

# Purchase Analysis

109 Hann Drive  
109 Hann Dr  
Birmingham, AL 35215



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Purchase Info	
Purchase Price	\$93,900
- First Mortgage	-\$75,120
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$18,780</b>
+ Buying Costs	\$5,634
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$24,414</b>
Square Feet	1,550
Cost per Square Foot	\$61
Monthly Rent per Square Foot	\$0.63

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$75,120	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$403.26</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	8.0
Operating Expense Ratio	34.0%
Debt Coverage Ratio	1.52
Cap Rate (Purchase Price)	7.8%
<b>Cash on Cash Return</b>	<b>10.2%</b>

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	5.0%
Income Inflation Rate	1.0%
Expense Inflation Rate	1.0%
LTV for Refinance	70.0%
Selling Costs	\$5,634

Income	Monthly	Annual
Gross Rent	\$975	\$11,700
Vacancy Loss	-\$49	-\$585
<b>Operating Income</b>	<b>\$926</b>	<b>\$11,115</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$46	-\$556
Insurance (8%)	-\$78	-\$939
Management Fees (10%)	-\$93	-\$1,112
Taxes (11%)	-\$98	-\$1,174
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (34%)</b>	<b>-\$315</b>	<b>-\$3,780</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$611</b>	<b>\$7,335</b>
- Mortgage Payments	-\$403	-\$4,839
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$208</b>	<b>\$2,496</b>

# Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$11,700	\$11,817	\$11,935	\$12,175	\$12,796	\$14,135	\$15,614
Vacancy Loss	-\$585	-\$591	-\$597	-\$609	-\$640	-\$707	-\$781
<b>Operating Income</b>	<b>\$11,115</b>	<b>\$11,226</b>	<b>\$11,338</b>	<b>\$11,566</b>	<b>\$12,156</b>	<b>\$13,428</b>	<b>\$14,833</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$556	-\$561	-\$567	-\$578	-\$608	-\$671	-\$742
Insurance	-\$939	-\$948	-\$958	-\$977	-\$1,027	-\$1,134	-\$1,253
Management Fees	-\$1,112	-\$1,123	-\$1,134	-\$1,157	-\$1,216	-\$1,343	-\$1,483
Taxes	-\$1,174	-\$1,185	-\$1,197	-\$1,221	-\$1,284	-\$1,418	-\$1,566
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$3,780</b>	<b>-\$3,818</b>	<b>-\$3,856</b>	<b>-\$3,933</b>	<b>-\$4,134</b>	<b>-\$4,567</b>	<b>-\$5,044</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$7,335</b>	<b>\$7,408</b>	<b>\$7,482</b>	<b>\$7,633</b>	<b>\$8,022</b>	<b>\$8,861</b>	<b>\$9,789</b>
- Mortgage Payments	-\$4,839	-\$4,839	-\$4,839	-\$4,839	-\$4,839	-\$4,839	-\$4,839
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,496</b>	<b>\$2,569</b>	<b>\$2,643</b>	<b>\$2,794</b>	<b>\$3,183</b>	<b>\$4,022</b>	<b>\$4,949</b>
Cap Rate (Purchase Price)	7.8%	7.9%	8.0%	8.1%	8.5%	9.4%	10.4%
Cap Rate (Market Value)	7.6%	7.4%	7.3%	7.0%	6.4%	5.2%	4.3%
<b>Cash on Cash Return</b>	<b>10.2%</b>	<b>10.5%</b>	<b>10.8%</b>	<b>11.4%</b>	<b>13.0%</b>	<b>16.5%</b>	<b>20.3%</b>
Return on Equity	11.0%	9.6%	8.5%	7.0%	4.9%	3.1%	2.2%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$96,717	\$99,619	\$102,607	\$108,856	\$126,194	\$169,594	\$227,920
- Loan Balance	-\$74,012	-\$72,847	-\$71,622	-\$68,982	-\$61,104	-\$38,020	-\$0
<b>= Equity</b>	<b>\$22,705</b>	<b>\$26,772</b>	<b>\$30,985</b>	<b>\$39,874</b>	<b>\$65,090</b>	<b>\$131,574</b>	<b>\$227,920</b>
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$6,310	-\$3,114	\$203	\$7,217	\$27,231	\$80,696	\$159,544

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$22,705	\$26,772	\$30,985	\$39,874	\$65,090	\$131,574	\$227,920
- Selling Costs	-\$5,803	-\$5,977	-\$6,156	-\$6,531	-\$7,572	-\$10,176	-\$13,675
<b>= Proceeds After Sale</b>	<b>\$16,902</b>	<b>\$20,795</b>	<b>\$24,829</b>	<b>\$33,343</b>	<b>\$57,518</b>	<b>\$121,398</b>	<b>\$214,244</b>
+ Cumulative Cash Flow	\$2,496	\$5,065	\$7,708	\$13,220	\$28,349	\$64,727	\$109,974
- Initial Cash Invested	-\$24,414	-\$24,414	-\$24,414	-\$24,414	-\$24,414	-\$24,414	-\$24,414
<b>= Net Profit</b>	<b>-\$5,016</b>	<b>\$1,446</b>	<b>\$8,123</b>	<b>\$22,149</b>	<b>\$61,453</b>	<b>\$161,711</b>	<b>\$299,804</b>
<b>Internal Rate of Return</b>	<b>-20.5%</b>	<b>3.1%</b>	<b>11.0%</b>	<b>16.1%</b>	<b>17.2%</b>	<b>15.5%</b>	<b>14.3%</b>
Return on Investment	-21%	6%	33%	91%	252%	662%	1,228%