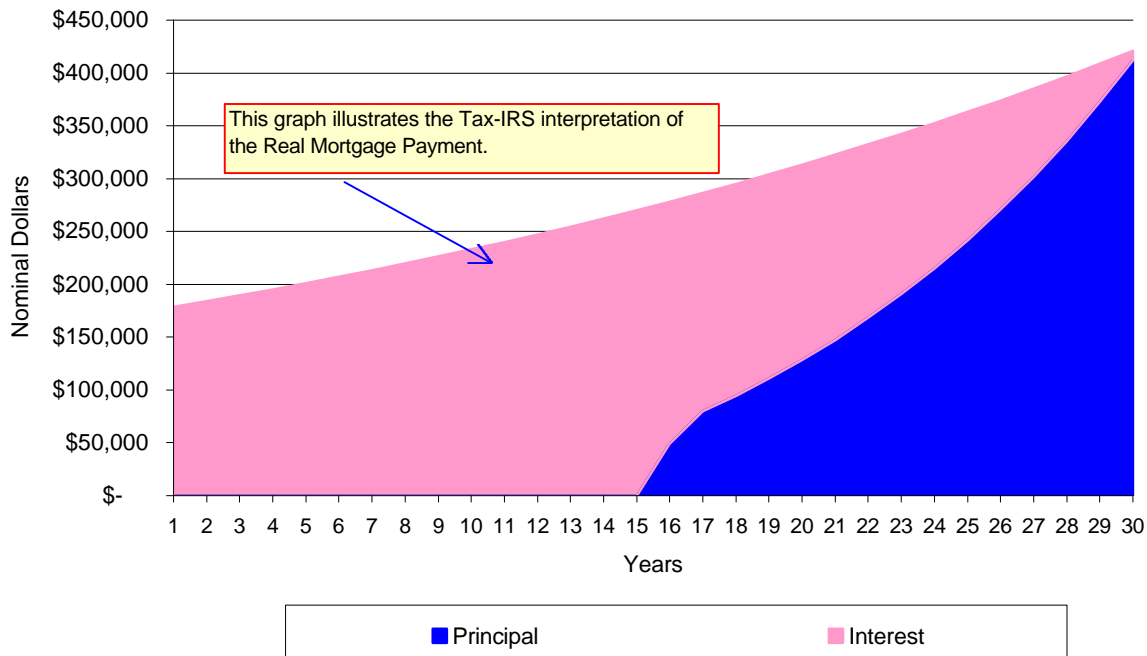
Example-Fixed @ 4.0% - Graphic Analysis

Income and Reserves at 3.0% Growth - Operating Expenses at 3.0% Growth - Inflation Rate at 3.00%

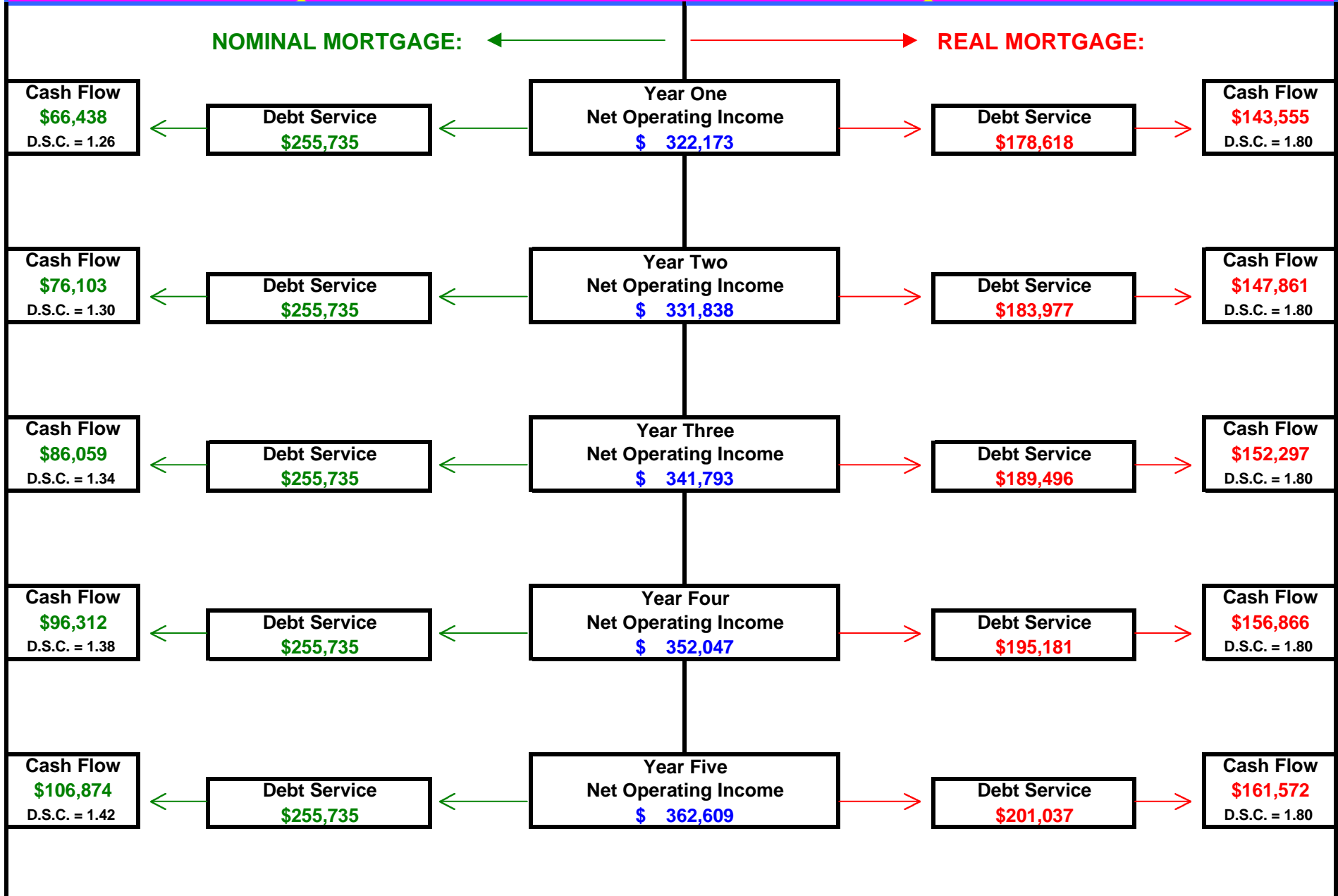
Real Mortgage Payments (N\$)



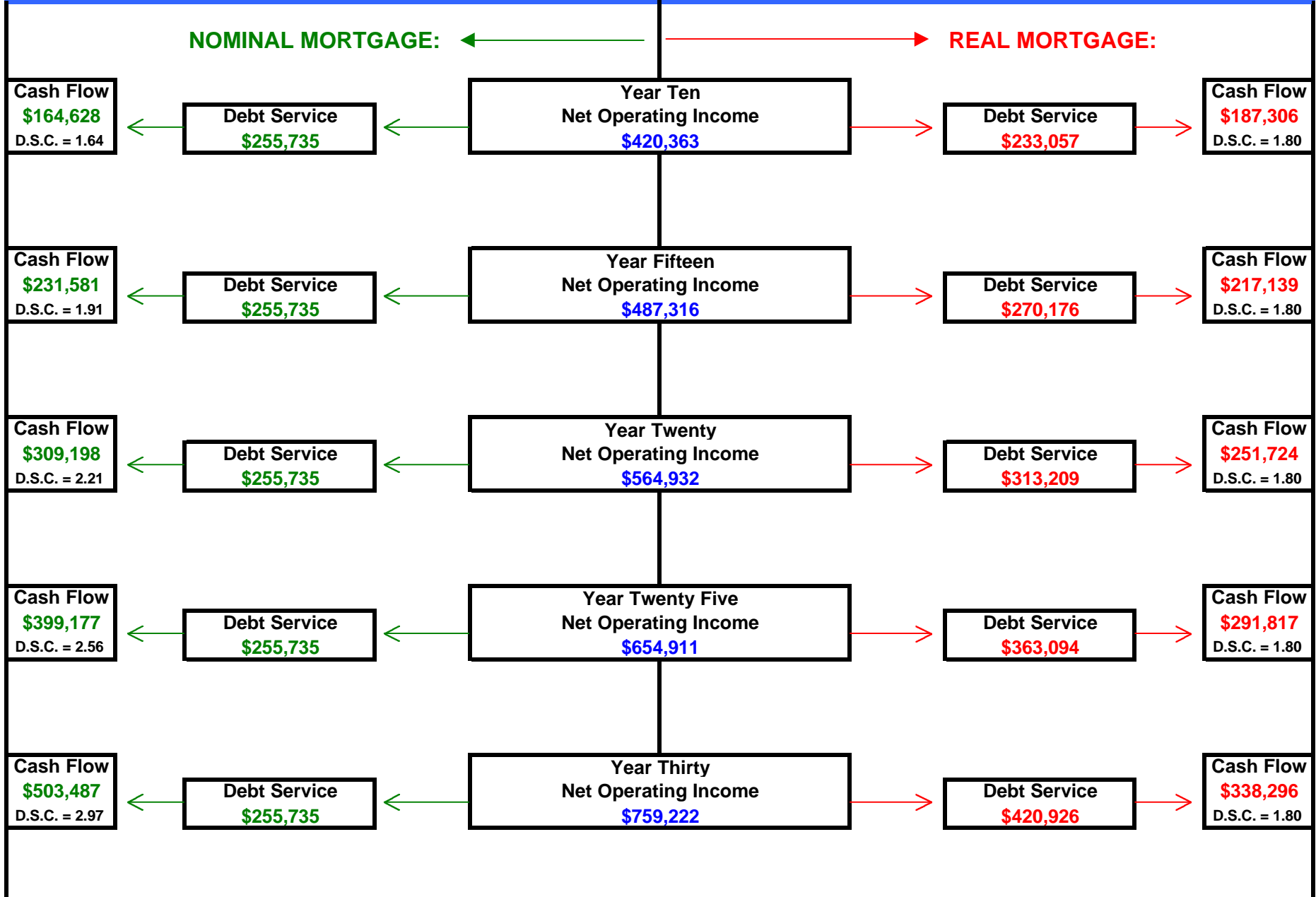
Real Mortgage (Tax-IRS) Mortgage Payments (N\$)



