Purchase Analysis

812 Hagwood Rd 812 Hagwood Rd Birmingham, AL 35235



Stephanie Bethea

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alliancewealthbuilders.com

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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Gross Rent								
Vacancy Loss 4\$519 4\$524 4\$529 4\$540 \$568 \$627 \$690 Operating Income \$9,861 \$9,960 \$10,059 \$10,261 \$10,785 \$11,913 \$13,16 Expenses Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Cleaning & Maintenance 5493 5498 \$503 \$513 \$539 \$596 \$556 Insurance \$493 5498 \$500 \$51,006 \$51,078 \$1,102 \$11,01 Management Fees \$3886 \$896 \$51,006 \$51,026 \$51,078 \$51,191 \$51,31 Taxes \$829 \$837 \$846 \$863 \$907 \$1,002 \$1,00 Association Fees \$50 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$2 \$2 \$2 \$2 \$2 \$2 \$2 \$2 <t< th=""><th>Income</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 5</th><th>Year 10</th><th>Year 20</th><th>Year 30</th></t<>	Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
System S	Gross Rent	\$10,380	\$10,484	\$10,589	\$10,801	\$11,352	\$12,540	\$13,852
Expenses Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Year 5 Year 10 Year 20 Year 3 Year 5 Year 10 Year 20 Year 3 September 5 Se	Vacancy Loss	-\$519	-\$524	-\$529	-\$540	-\$568	-\$627	-\$693
Cleaning & Maintenance \$493 \$498 \$503 \$513 \$539 \$596 \$655 Insurance \$829 \$837 \$846 \$863 \$907 \$1,002 \$1,10 Management Fees \$986 \$999 \$1,006 \$1,026 \$1,078 \$1,191 \$1,31 Taxes \$829 \$837 \$846 \$863 \$907 \$1,002 \$1,10 Association Fees \$90 \$0 <t< td=""><td>Operating Income</td><td>\$9,861</td><td>\$9,960</td><td>\$10,059</td><td>\$10,261</td><td>\$10,785</td><td>\$11,913</td><td>\$13,160</td></t<>	Operating Income	\$9,861	\$9,960	\$10,059	\$10,261	\$10,785	\$11,913	\$13,160
Insurance	Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Management Fees \$986 \$996 \$1,006 \$1,026 \$1,078 \$1,191 \$1,311 Taxes \$829 \$837 \$846 \$863 \$907 \$1,002 \$1,100 Association Fees \$0	Cleaning & Maintenance	-\$493	-\$498	-\$503	-\$513	-\$539	-\$596	-\$658
Taxes	Insurance	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Association Fees	Management Fees	-\$986	-\$996	-\$1,006	-\$1,026	-\$1,078	-\$1,191	-\$1,316
Income Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Net Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Not Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Not Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Not Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 \$1,000	Taxes	-\$829	-\$837	-\$846	-\$863	-\$907	-\$1,002	-\$1,106
Net Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Net Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Not Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,975 Not Operating Income \$6,724 \$64,272 \$4,272	Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Net Operating Income \$6,724 \$6,791 \$6,859 \$6,997 \$7,354 \$8,123 \$8,97 - Mortgage Payments -\$4,272 -\$2,624 -\$2,66 -\$2,68 -\$2,68 -\$2,68 -\$2,68	Operating Expenses	-\$3,137	-\$3,169	-\$3,200	-\$3,265	-\$3,431	-\$3,790	-\$4,187
- Mortgage Payments	Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
- Improvements	Net Operating Income	\$6,724	\$6,791	\$6,859	\$6,997	\$7,354	\$8,123	\$8,973
= Cash Flow \$2,452 \$2,519 \$2,587 \$2,725 \$3,082 \$3,851 \$4,70 Cap Rate (Purchase Price) 8.1% 8.2% 8.3% 8.4% 8.9% 9.8% 10.89 Cap Rate (Market Value) 7.9% 7.7% 7.6% 7.3% 6.6% 5.4% 4.59 Cash on Cash Return 11.4% 11.7% 12.0% 12.6% 14.3% 17.9% 21.89 Return on Equity 12.2% 10.7% 9.5% 7.7% 5.4% 3.3% 2.39 Loan Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,222 - Loan Balance -\$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ = Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,222 Loan-to-Value Ratio 76,5%	- Mortgage Payments	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272	-\$4,272
