

Purchase Analysis

2220 2nd PI NW
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Birmingham, AL 35215



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Purchase Info	
Purchase Price	\$82,900
- First Mortgage	-\$66,320
- Second Mortgage	-\$0
= Downpayment	\$16,580
+ Buying Costs	\$4,974
+ Initial Improvements	\$0
= Initial Cash Invested	\$21,554
Square Feet	1,191
Cost per Square Foot	\$70
Monthly Rent per Square Foot	\$0.74

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$66,320	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
Payment	\$356.02	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.8
Operating Expense Ratio	33.5%
Debt Coverage Ratio	1.57
Cap Rate (Purchase Price)	8.1%
Cash on Cash Return	11.3%

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	\$4,974

Income	Monthly	Annual
Gross Rent	\$885	\$10,620
Vacancy Loss	-\$44	-\$531
Operating Income	\$841	\$10,089

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$42	-\$504
Insurance (8%)	-\$69	-\$829
Management Fees (10%)	-\$84	-\$1,009
Taxes (10%)	-\$86	-\$1,036
Association Fees (0%)	-\$0	-\$0
Operating Expenses (33%)	-\$282	-\$3,379

Net Performance	Monthly	Annual
Net Operating Income	\$559	\$6,710
- Mortgage Payments	-\$356	-\$4,272
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$203	\$2,438

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	\$10,620	\$10,726	\$10,833	\$11,051	\$11,615	\$12,830	\$14,172
Vacancy Loss	-\$531	-\$536	-\$542	-\$553	-\$581	-\$642	-\$709
Operating Income	\$10,089	\$10,190	\$10,292	\$10,499	\$11,034	\$12,189	\$13,464

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$504	-\$509	-\$515	-\$525	-\$552	-\$609	-\$673
Insurance	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Management Fees	-\$1,009	-\$1,019	-\$1,029	-\$1,050	-\$1,103	-\$1,219	-\$1,346
Taxes	-\$1,036	-\$1,047	-\$1,057	-\$1,078	-\$1,133	-\$1,252	-\$1,383
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$3,379	-\$3,412	-\$3,447	-\$3,516	-\$3,695	-\$4,082	-\$4,509

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$6,710	\$6,778	\$6,845	\$6,983	\$7,339	\$8,107	\$8,955
- Mortgage Payments	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$2,438	\$2,505	\$2,573	\$2,711	\$3,067	\$3,835	\$4,683
Cap Rate (Purchase Price)	8.1%	8.2%	8.3%	8.4%	8.9%	9.8%	10.8%
Cap Rate (Market Value)	7.9%	7.7%	7.6%	7.3%	6.6%	5.4%	4.5%
Cash on Cash Return	11.3%	11.6%	11.9%	12.6%	14.2%	17.8%	21.7%
Return on Equity	12.2%	10.6%	9.4%	7.7%	5.3%	3.3%	2.3%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$85,387	\$87,949	\$90,587	\$96,104	\$111,411	\$149,727	\$201,220
- Loan Balance	-\$65,342	-\$64,313	-\$63,232	-\$60,901	-\$53,946	-\$33,566	-\$0
= Equity	\$20,045	\$23,636	\$27,355	\$35,203	\$57,465	\$116,161	\$201,220
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$5,571	-\$2,749	\$179	\$6,372	\$24,041	\$71,243	\$140,854

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$20,045	\$23,636	\$27,355	\$35,203	\$57,465	\$116,161	\$201,220
- Selling Costs	-\$5,123	-\$5,277	-\$5,435	-\$5,766	-\$6,685	-\$8,984	-\$12,073
= Proceeds After Sale	\$14,922	\$18,359	\$21,920	\$29,437	\$50,780	\$107,177	\$189,147
+ Cumulative Cash Flow	\$2,438	\$4,943	\$7,516	\$12,869	\$27,483	\$62,312	\$105,253
- Initial Cash Invested	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554
= Net Profit	-\$4,194	\$1,748	\$7,882	\$20,751	\$56,709	\$147,934	\$272,846
Internal Rate of Return	-19.5%	4.2%	12.1%	17.1%	18.1%	16.3%	15.1%
Return on Investment	-19%	8%	37%	96%	263%	686%	1,266%