



**2026 Investment Analysis User Guide for 230-256 Grant Street  
Hillview Condominiums in Ashland, Oregon**

**ORIENTATION**

The provided [Investment Analysis Workbook](#) projects ten years of operating performance and a three-year hold-period return on a 10-unit residential condominium portfolio. It is built around the actual rent roll, the rent increases scheduled for August 1, 2026, the 2025 reserve study, and the proposed seller financing terms. The workbook uses three text colors to signal what each cell does. **BLUE** text marks editable inputs – these assumptions drive the model. **BLACK** text marks formulas calculated from other cells on the same sheet. **GREEN** text marks cross-sheet links – formulas pulling values from another tab. To test scenarios, edit any blue cell on the Inputs or Rent Roll tab; everything downstream recalculates automatically. Rent growth is modeled year-by-year rather than as a single blended rate. The Inputs tab provides ten independent growth cells (one per projection year) so buyers can construct any growth path – front-loaded, declining, custom – without rebuilding the model. **Where to start:** the Summary tab gives headline metrics. The Rent Roll shows unit-by-unit detail. The Inputs tab is where assumptions live.

**What this workbook shows:**

- 10-year operating projection (revenue, expenses, NOI, cash flow)
- Three-year hold-period analysis assuming refinance at the balloon
- Sensitivity to vacancy and exit cap rate assumptions
- Reserve fund projection through 2032 including the 2029 special assessment
- Seller-financing payment schedule and refinance capacity

**What this workbook does not show:**

- Tax effects (depreciation, capital gains, treatment of seller-carried interest)
- Buyer-specific costs (legal, lender fees, individual due diligence)
- Alternative financing structures (conventional, all-cash)
- Renovation, repositioning, or condo-conversion scenarios

**NAVIGATION**

Tab	What it Contains
<i>Cover</i>	Top-line deal terms and headline metrics.
<i>Rent Roll</i>	Current and post-8/1/2026 rents for each unit, with notice status.
<i>Inputs</i>	Every assumption that drives the model, organized by category. Edit blue cells.
<i>Proforma</i>	10-year operating projection with layered cash flow waterfall and performance metrics.
<i>Seller Financing</i>	Payment schedule, balloon, and refinance capacity.
<i>Sensitivity</i>	Returns under alternate vacancy, exit cap rate, and refinance rate scenarios. Rent growth is sensitivity-tested by editing the year-by-year schedule on Inputs.
<i>Reserve Analysis</i>	Association reserve fund projection and buyer's share of capital expenditures.
<i>Summary</i>	Headline metrics and 3-year cash flow summary.

**KEY ASSUMPTIONS**

<i>Purchase Price</i>	\$2,250,000 – set at Listing Price.
<i>Down Payment</i>	\$1,350,000 – set above the pension entity's calculated FMV-weighted share (\$1,327,000) to add buffer beyond the strict ERISA cash-out threshold.
<i>Seller-Carried Loan</i>	\$900,000 – held by the trust at flat 3.75% interest-only, balloon at end of Year 3.
<i>Rent Growth</i>	Year-by-year schedule on Inputs tab. Default: 7% per year for Years 1–3 (continuation of seller's actual 4/27/2026 notice pattern); 4% per year for Years 4–10 (long-horizon decay to sustainable rate). 10-year geometric average: 4.89%. Each year is independently editable.
<i>Vacancy</i>	5% – applied uniformly across all years.
<i>Exit Cap Rate</i>	4.50% – going-in cap plus 35 basis points to reflect the property aging.
<i>Hold Period</i>	3 years – matches balloon maturity.
<i>Selling Costs</i>	6.5% – estimated broker, title, escrow, transfer fees.
<i>Refinance Assumption</i>	8% rate, 1.20x DSCR, 20-year amortization – typical non-warrantable portfolio loan terms.