Example-Fixed @ 4.0% - Cash Flow Comparison (NS)



Example-Fixed @ 4.0% - Cash Flow Comparison (N\$)



Convert Real Mortgage to Nominal Dollars

SUBJECT PROPERTY: Example-Fixed @ 4.0%

Real Dollar Amounts (R\$)	X	Inflationary Adjustment Factor (IAF)	=	Nominal Dollar Amounts (N\$)
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Note: Payments are made Monthly. Inflationary Adjustments are made Quarterly, based upon a 3.0% annual Inflation Rate (not compounded).

	Beginning Balance	Annual Payment	Interest Paid	Principal Paid	Ending Balance	Revised Balance
Year One:						
Real (\$)	\$ 3,117,803	R\$ 178,618	R\$ 123,713	R\$ 54,906	\$ 3,062,898	\$ 3,062,898
times IAF	1.0000	1.0000	1.0000	1.0000	1.0000	1.0300
Nominal (N\$)	\$ 3,117,803	N\$ 178,618	N\$ 123,713	N\$ 54,906	\$ 3,062,898	\$ 3,154,785
Year Two:						
Real (\$)	\$ 3,062,898	R\$ 178,618	R\$ 121,476	R\$ 57,143	\$ 3,005,755	\$ 3,005,755
times IAF	1.0300	1.0300	1.0300	1.0300	1.0300	1.0609
Nominal (N\$)	\$ 3,154,785	N\$ 183,977	N\$ 125,120	N\$ 58,857	\$ 3,095,928	\$ 3,188,805
Year Three:						
Real (\$)	\$ 3,005,755	R\$ 178,618	R\$ 119,148	R\$ 59,471	\$ 2,946,284	\$ 2,946,284
times IAF	1.0609	1.0609	1.0609	1.0609	1.0609	1.0927
Nominal (N\$)	\$ 3,188,805	N\$ 189,496	N\$ 126,404	N\$ 63,092	\$ 3,125,713	\$ 3,219,484
Year Four:						<i>...and so on thru year 30</i>
Real (\$)	\$ 2,946,284	R\$ 178,618	R\$ 116,725	R\$ 61,894	\$ 2,884,391	\$ 2,884,391
times IAF	1.0927	1.0927	1.0927	1.0927	1.0927	1.1255
Nominal (N\$)	\$ 3,219,484	N\$ 195,181	N\$ 127,548	N\$ 67,633	\$ 3,151,852	\$ 3,246,407

Example-Fixed @ 4.0% - Amortization of Real Mortgage in (N\$)

Year	Period	Beginning Balance	Payment Per Period	Interest Paid	Principal Paid	Ending Balance	AVG IAF	Revised Principal Balance	Accrued Interest Balance
1999	1	\$ 3,117,803	\$ 178,618	\$ 123,713	\$ 54,906	\$ 3,062,898	1.0300	\$ 3,154,785	\$ 91,887
2000	2	\$ 3,154,785	\$ 183,977	\$ 125,120	\$ 58,857	\$ 3,095,928	1.0609	\$ 3,188,805	\$ 92,878
2001	3	\$ 3,188,805	\$ 189,496	\$ 126,404	\$ 63,092	\$ 3,125,713	1.0927	\$ 3,219,484	\$ 93,771
2002	4	\$ 3,219,484	\$ 195,181	\$ 127,548	\$ 67,633	\$ 3,151,852	1.1255	\$ 3,246,407	\$ 94,556
2003	5	\$ 3,246,407	\$ 201,037	\$ 128,537	\$ 72,500	\$ 3,173,907	1.1593	\$ 3,269,124	\$ 95,217
2004	6	\$ 3,269,124	\$ 207,068	\$ 129,350	\$ 77,717	\$ 3,191,407	1.1941	\$ 3,287,149	\$ 95,742
2005	7	\$ 3,287,149	\$ 213,280	\$ 129,970	\$ 83,310	\$ 3,203,839	1.2299	\$ 3,299,954	\$ 96,115
2006	8	\$ 3,299,954	\$ 219,678	\$ 130,373	\$ 89,305	\$ 3,210,649	1.2668	\$ 3,306,969	\$ 96,319
2007	9	\$ 3,306,969	\$ 226,268	\$ 130,536	\$ 95,732	\$ 3,211,236	1.3048	\$ 3,307,573	\$ 96,337
2008	10	\$ 3,307,573	\$ 233,057	\$ 130,435	\$ 102,621	\$ 3,204,952	1.3439	\$ 3,301,101	\$ 96,149
2009	11	\$ 3,301,101	\$ 240,048	\$ 130,042	\$ 110,006	\$ 3,191,094	1.3842	\$ 3,286,827	\$ 95,733
2010	12	\$ 3,286,827	\$ 247,250	\$ 129,327	\$ 117,923	\$ 3,168,904	1.4258	\$ 3,263,971	\$ 95,067
2011	13	\$ 3,263,971	\$ 254,667	\$ 128,258	\$ 126,409	\$ 3,137,562	1.4685	\$ 3,231,689	\$ 94,127
2012	14	\$ 3,231,689	\$ 262,307	\$ 126,801	\$ 135,506	\$ 3,096,183	1.5126	\$ 3,189,068	\$ 92,885
2013	15	\$ 3,189,068	\$ 270,176	\$ 124,919	\$ 145,258	\$ 3,043,811	1.5580	\$ 3,135,125	\$ 91,314
2014	16	\$ 3,135,125	\$ 278,282	\$ 122,571	\$ 155,711	\$ 2,979,414	1.6047	\$ 3,068,797	\$ 89,382
2015	17	\$ 3,068,797	\$ 286,630	\$ 119,714	\$ 166,916	\$ 2,901,880	1.6528	\$ 2,988,937	\$ 87,056
2016	18	\$ 2,988,937	\$ 295,229	\$ 116,301	\$ 178,928	\$ 2,810,008	1.7024	\$ 2,894,309	\$ 84,300
2017	19	\$ 2,894,309	\$ 304,086	\$ 112,281	\$ 191,805	\$ 2,702,504	1.7535	\$ 2,783,579	\$ 81,075
2018	20	\$ 2,783,579	\$ 313,209	\$ 107,601	\$ 205,608	\$ 2,577,972	1.8061	\$ 2,655,311	\$ 77,339
2019	21	\$ 2,655,311	\$ 322,605	\$ 102,201	\$ 220,404	\$ 2,434,907	1.8603	\$ 2,507,954	\$ 73,047
2020	22	\$ 2,507,954	\$ 332,283	\$ 96,018	\$ 236,265	\$ 2,271,689	1.9161	\$ 2,339,840	\$ 68,151
2021	23	\$ 2,339,840	\$ 342,251	\$ 88,984	\$ 253,268	\$ 2,086,572	1.9736	\$ 2,149,169	\$ 62,597
2022	24	\$ 2,149,169	\$ 352,519	\$ 81,025	\$ 271,494	\$ 1,877,676	2.0328	\$ 1,934,006	\$ 56,330
2023	25	\$ 1,934,006	\$ 363,094	\$ 72,063	\$ 291,031	\$ 1,642,974	2.0938	\$ 1,692,264	\$ 49,289
2024	26	\$ 1,692,264	\$ 373,987	\$ 62,012	\$ 311,975	\$ 1,380,289	2.1566	\$ 1,421,697	\$ 41,409
2025	27	\$ 1,421,697	\$ 385,207	\$ 50,781	\$ 334,426	\$ 1,087,271	2.2213	\$ 1,119,889	\$ 32,618
2026	28	\$ 1,119,889	\$ 396,763	\$ 38,271	\$ 358,493	\$ 761,397	2.2879	\$ 784,239	\$ 22,842
2027	29	\$ 784,239	\$ 408,666	\$ 24,375	\$ 384,291	\$ 399,948	2.3566	\$ 411,946	\$ 11,998
2028	30	\$ 411,946	\$ 420,926	\$ 8,980	\$ 411,946	\$ 0	2.4273	\$ 0	\$ 0
		N/A	\$ 8,497,846	\$ 3,124,510	\$ 5,373,336	N/A	N/A	N/A	N/A