Cap Rate (Purchase Price) 8.1% 8.2% 8.3% 8.4% 8.9% 9.8% 10.89 Cap Rate (Market Value) 7.9% 7.7% 7.6% 7.3% 6.6% 5.4% 4.59 Cash on Cash Return 11.4% 11.7% 12.0% 12.6% 14.3% 17.9% 21.89 Return on Equity 12.2% 10.7% 9.5% 7.7% 5.4% 3.3% 2.39 Loan Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,22 - Loan Balance \$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,22 Loan-to-Value Ratio 76.5% 73.1% 69.8% 63.4% 48.4% 22.4% 0.09 Potential Cash-Out Refi -\$5,571	- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Cap Rate (Market Value) 7.9% 7.7% 7.6% 7.3% 6.6% 5.4% 4.59 Cash on Cash Return 11.4% 11.7% 12.0% 12.6% 14.3% 17.9% 21.89 Return on Equity 12.2% 10.7% 9.5% 7.7% 5.4% 3.3% 2.39 Loan Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,226 Loan Balance \$65,342 \$64,313 \$63,232 \$60,901 \$53,946 \$33,566 \$33,566 \$33,566 \$33,566 \$33,566 \$32,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 Loan-to-Value Ratio 76.5% 73.1% 69.8% 63.4% 48.4% 22.4% 0.09 Potential Cash-Out Refi \$5,571 \$2,749 \$179 \$6,372 \$24,041 \$71,243 \$140,85 Sale Analysis Year 1 <td>= Cash Flow</td> <td>\$2,452</td> <td>\$2,519</td> <td>\$2,587</td> <td>\$2,725</td> <td>\$3,082</td> <td>\$3,851</td> <td>\$4,701</td>	= Cash Flow	\$2,452	\$2,519	\$2,587	\$2,725	\$3,082	\$3,851	\$4,701
Cash on Cash Return 11.4% 11.7% 12.0% 12.6% 14.3% 17.9% 21.89 Return on Equity 12.2% 10.7% 9.5% 7.7% 5.4% 3.3% 2.39 Loan Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,221 - Loan Balance -\$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ - Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,221 Loan-to-Value Ratio 76.5% 73.1% 69.8% 63.4% 48.4% 22.4% 0.09 Potential Cash-Out Refi -\$5,571 -\$2,749 \$179 \$6,372 \$24,041 \$71,243 \$140,85 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 30 Year 30 Year 30 Year 30 Ye	Cap Rate (Purchase Price)	8.1%	8.2%	8.3%	8.4%	8.9%	9.8%	10.8%
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 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,226 - Loan Balance -\$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ = Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,22 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 \$140,85 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 3 Year 3 Fear 10 Year 3 Year 3 Year 3 Year 5 Year 10 Year 3 Year 3 Year 5 Year 10 Year 3 Year	Cap Rate (Market Value)	7.9%	7.7%	7.6%	7.3%	6.6%	5.4%	4.5%
Loan Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,226 - Loan Balance -\$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ = Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 Loan-to-Value Ratio 76.5% 73.1% 69.8% 63.4% 48.4% 22.4% 0.09 Potential Cash-Out Refi -\$5,571 -\$2,749 \$179 \$6,372 \$24,041 \$71,243 \$140,85 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,229 - Selling Costs -\$5,123 -\$5,277 -\$5,435 -\$5,766 -\$6,685 -\$8,984 -\$12,075 - Proceeds A	Cash on Cash Return	11.4%	11.7%	12.0%	12.6%	14.3%	17.9%	21.8%
Market Value \$85,387 \$87,949 \$90,587 \$96,104 \$111,411 \$149,727 \$201,226 \$1.0000	Return on Equity	12.2%	10.7%	9.5%	7.7%	5.4%	3.3%	2.3%
