

Purchase Analysis

812 Hagwood Rd
812 Hagwood Rd
Birmingham, AL 35235



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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	0

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	8.0
Operating Expense Ratio	31.8%
Debt Coverage Ratio	1.57
Cap Rate (Purchase Price)	8.1%
Cash on Cash Return	11.4%

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	\$865	\$10,380
Vacancy Loss	-\$43	-\$519
Operating Income	\$822	\$9,861

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$41	-\$493
Insurance (8%)	-\$69	-\$829
Management Fees (10%)	-\$82	-\$986
Taxes (8%)	-\$69	-\$829
Association Fees (0%)	-\$0	-\$0
Operating Expenses (32%)	-\$261	-\$3,137

Net Performance	Monthly	Annual
Net Operating Income	\$560	\$6,724
- Mortgage Payments	-\$356	-\$4,272
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$204	\$2,452

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	\$10,380	\$10,484	\$10,589	\$10,801	\$11,352	\$12,540	\$13,852
Vacancy Loss	-\$519	-\$524	-\$529	-\$540	-\$568	-\$627	-\$693
Operating Income	\$9,861	\$9,960	\$10,059	\$10,261	\$10,785	\$11,913	\$13,160

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$493	-\$498	-\$503	-\$513	-\$539	-\$596	-\$658
Insurance	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Management Fees	-\$986	-\$996	-\$1,006	-\$1,026	-\$1,078	-\$1,191	-\$1,316
Taxes	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Operating Expenses	-\$3,137	-\$3,169	-\$3,200	-\$3,265	-\$3,431	-\$3,790	-\$4,187

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$6,724	\$6,791	\$6,859	\$6,997	\$7,354	\$8,123	\$8,973
- 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	\$2,452	\$2,519	\$2,587	\$2,725	\$3,082	\$3,851	\$4,701
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	11.4%	11.7%	12.0%	12.6%	14.3%	17.9%	21.8%
Return on Equity	12.2%	10.7%	9.5%	7.7%	5.4%	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	\$2,452	\$4,970	\$7,557	\$12,937	\$27,624	\$62,608	\$105,721
- Initial Cash Invested	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554	-\$21,554
= Net Profit	-\$4,180	\$1,775	\$7,923	\$20,820	\$56,850	\$148,231	\$273,314
Internal Rate of Return	-19.4%	4.3%	12.2%	17.1%	18.1%	16.3%	15.1%
Return on Investment	-19%	8%	37%	97%	264%	688%	1,268%