OFFERING MEMORANDUM

116–114 N CORNELL AVENUE

FULLERTON, CALIFORNIA 92831

A FOUR-UNIT INCOME PROPERTY

Main House • Two Detached ADUs • Studio Unit

$2,100,000 ASKING PRICE	**$144,000** ANNUAL GROSS INCOME	**4.43%** CAP RATE (AT ASK)	**4** TOTAL RENTABLE UNITS

Prepared exclusively for prospective purchasers — June 2026

LISTING AGENTS

Betty Wu
Realtor, Pinnacle Real Estate Group • DRE Lic# 01872217 Mobile: 626.383.5513 bettywu0108@gmail.com

Raymond Tsai
Broker Associate, RT Group at Pinnacle Real Estate • DRE Lic# 01784303 C: 626.329.3986 r.tsai@rtrealestateca.com

CONFIDENTIALITY & DISCLAIMER

This Offering Memorandum (“OM”) has been prepared for use by a limited number of qualified prospective purchasers in connection with their evaluation of the property located at 116–114 N Cornell Avenue, Fullerton, California 92831 (the “Property”). It is furnished solely for the purpose of considering the acquisition of the Property and is not to be used for any other purpose or made available to any other party without the prior written consent of the owner or its broker.

The information contained herein has been obtained from sources believed to be reliable, including the rent roll, expense items, and market data summarized in this report. However, neither the owner, broker, nor their respective agents or representatives make any representation or warranty, express or implied, as to the accuracy or completeness of this information. All projections, pro forma figures, and cap rate scenarios presented in this OM are estimates only, are not guarantees of future performance, and are subject to material change upon further due diligence, inspection, appraisal, and verification of actual leases, expenses, and title.

Prospective purchasers are strongly encouraged to perform their own independent investigation, including verification of square footage, permitted use of all units (including ADU and studio permitting status), property condition, rent comparables, zoning, tax basis, and any other matters material to a purchase decision. This document does not constitute tax, legal, or financial advice; purchasers should consult their own qualified advisors. By accepting this OM, the recipient agrees to keep its contents confidential and to return or destroy it upon request of the owner or broker.

Listing Agents: Betty Wu, Realtor, Pinnacle Real Estate Group, DRE# 01872217, 626.383.5513 • Raymond Tsai, Broker Associate, RT Group at Pinnacle Real Estate, DRE# 01784303, 626.329.3986

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1. INVESTMENT SUMMARY

116–114 N Cornell Avenue is a four-unit income property in the Sunny Hills-adjacent residential corridor of Fullerton, California, offered at $2,100,000. The Property is improved with a 3-bedroom, 2-bathroom Main House and two 3-bedroom, 2-bathroom detached Accessory Dwelling Units (ADUs) renting at $3,500–$3,550 per month in the pro forma rent roll, plus a fourth Studio unit at $1,400 per month — producing $12,000 in total monthly income and $144,000 in annual gross income at full pro forma occupancy.

The offering is well suited to two buyer profiles: (1) a pure investor seeking stabilized cash flow and a sub-5% cap rate typical of infill Orange County multi-unit product, and (2) an owner-occupant who intends to live in the Main House or either ADU — while leasing the remaining three units to substantially offset the mortgage. Section 6 of this OM models three owner-occupant scenarios using the same pro forma figures supplied for the investment case.

$2,100,000 Asking Price	**4.43%** Cap Rate at Ask	**$92,960** Net Operating Income

Snapshot

Metric	Figure
Address	116–114 N Cornell Avenue, Fullerton, CA 92831
Configuration	Main House + 2 ADUs + Studio (4 total units)
Total Building Square Footage	3,217 SF (seller-provided estimate)
Asking Price	$2,100,000
Pro Forma Monthly Income	$12,000
Pro Forma Annual Gross Income	$144,000
Net Operating Income (at ask)	$92,960
Cap Rate (at ask)	4.43%
Price Per Unit (at ask)	$525,000
Price Per Square Foot (at ask)	$652.78

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2. PROPERTY OVERVIEW & CONFIGURATION

The Property is configured as four independently leasable living units across two street addresses on a single residential lot in Fullerton. This configuration — a primary residence supplemented by two ADUs and a studio — reflects the type of “gentle density” infill development that Orange County jurisdictions, including Fullerton, have actively encouraged since California's 2017–2021 ADU legislative reforms (AB 68, AB 881, SB 13) streamlined permitting and reduced parking and setback barriers for accessory units.