NOTE: After the Real Mortgage payment has been calculated in real dollars, then the Inflationary Adjustment Factor (IAF) is used to convert the real dollars into nominal dollars for payment. By using this procedure, we can properly track the purchasing power of the lender's capital and remove the inflationary premium at the same time. This minimizes the price volatility for the lender and increases the owner's cash flow before taxes, which increases the debt service coverage, making the Real Mortgage a safer loan for all concerned.

Example-Fixed @ 4.0% - Amortization of Nominal Mortgage in (N\$)

Year	Period	Beginning Balance	Nominal Interest Rate	Payment Per Period	Interest Paid	Principal Paid	Ending Balance
1999	1	\$ 3,117,803	7.27%	\$ 255,735	\$ 225,676	\$ 30,059	\$ 3,087,744
2000	2	\$ 3,087,744	7.27%	\$ 255,735	\$ 223,416	\$ 32,318	\$ 3,055,426
2001	3	\$ 3,055,426	7.27%	\$ 255,735	\$ 220,987	\$ 34,748	\$ 3,020,678
2002	4	\$ 3,020,678	7.27%	\$ 255,735	\$ 218,375	\$ 37,360	\$ 2,983,318
2003	5	\$ 2,983,318	7.27%	\$ 255,735	\$ 215,566	\$ 40,168	\$ 2,943,150
2004	6	\$ 2,943,150	7.27%	\$ 255,735	\$ 212,547	\$ 43,188	\$ 2,899,962
2005	7	\$ 2,899,962	7.27%	\$ 255,735	\$ 209,300	\$ 46,434	\$ 2,853,527
2006	8	\$ 2,853,527	7.27%	\$ 255,735	\$ 205,810	\$ 49,925	\$ 2,803,602
2007	9	\$ 2,803,602	7.27%	\$ 255,735	\$ 202,057	\$ 53,678	\$ 2,749,924
2008	10	\$ 2,749,924	7.27%	\$ 255,735	\$ 198,022	\$ 57,713	\$ 2,692,211
2009	11	\$ 2,692,211	7.27%	\$ 255,735	\$ 193,683	\$ 62,052	\$ 2,630,159
2010	12	\$ 2,630,159	7.27%	\$ 255,735	\$ 189,019	\$ 66,716	\$ 2,563,443
2011	13	\$ 2,563,443	7.27%	\$ 255,735	\$ 184,003	\$ 71,731	\$ 2,491,712
2012	14	\$ 2,491,712	7.27%	\$ 255,735	\$ 178,611	\$ 77,123	\$ 2,414,589
2013	15	\$ 2,414,589	7.27%	\$ 255,735	\$ 172,814	\$ 82,921	\$ 2,331,668
2014	16	\$ 2,331,668	7.27%	\$ 255,735	\$ 166,580	\$ 89,154	\$ 2,242,514
2015	17	\$ 2,242,514	7.27%	\$ 255,735	\$ 159,879	\$ 95,856	\$ 2,146,657
2016	18	\$ 2,146,657	7.27%	\$ 255,735	\$ 152,673	\$ 103,062	\$ 2,043,595
2017	19	\$ 2,043,595	7.27%	\$ 255,735	\$ 144,925	\$ 110,809	\$ 1,932,786
2018	20	\$ 1,932,786	7.27%	\$ 255,735	\$ 136,596	\$ 119,139	\$ 1,813,647
2019	21	\$ 1,813,647	7.27%	\$ 255,735	\$ 127,640	\$ 128,095	\$ 1,685,552
2020	22	\$ 1,685,552	7.27%	\$ 255,735	\$ 118,011	\$ 137,724	\$ 1,547,828
2021	23	\$ 1,547,828	7.27%	\$ 255,735	\$ 107,658	\$ 148,077	\$ 1,399,751
2022	24	\$ 1,399,751	7.27%	\$ 255,735	\$ 96,526	\$ 159,208	\$ 1,240,543
2023	25	\$ 1,240,543	7.27%	\$ 255,735	\$ 84,558	\$ 171,176	\$ 1,069,366
2024	26	\$ 1,069,366	7.27%	\$ 255,735	\$ 71,691	\$ 184,044	\$ 885,322
2025	27	\$ 885,322	7.27%	\$ 255,735	\$ 57,856	\$ 197,879	\$ 687,443
2026	28	\$ 687,443	7.27%	\$ 255,735	\$ 42,981	\$ 212,754	\$ 474,690
2027	29	\$ 474,690	7.27%	\$ 255,735	\$ 26,988	\$ 228,747	\$ 245,942
2028	30	\$ 245,942	7.27%	\$ 255,735	\$ 9,792	\$ 245,942	\$ (0)
		N/A	N/A	\$ 7,672,041	\$ 4,554,238	\$ 3,117,803	N/A

Example-Fixed @ 4.0% - Financed with a Real Mortgage in (N\$)

