Purchase Analysis

137 Sterling Dr
137 Sterling Dr
Bessemer, AL 35023

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Purchase Info	
Purchase Price	$114,900
- First Mortgage	-$91,920
- Second Mortgage	-$0
= Downpayment	$22,980
+ Buying Costs	$6,894
+ Initial Improvements	$0
= Initial Cash Invested	$29,874
Square Feet	2,390
Cost per Square Foot	$48
Monthly Rent per Square Foot	$0.48

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	$91,920	$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
Payment	$493.45	$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	8.3
Operating Expense Ratio	32.5%
Debt Coverage Ratio	1.49
Cap Rate (Purchase Price)	7.7%
Cash on Cash Return	9.8%

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	$6,894

Income	Monthly	Annual
Gross Rent	$1,150	$13,800
Vacancy Loss	-$58	-$690
Operating Income	$1,092	$13,110

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-$55	-$656
Insurance (9%)	-$96	-$1,149
Management Fees (10%)	-$109	-$1,311
Taxes (9%)	-$96	-$1,149
Association Fees (0%)	-$0	-$0
Operating Expenses (33%)	-$355	-$4,264

Net Performance	Monthly	Annual
Net Operating Income	$737	$8,846
- Mortgage Payments	-$493	-$5,921
- Year 1 Improvements	-$0	-$0
= Cash Flow	$244	$2,924

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	$13,800	$13,938	$14,077	$14,360	$15,093	$16,672	$18,416
Vacancy Loss	-$690	-$697	-$704	-$718	-$755	-$834	-$921
Operating Income	**$13,110**	**$13,241**	**$13,374**	**$13,642**	**$14,338**	**$15,838**	**$17,495**

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-$656	-$662	-$669	-$682	-$717	-$792	-$875
Insurance	-$1,149	-$1,160	-$1,172	-$1,196	-$1,257	-$1,388	-$1,533
Management Fees	-$1,311	-$1,324	-$1,337	-$1,364	-$1,434	-$1,584	-$1,750
Taxes	-$1,149	-$1,160	-$1,172	-$1,196	-$1,257	-$1,388	-$1,533
Association Fees	-$0	-$0	-$0	-$0	-$0	-$0	-$0
Operating Expenses	**-$4,264**	**-$4,307**	**-$4,350**	**-$4,438**	**-$4,664**	**-$5,152**	**-$5,691**

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	**$8,846**	**$8,934**	**$9,023**	**$9,205**	**$9,674**	**$10,686**	**$11,804**
- Mortgage Payments	-$5,921	-$5,921	-$5,921	-$5,921	-$5,921	-$5,921	-$5,918
- Improvements	-$0	-$0	-$0	-$0	-$0	-$0	-$0
= Cash Flow	**$2,924**	**$3,013**	**$3,102**	**$3,283**	**$3,753**	**$4,765**	**$5,886**
Cap Rate (Purchase Price)	7.7%	7.8%	7.9%	8.0%	8.4%	9.3%	10.3%
Cap Rate (Market Value)	7.5%	7.3%	7.2%	6.9%	6.3%	5.1%	4.2%
Cash on Cash Return	**9.8%**	**10.1%**	**10.4%**	**11.0%**	**12.6%**	**16.0%**	**19.7%**
Return on Equity	10.5%	9.2%	8.2%	6.7%	4.7%	3.0%	2.1%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	$118,347	$121,897	$125,554	$133,201	$154,416	$207,522	$278,892
- Loan Balance	-$90,564	-$89,138	-$87,640	-$84,409	-$74,769	-$46,521	-$0
= Equity	**$27,783**	**$32,759**	**$37,915**	**$48,792**	**$79,647**	**$161,001**	**$278,892**
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-$7,721	-$3,810	$248	$8,832	$33,322	$98,744	$195,225

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	$27,783	$32,759	$37,915	$48,792	$79,647	$161,001	$278,892
- Selling Costs	-$7,101	-$7,314	-$7,533	-$7,992	-$9,265	-$12,451	-$16,734
= Proceeds After Sale	**$20,682**	**$25,445**	**$30,381**	**$40,800**	**$70,382**	**$148,549**	**$262,159**
+ Cumulative Cash Flow	$2,924	$5,937	$9,039	$15,514	$33,330	$76,341	$130,051
- Initial Cash Invested	-$29,874	-$29,874	-$29,874	-$29,874	-$29,874	-$29,874	-$29,874
= Net Profit	**-$6,268**	**$1,508**	**$9,546**	**$26,440**	**$73,837**	**$195,017**	**$362,336**
Internal Rate of Return	**-21.0%**	**2.6%**	**10.6%**	**15.7%**	**16.9%**	**15.2%**	**14.0%**
Return on Investment	-21%	5%	32%	89%	247%	653%	1,213%