

CLEARWATER COLLECTION

ADU Rental Income Reference

Plan B + Attached 2-Bedroom ADU

15540 & 15540½ Colorado Avenue, Paramount, CA 90723

Prepared for: *The Prospective Buyer of Plan B at Clearwater Collection*

This reference document has been prepared specifically for you as a prospective buyer of Plan B at Clearwater Collection. It summarizes the supporting data behind the estimated rental income range for the attached, fully separate 2-bedroom ADU included with this home. The information here is intended to help you evaluate the income potential of the ADU as part of your purchase decision and may be shared with your lender or other professionals reviewing the property.

All figures are sourced from publicly available, third-party rental market data as of the date noted on the final page. Sources are listed in full at the end of this document.

AT A GLANCE

Estimated Monthly Market Rent (ADU only): **\$2,500 – \$2,900**

Suggested Mid-Point for Underwriting: **\$2,700/month**

Range supported by 6 active rental comparables in Paramount, Bellflower, and Downey, plus published market data from RentCafe, Apartments.com, and Rentable for the 90723 ZIP code and surrounding submarket.

SECTION 1

The ADU — Subject Property

The ADU is part of Plan B at Clearwater Collection, a new-construction boutique community of four single-family homes on Colorado Avenue in Paramount, California (LA County). The ADU is attached to the main residence but operates as a fully independent living unit.

Property	15540½ Colorado Avenue, Paramount, CA 90723
Property Type	Attached ADU (2-bedroom, 1-bath)
Living Area	839 sq ft
Bedrooms / Baths	2 / 1
Year Built	New construction (2025-2026)
Kitchen	Full kitchen with quartz counters and full-size appliances

Laundry	In-unit hookups (washer/dryer)
Parking	One dedicated off-street parking space
Entry	Private exterior entrance, separate from main home
Utilities	Separate metering (electric); separately controlled HVAC
Finishes	Designer-selected: quartz, custom cabinetry, modern fixtures
Other	Solar included; all-electric; smart-home features (Ring, smart thermostat, keyless entry)

Why this matters for rent: This combination of features — new construction, separate utilities, in-unit laundry, dedicated parking, and a private entrance — positions the ADU at the upper end of the local 2-bedroom rental market.

SECTION 2

Submarket Rental Data

The following submarket figures come from published rental market reports for the immediate area. These represent averages across all 2-bedroom rental units (apartments, single-family, and ADUs combined) and establish the typical rent range for the area.

Submarket	Avg. 2BR Rent	Source	As of	Trend (YoY)
Paramount, CA (90723)	\$2,347	RentCafe	Nov 2025	+2.34 %
Paramount, CA (overall)	\$2,470	Rentable.co	Dec 2025	—
90723 ZIP — 2BR avg	\$2,671	ApartmentHomeLiving	Apr 2025	—
Bellflower, CA — 2BR	\$2,416	RentCafe	Jan 2026	—
Bellflower, CA — 2BR	\$2,430-\$2,500	Rentable.co	Feb 2026	—
Downey, CA — 2BR	\$2,533	RentCafe	Feb 2026	+1.14 %

Submarket average for 2-bedroom rentals across the immediate area: approximately \$2,400-\$2,550. The next section examines specific comparable rentals and how the subject ADU positions against them.

SECTION 3

Comparable Rentals — 2BR Units in Paramount Submarket

The table below presents six 2-bedroom rentals currently or recently active in Paramount, Bellflower, and Downey. These are the closest available comparables to the subject ADU. Each comparable's features are noted alongside its asking rent so you can see how the subject compares on key value drivers (size, condition, parking, utilities, in-unit laundry).