Operating Proforma

Year	Per	Gross Potential Income 3.0% Growth	Less: Vacancy Amount 5.00%	Equals: Effective Gross Income	Less: Operating Expenses 3.0% Growth	Less: Replace Reserve 3.0% Growth	Equals: Net Operating Income (NOI)	(IAF) Adjust Factor	Less: Initial Real Debt Service \$178,618 Times * IAF	Less: (CIA) Current Inflation Adjust * IAF	Equals: Cash Flow Before Taxes	Cumulative Reinvested Cash Flow at 7.00%	Value using Cap Rate of 7.75%
1999	1	\$ 631,340	\$ 31,567	\$ 599,773	\$ 262,000	\$ 15,600	\$ 322,173	1.0000	\$ 178,618	\$ 922	\$ 142,632	\$ 147,624	\$ 4,157,071
2000	2	\$ 650,280	\$ 32,514	\$ 617,766	\$ 269,860	\$ 16,068	\$ 331,838	1.0300	\$ 183,977	\$ 989	\$ 147,861	\$ 310,994	\$ 4,281,783
2001	3	\$ 669,789	\$ 33,489	\$ 636,299	\$ 277,956	\$ 16,550	\$ 341,793	1.0609	\$ 189,496	\$ 1,060	\$ 152,297	\$ 490,391	\$ 4,410,237
2002	4	\$ 689,882	\$ 34,494	\$ 655,388	\$ 286,294	\$ 17,047	\$ 352,047	1.0927	\$ 195,181	\$ 1,136	\$ 156,866	\$ 687,075	\$ 4,542,544
2003	5	\$ 710,579	\$ 35,529	\$ 675,050	\$ 294,883	\$ 17,558	\$ 362,609	1.1255	\$ 201,037	\$ 1,218	\$ 161,572	\$ 902,397	\$ 4,678,820
2004	6	\$ 731,896	\$ 36,595	\$ 695,301	\$ 303,730	\$ 18,085	\$ 373,487	1.1593	\$ 207,068	\$ 1,306	\$ 166,419	\$ 1,137,809	\$ 4,819,185
2005	7	\$ 753,853	\$ 37,693	\$ 716,160	\$ 312,842	\$ 18,627	\$ 384,691	1.1941	\$ 213,280	\$ 1,400	\$ 171,412	\$ 1,394,866	\$ 4,963,760
2006	8	\$ 776,469	\$ 38,823	\$ 737,645	\$ 322,227	\$ 19,186	\$ 396,232	1.2299	\$ 219,678	\$ 1,500	\$ 176,554	\$ 1,675,241	\$ 5,112,673
2007	9	\$ 799,763	\$ 39,988	\$ 759,774	\$ 331,894	\$ 19,762	\$ 408,119	1.2668	\$ 226,268	\$ 1,608	\$ 181,851	\$ 1,980,723	\$ 5,266,053
2008	10	\$ 823,756	\$ 41,188	\$ 782,568	\$ 341,851	\$ 20,354	\$ 420,363	1.3048	\$ 233,057	\$ 1,724	\$ 187,306	\$ 2,313,235	\$ 5,424,035
2009	11	\$ 848,468	\$ 42,423	\$ 806,045	\$ 352,106	\$ 20,965	\$ 432,974	1.3439	\$ 240,048	\$ 1,848	\$ 192,925	\$ 2,674,839	\$ 5,586,756
2010	12	\$ 873,922	\$ 43,696	\$ 830,226	\$ 362,669	\$ 21,594	\$ 445,963	1.3842	\$ 247,250	\$ 1,981	\$ 198,713	\$ 3,067,746	\$ 5,754,358
2011	13	\$ 900,140	\$ 45,007	\$ 855,133	\$ 373,549	\$ 22,242	\$ 459,342	1.4258	\$ 254,667	\$ 2,124	\$ 204,674	\$ 3,494,327	\$ 5,926,989
2012	14	\$ 927,144	\$ 46,357	\$ 880,787	\$ 384,756	\$ 22,909	\$ 473,122	1.4685	\$ 262,307	\$ 2,277	\$ 210,815	\$ 3,957,123	\$ 6,104,799
2013	15	\$ 954,958	\$ 47,748	\$ 907,210	\$ 396,299	\$ 23,596	\$ 487,316	1.5126	\$ 270,176	\$ 2,440	\$ 217,139	\$ 4,458,860	\$ 6,287,943
2014	16	\$ 983,607	\$ 49,180	\$ 934,427	\$ 408,187	\$ 24,304	\$ 501,935	1.5580	\$ 278,282	\$ 2,616	\$ 223,653	\$ 5,002,462	\$ 6,476,581
2015	17	\$ 1,013,115	\$ 50,656	\$ 962,460	\$ 420,433	\$ 25,033	\$ 516,993	1.6047	\$ 286,630	\$ 2,804	\$ 230,363	\$ 5,591,060	\$ 6,670,879
2016	18	\$ 1,043,509	\$ 52,175	\$ 991,333	\$ 433,046	\$ 25,784	\$ 532,503	1.6528	\$ 295,229	\$ 3,006	\$ 237,274	\$ 6,228,012	\$ 6,871,005
2017	19	\$ 1,074,814	\$ 53,741	\$ 1,021,073	\$ 446,037	\$ 26,558	\$ 548,478	1.7024	\$ 304,086	\$ 3,222	\$ 244,392	\$ 6,916,919	\$ 7,077,135
2018	20	\$ 1,107,059	\$ 55,353	\$ 1,051,706	\$ 459,419	\$ 27,355	\$ 564,932	1.7535	\$ 313,209	\$ 3,454	\$ 251,724	\$ 7,661,637	\$ 7,289,449
2019	21	\$ 1,140,270	\$ 57,014	\$ 1,083,257	\$ 473,201	\$ 28,175	\$ 581,880	1.8061	\$ 322,605	\$ 3,703	\$ 259,276	\$ 8,466,302	\$ 7,508,133
2020	22	\$ 1,174,478	\$ 58,724	\$ 1,115,754	\$ 487,397	\$ 29,021	\$ 599,337	1.8603	\$ 332,283	\$ 3,969	\$ 267,054	\$ 9,335,344	\$ 7,733,377
2021	23	\$ 1,209,713	\$ 60,486	\$ 1,149,227	\$ 502,019	\$ 29,891	\$ 617,317	1.9161	\$ 342,251	\$ 4,255	\$ 275,065	\$ 10,273,511	\$ 7,965,378
2022	24	\$ 1,246,004	\$ 62,300	\$ 1,183,704	\$ 517,080	\$ 30,788	\$ 635,836	1.9736	\$ 352,519	\$ 4,561	\$ 283,317	\$ 11,285,890	\$ 8,204,339
2023	25	\$ 1,283,384	\$ 64,169	\$ 1,219,215	\$ 532,592	\$ 31,712	\$ 654,911	2.0328	\$ 363,094	\$ 4,889	\$ 291,817	\$ 12,377,932	\$ 8,450,469
2024	26	\$ 1,321,886	\$ 66,094	\$ 1,255,791	\$ 548,570	\$ 32,663	\$ 674,559	2.0938	\$ 373,987	\$ 5,241	\$ 300,571	\$ 13,555,479	\$ 8,703,983
2025	27	\$ 1,361,542	\$ 68,077	\$ 1,293,465	\$ 565,027	\$ 33,643	\$ 694,795	2.1566	\$ 385,207	\$ 5,618	\$ 309,589	\$ 14,824,787	\$ 8,965,103
2026	28	\$ 1,402,389	\$ 70,119	\$ 1,332,269	\$ 581,978	\$ 34,652	\$ 715,639	2.2213	\$ 396,763	\$ 6,023	\$ 318,876	\$ 16,192,559	\$ 9,234,056
2027	29	\$ 1,444,460	\$ 72,223	\$ 1,372,237	\$ 599,437	\$ 35,692	\$ 737,109	2.2879	\$ 408,666	\$ 6,456	\$ 328,442	\$ 17,665,976	\$ 9,511,078
2028	30	\$ 1,487,794	\$ 74,390	\$ 1,413,404	\$ 617,420	\$ 36,762	\$ 759,222	2.3566	\$ 420,926	\$ 6,921	\$ 338,296	\$ 19,252,730	\$ 9,796,410
		\$ 30,036,263	\$ 1,501,813	\$ 28,534,450	\$ 12,464,759	\$ 742,176	\$ 15,327,514	N/A	\$ 8,497,846	\$ 90,272	\$ 6,828,746	N/A	N/A

NOTE:

Example-Fixed @ 4.0% - Financed with a Nominal Mortgage in (N\$)