Unit Mix

Unit	Address	Beds/Baths	Sqft	Rent	Rent/SF
Main House	116 N Cornell Ave	3 / 2	1,000	$3,500 / mo	$3.50
ADU #1	114 N Cornell Ave A	3 / 2	~996	$3,550 / mo	$3.56
ADU #2	114 N Cornell Ave B	3 / 2	~996	$3,550 / mo	$3.56
Studio	114 N Cornell Ave	Studio / 1	225	$1,400 / mo	$6.22
Total / Blended	—	**9 BR / 7 BA**	**3,217**	**$12,000 / mo**	**$3.73**

The Studio's rent of $6.22/SF is by far the highest in the building on a per-square-foot basis — typical for small-format units, which command a premium per square foot even at a lower absolute rent. The Main House and both ADUs are tightly clustered at $3.50–$3.56/SF, suggesting the pro forma rents were set consistently across those three units relative to size rather than unit type. With three 3-bedroom/2-bathroom units plus a studio, the Property offers 9 total bedrooms and 7 total bathrooms across the four units — a unit mix that supports families, roommate shares, and single renters within the same property.

Both ADUs (114 N Cornell Ave A and 114 N Cornell Ave B) are equipped with solar panels, a meaningful value-add that can lower utility costs for tenants and serve as a point of differentiation in marketing the Property, particularly to environmentally conscious renters or buyers. Solar ownership status (owned outright versus leased or under a power purchase agreement) should be confirmed with the seller during due diligence, as this affects transferability to a new owner.

Utilities & Metering

Utility	Metering Configuration
Electricity	Separately metered — all four units have individual electric meters
Water	Two meters total — one serving both ADUs, one serving the Main House and Studio together

Each unit has its own electric meter, allowing electricity costs to be billed directly to tenants. Water is metered at the building level rather than the unit level: one meter covers both ADUs, and a second meter covers the Main House and Studio together. A buyer should plan to either include water in rent for affected units, prorate water costs across tenants (e.g., via a RUBS — Ratio Utility Billing System — arrangement), or budget water as an owner-paid operating expense for units sharing a

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meter, since California law restricts submetering water to tenants without separate meters in most cases.

Note: Square footage figures above are seller-provided estimates (the two ADUs are listed as approximate). Lot size, year built, parking configuration, and the permitting status of the ADUs and Studio (i.e., whether permitted as ADUs/JADUs under City of Fullerton municipal code versus legal non-conforming structures) remain pending from the listing broker and should be independently confirmed by any prospective purchaser, including verification via a physical measurement or appraiser's sketch, prior to close of escrow. This OM presents financial analysis based on the rent roll and expense figures provided by the seller; it does not represent an independent appraisal or physical inspection of the Property.

3. PRO FORMA RENT ROLL

The table below reflects the seller's pro forma rent roll for all four units at full occupancy. These figures represent projected market rents for the unit mix and have not yet been validated against signed leases; prospective purchasers should request current leases, security deposit ledgers, and payment history during due diligence.

Unit	Monthly Rent
Main House	$3,500
ADU #1	$3,550
ADU #2	$3,550
Studio	$1,400
Total Monthly Income	$12,000
Annual Gross Income	$144,000

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4. INCOME & EXPENSE ANALYSIS

The table below models Net Operating Income (NOI) and resulting cap rate across a $300,000 price band centered on the $2,100,000 ask, holding gross income and operating assumptions constant. Property tax is modeled at the California statutory base rate of 1.2% of purchase price (Proposition 13 reassessment upon sale), consistent across all four scenarios since tax is reassessed to the new purchase price regardless of where the final price lands.

Price	Income	Vacancy 3%	Tax 1.2%	Mgmt 8%	Other Exp	Total Exp	NOI	Cap Rate
$1,900,000	$144,000	$4,320	$22,800	$11,520	$10,000	$48,640	$95,360	5.02%
$2,000,000	$144,000	$4,320	$24,000	$11,520	$10,000	$49,840	$94,160	4.71%
$2,100,000	**$144,000**	**$4,320**	**$25,200**	**$11,520**	**$10,000**	**$51,040**	**$92,960**	**4.43%**
$2,200,000	$144,000	$4,320	$26,400	$11,520	$10,000	$52,240	$91,760	4.17%