Feature	Subject (ADU)	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Address	15540½ Colorado Ave, Paramount	8350 Gardendale St, Paramount	8600 Rosecrans Ave (Exotic Isle), Paramount	7800 Madison St, Paramount	Sherwood Apts, Bellflower	Brand-New ADU, Downey	Front House 2BR, Paramount
Source	—	Apartments.com	Apartments.com	Apartments.com	Homes.com	Craigslist (LA)	Craigslist (LA)
Asking Rent	—	\$2,350	\$2,375	\$2,750	\$2,195	\$3,200	\$2,450
Bedrooms	2	2	2	2	2	2	2
Bathrooms	1	1	1	1-2	1.5	1	1
Approx. Sq Ft	839	~770	~770	~800	~780	~750-850	~800
Construction	New 2025-26	Established / renovated	Established / renovated	Established	Recently renovated	New ADU	Established
Private Entry	Yes	Shared building entry	Shared building entry	Shared building entry	Shared building entry	Yes	Yes
In-Unit Laundry	Yes	Building laundry	Building laundry	Hookups	Building laundry	Yes	Hookups
Dedicated Parking	1 space	Parking lot	Carport	Driveway	1 space	1 space	Driveway
Separate Utilities	Yes	Standard apartment	Standard apartment	Standard apartment	Standard apartment	Yes	Yes
Solar / Energy	Solar included	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified

Note: Comps 5 and 6 are sourced from Craigslist listings where exact street addresses were not published; submarket and unit characteristics are as listed by the original poster.

Comparable Rent Summary

Lowest \$2,195	Median \$2,450	Highest \$3,200
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The lowest comparable (\$2,195) is a standard apartment-style 2-bedroom rental — fewer features and amenities than the subject. The highest (\$3,200) is a brand-new ADU in Downey with separate utilities and dedicated parking — a feature profile most similar to the subject. The subject ADU's combination of new construction, separate utilities, in-unit laundry, dedicated parking, and a private entrance places it above the median and within the upper half of this comparable set.

SECTION 4

How the \$2,500–\$2,900 Range Was Determined

Rather than picking a single number, the estimate is presented as a defensible range that reflects realistic upper and lower bounds based on the comparable data. Here is how the bounds were set:

Lower bound	\$2,500	Reflects a conservative figure that exceeds the area's 2BR submarket average (~\$2,400–\$2,550) by a small premium for the subject's new-construction status. This represents a value that prioritizes a quick, frictionless lease-up over maximizing every dollar.
Mid-point	\$2,700	Reflects the subject ADU competing on equal footing with similarly-equipped 2BR units in the area, accounting for new construction, separate utilities, dedicated parking, and in-unit laundry — but not assuming peak market pricing.
Upper bound	\$2,900	Reflects strong market conditions and the subject ADU positioned at the top of the 2BR submarket. Supported by Comp 6 (\$3,200, brand-new ADU in Downey with similar feature profile) — the subject's upper bound is set just below this comp to reflect Paramount's specific submarket pricing.

For loan qualification or conservative income planning, \$2,700/month (the mid-point) is suggested as a defensible figure backed by the comparable data above. Buyers should rely on their own analysis and consult their lender, tax advisor, and property manager regarding how this estimate should factor into their specific financial situation.

SECTION 5

Additional Considerations for Buyers

◆ **Vacancy and turnover**

Rental income is not guaranteed every month. Standard practice is to assume 5–8% vacancy in the LA County market for well-maintained units. At \$2,700/month with a standard 5% vacancy assumption, effective annual rent is approximately \$30,780.

◆ **Operating expenses**

Even with separate utilities (which the subject has), ADU rental ownership involves incidental costs: a portion of property tax, hazard insurance, occasional maintenance, and tenant turnover costs. These should be modeled separately from gross rent.

◆ **Lender treatment of ADU income**

Both Fannie Mae and FHA permit ADU rental income to be considered toward qualifying income on a one-unit principal residence, subject to specific requirements. Fannie Mae caps ADU rental income for qualifying at 30% of total qualifying income. Your lender will determine the exact treatment based on the loan program, your application, and the formal market rent estimate provided by the property's appraisal.

◆ **Local rental rules**

Paramount is governed by State of California ADU regulations, which generally permit long-term rental of an ADU on owner-occupied property. Short-term rental (under 30 days) rules vary and may require local permits. Buyers should verify current ADU rental regulations directly with the City of Paramount before any rental activity.

◆ **Tax implications**

Rental income is taxable. Buyers planning to rent the ADU should consult a tax professional regarding income reporting, allowable deductions, depreciation, and how rental use of a portion of an owner-occupied property affects their tax position.

SECTION 6

Sources & Verification

All rental data in this document was sourced from publicly available, third-party rental market reports and live listings as of the date below. You can verify any of the figures cited by visiting the URLs listed.