*All information deemed reliable but not guaranteed.*

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**GLOSSARY**

<b>Term</b>	<b>Definition</b>	<b>Default Value</b>
<i>Net Operating Income (NOI)</i>	Annual rental income minus operating expenses (taxes, insurance, HOA, management, maintenance), before any debt payments. The pure operating output of the property.	~\$90,500 (Year 0 At Closing)
<i>Cap Rate</i>	NOI divided by purchase price. The unlevered yield – what the property earns relative to what you paid, before financing.	~4.02% (going-in)
<i>Going-In Cap Rate</i>	The cap rate at the moment of purchase, using the at-closing NOI.	~4.02%
<i>Exit Cap Rate</i>	The cap rate assumed when projecting the property's resale value at the end of the hold period. A higher exit cap = lower exit value.	4.50% (going-in + 35 bps)
<i>Cash-on-Cash Return</i>	Annual cash flow after debt service, divided by the cash invested (the down payment). The levered yield on equity.	~4.9% (Year 1)
<i>Debt Service Coverage Ratio (DSCR)</i>	NOI divided by annual debt service. How much cushion exists between operating income and the loan payment. Lenders typically require 1.20x or higher.	~3.0x (Year 1)
<i>Internal Rate of Return (IRR)</i>	The annualized return on equity over the hold period, accounting for ongoing cash flow plus net proceeds from sale.	~10.8% (3-year levered, at 4.5% exit cap)
<i>Equity Multiple</i>	Total cash returned divided by total cash invested. An equity multiple of 1.34x means you get back 34% more than you put in over the entire hold.	~1.34x (3-year)
<i>Break-Even Occupancy</i>	The occupancy rate at which rental income exactly covers operating expenses plus debt service. Below this, the property burns cash.	~67% (Year 1; ~7 of 10 units leased)
<i>Sensitivity Analysis</i>	A table showing how the answer changes when one input changes. Isolates which inputs the deal is most sensitive to.	Vacancy 0–15%, exit cap 4.0–6.5%, refinance rate 7.0–10.0%
<i>Non-Warrantable</i>	A condominium that does not meet Fannie Mae / Freddie Mac eligibility rules. Buyer must use a portfolio lender (a bank or credit union holding the loan on its own balance sheet) at rates typically 100–200 basis points above conventional.	Non-warrantable due to single-owner concentration exceeding Fannie/Freddie thresholds across multiple owners in the association.
<i>Special Assessment</i>	A one-time charge by the HOA when reserves are insufficient for scheduled capital expenditures.	~\$21,100 buyer share, modeled as 2029 cash flow deduction
<i>Applicable Federal Rate (AFR)</i>	The IRS-published minimum interest rate for seller-financed loans. Notes below the AFR trigger imputed-interest tax treatment.	April 2026 short-term AFR 3.59%; Hillview carry rate 3.75% (above AFR)

**FREQUENTLY ASKED QUESTIONS**

<b>Question</b>	<b>Answer</b>
<i>1. Why is this property non-warrantable, and what does that mean for my financing?</i>	Fannie Mae caps single-owner concentration at 20% and Freddie Mac caps it at 25%. The Hillview Condominium Association includes 20 residential units across 11 buildings; the largest single owner controls 7 units (35%), and the seller's two related entities together control 9 units (45%). Multiple owners exceed warrantability thresholds, so the property is permanently non-warrantable. The buyer borrows from a portfolio lender (a bank or credit union holding the loan on its own books) rather than a conventional mortgage company. Portfolio loans typically run 100–200 basis points above agency rates and may have shorter terms or balloon structures.