Reading the Scenarios

At the $2,100,000 ask, the Property produces a 4.43% cap rate — NOI of $92,960 against a vacancy allowance of 3%, property management at 8% of gross income, and $10,000 in other annual operating expenses (insurance, maintenance reserves, utilities for common areas, etc.). Each $100,000 increment in purchase price compresses the cap rate by roughly 28–30 basis points, driven primarily by the corresponding increase in reassessed property tax, while NOI itself declines modestly (by the tax delta alone, since vacancy, management, and other expenses are held flat as a function of fixed gross income). The $1,900,000 and $2,000,000 rows are included for reference and show the upside (5.02% and 4.71% cap rates, respectively) available to a buyer able to negotiate below ask.

This sensitivity table is the standard way appraisers and lenders stress-test an offering: it isolates how much of the Property's return profile is structurally tied to basis (price paid and resulting tax reassessment) versus operations. At $2,100,000, the deal sits at the upper edge of the sub-4.5% cap rate range typical for this asset class in Orange County; a buyer underwriting more conservatively may push back toward the $2,000,000 row.

Figures above are pro forma estimates based on rent roll and expense data provided by the seller. Actual NOI will vary based on verified leases, actual operating history, financing terms, insurance quotes, and capital expenditure needs identified during inspection. This is not a substitute for a third-party appraisal or lender underwriting.

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5. SALES COMPARABLES

The table below summarizes six recently sold or currently active four-unit properties within approximately 2.3 miles of the subject Property, pulled from MLS data as of June 2026. All comparables share the subject's unit count (4) and general property type (small multi-unit residential, Fullerton submarket), providing a like-for-like basis for evaluating the $2,100,000 ask on a price-per-unit, price-per-square-foot, gross rent multiplier (GRM), and cap rate basis.

Address	Status	Price	GSI	Cap	$/Unit	$/SF	GRM	Dist.
2024 E Commonwealth Ave	Active	$1,839,000	$131,220	4.9%	$459,750	$558	14.01	0.9 mi
201 W Knepp	Sold	$1,410,000	$93,720	—	$352,500	$394	15.04	1.1 mi
3124 Pearl Dr	Sold	$1,625,000	$101,700	3.9%	$406,250	$425	15.98	2.3 mi
230 W Knepp Ave	Sold	$1,548,000	$103,728	4.8%	$387,000	$413	14.92	1.2 mi
225 W Knepp	Sold	$1,665,000	$110,160	—	$416,250	$444	15.11	1.2 mi
2601 Andover	Sold	$1,860,000	$123,084	4.5%	$465,000	$411	15.11	2.0 mi

Property Detail — Size, Vintage & Days on Market

Address	Sqft	Yr Built	Days on Market
2024 E Commonwealth Ave	3,298	1960	81
201 W Knepp	3,579	1958	9
3124 Pearl Dr	3,820	1964	334
230 W Knepp Ave	3,752	1958	37
225 W Knepp	3,752	1958	9
2601 Andover	4,527	1964	63

Comp Average vs. Subject

	Price	GSI	Cap Rate	$/Unit	$/SF	GRM
Comp Average	$1,657,833	$110,602	4.53%	$414,458	$440.70	15.03
Subject — 116–114 N Cornell Ave	$2,100,000	$144,000	4.43%	$525,000	$652.78	14.58

Subject Property — Per-Unit Square Footage & Rent/SF

Unit	Address	Sqft	Monthly Rent	Rent/SF
Main House	116 N Cornell Ave	1,000	$3,500	$3.50

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Unit	Address	Sqft	Monthly Rent	Rent/SF
ADU #1	114 N Cornell Ave A	~996	$3,550	$3.56
ADU #2	114 N Cornell Ave B	~996	$3,550	$3.56
Studio	114 N Cornell Ave	225	$1,400	$6.22
Total / Blended	**—**	**3,217**	**$12,000**	**$3.73**