RentCafe — Paramount, CA (90723) 2BR rentals	https://www.rentcafe.com/2-bedroom-apartments-for-rent/us/ca/paramount/
RentCafe — Paramount, CA overall market	https://www.rentcafe.com/apartments-for-rent/paramount-ca/
Apartments.com — Paramount, CA 2-bedroom rentals	https://www.apartments.com/paramount-ca/2-bedrooms/
Apartments.com — Bellflower, CA 2-bedroom rentals	https://www.apartments.com/bellflower-ca/2-bedrooms/
Rentable.co — Paramount, CA market report	https://www.rentable.co/paramount-ca
Rentable.co — Bellflower, CA 2-bedroom market	https://www.rentable.co/bellflower-ca/2-bedroom-apartments-for-rent
Rentable.co — Downey, CA 2-bedroom market	https://www.rentable.co/downey-ca/2-bedroom-apartments-for-rent
ApartmentHomeLiving — 90723 ZIP top-rated 2BR	https://www.apartmenthomeliving.com/paramount-ca/zip-code/90723-apartments/apartments-for-rent/top Rated
RentCafe — Downey, CA 2-bedroom market	https://www.rentcafe.com/apartments-for-rent/downey-ca/2-bedroom/
Craigslist Los Angeles (Comps 5 & 6, ADU listings)	https://losangeles.craigslist.org/search/apa?query=paramount,+ca

Underwriting & Policy References

- Fannie Mae Selling Guide, Section B3-3.1-08, Rental Income (current) — selling-guide.fanniemae.com/sel/b3-3.1-08/rental-income
- Fannie Mae Single-Family Comparable Rent Schedule (Form 1007) — singlefamily.fanniemae.com/media/12351/display
- Fannie Mae Appraiser Update (April 2025) — ADU rental policy — singlefamily.fanniemae.com/originating-underwriting/appraisers/appraiser-update
- FHA Mortgagee Letter 2023-17 — ADU rental income and appraisal protocols — hud.gov/sites/dfiles/OCHCO/documents/2023-17hsgml.pdf

IMPORTANT

Disclaimers — Please Read

This document is prepared as a buyer-facing market reference and is provided for informational purposes only. It is not a formal market rent appraisal, lease, or guarantee of rental income. It does not constitute investment, tax, legal, or financial advice.

The estimated rental range of \$2,500–\$2,900/month is an opinion of likely market rent based on publicly available comparable data as of the date noted below. Actual achievable rent may vary based on market conditions at the time of leasing, the condition

and finish of the unit at that time, the chosen tenant, marketing strategy, lease terms, time of year, vacancy duration, and other factors outside the seller's control.

Rental income figures shown do not account for vacancy, property management fees, maintenance costs, repairs, tenant turnover costs, property taxes, insurance, capital improvements, or any other expenses associated with rental ownership. Net rental income will be lower than the gross figures shown.

Comparable properties listed in Section 3 reflect listings active or recently active in the submarket as of the source date. Listing rents do not always equal final achieved rents. Sellers and buyers should expect actual closed lease rents to vary from listing rents, sometimes meaningfully.

For loan qualification, your lender will determine how much (if any) of the projected ADU rental income may be counted toward your qualifying income. The formal market rent estimate used by your lender will come from the property's appraisal report and may differ from the figures shown in this document. Both Fannie Mae and FHA cap ADU rental income consideration at a portion of total qualifying income (Fannie Mae caps at 30%); your loan officer can explain the specific limit for your loan program.

Buyers are encouraged to:

- Conduct an independent rental market analysis, including review of additional comparables you choose to consult, before relying on any specific rent figure for purchase planning;
- Consult with a licensed real estate professional, property manager, or rental specialist familiar with the Paramount and surrounding submarkets;
- Consult with your lender regarding ADU rental income treatment under your specific loan program;
- Consult with a tax professional regarding the income, deduction, and depreciation implications of renting the ADU;
- Verify current local short-term and long-term rental regulations directly with the City of Paramount and Los Angeles County before relying on rental use plans.

No representation or warranty, express or implied, is made by the seller, builder, listing agent, or any related party regarding the accuracy or achievability of any specific rental amount. Buyers must rely on their own due diligence and the advice of their own qualified professionals before making any purchase decision based in whole or in part on projected ADU rental income.

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Subject property: 15540 & 15540½ Colorado Avenue, Paramount, CA 90723 (Plan B + ADU)

Community: Clearwater Collection · Built by Gold Key Development