

# Purchase Analysis

408 Wedgeworth Rd  
408 Wedgeworth Rd  
Birmingham, AL 35215'



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

Purchase Info	
Purchase Price	\$84,900
- First Mortgage	-\$67,920
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$16,980</b>
+ Buying Costs	\$5,094
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$22,074</b>
Square Feet	1,086
Cost per Square Foot	\$78
Monthly Rent per Square Foot	\$0.82

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$67,920	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$364.61</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	7.9
Operating Expense Ratio	34.2%
Debt Coverage Ratio	1.53
Cap Rate (Purchase Price)	7.9%
<b>Cash on Cash Return</b>	<b>10.6%</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	\$5,094

Income	Monthly	Annual
Gross Rent	\$895	\$10,740
Vacancy Loss	-\$45	-\$537
<b>Operating Income</b>	<b>\$850</b>	<b>\$10,203</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	-\$43	-\$510
Insurance (8%)	-\$71	-\$849
Management Fees (10%)	-\$89	-\$1,068
Taxes (10%)	-\$88	-\$1,061
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (34%)</b>	<b>-\$291</b>	<b>-\$3,488</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$560</b>	<b>\$6,715</b>
- Mortgage Payments	-\$365	-\$4,375
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$195</b>	<b>\$2,339</b>

# Buy and Hold Projection

408 Wedgeworth Rd  
408 Wedgeworth Rd  
Birmingham, AL 35215'



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

Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$10,740	\$10,847	\$10,956	\$11,176	\$11,746	\$12,975	\$14,333
Vacancy Loss	-\$537	-\$542	-\$548	-\$559	-\$587	-\$649	-\$717
<b>Operating Income</b>	<b>\$10,203</b>	<b>\$10,305</b>	<b>\$10,408</b>	<b>\$10,617</b>	<b>\$11,159</b>	<b>\$12,326</b>	<b>\$13,616</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$510	-\$515	-\$520	-\$531	-\$558	-\$616	-\$681
Insurance	-\$849	-\$857	-\$866	-\$883	-\$929	-\$1,026	-\$1,133
Management Fees	-\$1,068	-\$1,079	-\$1,089	-\$1,111	-\$1,168	-\$1,290	-\$1,425
Taxes	-\$1,061	-\$1,072	-\$1,083	-\$1,104	-\$1,161	-\$1,282	-\$1,416
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$3,488</b>	<b>-\$3,523</b>	<b>-\$3,559</b>	<b>-\$3,630</b>	<b>-\$3,815</b>	<b>-\$4,214</b>	<b>-\$4,655</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$6,715</b>	<b>\$6,782</b>	<b>\$6,850</b>	<b>\$6,987</b>	<b>\$7,344</b>	<b>\$8,112</b>	<b>\$8,961</b>
- Mortgage Payments	-\$4,375	-\$4,375	-\$4,375	-\$4,375	-\$4,375	-\$4,375	-\$4,375
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,339</b>	<b>\$2,406</b>	<b>\$2,474</b>	<b>\$2,612</b>	<b>\$2,968</b>	<b>\$3,737</b>	<b>\$4,586</b>
Cap Rate (Purchase Price)	7.9%	8.0%	8.1%	8.2%	8.6%	9.6%	10.6%
Cap Rate (Market Value)	7.7%	7.5%	7.4%	7.1%	6.4%	5.3%	4.3%
<b>Cash on Cash Return</b>	<b>10.6%</b>	<b>10.9%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>13.4%</b>	<b>16.9%</b>	<b>20.8%</b>
Return on Equity	11.4%	9.9%	8.8%	7.2%	5.0%	3.1%	2.2%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$87,447	\$90,070	\$92,773	\$98,422	\$114,099	\$153,339	\$206,075
- Loan Balance	-\$66,918	-\$65,865	-\$64,757	-\$62,370	-\$55,247	-\$34,376	-\$0
<b>= Equity</b>	<b>\$20,529</b>	<b>\$24,206</b>	<b>\$28,015</b>	<b>\$36,052</b>	<b>\$58,851</b>	<b>\$118,963</b>	<b>\$206,075</b>
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$5,705	-\$2,815	\$183	\$6,526	\$24,622	\$72,962	\$144,252

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$20,529	\$24,206	\$28,015	\$36,052	\$58,851	\$118,963	\$206,075
- Selling Costs	-\$5,247	-\$5,404	-\$5,566	-\$5,905	-\$6,846	-\$9,200	-\$12,364
<b>= Proceeds After Sale</b>	<b>\$15,282</b>	<b>\$18,802</b>	<b>\$22,449</b>	<b>\$30,147</b>	<b>\$52,005</b>	<b>\$109,763</b>	<b>\$193,710</b>
+ Cumulative Cash Flow	\$2,339	\$4,746	\$7,220	\$12,375	\$26,496	\$60,342	\$102,308
- Initial Cash Invested	-\$22,074	-\$22,074	-\$22,074	-\$22,074	-\$22,074	-\$22,074	-\$22,074
<b>= Net Profit</b>	<b>-\$4,452</b>	<b>\$1,473</b>	<b>\$7,595</b>	<b>\$20,448</b>	<b>\$56,428</b>	<b>\$148,031</b>	<b>\$273,944</b>
<b>Internal Rate of Return</b>	<b>-20.2%</b>	<b>3.5%</b>	<b>11.4%</b>	<b>16.4%</b>	<b>17.5%</b>	<b>15.8%</b>	<b>14.6%</b>
Return on Investment	-20%	7%	34%	93%	256%	671%	1,241%