How the Subject Compares

- Price per square foot: At $652.78/SF, the subject prices roughly 48% above the six-comp average of $440.70/SF — the largest gap of any metric in this comparison. This reflects the subject's fundamentally different building configuration: at 3,217 total square feet, it is the smallest property in the comp set by a wide margin (comps range from 3,298 to 4,527 SF), yet generates comparable or higher gross income because the unit mix (3 income-producing units plus a studio, all individually rented) captures more rent per square foot than the larger, more traditional fourplex-style comps. This is the single hardest number to defend to a price-sensitive buyer and should be addressed head-on in showings and offers, framed around income performance (GRM, cap rate) rather than size.
- Price per unit: At $525,000/unit, the subject prices roughly 26.7% above the six-comp average of $414,458/unit — also among the highest premiums in the comp set. Together with the $/SF gap, this confirms the subject is priced on its income performance and unit mix, not on size, and that framing should anchor any pricing conversation with a buyer.
- Gross Rent Multiplier (GRM): The subject's GRM of 14.58 is close to the six-comp average of approximately 15.0, sitting between the nearest active comp (2024 E Commonwealth Ave) at 14.01 and the broader comp set. At $2,100,000, the GRM is no longer a clear advantage versus the comp set the way it was at lower price points, though it remains within a normal range and is not a red flag on its own.
- Cap rate: The subject's 4.43% cap rate at the $2,100,000 ask sits within the comp range of 3.9%–4.9% but slightly below the reporting comps' average of 4.53% — this is the metric most likely to draw buyer pushback at $2,100,000, and is the clearest argument for flexibility on price in negotiation. The nearest and most current active listing, 2024 E Commonwealth Ave (0.9 mi), is priced lower at $1,839,000 with a higher 4.9% cap rate.
- Days on market: Comps with longer marketing times (e.g., 3124 Pearl Dr at 334 days) suggest softer demand at higher price points or with less competitive financials, while the two Knepp Street sales that moved in just 9 days each indicate strong absorption for well-priced four-unit product in this immediate submarket — a reminder that pricing at the upper end of the comp range can extend time on market.
- Vintage and size: All comps were built 1958–1964, consistent with Fullerton's broader rental stock age profile noted in Section 7. The subject's unit configuration (Main House + 2 ADUs + Studio, 3,217 SF total) differs structurally from the comps, which read as larger, traditional fourplex/quad configurations — a distinction worth flagging to a buyer, since ADU-based unit mixes can affect financing options (see Section 6) and buyer pool relative to conventional small multi-family product.

Comparable sales data sourced from MLS listings as of June 2026. Subject property square footage figures are seller-provided estimates (ADU square footage listed as approximate) and should be independently verified, including via physical measurement or appraiser's sketch,

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during due diligence. GRM is calculated as sale price divided by gross scheduled income (GSI); cap rate methodology for individual comps may vary by listing agent and should be independently verified rather than relied upon as audited NOI.

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6. OWNER-OCCUPANT SCENARIOS

Beyond the pure investment case, the Property's four-unit configuration allows an owner-occupant to live in the Main House or either ADU while leasing the remaining three units. This is sometimes called “house hacking” and is a financing strategy commonly used with 2–4 unit properties, which can qualify for owner-occupied residential financing (e.g., conventional or FHA loans) rather than commercial investment loan terms — typically meaning a lower down payment and more favorable rate than a pure investment purchase. The three scenarios below hold the same pro forma rents, 3% vacancy factor, and 8% management fee used elsewhere in this OM, and apply an illustrative financing structure so each scenario can be compared on an apples-to-apples basis.

Illustrative Financing Assumptions

- Purchase price: $2,100,000 | Down payment: 20% ($420,000) | Loan amount: $1,680,000
- Rate: 6.75% fixed, 30-year amortization (illustrative — owner-occupant financing for a 2–4 unit property may differ from investor terms)
- Principal & interest: ≈ $10,896 / month | Property tax (1.2%): ≈ $2,100 / month | Insurance/maintenance reserve: ≈ $833 / month
- Total monthly housing cost (PITI + reserve), before rental offset: ≈ $13,830 / month

Note: an owner-occupant who self-manages would not incur the 8% management fee on the leased units, which would improve the net housing cost figures below by roughly $230–$280 per month depending on scenario. The figures below conservatively retain the management fee for direct comparability with the investment scenarios in Section 4.

Scenario A — Owner Occupies ADU #1

Owner lives in one ADU; the Main House, the second ADU, and the Studio are leased.

Line Item	Amount
Main House	$3,500
ADU #2	$3,550
Studio	$1,400
Gross Rent from Leased Units	$8,450
Less: Vacancy (3%)	($254)
Less: Management (8%)	($656)
Net Rental Income Collected	$7,541
Total Monthly Housing Cost (PITI + Reserve)	$13,830
Owner's Net Monthly Housing Cost	$6,289

Scenario B — Owner Occupies ADU #2

Financially identical to Scenario A, since ADU #1 and ADU #2 carry the same pro forma rent.