Operating Proforma

Year	Per	3.0% Growth	Gross Potential Income	Less: Vacancy Amount 5.00%	Equals: Effective Gross Income	Less: Operating Expenses 3.0% Growth	Less: Replace Reserve 3.0% Growth	Equals: Net Operating Income (NOI)	Less: Nominal Debt Service \$255,735	Equals: Cash Flow Before Taxes	Cumulative Reinvested Cash Flow at 7.00%	Value using Cap Rate of 7.75%
1999	1	\$	631,340	\$ 31,567	\$ 599,773	\$ 262,000	\$ 15,600	\$ 322,173	\$ 255,735	\$ 66,438	\$ 68,764	\$ 4,157,071
2000	2	\$	650,280	\$ 32,514	\$ 617,766	\$ 269,860	\$ 16,068	\$ 331,838	\$ 255,735	\$ 76,103	\$ 152,344	\$ 4,281,783
2001	3	\$	669,789	\$ 33,489	\$ 636,299	\$ 277,956	\$ 16,550	\$ 341,793	\$ 255,735	\$ 86,059	\$ 252,079	\$ 4,410,237
2002	4	\$	689,882	\$ 34,494	\$ 655,388	\$ 286,294	\$ 17,047	\$ 352,047	\$ 255,735	\$ 96,312	\$ 369,408	\$ 4,542,544
2003	5	\$	710,579	\$ 35,529	\$ 675,050	\$ 294,883	\$ 17,558	\$ 362,609	\$ 255,735	\$ 106,874	\$ 505,881	\$ 4,678,820
2004	6	\$	731,896	\$ 36,595	\$ 695,301	\$ 303,730	\$ 18,085	\$ 373,487	\$ 255,735	\$ 117,752	\$ 663,166	\$ 4,819,185
2005	7	\$	753,853	\$ 37,693	\$ 716,160	\$ 312,842	\$ 18,627	\$ 384,691	\$ 255,735	\$ 128,957	\$ 843,058	\$ 4,963,760
2006	8	\$	776,469	\$ 38,823	\$ 737,645	\$ 322,227	\$ 19,186	\$ 396,232	\$ 255,735	\$ 140,497	\$ 1,047,487	\$ 5,112,673
2007	9	\$	799,763	\$ 39,988	\$ 759,774	\$ 331,894	\$ 19,762	\$ 408,119	\$ 255,735	\$ 152,384	\$ 1,278,529	\$ 5,266,053
2008	10	\$	823,756	\$ 41,188	\$ 782,568	\$ 341,851	\$ 20,354	\$ 420,363	\$ 255,735	\$ 164,628	\$ 1,538,416	\$ 5,424,035
2009	11	\$	848,468	\$ 42,423	\$ 806,045	\$ 352,106	\$ 20,965	\$ 432,974	\$ 255,735	\$ 177,239	\$ 1,829,547	\$ 5,586,756
2010	12	\$	873,922	\$ 43,696	\$ 830,226	\$ 362,669	\$ 21,594	\$ 445,963	\$ 255,735	\$ 190,228	\$ 2,154,501	\$ 5,754,358
2011	13	\$	900,140	\$ 45,007	\$ 855,133	\$ 373,549	\$ 22,242	\$ 459,342	\$ 255,735	\$ 203,607	\$ 2,516,050	\$ 5,926,989
2012	14	\$	927,144	\$ 46,357	\$ 880,787	\$ 384,756	\$ 22,909	\$ 473,122	\$ 255,735	\$ 217,387	\$ 2,917,169	\$ 6,104,799
2013	15	\$	954,958	\$ 47,748	\$ 907,210	\$ 396,299	\$ 23,596	\$ 487,316	\$ 255,735	\$ 231,581	\$ 3,361,057	\$ 6,287,943
2014	16	\$	983,607	\$ 49,180	\$ 934,427	\$ 408,187	\$ 24,304	\$ 501,935	\$ 255,735	\$ 246,200	\$ 3,851,148	\$ 6,476,581
2015	17	\$	1,013,115	\$ 50,656	\$ 962,460	\$ 420,433	\$ 25,033	\$ 516,993	\$ 255,735	\$ 261,258	\$ 4,391,131	\$ 6,670,879
2016	18	\$	1,043,509	\$ 52,175	\$ 991,333	\$ 433,046	\$ 25,784	\$ 532,503	\$ 255,735	\$ 276,768	\$ 4,984,965	\$ 6,871,005
2017	19	\$	1,074,814	\$ 53,741	\$ 1,021,073	\$ 446,037	\$ 26,558	\$ 548,478	\$ 255,735	\$ 292,743	\$ 5,636,902	\$ 7,077,135
2018	20	\$	1,107,059	\$ 55,353	\$ 1,051,706	\$ 459,419	\$ 27,355	\$ 564,932	\$ 255,735	\$ 309,198	\$ 6,351,505	\$ 7,289,449
2019	21	\$	1,140,270	\$ 57,014	\$ 1,083,257	\$ 473,201	\$ 28,175	\$ 581,880	\$ 255,735	\$ 326,146	\$ 7,133,671	\$ 7,508,133
2020	22	\$	1,174,478	\$ 58,724	\$ 1,115,754	\$ 487,397	\$ 29,021	\$ 599,337	\$ 255,735	\$ 343,602	\$ 7,988,656	\$ 7,733,377
2021	23	\$	1,209,713	\$ 60,486	\$ 1,149,227	\$ 502,019	\$ 29,891	\$ 617,317	\$ 255,735	\$ 361,582	\$ 8,922,099	\$ 7,965,378
2022	24	\$	1,246,004	\$ 62,300	\$ 1,183,704	\$ 517,080	\$ 30,788	\$ 635,836	\$ 255,735	\$ 380,102	\$ 9,940,051	\$ 8,204,339
2023	25	\$	1,283,384	\$ 64,169	\$ 1,219,215	\$ 532,592	\$ 31,712	\$ 654,911	\$ 255,735	\$ 399,177	\$ 11,049,003	\$ 8,450,469
2024	26	\$	1,321,886	\$ 66,094	\$ 1,255,791	\$ 548,570	\$ 32,663	\$ 674,559	\$ 255,735	\$ 418,824	\$ 12,255,916	\$ 8,703,983
2025	27	\$	1,361,542	\$ 68,077	\$ 1,293,465	\$ 565,027	\$ 33,643	\$ 694,795	\$ 255,735	\$ 439,061	\$ 13,568,258	\$ 8,965,103
2026	28	\$	1,402,389	\$ 70,119	\$ 1,332,269	\$ 581,978	\$ 34,652	\$ 715,639	\$ 255,735	\$ 459,905	\$ 14,994,037	\$ 9,234,056
2027	29	\$	1,444,460	\$ 72,223	\$ 1,372,237	\$ 599,437	\$ 35,692	\$ 737,109	\$ 255,735	\$ 481,374	\$ 16,541,842	\$ 9,511,078
2028	30	\$	1,487,794	\$ 74,390	\$ 1,413,404	\$ 617,420	\$ 36,762	\$ 759,222	\$ 255,735	\$ 503,487	\$ 18,220,880	\$ 9,796,410
		\$	30,036,263	\$ 1,501,813	\$ 28,534,450	\$ 12,464,759	\$ 742,176	\$ 15,327,514	\$ 7,672,041	\$ 7,655,473	N/A	N/A

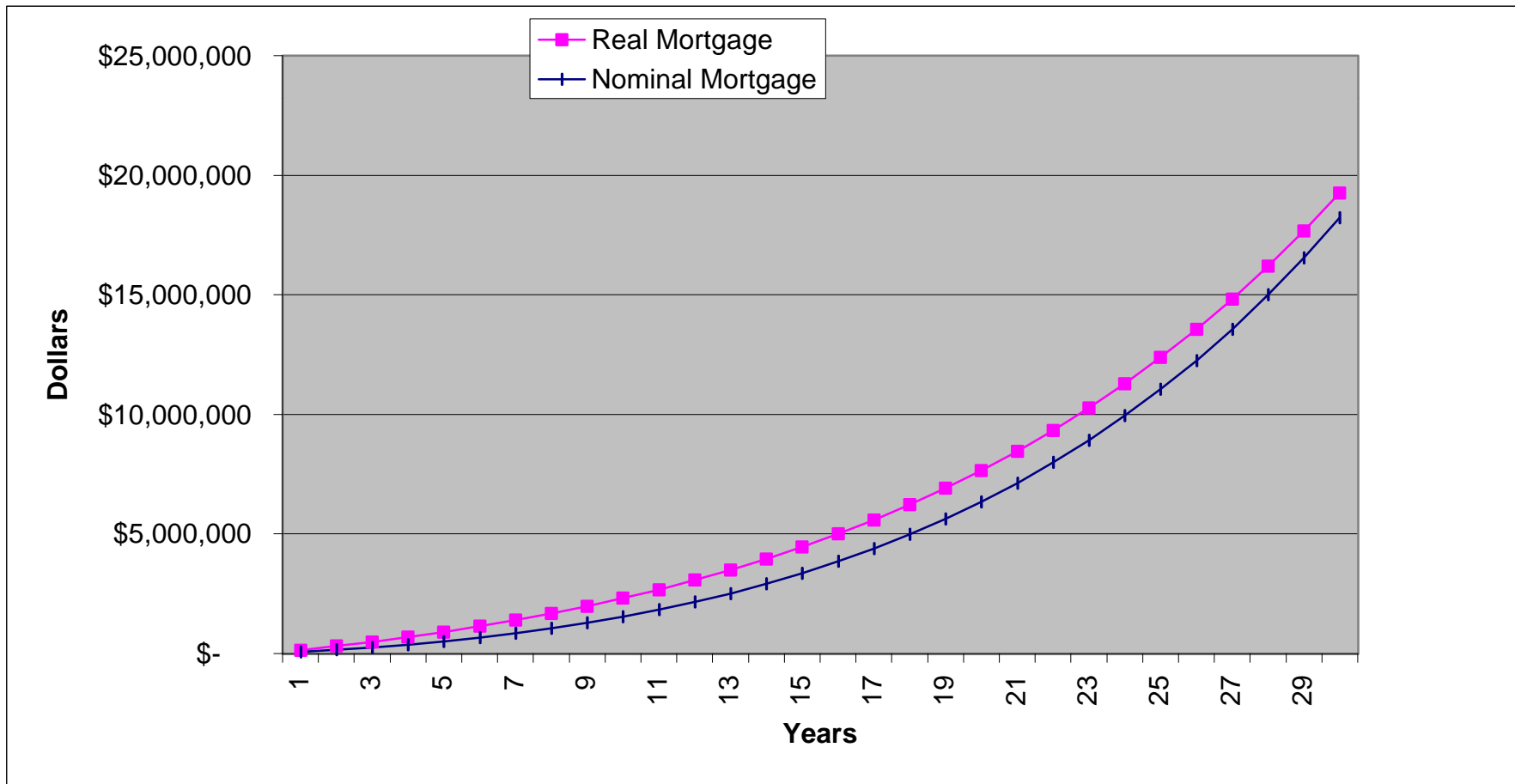
NOTE:

