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 for the 10-unit portfolio and for the six-unit and four-unit listing packages, with hold-period return analysis on the 10-unit basis. It is built around the current rent roll — all August 1, 2026 rent increases in place — the 2025 reserve study, and the seller financing offered on every listing (50% down, 3.99% interest-only, balloon at maturity). 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 compares all three listings side by side. The Rent Roll shows unit-by-unit detail. The Inputs tab is where assumptions live.

What this workbook shows:

- 10-year operating projections for the 10-unit portfolio and both listing packages
- Three-year hold-period analysis (10-unit) assuming refinance or sale at the balloon
- Sensitivity to vacancy, exit cap rate, and refinance rate — refinance stress for all three listings
- Reserve fund projection through 2032 including the 2029 special assessment
- Seller-financing payments, balloons, refinance capacity, and collateral coverage for all three listings, plus unit-level value allocation behind the package prices

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
Cover	Three listings, terms, and headline metrics.
Inputs	Every assumption that drives the model, organized by category. Edit blue cells.
Unit Value Allocation	Per-unit relative value (income, appraisal, size, yard) and the asking-price build-up for both packages.
Rent Roll	Current rents — all 8/1/2026 increases in place — tenancy, deposits, and HOA dues per unit.
P&L	2025 actuals and January–July 2026 actuals by ownership entity, with a bridge to the stabilized Year 0.
Proforma	10-year operating projection for the 10-unit portfolio with cash-flow waterfall and performance metrics.
Proforma 6-Unit	10-year projection for the pension package (230, 236, 238, 250, 252, 254) with its own debt service and metrics.
Proforma 4-Unit	10-year projection for the trust package (240, 242, 244, 256) with its own debt service and metrics.
Seller Financing	Structure, payments, balloon, refinance capacity, and balloon coverage — all three listings side by side.
Sensitivity	Vacancy, exit cap, and refinance-rate stress tests; refinance capacity stressed for all three listings.
Reserve Analysis	Association reserve fund projection and buyer's share of capital expenditures.
Summary	Scenario summary across the three listings; 10-unit hold-period returns and cash-flow summary.
Source Notes	Where every figure comes from.

KEY ASSUMPTIONS

Listing Prices	$2,250,000 (10-unit portfolio) · $1,395,000 (6-unit pension package) · $965,000 (4-unit trust package). Package prices from the Unit Value Allocation tab; all three approved by the Seller 8/11/2026.

Updated 8/12/2026. All information deemed reliable but not guaranteed.

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Down Payment	50% of price on every listing — $1,125,000 / $697,500 / $482,500.
Seller Financing	The remaining 50% carried by the selling entities at 3.99% interest-only with full principal due at maturity — 3-year term on the 10-unit and 6-unit listings, 2-year on the 4-unit. Rate basis: average of monthly IRS short-term annual AFRs, September 2024 – August 2026; the final note rate is set at or above the AFR for the contract month.
Rent Basis	Single Year 0 at current rents — all August 1, 2026 increases and $1,600-target re-leases in place: $15,730/month, $188,760/year across the ten units.
Rent Growth	Year-by-year schedule on Inputs tab. Default: 7% per year for Years 1–3 (anniversary increases beginning August 2027, consistent with the seller's executed 2026 cycle); 4% per year for Years 4–10. 10-year geometric average: 4.89%. Each year is independently editable.
Vacancy	5% — applied uniformly across all years.
Exit Cap Rate	4.50% — 10-unit going-in cap plus approximately 53 basis points for three years of property aging (10-unit hold analysis).
Hold Period	3 years — matches the 10-unit balloon maturity.
Selling Costs	6.5% — estimated broker, title, escrow, transfer fees.
Refinance Assumption	8% rate, 1.20x DSCR, 20-year amortization — typical non-warrantable portfolio loan terms. Sensitivity C tests 6.0%–9.0% for all three listings.