- Loan Balance -\$65,342 -\$64,313 -\$63,232 -\$60,901 -\$53,946 -\$33,566 -\$ = Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 Loan-to-Value Ratio 76.5% 73.1% 69.8% 63.4% 48.4% 22.4% 0.09 Potential Cash-Out Refi -\$5,571 -\$2,749 \$179 \$6,372 \$24,041 \$71,243 \$140,856 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 - Selling Costs -\$5,123 -\$5,277 -\$5,435 -\$5,766 -\$6,685 -\$8,984 -\$12,076 = Proceeds After Sale \$14,922 \$18,359 \$21,920 \$29,437 \$50,780 \$107,177 \$189,146 + Cumulative Cash Flow \$2,452 \$4,970 \$7,557 \$12,937 \$27,624 \$62,608 \$105,72 - Initial Cash Invested -\$21,554 -\$21,554 -\$21,554 -\$21,5554 -\$21,5554 = Net Profit -\$4,180 \$1,775 \$7,923 \$20,820 \$56,850 \$148,231 \$273,316 Internal Rate of Return -19.4% 4.3% 12.2% 17.1% 18.1% 16.3% 15.19	Loan 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 \$201,226 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 \$140,85 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 - Selling Costs -\$5,123 -\$5,277 -\$5,435 -\$5,766 -\$6,685 -\$8,984 -\$12,075 = 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 \$105,72 - Initial Cash Invested -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 <td< td=""><td>Market Value</td><td>\$85,387</td><td>\$87,949</td><td>\$90,587</td><td>\$96,104</td><td>\$111,411</td><td>\$149,727</td><td>\$201,220</td></td<>	Market Value	\$85,387	\$87,949	\$90,587	\$96,104	\$111,411	\$149,727	\$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 \$140,856 Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 - 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 \$189,14 + Cumulative Cash Flow \$2,452 \$4,970 \$7,557 \$12,937 \$27,624 \$62,608 \$105,72 - Initial Cash Invested -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 <td>- Loan Balance</td> <td>-\$65,342</td> <td>-\$64,313</td> <td>-\$63,232</td> <td>-\$60,901</td> <td>-\$53,946</td> <td>-\$33,566</td> <td>-\$0</td>	- Loan Balance	-\$65,342	-\$64,313	-\$63,232	-\$60,901	-\$53,946	-\$33,566	-\$0
Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 - 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 \$105,72 - Initial Cash Invested -\$21,554	= Equity	\$20,045	\$23,636	\$27,355	\$35,203	\$57,465	\$116,161	\$201,220
Sale Analysis Year 1 Year 2 Year 3 Year 5 Year 10 Year 20 Year 3 Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 - 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 \$189,14 + Cumulative Cash Flow \$2,452 \$4,970 \$7,557 \$12,937 \$27,624 \$62,608 \$105,72 - Initial Cash Invested -\$21,554 -\$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%	Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Equity \$20,045 \$23,636 \$27,355 \$35,203 \$57,465 \$116,161 \$201,226 \$116,000 \$201,000 \$	Potential Cash-Out Refi	-\$5,571	-\$2,749	\$179	\$6,372	\$24,041	\$71,243	\$140,854
- Selling Costs -\$5,123 -\$5,277 -\$5,435 -\$5,766 -\$6,685 -\$8,984 -\$12,073 = Proceeds After Sale	Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
= 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 \$105,72 - Initial Cash Invested -\$21,554	Equity	\$20,045	\$23,636	\$27,355	\$35,203	\$57,465	\$116,161	\$201,220
+ Cumulative Cash Flow \$2,452 \$4,970 \$7,557 \$12,937 \$27,624 \$62,608 \$105,72 - Initial Cash Invested -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,554 -\$21,5554 -\$2	- Selling Costs	-\$5,123	-\$5,277	-\$5,435	-\$5,766	-\$6,685	-\$8,984	-\$12,073
- Initial Cash Invested -\$21,554 -\$21,5	= Proceeds After Sale	\$14,922	\$18,359	\$21,920	\$29,437	\$50,780	\$107,177	\$189,147
= Net Profit -\$4,180 \$1,775 \$7,923 \$20,820 \$56,850 \$148,231 \$273,316 Internal Rate of Return -19.4% 4.3% 12.2% 17.1% 18.1% 16.3% 15.1%	+ Cumulative Cash Flow	\$2,452	\$4,970	\$7,557	\$12,937	\$27,624	\$62,608	\$105,721
Internal Rate of Return -19.4% 4.3% 12.2% 17.1% 18.1% 16.3% 15.1%	- 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
Return on Investment -19% 8% 37% 97% 264% 688% 1,268%	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%