Example-Fixed @ 4.0% - Graph of Re-investment of Cash Flows - Comparison



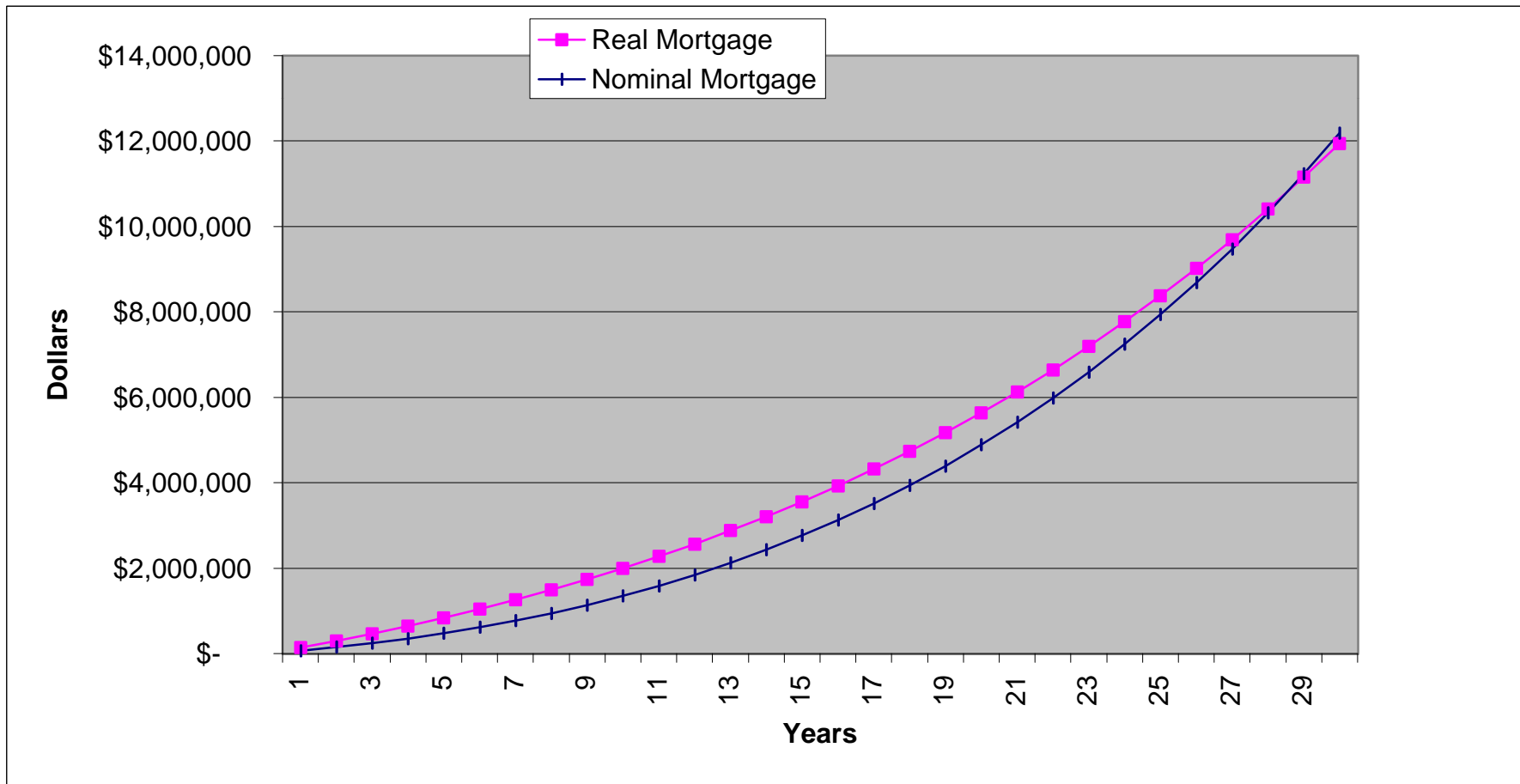
Notes: The above chart shows the positive cash flows reinvested at the same rate as the return on equity.
 For the Real Mortgage, the return on equity rate is 13.81% while the return on equity for the Nominal Mortgage is only 6.39%

Example-Fixed @ 4.0% - Graph of Re-investment of Cash Flows at 7.00% - Benefit Comparison



Notes: The above graph compares the growth of the reinvestment of cash flows derived from the use of a Real Mortgage versus a Nominal Mortgage at the reinvestment rate of 7.00%.

Example-Fixed @ 4.0% - Graph of Re-investment of Cash Flows at 4.00% - Benefit Comparison



Notes: The above graph compares the growth of the reinvestment of cash flows derived from the use of a Real Mortgage versus a Nominal Mortgage at the reinvestment rate of 4.00%.

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year One		End of Year One	
Net Operating Income \$	322,173	Net Operating Income \$	322,173
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,157,071	Building Value =	\$ 4,157,071
Less Loan Balance	\$ 3,154,785	Less Loan Balance	\$ 3,087,744
Gain	\$ 1,002,286	Gain	\$ 1,069,327
Total Cash-flows received	\$ 142,632	Total Cash-flows received	\$ 66,438
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	133,301	Cash Flows Received \$	62,092
Gain on Sale	\$ 936,716	Gain on Sale	\$ 999,371
NPV of Total Benefits	\$ 1,070,017	NPV of Total Benefits	\$ 1,061,463

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Two		End of Year Two	
Net Operating Income \$	331,838	Net Operating Income \$	331,838
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,281,783	Building Value =	\$ 4,281,783
Less Loan Balance	\$ 3,188,805	Less Loan Balance	\$ 3,055,426
Gain	\$ 1,092,978	Gain	\$ 1,226,357
Total Cash-flows received	\$ 290,493	Total Cash-flows received	\$ 142,542
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	262,449	Cash Flows Received \$	128,564
Gain on Sale	\$ 954,649	Gain on Sale	\$ 1,071,148
NPV of Total Benefits	\$ 1,217,098	NPV of Total Benefits	\$ 1,199,712

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Three		End of Year Three	
Net Operating Income \$	341,793	Net Operating Income \$	341,793
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,410,237	Building Value =	\$ 4,410,237
Less Loan Balance	\$ 3,219,484	Less Loan Balance	\$ 3,020,678
Gain	\$ 1,190,752	Gain	\$ 1,389,559
Total Cash-flows received	\$ 442,790	Total Cash-flows received	\$ 228,600
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	386,769	Cash Flows Received \$	198,813
Gain on Sale	\$ 972,008	Gain on Sale	\$ 1,134,294
NPV of Total Benefits	\$ 1,358,777	NPV of Total Benefits	\$ 1,333,107

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Four		End of Year Four	
Net Operating Income \$	352,047	Net Operating Income \$	352,047
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,542,544	Building Value =	\$ 4,542,544
Less Loan Balance	\$ 3,246,407	Less Loan Balance	\$ 2,983,318
Gain	\$ 1,296,137	Gain	\$ 1,559,226
Total Cash-flows received	\$ 599,656	Total Cash-flows received	\$ 324,913
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	506,441	Cash Flows Received \$	272,289
Gain on Sale	\$ 988,816	Gain on Sale	\$ 1,189,526
NPV of Total Benefits	\$ 1,495,257	NPV of Total Benefits	\$ 1,461,815

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Five		End of Year Five	
Net Operating Income \$	362,609	Net Operating Income \$	362,609
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,678,820	Building Value =	\$ 4,678,820
Less Loan Balance	\$ 3,269,124	Less Loan Balance	\$ 2,943,150
Gain	\$ 1,409,696	Gain	\$ 1,735,670
Total Cash-flows received	\$ 761,228	Total Cash-flows received	\$ 431,787
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	621,639	Cash Flows Received \$	348,489
Gain on Sale	\$ 1,005,093	Gain on Sale	\$ 1,237,509
NPV of Total Benefits	\$ 1,626,733	NPV of Total Benefits	\$ 1,585,998