Line Item	Amount
Main House	$3,500
ADU #1	$3,550
Studio	$1,400
Gross Rent from Leased Units	$8,450
Less: Vacancy (3%)	($254)
Less: Management (8%)	($656)
Net Rental Income Collected	$7,541
Total Monthly Housing Cost (PITI + Reserve)	$13,830
Owner's Net Monthly Housing Cost	$6,289

Scenario C — Owner Occupies the Main House

Owner lives in the largest unit, the Main House, while leasing both ADUs and the Studio.

Line Item	Amount
ADU #1	$3,550
ADU #2	$3,550
Studio	$1,400
Gross Rent from Leased Units	$8,500
Less: Vacancy (3%)	($255)
Less: Management (8%)	($660)
Net Rental Income Collected	$7,585
Total Monthly Housing Cost (PITI + Reserve)	$13,830
Owner's Net Monthly Housing Cost	$6,245

Comparing the Scenarios

Scenario	Unit Occupied	Net Monthly Housing Cost	Effective Annual Housing Cost
A / B	ADU #1 or #2	$6,289	$75,468
C	Main House	$6,245	$74,935

Occupying the Main House (Scenario C) produces the lowest net housing cost of the three options — roughly $6,245 per month — since the Main House carries a slightly lower pro forma rent than either ADU, so less income is forfeited by living there. Occupying either ADU (Scenarios A/B) runs marginally higher at ≈$6,289 per month. In all scenarios, the owner's net housing cost runs above

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the $2,711 average market rent for a comparable Fullerton rental home cited in Section 8, but that comparison is incomplete — the owner is paying down a $1,680,000 loan and building home equity, not renting.

Owner-occupant figures are illustrative only. Actual financing terms, qualifying loan programs, interest rates, and tax treatment will vary by buyer, lender, and prevailing market conditions at time of purchase, and should be confirmed with a mortgage professional. Rental income from leased units is not guaranteed and is subject to the same vacancy and collection risk described elsewhere in this OM.

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7. CITY OF FULLERTON — MARKET OVERVIEW

Fullerton is a city of roughly 140,000 residents in north Orange County, about 25 miles southeast of downtown Los Angeles and 20 minutes from the Orange County coast. It is best known regionally as a college town and a transit hub: the city is home to California State University, Fullerton (CSUF), one of the largest campuses in the CSU system, as well as Fullerton College, and is served by a Metrolink commuter rail station with direct access to the 91 and 57 freeways — corridors that connect to the broader Los Angeles and Inland Empire job markets.

The city's housing stock is older and denser than much of suburban Orange County — a large share of Fullerton's rental units were built in the 1960s and 1970s — which has made ADU and lot-split development an increasingly common way for owners to add units without new ground-up construction. Downtown Fullerton has emerged as a walkable dining and nightlife district, while neighborhoods like Sunny Hills and the area surrounding N Cornell Avenue offer larger residential lots more conducive to accessory structures than the city's denser core.

For-Sale Market Conditions

As of mid-2026, Fullerton's for-sale market favors sellers on tight inventory and short days on market, with homes typically selling close to or above asking price. The typical home value sits in the high $900,000s, with median sale prices around $1.05 million, reflecting Orange County's broader land-constrained supply dynamics. Forecasts call for modest, low-single-digit price appreciation through the remainder of 2026 as financing costs ease gradually from recent peaks.

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8. RENTAL MARKET ANALYSIS

Fullerton's average apartment rent sits in the $2,500–$2,700 range as of mid-2026 across major rental data providers, running roughly 30–40% above the national median — a premium consistent with its Orange County location and proximity to CSUF, Disneyland, and the broader Anaheim/Orange County job base. The table below summarizes current asking rents by unit size, compiled from multiple market data sources.

