

Purchase Analysis

457 Azalea Way
457 Azalea Way
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	1,165
Cost per Square Foot	\$71
Monthly Rent per Square Foot	\$0.73

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	8.1
Operating Expense Ratio	33.5%
Debt Coverage Ratio	1.51
Cap Rate (Purchase Price)	7.8%
Cash on Cash Return	10.1%

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	\$850	\$10,200
Vacancy Loss	-\$42	-\$510
Operating Income	\$808	\$9,690

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$40	-\$484
Insurance (9%)	-\$69	-\$829
Management Fees (11%)	-\$85	-\$1,020
Taxes (9%)	-\$76	-\$912
Association Fees (0%)	-\$0	-\$0
Operating Expenses (33%)	-\$270	-\$3,245

Net Performance	Monthly	Annual
Net Operating Income	\$537	\$6,445
- Mortgage Payments	-\$356	-\$4,272
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$181	\$2,172

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	\$10,200	\$10,302	\$10,405	\$10,614	\$11,156	\$12,323	\$13,612
Vacancy Loss	-\$510	-\$515	-\$520	-\$531	-\$558	-\$616	-\$681
Operating Income	\$9,690	\$9,787	\$9,885	\$10,083	\$10,598	\$11,707	\$12,931

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$484	-\$489	-\$494	-\$504	-\$530	-\$585	-\$647
Insurance	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Management Fees	-\$1,020	-\$1,030	-\$1,041	-\$1,061	-\$1,116	-\$1,232	-\$1,361
Taxes	-\$912	-\$921	-\$930	-\$949	-\$997	-\$1,102	-\$1,217
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$3,245	-\$3,278	-\$3,311	-\$3,377	-\$3,549	-\$3,921	-\$4,331

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$6,445	\$6,509	\$6,574	\$6,706	\$7,048	\$7,786	\$8,600
- 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	\$2,172	\$2,237	\$2,302	\$2,434	\$2,776	\$3,514	\$4,328
Cap Rate (Purchase Price)	7.8%	7.9%	7.9%	8.1%	8.5%	9.4%	10.4%
Cap Rate (Market Value)	7.5%	7.4%	7.3%	7.0%	6.3%	5.2%	4.3%
Cash on Cash Return	10.1%	10.4%	10.7%	11.3%	12.9%	16.3%	20.1%
Return on Equity	10.8%	9.5%	8.4%	6.9%	4.8%	3.0%	2.2%

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	\$2,172	\$4,409	\$6,711	\$11,513	\$24,702	\$56,459	\$96,008
- Initial Cash Invested	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554
= Net Profit	-\$4,459	\$1,214	\$7,077	\$19,396	\$53,928	\$142,082	\$263,600
Internal Rate of Return	-20.7%	2.9%	10.9%	15.9%	17.1%	15.4%	14.2%
Return on Investment	-21%	6%	33%	90%	250%	659%	1,223%