GLOSSARY

Term	Definition	Default Value
Net Operating Income (NOI)	Annual rental income minus operating expenses (taxes, insurance, HOA, management, maintenance), before any debt payments. The pure operating output of the property.	~$89,400 (Year 0, 10-unit)
Cap Rate	NOI divided by purchase price. The unlevered yield — what the property earns relative to what you paid, before financing.	~3.97% (10-unit going-in)
Going-In Cap Rate	The cap rate at the moment of purchase, using the at-closing NOI.	~3.97% (10-unit); 3.89% / 3.64% at the package asks
Exit Cap Rate	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 + ~53 bps over 3-year hold)
Cash-on-Cash Return	Annual cash flow after debt service, divided by the cash invested (the down payment). The levered yield on equity.	~4.8% (Year 1, 10-unit); ~4.6% / ~4.1% packages
Debt Service Coverage Ratio (DSCR)	NOI divided by annual debt service. How much cushion exists between operating income and the loan payment. Lenders typically require 1.20x or higher.	~2.2x (Year 1, 10-unit); ~2.1x / ~2.0x packages
Internal Rate of Return (IRR)	The annualized return on equity over the hold period, accounting for ongoing cash flow plus net proceeds from sale.	~11.2% (10-unit, 3-year levered, at 4.5% exit cap)
Equity Multiple	Total cash returned divided by total cash invested. An equity multiple of 1.36x means you get back 36% more than you put in over the entire hold.	~1.36x (10-unit, 3-year)
Break-Even Occupancy	The occupancy rate at which rental income exactly covers operating expenses plus debt service. Below this, the property burns cash.	~73% (Year 1; ~7 of 10 units leased)
Sensitivity Analysis	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 6.0–9.0%
Non-Warrantable	A condominium that does not meet Fannie Mae / Freddie Mac eligibility rules. Buyer must use a portfolio lender (a bank or credit	Non-warrantable due to single-owner concentration

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	union holding the loan on its own balance sheet) at rates typically 100–200 basis points above conventional.	exceeding Fannie/Freddie thresholds across multiple owners in the association.
Special Assessment	A one-time charge by the HOA when reserves are insufficient for scheduled capital expenditures.	~$21,100 buyer share (10-unit), modeled as 2029 cash-flow deduction; packages carry their square-footage share
Applicable Federal Rate (AFR)	The IRS-published minimum interest rate for seller-financed loans. Notes below the AFR trigger imputed-interest tax treatment.	Note rate 3.99% = Sep 2024–Aug 2026 average of short-term annual AFRs; August 2026 short-term AFR is 4.10% — final rate set at or above the contract-month AFR

FREQUENTLY ASKED QUESTIONS

Question	Answer
1. Why is this property non-warrantable, and what does that mean for my financing?	Fannie Mae caps single-owner concentration at 20% and Freddie Mac caps it at 25%. The Hillview Condominium Association includes 23 dues-paying parcels across three buildings. By ownership interest in the association, Hillview Residences LLC holds 41.68% and the Seller's two related entities hold 36.22%. Both holdings independently exceed the agency single-entity thresholds, so the property is non-warrantable — Hillview Residences LLC's stake alone keeps the project ineligible regardless of the buyer's transaction. 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.
2. What happens at the balloon on each listing?	The full principal balance comes due at maturity: $1,125,000 (10-unit, end of Year 3), $697,500 (6-unit, Year 3), $482,500 (4-unit, Year 2). Options: refinance with a portfolio lender, sell, negotiate an extension, or bring cash. At the model's refinance assumptions (8% rate, 1.20x DSCR, 20-year amortization), maturity-year NOI supports roughly $991,000 / $600,000 / $355,000 of standalone refinance — below the 50%-down balloons; Sensitivity C shows the surplus turning positive near 6.25% on the 10-unit and 6.00% on the 6-unit. Collateral is the backstop: at 2024 appraised values net of selling costs, every listing covers its balloon better than 2.3x, and rent execution toward the $2,000 market level adds refinance capacity each year. Treat the balloon as a plan-by date with multiple exits, not a cliff.
3. Why is the going-in cap rate around 4% — isn't that low for a 10-unit portfolio?	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: 3.99% interest-only against a ~8% portfolio-lender alternative means the buyer is paying for the financing terms in the price. Third, in-place rents remain below market — local property managers identify roughly $2,000/unit/month as supportable, well above the current $1,573 portfolio average. A buyer who pushes rents toward market sees the cap rate expand into the 5%+ range. Going-in caps at ask: ~3.97% (10-unit), ~3.89% (6-unit), ~3.64% (4-unit).
4. Why is there a single Year 0 column on the proformas?	Earlier drafts carried side-by-side "Year 0 (Current)" and "Year 0 (At Closing)" columns while the 4/27/2026 rent-increase notices were pending. Every noticed increase took effect August 1, 2026, and the three re-leased units (236, 242, 250) are at the $1,600 target — so the split is obsolete. The workbook now projects from a single Year 0 (Current) basis of $188,760 gross scheduled rent; the Rent Roll retains each unit's prior rent for reference.
5. How was the 4.5% exit cap chosen, and what if exit caps expand?	The 4.5% assumption equals the 10-unit going-in cap plus approximately 53 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) through 6.5% (distressed sale). At a 5.0% exit cap the 3-year 10-unit IRR is roughly +4.6%; at 5.5%, roughly −1.6%; at 6.0%, roughly −7.4%. The hold-period analysis works only if exit caps stay reasonably close to going-in — stress-test your own exit assumptions against the table.
6. What's the upside if I push rents to the	The portfolio averages $1,573 per unit at the rents now in place. Local property managers identify $2,000/unit/month as supportable — a 27% gap. Closing it entirely would add approximately