Unit Type	Typical Asking Rent Range
Studio	$1,779 – $2,397
1 Bedroom	$2,129 – $2,409
2 Bedroom	$2,848 – $2,850
3 Bedroom	$3,491 – $4,000
Single-Family Home (avg., all sizes)	≈ $4,500

How the Pro Forma Compares

The Property's pro forma rents sit within or modestly below prevailing Fullerton market rates for comparable unit types. The $3,500–$3,550/month rents assumed for the Main House and each ADU are in line with market rents for 2–3 bedroom houses and larger ADUs in this submarket (single-family homes in Fullerton average roughly $4,500/month, with 2-bedroom apartment units averaging $2,850–$2,950 and 3-bedroom units running $3,500–$4,000). The $1,400/month Studio rent remains conservative relative to the $1,779–$2,397 average studio range citywide, suggesting the pro forma may still understate achievable income for that unit — though this could also reflect a smaller unit size, lack of separate utilities, or other condition-related factors that a buyer should verify on inspection.

Demand Drivers Specific to This Asset Type

- CSUF proximity: Cal State Fullerton enrolls a large, diverse commuter and resident student population, and off-campus listings near campus routinely show individual bedrooms and small ADU/studio units renting in the $975–$1,750 per-person range — supporting the achievability of the Studio's $1,400 rent and indicating ADU/studio product near CSUF leases readily to students, interns, and young professionals.
- ADU-friendly regulatory environment: California's statewide ADU reforms (AB 68/881, SB 13, and subsequent updates) have reduced permitting friction, parking requirements, and owner-occupancy restrictions for ADUs, and most jurisdictions — including Fullerton — have adopted streamlined local ordinances in response, supporting continued legal use and resale liquidity for multi-unit configurations like this Property.
- Transit and freeway access: The Fullerton Metrolink station and proximity to the 91/57 freeways broaden the renter pool to commuters working throughout Orange County, the Inland Empire, and Los Angeles County.

- Constrained for-sale inventory: With Fullerton's sale-to-list ratio above 100% and limited months of supply, renter demand is reinforced by buyers who are priced out of ownership or unable to find inventory, a dynamic that tends to support rental absorption across unit types.

Rental comparables are sourced from third-party aggregators (Zillow Rental Manager, RentCafe/Yardi Matrix, Zumper, Rentometer, Point2Homes) as of approximately May–June 2026 and represent asking rents for the broader Fullerton rental market, not signed leases for directly comparable properties. Prospective purchasers should commission a formal rent comparability study as part of due diligence.

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9. AFFORDABILITY & LIKELY TENANT PROFILE

This section translates the pro forma rents into household income requirements, using the standard 30%-of-gross-income affordability benchmark applied by most California landlords, lenders, and rental screening services, and compares those thresholds to actual income levels in the Property's ZIP code (92831) and the City of Fullerton overall.

Income Required to Qualify, by Unit

Unit	Monthly Rent	Min. Annual Income Needed (30% rule)	Relative to Local Median
Main House	$3,500	$140,000	157% of zip / 134% of city median
ADU #1	$3,550	$142,000	159% of zip / 136% of city median
ADU #2	$3,550	$142,000	159% of zip / 136% of city median
Studio	$1,400	$56,000	63% of zip / 54% of city median

ZIP 92831 (the Property's ZIP code) has a median household income of approximately $89,278, notably below both the citywide Fullerton median of $104,286 and the Orange County median of roughly $116,289. This is a meaningful input for underwriting tenant demand: a single median-income household in 92831 would need to commit nearly 1.6x its entire income to qualify for the Main House at $3,500/month or either ADU at $3,550/month under the standard 30% rule — meaning these units are realistically affordable to local-area households only as dual-income or shared/roommate arrangements, not single median-income renters.

The Studio, by contrast, requires only about $56,000 in annual income to qualify — roughly 63% of the 92831 median — making it accessible to a single full-time worker earning approximately $27/hour, a single graduate student with an assistantship and part-time work, or a fixed-income renter, without requiring a co-signer or shared household.

Most Likely Tenant Profile, by Unit

- Main House ($3,500/mo): Best suited to a dual-income couple or small family household, or 2–3 unrelated working professionals sharing the unit. At $3,500/month split two ways, each occupant's share (≈$1,750) falls within reach of a single full-time worker earning roughly $70,000/year — close to Fullerton's per-capita income — making shared occupancy the most realistic single-income path to this unit.
- ADU #1 and ADU #2 ($3,550/mo each): The same affordability math applies as the Main House. Likely tenants include young professional couples (a meaningful share of Fullerton's 25–34 age cohort, which is the largest renter age bracket citywide), small families seeking more space and privacy than an apartment complex offers, or graduate students/postdocs affiliated with CSUF sharing the unit. Detached ADUs with private entries are also attractive to multi-generational households and remote workers who value separation from a shared driveway/main house.