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Six		End of Year Six	
Net Operating Income \$	373,487	Net Operating Income \$	373,487
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,819,185	Building Value =	\$ 4,819,185
Less Loan Balance	\$ 3,287,149	Less Loan Balance	\$ 2,899,962
Gain	\$ 1,532,035	Gain	\$ 1,919,223
Total Cash-flows received	\$ 927,647	Total Cash-flows received	\$ 549,539
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	732,531	Cash Flows Received \$	426,952
Gain on Sale	\$ 1,020,860	Gain on Sale	\$ 1,278,859
NPV of Total Benefits	\$ 1,753,391	NPV of Total Benefits	\$ 1,705,811

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Seven		End of Year Seven	
Net Operating Income \$	384,691	Net Operating Income \$	384,691
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 4,963,760	Building Value =	\$ 4,963,760
Less Loan Balance	\$ 3,299,954	Less Loan Balance	\$ 2,853,527
Gain	\$ 1,663,806	Gain	\$ 2,110,233
Total Cash-flows received	\$ 1,099,059	Total Cash-flows received	\$ 678,496
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	839,278	Cash Flows Received \$	507,260
Gain on Sale	\$ 1,036,135	Gain on Sale	\$ 1,314,147
NPV of Total Benefits	\$ 1,875,413	NPV of Total Benefits	\$ 1,821,407

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Eight		End of Year Eight	
Net Operating Income \$	396,232	Net Operating Income \$	396,232
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,112,673	Building Value =	\$ 5,112,673
Less Loan Balance	\$ 3,306,969	Less Loan Balance	\$ 2,803,602
Gain	\$ 1,805,704	Gain	\$ 2,309,071
Total Cash-flows received	\$ 1,275,613	Total Cash-flows received	\$ 818,993
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	942,034	Cash Flows Received \$	589,031
Gain on Sale	\$ 1,050,936	Gain on Sale	\$ 1,343,900
NPV of Total Benefits	\$ 1,992,970	NPV of Total Benefits	\$ 1,932,931

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Nine		End of Year Nine	
Net Operating Income \$	408,119	Net Operating Income \$	408,119
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,266,053	Building Value =	\$ 5,266,053
Less Loan Balance	\$ 3,307,573	Less Loan Balance	\$ 2,749,924
Gain	\$ 1,958,480	Gain	\$ 2,516,129
Total Cash-flows received	\$ 1,457,464	Total Cash-flows received	\$ 971,377
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,040,949	Cash Flows Received \$	671,918
Gain on Sale	\$ 1,065,283	Gain on Sale	\$ 1,368,608
NPV of Total Benefits	\$ 2,106,232	NPV of Total Benefits	\$ 2,040,525

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Ten		End of Year Ten	
Net Operating Income \$	420,363	Net Operating Income \$	420,363
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,424,035	Building Value =	\$ 5,424,035
Less Loan Balance	\$ 3,301,101	Less Loan Balance	\$ 2,692,211
Gain	\$ 2,122,934	Gain	\$ 2,731,824
Total Cash-flows received	\$ 1,644,770	Total Cash-flows received	\$ 1,136,005
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,136,166	Cash Flows Received \$	755,606
Gain on Sale	\$ 1,079,192	Gain on Sale	\$ 1,388,721
NPV of Total Benefits	\$ 2,215,358	NPV of Total Benefits	\$ 2,144,327

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Eleven		End of Year Eleven	
Net Operating Income \$	432,974	Net Operating Income \$	432,974
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,586,756	Building Value =	\$ 5,586,756
Less Loan Balance	\$ 3,286,827	Less Loan Balance	\$ 2,630,159
Gain	\$ 2,299,929	Gain	\$ 2,956,596
Total Cash-flows received	\$ 1,837,695	Total Cash-flows received	\$ 1,313,244
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,227,823	Cash Flows Received \$	839,811
Gain on Sale	\$ 1,092,680	Gain on Sale	\$ 1,404,658
NPV of Total Benefits	\$ 2,320,503	NPV of Total Benefits	\$ 2,244,469

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twelve		End of Year Twelve	
Net Operating Income \$	445,963	Net Operating Income \$	445,963
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,754,358	Building Value =	\$ 5,754,358
Less Loan Balance	\$ 3,263,971	Less Loan Balance	\$ 2,563,443
Gain	\$ 2,490,387	Gain	\$ 3,190,915
Total Cash-flows received	\$ 2,036,408	Total Cash-flows received	\$ 1,503,472
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,316,054	Cash Flows Received \$	924,275
Gain on Sale	\$ 1,105,762	Gain on Sale	\$ 1,416,804
NPV of Total Benefits	\$ 2,421,816	NPV of Total Benefits	\$ 2,341,079

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Thirteen		End of Year Thirteen	
Net Operating Income \$	459,342	Net Operating Income \$	459,342
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 5,926,989	Building Value =	\$ 5,926,989
Less Loan Balance	\$ 3,231,689	Less Loan Balance	\$ 2,491,712
Gain	\$ 2,695,300	Gain	\$ 3,435,277
Total Cash-flows received	\$ 2,241,083	Total Cash-flows received	\$ 1,707,079
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,400,987	Cash Flows Received \$	1,008,764
Gain on Sale	\$ 1,118,454	Gain on Sale	\$ 1,425,518
NPV of Total Benefits	\$ 2,519,441	NPV of Total Benefits	\$ 2,434,282

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Fourteen		End of Year Fourteen	
Net Operating Income \$	473,122	Net Operating Income \$	473,122
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 6,104,799	Building Value =	\$ 6,104,799
Less Loan Balance	\$ 3,189,068	Less Loan Balance	\$ 2,414,589
Gain	\$ 2,915,731	Gain	\$ 3,690,210
Total Cash-flows received	\$ 2,451,897	Total Cash-flows received	\$ 1,924,467
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,482,744	Cash Flows Received \$	1,093,071
Gain on Sale	\$ 1,130,771	Gain on Sale	\$ 1,431,127
NPV of Total Benefits	\$ 2,613,515	NPV of Total Benefits	\$ 2,524,198

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Fifteen		End of Year Fifteen	
Net Operating Income \$	487,316	Net Operating Income \$	487,316
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 6,287,943	Building Value =	\$ 6,287,943
Less Loan Balance	\$ 3,135,125	Less Loan Balance	\$ 2,331,668
Gain	\$ 3,152,818	Gain	\$ 3,956,275
Total Cash-flows received	\$ 2,669,037	Total Cash-flows received	\$ 2,156,047
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,561,446	Cash Flows Received \$	1,177,006
Gain on Sale	\$ 1,142,726	Gain on Sale	\$ 1,433,936
NPV of Total Benefits	\$ 2,704,172	NPV of Total Benefits	\$ 2,610,943

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Sixteen		End of Year Sixteen	
Net Operating Income \$	501,935	Net Operating Income \$	501,935
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 6,476,581	Building Value =	\$ 6,476,581
Less Loan Balance	\$ 3,068,797	Less Loan Balance	\$ 2,242,514
Gain	\$ 3,407,784	Gain	\$ 4,234,068
Total Cash-flows received	\$ 2,892,690	Total Cash-flows received	\$ 2,402,248
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,637,205	Cash Flows Received \$	1,260,403
Gain on Sale	\$ 1,154,334	Gain on Sale	\$ 1,434,225
NPV of Total Benefits	\$ 2,791,539	NPV of Total Benefits	\$ 2,694,628

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Seventeen		End of Year Seventeen	
Net Operating Income \$	516,993	Net Operating Income \$	516,993
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 6,670,879	Building Value =	\$ 6,670,879
Less Loan Balance	\$ 2,988,937	Less Loan Balance	\$ 2,146,657
Gain	\$ 3,681,942	Gain	\$ 4,524,221
Total Cash-flows received	\$ 3,123,053	Total Cash-flows received	\$ 1,924,467
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,710,132	Cash Flows Received \$	1,343,111
Gain on Sale	\$ 1,165,608	Gain on Sale	\$ 1,432,253
NPV of Total Benefits	\$ 2,875,740	NPV of Total Benefits	\$ 2,775,363

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Eighteen		End of Year Eighteen	
Net Operating Income \$	532,503	Net Operating Income \$	532,503
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 6,871,005	Building Value =	\$ 6,871,005
Less Loan Balance	\$ 2,894,309	Less Loan Balance	\$ 2,043,595
Gain	\$ 3,976,696	Gain	\$ 4,827,409
Total Cash-flows received	\$ 3,360,327	Total Cash-flows received	\$ 2,940,274
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,780,332	Cash Flows Received \$	1,424,996
Gain on Sale	\$ 1,176,561	Gain on Sale	\$ 1,428,256
NPV of Total Benefits	\$ 2,956,893	NPV of Total Benefits	\$ 2,853,253