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<p>2. What happens at the end of the 3-year balloon?</p>	<p>The full \$900,000 principal balance comes due. The buyer's options: refinance with a portfolio lender, bring cash to close any gap, sell, or negotiate an extension. The Refinance Surplus row on the Seller Financing tab estimates portfolio-lender capacity at Year 3 NOI under typical terms (8% rate, 1.20x DSCR, 20-year amortization). Current model output shows refinance capacity exceeding the balloon by roughly \$102,000 – comfortable margin under the default growth schedule. The Sensitivity tab now includes a refinance-rate stress test (Sensitivity C): the surplus disappears between 9.0% and 9.5% under the default growth schedule, and at 10.0% the buyer would need to bring roughly \$32,000 to close the gap.</p>
<p>3. Why is the going-in cap rate around 4% – isn't that low for a 10-unit portfolio?</p>	<p>Three factors compress Hillview's cap rate. First, Ashland is a tertiary market with limited supply and very low transaction volume. Second, the seller financing absorbs part of what a cash buyer would otherwise demand in price; a 3.75% rate well below market means the buyer is paying for the financing terms in the price. Third, in-place rents are below market – local property managers identify roughly \$2,000/unit/month as supportable, well above the current ~\$1,575 portfolio average. A buyer who pushes rents toward market over the hold period sees the cap rate expand into the 5%+ range.</p>
<p>4. How do I read the side-by-side Year 0 columns on the Proforma?</p>	<p>"Year 0 Current" reflects today's rent roll, including 250 Grant at \$0 (vacant). "Year 0 At Closing" reflects post-8/1/2026 rents and 250 Grant leased at the \$1,600 target. Comparing the two columns shows how much of the going-in performance comes from the noticed increases versus current operations, isolating where execution risk sits between contract and close.</p>
<p>5. How was the 4.5% exit cap chosen, and what if exit caps expand?</p>	<p>The 4.5% assumption equals the going-in cap plus 35 basis points – a conservative convention that assumes three more years of property aging without offsetting rent compression. The Sensitivity tab tests exit caps from 4.0% (cap compression scenario, strong appreciation) through 6.5% (distressed sale scenario). At a 5.5% exit cap, the 3-year IRR compresses to roughly 0.25%; at 6.0%, it turns negative (~-4.4%); at 6.5%, substantially negative (~-8.7%). This deal works only if exit cap rates remain reasonably close to going-in, which depends on interest rates and local cap rate trends three years out. A buyer should stress-test their own exit assumptions against the sensitivity table.</p>
<p>6. What's the upside if I push rents to the \$2,000 market-supported level?</p>	<p>The current portfolio averages roughly \$1,575 per unit at 8/1/2026 rents. Local property managers identify \$2,000/unit/month as supportable – a 27% gap. Closing it entirely would add approximately \$51,000/year to NOI (most of which flows to the bottom line, since operating expenses don't scale 1:1 with rent). Oregon's 9.5% annual cap means it takes 2–3 years per tenant who stays; faster turnover accelerates the path. A buyer with active management and willingness to take Oregon-max increases each anniversary could reach \$2,000 by Year 3.</p>
<p>7. How does the year-by-year rent growth schedule work, and what defaults does the model use?</p>	<p>The Inputs tab provides ten independent rent growth cells, one per projection year. Default values are 7% for Years 1–3 and 4% for Years 4–10, producing a 10-year geometric average of 4.89%. The 7% near-term assumption tracks both the seller's actual 4/27/2026 notice pattern (seven units averaging 6.8% increases) and <a href="#">HUD Fair Market Rent</a> growth of 7.5% for Medford MSA (i.e., Jackson and Josephine Counties) annualized from 2020 to 2024. The 4% decay reflects the local market-supported ceiling. Buyers can edit any year independently to model a 9.5% Oregon-max year, a 0% turnover year, or any custom path.</p>
<p>8. Why aren't all units being raised to the Oregon statutory maximum of 9.5%?</p>	<p>Increases effective August 1, 2026, reflect the seller's judgment about retention versus revenue. Most units are increasing 4.9–6.9% rather than the full 9.5%, trading immediate revenue for tenant retention and avoiding moves at properties where vacancy turnover costs roughly \$1,500 per unit. The buyer inherits a portfolio with built-in upside: full Oregon-max increases at this cycle would have added approximately \$3,300/year in gross rent. Similar gaps at future anniversary cycles compound that upside.</p>
<p>9. Who holds the carry note – one entity or both?</p>	<p>The trust only. The pension entity is fully cashed out at closing through the down payment, eliminating ERISA fiduciary-duty questions that would apply if a pension plan held a below-market or non-warrantable loan. The buyer makes one payment to one entity at one rate (3.75% flat, interest-only) for three years.</p>
<p>10. What's the seller's tax treatment of the carry note, and does that affect me?</p>	<p>The seller recognizes interest income each year and capital gain ratably under installment-sale rules (IRC §453), spreading the gain across multiple tax years rather than recognizing it all at closing – which is why seller financing is attractive on this deal. The buyer is unaffected by the seller's tax treatment, but all interest paid on the carry note is deductible against rental income. Confirm with your CPA.</p>
<p>11. Why does the 2024 appraisal show \$2.95M when the listing is \$2.25M?</p>	<p>The 2024 appraisal valued each unit individually – what a single-unit buyer might pay for one condominium at a time – totaling \$2.95M. The \$2.25M listing reflects portfolio-discount pricing: what an investor pays to acquire all ten units at once. The 24% discount accounts for the buyer's reduced ability to liquidate quickly, the seller's transaction efficiency, and the non-warrantable</p>

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	financing constraint. Twenty-five to thirty percent portfolio discounts are normal for this type of transaction.
12. What's the downside if the HOA hits another special assessment after 2029?	The 2025 reserve study identifies the 2028 roof and 2029 paint as the major near-term capital items. After 2029, scheduled expenditures are modest – roughly \$12,000 association-wide in 2030 (about \$4,400 to the buyer). The structural risk is ongoing underfunding: the association contributes \$22,000/year against a study-recommended \$41,000. The Reserve Analysis tab shows the year-by-year projection. A prudent buyer should assume reserve contributions will rise post-closing, translating to higher monthly HOA dues over time.

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*All metric values shown in this guide are approximate and reflect the assumptions on the Inputs tab as currently configured. Exact figures appear in the live model and update automatically when inputs change.*

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