- Studio ($1,400/mo): The unit's affordability profile points most directly to CSUF students and interns (off-campus CSUF-area listings show individual rooms and small units commonly leasing in the $975–$1,750/month range), early-career single professionals, or a fixed-income individual renter. At $1,400/month against an estimated $1,779–$2,397 citywide studio average, this unit remains priced below market — which should translate to fast lease-up and a deep applicant pool, but also represents continued upside opportunity in the rent roll (see Section 8).

Underwriting Implications

- The Main House and both ADUs are priced at a level that filters out single median-income tenants from the immediate ZIP code, pointing toward dual-income households, roommate-shares, or tenants commuting in from outside the immediate submarket for CSUF, healthcare, or Orange County employment access.
- The Studio is the only unit affordable to a single median (or below-median) area income earner, and is the unit most exposed to, and most likely to benefit from, CSUF's academic-year leasing cycle (turnover concentrated around the May–August and December–January windows).
- A buyer underwriting collections risk should weight the Main House and ADUs toward longer-term, credit-qualified household tenants, and the Studio toward higher turnover but faster re-leasing, consistent with student and early-career renter behavior.

Income benchmarks are derived from U.S. Census Bureau American Community Survey estimates (ZIP 92831 and City of Fullerton, most recent 5-year estimates as compiled by third-party demographic aggregators) and the standard 30%-of-gross-income affordability rule. Actual qualifying tenant income will depend on each applicant's full financial profile, co-signers, and the property owner's specific screening criteria.

10. INVESTMENT HIGHLIGHTS & CONSIDERATIONS

Investment Highlights

- Four income-producing units on a single parcel, offering both a stabilized investment cap rate (4.43% at ask) and flexible owner-occupant financing strategies.
- Pro forma rents for the Main House and ADUs are positioned at or near market for comparable Fullerton single-family and ADU product, with the Studio rent appearing conservative relative to citywide studio averages.
- Located in a supply-constrained Orange County submarket with a sale-to-list ratio above 100% and limited months of supply — conditions that typically support rental demand and asset value retention.
- Proximity to Cal State Fullerton, Metrolink rail, and the 91/57 freeway corridors broadens the addressable renter pool beyond a single demographic (students, young professionals, and commuting families).
- ADU-friendly state and local policy environment supports the continued legal operability and potential future expansion of accessory unit income.
- Independently benchmarked against six comparable four-unit Fullerton sales within 2.3 miles: at the $2,100,000 ask, the subject's 14.58 GRM is close to the comp set average of 15.03, and its 4.43% cap rate sits modestly below the comp average of 4.53% — at $652.78/SF, the subject prices well above the comp average of $440.70/SF, reflecting its smaller total footprint (3,217 SF) relative to comp set size (see Section 5).

Key Considerations & Suggested Due Diligence

- Verify permitting status of both ADUs and the Studio with the City of Fullerton Building & Planning Division — confirm each is permitted as an ADU/JADU (or otherwise legally permitted use) rather than an unpermitted conversion.
- Request and review current signed leases, security deposit ledgers, and 12–24 months of trailing rent collection history; pro forma rents in this OM are projections, not in-place contract rents.
- Obtain a third-party appraisal and physical inspection, including review of separate utility metering across all four units, parking configuration, and any deferred maintenance.
- Confirm actual property tax basis and any existing Mills Act, Williamson Act, or other special assessments that could affect the 1.2% tax assumption used in this OM.
- If pursuing an owner-occupant financing strategy, confirm loan program eligibility (conventional, FHA, or other 2–4 unit owner-occupied financing) with a mortgage lender, as terms differ materially from the illustrative 20% down / 6.75% assumption used in Section 6.
- Engage a CPA regarding tax treatment of mixed personal-use/rental income if pursuing an owner-occupant scenario, as this affects depreciation, deduction eligibility, and capital gains treatment differently than a pure investment purchase.

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FOR MORE INFORMATION OR TO SCHEDULE A SHOWING, CONTACT THE LISTING AGENTS

Betty Wu
Realtor, Pinnacle Real Estate Group • DRE# 01872217 • 626.383.5513 • bettywu0108@gmail.com

Raymond Tsai
Broker Associate, RT Group at Pinnacle Real Estate • DRE# 01784303 • 626.329.3986 • r.tsai@rtrealestateca.com