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$2,000 market-supported level?	$51,000/year to gross rent, most of which flows to NOI since operating expenses don't scale 1:1 with rent. Oregon's statutory cap (9.5% in 2026) means it takes 2–3 years per tenant who stays; turnover accelerates the path. A buyer taking Oregon-max increases each anniversary could reach $2,000 by Year 3.
7. How does the year-by-year rent growth schedule work, and what defaults does the model use?	The Inputs tab provides ten independent rent growth cells, one per projection year. Defaults 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 the seller's executed 2026 increase cycle (seven units averaging 6.8%) and HUD Fair Market Rent growth of 7.5% for the Medford MSA annualized from 2020 to 2024; Year 1 represents anniversary increases beginning August 2027. The 4% decay reflects the local market-supported ceiling. Buyers can edit any year independently.
8. Why weren't all units raised to the Oregon statutory maximum of 9.5%?	The increases that took effect August 1, 2026 reflected the seller's judgment about retention versus revenue: most units rose 4.9–6.9% rather than the full 9.5%, trading immediate revenue for tenant retention where a turnover costs roughly $1,500 per unit. The buyer inherits the remaining upside — Oregon-max increases at the 2026 cycle would have added approximately $3,300/year, and similar gaps at future anniversary cycles compound.
9. Who holds the carry note — one entity or both?	Each selling entity carries the financing attributable to its own units: the pension on the six pension-held units, the trust on the four trust-held units; a 10-unit purchase involves both. Terms are identical either way — 50% down, 3.99% interest-only, balloon at maturity. Documentation of the note or notes and payment mechanics will be set out in the purchase agreement; buyers should confirm the structure with counsel.
10. What's the seller's tax treatment of the carry note, and does that affect me?	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.
11. Why does the 2024 appraisal show $2.95M when the listings total less?	The 2024 appraisal valued each unit individually — what a single-unit buyer might pay for one condominium at a time — totaling $2.95M. The listings price lot size: $2,250,000 for all ten units (a 23.7% portfolio discount), and $1,395,000 / $965,000 for the six- and four-unit packages (roughly 20% discounts — smaller lots clear at smaller discounts because more buyers can absorb them). Acquiring all ten through the single listing remains the lowest-price path. The Unit Value Allocation tab shows how the package prices distribute across units using income, appraised value, size, and private-yard factors.
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.
13. Why 50% down?	The seller's terms, and they work in the buyer's favor at this price point: 50% down secures the carried note while the note replaces roughly 8% portfolio-lender debt with 3.99% interest-only seller debt for the full term — no bank underwriting, no loan fees, and Year 1 debt-service coverage above 2.0x on every listing. The interest-only structure keeps the monthly payment at the lowest level any amortizing loan of equal size could match.

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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