

Purchase Analysis

1741 & 1743 6th PI NW
1741 & 1743 6th PI NW
Birmingham, AL 35215



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Purchase Info	
Purchase Price	\$139,900
- First Mortgage	-\$111,920
- Second Mortgage	-\$0
= Downpayment	\$27,980
+ Buying Costs	\$8,394
+ Initial Improvements	\$0
= Initial Cash Invested	\$36,374
Square Feet	2,400
Cost per Square Foot	\$58
Monthly Rent per Square Foot	\$0.68

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$111,920	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
Payment	\$600.81	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.2
Operating Expense Ratio	31.6%
Debt Coverage Ratio	1.76
Cap Rate (Purchase Price)	9.1%
Cash on Cash Return	15.0%

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	\$8,394

Income	Monthly	Annual
Gross Rent	\$1,625	\$19,500
Vacancy Loss	-\$81	-\$975
Operating Income	\$1,544	\$18,525

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (6%)	-\$100	-\$1,200
Insurance (8%)	-\$117	-\$1,399
Management Fees (10%)	-\$154	-\$1,852
Taxes (8%)	-\$117	-\$1,399
Association Fees (0%)	-\$0	-\$0
Operating Expenses (32%)	-\$488	-\$5,850

Net Performance	Monthly	Annual
Net Operating Income	\$1,056	\$12,674
- Mortgage Payments	-\$601	-\$7,210
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$455	\$5,465

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	\$19,500	\$19,695	\$19,892	\$20,292	\$21,327	\$23,558	\$26,023
Vacancy Loss	-\$975	-\$985	-\$995	-\$1,015	-\$1,066	-\$1,178	-\$1,301
Operating Income	\$18,525	\$18,710	\$18,897	\$19,277	\$20,261	\$22,380	\$24,722

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$1,200	-\$1,212	-\$1,224	-\$1,249	-\$1,312	-\$1,450	-\$1,601
Insurance	-\$1,399	-\$1,413	-\$1,427	-\$1,456	-\$1,530	-\$1,690	-\$1,867
Management Fees	-\$1,852	-\$1,871	-\$1,890	-\$1,928	-\$2,026	-\$2,238	-\$2,472
Taxes	-\$1,399	-\$1,413	-\$1,427	-\$1,456	-\$1,530	-\$1,690	-\$1,867
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$5,850	-\$5,909	-\$5,968	-\$6,088	-\$6,399	-\$7,068	-\$7,808

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$12,674	\$12,801	\$12,929	\$13,189	\$13,862	\$15,312	\$16,914
- Mortgage Payments	-\$7,210	-\$7,210	-\$7,210	-\$7,210	-\$7,210	-\$7,210	-\$7,210
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$5,465	\$5,592	\$5,720	\$5,979	\$6,652	\$8,102	\$9,704
Cap Rate (Purchase Price)	9.1%	9.2%	9.2%	9.4%	9.9%	10.9%	12.1%
Cap Rate (Market Value)	8.8%	8.6%	8.5%	8.1%	7.4%	6.1%	5.0%
Cash on Cash Return	15.0%	15.4%	15.7%	16.4%	18.3%	22.3%	26.7%
Return on Equity	16.2%	14.0%	12.4%	10.1%	6.9%	4.1%	2.9%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$144,097	\$148,420	\$152,873	\$162,182	\$188,014	\$252,675	\$339,574
- Loan Balance	-\$110,269	-\$108,533	-\$106,709	-\$102,775	-\$91,038	-\$56,645	-\$0
= Equity	\$33,828	\$39,887	\$46,164	\$59,408	\$96,976	\$196,029	\$339,574
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$9,401	-\$4,639	\$302	\$10,753	\$40,572	\$120,227	\$237,701

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$33,828	\$39,887	\$46,164	\$59,408	\$96,976	\$196,029	\$339,574
- Selling Costs	-\$8,646	-\$8,905	-\$9,172	-\$9,731	-\$11,281	-\$15,160	-\$20,374
= Proceeds After Sale	\$25,182	\$30,982	\$36,992	\$49,677	\$85,695	\$180,869	\$319,199
+ Cumulative Cash Flow	\$5,465	\$11,056	\$16,776	\$28,604	\$60,506	\$134,885	\$224,590
- Initial Cash Invested	-\$36,374	-\$36,374	-\$36,374	-\$36,374	-\$36,374	-\$36,374	-\$36,374
= Net Profit	-\$5,727	\$5,664	\$17,393	\$41,907	\$109,827	\$279,380	\$507,415
Internal Rate of Return	-15.7%	8.1%	15.8%	20.5%	21.1%	19.1%	18.0%
Return on Investment	-16%	16%	48%	115%	302%	768%	1,395%