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Nineteen		End of Year Nineteen	
Net Operating Income \$	548,478	Net Operating Income \$	548,478
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 7,077,135	Building Value =	\$ 7,077,135
Less Loan Balance	\$ 2,783,579	Less Loan Balance	\$ 1,932,786
Gain	\$ 4,293,556	Gain	\$ 5,144,349
Total Cash-flows received	\$ 3,604,719	Total Cash-flows received	\$ 3,233,018
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,847,909	Cash Flows Received \$	1,505,942
Gain on Sale	\$ 1,187,204	Gain on Sale	\$ 1,422,455
NPV of Total Benefits	\$ 3,035,113	NPV of Total Benefits	\$ 2,928,398

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty		End of Year Twenty	
Net Operating Income \$	564,932	Net Operating Income \$	564,932
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 7,289,449	Building Value =	\$ 7,289,449
Less Loan Balance	\$ 2,655,311	Less Loan Balance	\$ 1,813,647
Gain	\$ 4,634,138	Gain	\$ 5,475,802
Total Cash-flows received	\$ 3,856,443	Total Cash-flows received	\$ 3,542,215
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,912,959	Cash Flows Received \$	1,585,845
Gain on Sale	\$ 1,197,549	Gain on Sale	\$ 1,415,051
NPV of Total Benefits	\$ 3,110,509	NPV of Total Benefits	\$ 3,000,896

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-One		End of Year Twenty-One	
Net Operating Income \$	581,880	Net Operating Income \$	581,880
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 7,508,133	Building Value =	\$ 7,508,133
Less Loan Balance	\$ 2,507,954	Less Loan Balance	\$ 1,685,552
Gain	\$ 5,000,179	Gain	\$ 5,822,580
Total Cash-flows received	\$ 4,115,718	Total Cash-flows received	\$ 3,868,361
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	1,975,578	Cash Flows Received \$	1,664,613
Gain on Sale	\$ 1,207,609	Gain on Sale	\$ 1,406,229
NPV of Total Benefits	\$ 3,183,186	NPV of Total Benefits	\$ 3,070,843

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Two		End of Year Twenty-Two	
Net Operating Income \$	599,337	Net Operating Income \$	599,337
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 7,733,377	Building Value =	\$ 7,733,377
Less Loan Balance	\$ 2,339,840	Less Loan Balance	\$ 1,547,828
Gain	\$ 5,393,537	Gain	\$ 6,185,548
Total Cash-flows received	\$ 4,382,772	Total Cash-flows received	\$ 4,211,963
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,035,855	Cash Flows Received \$	1,742,169
Gain on Sale	\$ 1,217,392	Gain on Sale	\$ 1,396,160
NPV of Total Benefits	\$ 3,253,247	NPV of Total Benefits	\$ 3,138,329

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Three		End of Year Twenty-Three	
Net Operating Income \$	617,317	Net Operating Income \$	617,317
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 7,965,378	Building Value =	\$ 7,965,378
Less Loan Balance	\$ 2,149,169	Less Loan Balance	\$ 1,399,751
Gain	\$ 5,816,209	Gain	\$ 6,565,627
Total Cash-flows received	\$ 4,657,837	Total Cash-flows received	\$ 4,573,545
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,093,879	Cash Flows Received \$	1,818,443
Gain on Sale	\$ 1,226,911	Gain on Sale	\$ 1,384,998
NPV of Total Benefits	\$ 3,320,790	NPV of Total Benefits	\$ 3,203,442

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Four		End of Year Twenty-Four	
Net Operating Income \$	635,836	Net Operating Income \$	635,836
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 8,204,339	Building Value =	\$ 8,204,339
Less Loan Balance	\$ 1,934,006	Less Loan Balance	\$ 1,240,543
Gain	\$ 6,270,333	Gain	\$ 6,963,796
Total Cash-flows received	\$ 4,941,155	Total Cash-flows received	\$ 4,953,646
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,149,734	Cash Flows Received \$	1,893,379
Gain on Sale	\$ 1,236,175	Gain on Sale	\$ 1,372,889
NPV of Total Benefits	\$ 3,385,909	NPV of Total Benefits	\$ 3,266,268

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Five		End of Year Twenty-Five	
Net Operating Income \$	654,911	Net Operating Income \$	654,911
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 8,450,469	Building Value =	\$ 8,450,469
Less Loan Balance	\$ 1,692,264	Less Loan Balance	\$ 1,069,366
Gain	\$ 6,758,206	Gain	\$ 7,381,103
Total Cash-flows received	\$ 5,232,971	Total Cash-flows received	\$ 5,352,823
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,203,501	Cash Flows Received \$	1,966,927
Gain on Sale	\$ 1,245,194	Gain on Sale	\$ 1,359,962
NPV of Total Benefits	\$ 3,448,695	NPV of Total Benefits	\$ 3,326,889

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Six		End of Year Twenty-Six	
Net Operating Income \$	674,559	Net Operating Income \$	674,559
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 8,703,983	Building Value =	\$ 8,703,983
Less Loan Balance	\$ 1,421,697	Less Loan Balance	\$ 885,322
Gain	\$ 7,282,286	Gain	\$ 7,818,661
Total Cash-flows received	\$ 5,533,543	Total Cash-flows received	\$ 5,771,647
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,255,258	Cash Flows Received \$	2,039,047
Gain on Sale	\$ 1,253,977	Gain on Sale	\$ 1,346,338
NPV of Total Benefits	\$ 3,509,235	NPV of Total Benefits	\$ 3,385,385

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Seven		End of Year Twenty-Seven	
Net Operating Income \$	694,795	Net Operating Income \$	694,795
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 8,965,103	Building Value =	\$ 8,965,103
Less Loan Balance	\$ 1,119,889	Less Loan Balance	\$ 687,443
Gain	\$ 7,845,214	Gain	\$ 8,277,659
Total Cash-flows received	\$ 5,843,131	Total Cash-flows received	\$ 6,210,708
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,305,081	Cash Flows Received \$	2,109,705
Gain on Sale	\$ 1,262,533	Gain on Sale	\$ 1,332,127
NPV of Total Benefits	\$ 3,567,614	NPV of Total Benefits	\$ 3,441,832

Example-Fixed @ 4.0% - NPV of Sale & Cash Flows

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Eight		End of Year Twenty-Eight	
Net Operating Income \$	715,639	Net Operating Income \$	715,639
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 9,234,056	Building Value =	\$ 9,234,056
Less Loan Balance	\$ 784,239	Less Loan Balance	\$ 474,690
Gain	\$ 8,449,817	Gain	\$ 8,759,367
Total Cash-flows received	\$ 6,162,008	Total Cash-flows received	\$ 6,670,613
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,353,040	Cash Flows Received \$	2,178,876
Gain on Sale	\$ 1,270,871	Gain on Sale	\$ 1,317,428
NPV of Total Benefits	\$ 3,623,911	NPV of Total Benefits	\$ 3,496,304

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Twenty-Nine		End of Year Twenty-Nine	
Net Operating Income \$	737,109	Net Operating Income \$	737,109
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 9,511,078	Building Value =	\$ 9,511,078
Less Loan Balance	\$ 411,946	Less Loan Balance	\$ 245,942
Gain	\$ 9,099,132	Gain	\$ 9,265,135
Total Cash-flows received	\$ 6,490,450	Total Cash-flows received	\$ 7,151,986
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,399,207	Cash Flows Received \$	2,246,539
Gain on Sale	\$ 1,279,000	Gain on Sale	\$ 1,302,333
NPV of Total Benefits	\$ 3,678,207	NPV of Total Benefits	\$ 3,548,872

Real Mortgage Loan		Nominal Mortgage Loan	
End of Year Thirty		End of Year Thirty	
Net Operating Income \$	759,222	Net Operating Income \$	759,222
Cap Rate = 7.75%		Cap Rate = 7.75%	
Building Value =	\$ 9,796,410	Building Value =	\$ 9,796,410
Less Loan Balance	\$ 0	Less Loan Balance	\$ (0)
Gain	\$ 9,796,410	Gain	\$ 9,796,410
Total Cash-flows received	\$ 6,828,746	Total Cash-flows received	\$ 7,655,473
Net Present Value (NPV) @ 7.00%		Net Present Value (NPV) @ 7.00%	
Cash Flows Received \$	2,461,040	Cash Flows Received \$	2,338,565
Gain on Sale	\$ 1,286,926	Gain on Sale	\$ 1,286,926
NPV of Total Benefits	\$ 3,747,966	NPV of Total Benefits	\$ 3,625,491