

**Level II**  
**Class Problem # 3**  
**Development of Effective Gross Income**

Use the information from Problems 1 and 2 and develop an Effective Gross Income (EGI). Also, historically the Gateway SC has miscellaneous income of \$5,000 annually. What is the Effective Gross Income (EGI) for the subject property?

Level II  
Class Problem # 3 Answer  
Development of Effective Gross Income

What is the Effective Gross Income (EGI) for the property?

Potential Gross Income (Problem 1)	PGI	\$470,000
Less: Vacancy and Collection Loss (Problem 2)	V & C (7%)	-\$32,900
Miscellaneous Income	Misc Inc	\$5,000
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Effective Gross Income	EGI	\$442,100

The Effective Gross Income for the subject property is:	<hr/>	\$442,100
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