

# Purchase Analysis

1130 10th Ave  
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Pleasant Grove , AL 35127



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Purchase Info	
Purchase Price	\$89,900
- First Mortgage	-\$71,920
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$17,980</b>
+ Buying Costs	\$5,394
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$23,374</b>
Square Feet	1,404
Cost per Square Foot	\$64
Monthly Rent per Square Foot	\$0.68

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$71,920	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$386.08</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.9
Operating Expense Ratio	33.7%
Debt Coverage Ratio	1.55
Cap Rate (Purchase Price)	8.0%
<b>Cash on Cash Return</b>	<b>10.9%</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	\$5,394

Income	Monthly	Annual
Gross Rent	\$950	\$11,400
Vacancy Loss	-\$48	-\$570
<b>Operating Income</b>	<b>\$902</b>	<b>\$10,830</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$45	-\$542
Insurance (8%)	-\$75	-\$899
Management Fees (10%)	-\$90	-\$1,083
Taxes (10%)	-\$94	-\$1,124
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (34%)</b>	<b>-\$304</b>	<b>-\$3,647</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$599</b>	<b>\$7,183</b>
- Mortgage Payments	-\$386	-\$4,633
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$212</b>	<b>\$2,550</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	\$11,400	\$11,514	\$11,629	\$11,863	\$12,468	\$13,772	\$15,213
Vacancy Loss	-\$570	-\$576	-\$581	-\$593	-\$623	-\$689	-\$761
<b>Operating Income</b>	<b>\$10,830</b>	<b>\$10,938</b>	<b>\$11,048</b>	<b>\$11,270</b>	<b>\$11,845</b>	<b>\$13,084</b>	<b>\$14,453</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$542	-\$547	-\$552	-\$563	-\$592	-\$654	-\$723
Insurance	-\$899	-\$908	-\$917	-\$936	-\$983	-\$1,086	-\$1,200
Management Fees	-\$1,083	-\$1,094	-\$1,105	-\$1,127	-\$1,184	-\$1,308	-\$1,445
Taxes	-\$1,124	-\$1,135	-\$1,146	-\$1,169	-\$1,229	-\$1,358	-\$1,500
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$3,647</b>	<b>-\$3,684</b>	<b>-\$3,721</b>	<b>-\$3,795</b>	<b>-\$3,989</b>	<b>-\$4,406</b>	<b>-\$4,867</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$7,183</b>	<b>\$7,255</b>	<b>\$7,327</b>	<b>\$7,474</b>	<b>\$7,856</b>	<b>\$8,678</b>	<b>\$9,585</b>
- Mortgage Payments	-\$4,633	-\$4,633	-\$4,633	-\$4,633	-\$4,633	-\$4,633	-\$4,633
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,550</b>	<b>\$2,622</b>	<b>\$2,694</b>	<b>\$2,841</b>	<b>\$3,223</b>	<b>\$4,045</b>	<b>\$4,952</b>
Cap Rate (Purchase Price)	8.0%	8.1%	8.2%	8.3%	8.7%	9.7%	10.7%
Cap Rate (Market Value)	7.8%	7.6%	7.5%	7.2%	6.5%	5.3%	4.4%
<b>Cash on Cash Return</b>	<b>10.9%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>12.2%</b>	<b>13.8%</b>	<b>17.3%</b>	<b>21.2%</b>
Return on Equity	11.7%	10.2%	9.1%	7.4%	5.2%	3.2%	2.3%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$92,597	\$95,375	\$98,236	\$104,219	\$120,818	\$162,369	\$218,211
- Loan Balance	-\$70,859	-\$69,744	-\$68,571	-\$66,043	-\$58,502	-\$36,401	-\$2
<b>= Equity</b>	<b>\$21,738</b>	<b>\$25,631</b>	<b>\$29,665</b>	<b>\$38,175</b>	<b>\$62,317</b>	<b>\$125,968</b>	<b>\$218,209</b>
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$6,041	-\$2,981	\$194	\$6,910	\$26,071	\$77,257	\$152,746

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$21,738	\$25,631	\$29,665	\$38,175	\$62,317	\$125,968	\$218,209
- Selling Costs	-\$5,556	-\$5,722	-\$5,894	-\$6,253	-\$7,249	-\$9,742	-\$13,093
<b>= Proceeds After Sale</b>	<b>\$16,182</b>	<b>\$19,909</b>	<b>\$23,771</b>	<b>\$31,922</b>	<b>\$55,067</b>	<b>\$116,226</b>	<b>\$205,117</b>
+ Cumulative Cash Flow	\$2,550	\$5,171	\$7,866	\$13,474	\$28,818	\$65,498	\$110,862
- Initial Cash Invested	-\$23,374	-\$23,374	-\$23,374	-\$23,374	-\$23,374	-\$23,374	-\$23,374
<b>= Net Profit</b>	<b>-\$4,642</b>	<b>\$1,706</b>	<b>\$8,262</b>	<b>\$22,023</b>	<b>\$60,511</b>	<b>\$158,350</b>	<b>\$292,605</b>
<b>Internal Rate of Return</b>	<b>-19.9%</b>	<b>3.8%</b>	<b>11.7%</b>	<b>16.7%</b>	<b>17.8%</b>	<b>16.0%</b>	<b>14.8%</b>
Return on Investment	-20%	7%	35%	94%	259%	677%	1,252%