

# Purchase Analysis

614 42nd Ave  
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Tuscaloosa , AL 35404



Stephanie Bethea  
205-243-8034  
sbethea@awbcorp.com  
alliancewealthbuilders.com

Purchase Info	
Purchase Price	\$109,900
- First Mortgage	<b>-\$90,558</b>
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$19,342</b>
+ Buying Costs	\$6,594
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$25,936</b>
Square Feet	1,670
Cost per Square Foot	\$66
Monthly Rent per Square Foot	\$0.66

Mortgages	First	Second
Loan-To-Cost Ratio	82.4%	0%
Loan-To-Value Ratio	82.4%	0%
Loan Amount	\$90,558	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$486.13</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	8.3
Operating Expense Ratio	33.4%
Debt Coverage Ratio	1.43
Cap Rate (Purchase Price)	7.6%
<b>Cash on Cash Return</b>	<b>9.7%</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	\$6,594

Income	Monthly	Annual
Gross Rent	\$1,100	\$13,200
Vacancy Loss	<b>-\$55</b>	<b>-\$660</b>
<b>Operating Income</b>	<b>\$1,045</b>	<b>\$12,540</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	<b>-\$52</b>	<b>-\$627</b>
Insurance (9%)	<b>-\$92</b>	<b>-\$1,099</b>
Management Fees (10%)	<b>-\$104</b>	<b>-\$1,254</b>
Taxes (10%)	<b>-\$101</b>	<b>-\$1,209</b>
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (33%)</b>	<b>-\$349</b>	<b>-\$4,189</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$696</b>	<b>\$8,351</b>
- Mortgage Payments	<b>-\$486</b>	<b>-\$5,834</b>
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$210</b>	<b>\$2,518</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	\$13,200	\$13,332	\$13,465	\$13,736	\$14,437	\$15,947	\$17,615
Vacancy Loss	-\$660	-\$667	-\$673	-\$687	-\$722	-\$797	-\$881
<b>Operating Income</b>	<b>\$12,540</b>	<b>\$12,665</b>	<b>\$12,792</b>	<b>\$13,049</b>	<b>\$13,715</b>	<b>\$15,150</b>	<b>\$16,735</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$627	-\$633	-\$640	-\$652	-\$686	-\$757	-\$837
Insurance	-\$1,099	-\$1,110	-\$1,121	-\$1,144	-\$1,202	-\$1,328	-\$1,467
Management Fees	-\$1,254	-\$1,267	-\$1,279	-\$1,305	-\$1,371	-\$1,515	-\$1,673
Taxes	-\$1,209	-\$1,221	-\$1,233	-\$1,258	-\$1,322	-\$1,460	-\$1,613
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$4,189</b>	<b>-\$4,231</b>	<b>-\$4,273</b>	<b>-\$4,359</b>	<b>-\$4,581</b>	<b>-\$5,061</b>	<b>-\$5,590</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$8,351</b>	<b>\$8,435</b>	<b>\$8,519</b>	<b>\$8,690</b>	<b>\$9,133</b>	<b>\$10,089</b>	<b>\$11,145</b>
- Mortgage Payments	-\$5,834	-\$5,834	-\$5,834	-\$5,834	-\$5,834	-\$5,834	-\$5,834
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,518</b>	<b>\$2,601</b>	<b>\$2,685</b>	<b>\$2,857</b>	<b>\$3,300</b>	<b>\$4,255</b>	<b>\$5,311</b>
Cap Rate (Purchase Price)	7.6%	7.7%	7.8%	7.9%	8.3%	9.2%	10.1%
Cap Rate (Market Value)	7.4%	7.2%	7.1%	6.8%	6.2%	5.1%	4.2%
<b>Cash on Cash Return</b>	<b>9.7%</b>	<b>10.0%</b>	<b>10.4%</b>	<b>11.0%</b>	<b>12.7%</b>	<b>16.4%</b>	<b>20.5%</b>
Return on Equity	10.5%	9.0%	8.0%	6.5%	4.5%	2.8%	2.0%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$113,197	\$116,593	\$120,091	\$127,404	\$147,696	\$198,492	\$266,756
- Loan Balance	-\$89,222	-\$87,817	-\$86,341	-\$83,158	-\$73,662	-\$45,834	-\$2
<b>= Equity</b>	<b>\$23,975</b>	<b>\$28,776</b>	<b>\$33,750</b>	<b>\$44,246</b>	<b>\$74,035</b>	<b>\$152,657</b>	<b>\$266,754</b>
Loan-to-Value Ratio	78.8%	75.3%	71.9%	65.3%	49.9%	23.1%	0.0%
Potential Cash-Out Refi	-\$9,984	-\$6,202	-\$2,277	\$6,025	\$29,726	\$93,110	\$186,727

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$23,975	\$28,776	\$33,750	\$44,246	\$74,035	\$152,657	\$266,754
- Selling Costs	-\$6,792	-\$6,996	-\$7,205	-\$7,644	-\$8,862	-\$11,909	-\$16,005
<b>= Proceeds After Sale</b>	<b>\$17,184</b>	<b>\$21,780</b>	<b>\$26,544</b>	<b>\$36,602</b>	<b>\$65,173</b>	<b>\$140,748</b>	<b>\$250,748</b>
+ Cumulative Cash Flow	\$2,518	\$5,119	\$7,804	\$13,431	\$29,035	\$67,212	\$115,485
- Initial Cash Invested	-\$25,936	-\$25,936	-\$25,936	-\$25,936	-\$25,936	-\$25,936	-\$25,936
<b>= Net Profit</b>	<b>-\$6,235</b>	<b>\$962</b>	<b>\$8,412</b>	<b>\$24,097</b>	<b>\$68,272</b>	<b>\$182,023</b>	<b>\$340,297</b>
<b>Internal Rate of Return</b>	<b>-24.0%</b>	<b>1.9%</b>	<b>10.7%</b>	<b>16.2%</b>	<b>17.4%</b>	<b>15.5%</b>	<b>14.2%</b>
Return on Investment	-24%	4%	32%	93%	263%	702%	1,312%