

# Purchase Analysis

4611 Oak Dr  
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Pinson, AL 35126



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Purchase Info	
Purchase Price	\$79,900
- First Mortgage	-\$63,920
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$15,980</b>
+ Buying Costs	\$4,794
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$20,774</b>
Square Feet	926
Cost per Square Foot	\$86
Monthly Rent per Square Foot	\$0.96

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$63,920	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$343.14</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.5
Operating Expense Ratio	32.8%
Debt Coverage Ratio	1.65
Cap Rate (Purchase Price)	8.5%
<b>Cash on Cash Return</b>	<b>12.8%</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	\$4,794

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

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$42	-\$504
Insurance (8%)	-\$67	-\$799
Management Fees (10%)	-\$84	-\$1,009
Taxes (10%)	-\$83	-\$999
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (33%)</b>	<b>-\$276</b>	<b>-\$3,311</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$565</b>	<b>\$6,778</b>
- Mortgage Payments	-\$343	-\$4,118
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$222</b>	<b>\$2,660</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	\$10,620	\$10,726	\$10,833	\$11,051	\$11,615	\$12,830	\$14,172
Vacancy Loss	-\$531	-\$536	-\$542	-\$553	-\$581	-\$642	-\$709
<b>Operating Income</b>	<b>\$10,089</b>	<b>\$10,190</b>	<b>\$10,292</b>	<b>\$10,499</b>	<b>\$11,034</b>	<b>\$12,189</b>	<b>\$13,464</b>

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	-\$799	-\$807	-\$815	-\$831	-\$874	-\$965	-\$1,066
Management Fees	-\$1,009	-\$1,019	-\$1,029	-\$1,050	-\$1,103	-\$1,219	-\$1,346
Taxes	-\$999	-\$1,009	-\$1,019	-\$1,039	-\$1,092	-\$1,207	-\$1,333
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$3,311</b>	<b>-\$3,344</b>	<b>-\$3,378</b>	<b>-\$3,446</b>	<b>-\$3,621</b>	<b>-\$4,000</b>	<b>-\$4,419</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$6,778</b>	<b>\$6,846</b>	<b>\$6,914</b>	<b>\$7,053</b>	<b>\$7,413</b>	<b>\$8,188</b>	<b>\$9,045</b>
- Mortgage Payments	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,118	-\$4,115
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,660</b>	<b>\$2,728</b>	<b>\$2,796</b>	<b>\$2,935</b>	<b>\$3,295</b>	<b>\$4,071</b>	<b>\$4,930</b>
Cap Rate (Purchase Price)	8.5%	8.6%	8.7%	8.8%	9.3%	10.2%	11.3%
Cap Rate (Market Value)	8.2%	8.1%	7.9%	7.6%	6.9%	5.7%	4.7%
<b>Cash on Cash Return</b>	<b>12.8%</b>	<b>13.1%</b>	<b>13.5%</b>	<b>14.1%</b>	<b>15.9%</b>	<b>19.6%</b>	<b>23.7%</b>
Return on Equity	13.8%	12.0%	10.6%	8.7%	5.9%	3.6%	2.5%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$82,297	\$84,766	\$87,309	\$92,626	\$107,379	\$144,308	\$193,938
- Loan Balance	-\$62,977	-\$61,986	-\$60,943	-\$58,697	-\$51,993	-\$32,350	-\$0
<b>= Equity</b>	<b>\$19,320</b>	<b>\$22,780</b>	<b>\$26,365</b>	<b>\$33,929</b>	<b>\$55,386</b>	<b>\$111,958</b>	<b>\$193,938</b>
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$5,369	-\$2,649	\$173	\$6,141	\$23,172	\$68,666	\$135,757

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$19,320	\$22,780	\$26,365	\$33,929	\$55,386	\$111,958	\$193,938
- Selling Costs	-\$4,938	-\$5,086	-\$5,239	-\$5,558	-\$6,443	-\$8,658	-\$11,636
<b>= Proceeds After Sale</b>	<b>\$14,382</b>	<b>\$17,694</b>	<b>\$21,127</b>	<b>\$28,372</b>	<b>\$48,943</b>	<b>\$103,300</b>	<b>\$182,302</b>
+ Cumulative Cash Flow	\$2,660	\$5,388	\$8,185	\$13,986	\$29,735	\$66,889	\$112,241
- Initial Cash Invested	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774	-\$20,774
<b>= Net Profit</b>	<b>-\$3,731</b>	<b>\$2,309</b>	<b>\$8,538</b>	<b>\$21,583</b>	<b>\$57,904</b>	<b>\$149,415</b>	<b>\$273,769</b>
<b>Internal Rate of Return</b>	<b>-18.0%</b>	<b>5.8%</b>	<b>13.6%</b>	<b>18.4%</b>	<b>19.3%</b>	<b>17.4%</b>	<b>16.2%</b>
Return on Investment	-18%	11%	41%	104%	279%	719%	1,318%