

# Purchase Analysis

2004 10th Ave  
2004 10th Ave  
Calera, AL 35040



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Purchase Info	
Purchase Price	\$122,900
- First Mortgage	<b>-\$98,320</b>
- Second Mortgage	-\$0
<b>= Downpayment</b>	<b>\$24,580</b>
+ Buying Costs	\$7,374
+ Initial Improvements	\$0
<b>= Initial Cash Invested</b>	<b>\$31,954</b>
Square Feet	1,150
Cost per Square Foot	\$107
Monthly Rent per Square Foot	\$1.00

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$98,320	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	5%	
<b>Payment</b>	<b>\$527.80</b>	<b>\$0.00</b>

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	8.9
Operating Expense Ratio	33.3%
Debt Coverage Ratio	1.38
Cap Rate (Purchase Price)	7.1%
<b>Cash on Cash Return</b>	<b>7.5%</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	\$7,374

Income	Monthly	Annual
Gross Rent	\$1,150	\$13,800
Vacancy Loss	<b>-\$58</b>	<b>-\$690</b>
<b>Operating Income</b>	<b>\$1,092</b>	<b>\$13,110</b>

Expenses (% of Income)	Monthly	Annual
Cleaning & Maintenance (5%)	<b>-\$55</b>	<b>-\$656</b>
Insurance (8%)	<b>-\$92</b>	<b>-\$1,106</b>
Management Fees (11%)	<b>-\$115</b>	<b>-\$1,380</b>
Taxes (9%)	<b>-\$102</b>	<b>-\$1,229</b>
Association Fees (0%)	-\$0	-\$0
<b>Operating Expenses (33%)</b>	<b>-\$364</b>	<b>-\$4,371</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$728</b>	<b>\$8,739</b>
- Mortgage Payments	<b>-\$528</b>	<b>-\$6,334</b>
- Year 1 Improvements	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$200</b>	<b>\$2,406</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	\$13,800	\$13,938	\$14,077	\$14,360	\$15,093	\$16,672	\$18,416
Vacancy Loss	-\$690	-\$697	-\$704	-\$718	-\$755	-\$834	-\$921
<b>Operating Income</b>	<b>\$13,110</b>	<b>\$13,241</b>	<b>\$13,374</b>	<b>\$13,642</b>	<b>\$14,338</b>	<b>\$15,838</b>	<b>\$17,495</b>

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	-\$656	-\$662	-\$669	-\$682	-\$717	-\$792	-\$875
Insurance	-\$1,106	-\$1,117	-\$1,128	-\$1,151	-\$1,210	-\$1,336	-\$1,476
Management Fees	-\$1,380	-\$1,394	-\$1,408	-\$1,436	-\$1,509	-\$1,667	-\$1,842
Taxes	-\$1,229	-\$1,241	-\$1,254	-\$1,279	-\$1,344	-\$1,485	-\$1,640
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>Operating Expenses</b>	<b>-\$4,371</b>	<b>-\$4,414</b>	<b>-\$4,458</b>	<b>-\$4,548</b>	<b>-\$4,780</b>	<b>-\$5,280</b>	<b>-\$5,833</b>

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
<b>Net Operating Income</b>	<b>\$8,739</b>	<b>\$8,827</b>	<b>\$8,915</b>	<b>\$9,094</b>	<b>\$9,558</b>	<b>\$10,558</b>	<b>\$11,663</b>
- Mortgage Payments	-\$6,334	-\$6,334	-\$6,334	-\$6,334	-\$6,334	-\$6,334	-\$6,334
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
<b>= Cash Flow</b>	<b>\$2,406</b>	<b>\$2,493</b>	<b>\$2,581</b>	<b>\$2,761</b>	<b>\$3,225</b>	<b>\$4,225</b>	<b>\$5,329</b>
Cap Rate (Purchase Price)	7.1%	7.2%	7.3%	7.4%	7.8%	8.6%	9.5%
Cap Rate (Market Value)	6.9%	6.8%	6.6%	6.4%	5.8%	4.8%	3.9%
<b>Cash on Cash Return</b>	<b>7.5%</b>	<b>7.8%</b>	<b>8.1%</b>	<b>8.6%</b>	<b>10.1%</b>	<b>13.2%</b>	<b>16.7%</b>
Return on Equity	8.1%	7.1%	6.4%	5.3%	3.8%	2.5%	1.8%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$126,587	\$130,385	\$134,296	\$142,475	\$165,167	\$221,971	\$298,311
- Loan Balance	-\$96,869	-\$95,345	-\$93,742	-\$90,286	-\$79,976	-\$49,763	-\$2
<b>= Equity</b>	<b>\$29,718</b>	<b>\$35,040</b>	<b>\$40,554</b>	<b>\$52,189</b>	<b>\$85,191</b>	<b>\$172,208</b>	<b>\$298,308</b>
Loan-to-Value Ratio	76.5%	73.1%	69.8%	63.4%	48.4%	22.4%	0.0%
Potential Cash-Out Refi	-\$8,259	-\$4,075	\$265	\$9,446	\$35,641	\$105,617	\$208,815

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$29,718	\$35,040	\$40,554	\$52,189	\$85,191	\$172,208	\$298,308
- Selling Costs	-\$7,595	-\$7,823	-\$8,058	-\$8,548	-\$9,910	-\$13,318	-\$17,899
<b>= Proceeds After Sale</b>	<b>\$22,122</b>	<b>\$27,217</b>	<b>\$32,496</b>	<b>\$43,640</b>	<b>\$75,281</b>	<b>\$158,890</b>	<b>\$280,409</b>
+ Cumulative Cash Flow	\$2,406	\$4,899	\$7,480	\$12,912	\$28,097	\$65,761	\$113,991
- Initial Cash Invested	-\$31,954	-\$31,954	-\$31,954	-\$31,954	-\$31,954	-\$31,954	-\$31,954
<b>= Net Profit</b>	<b>-\$7,426</b>	<b>\$162</b>	<b>\$8,023</b>	<b>\$24,598</b>	<b>\$71,425</b>	<b>\$192,696</b>	<b>\$362,447</b>
<b>Internal Rate of Return</b>	<b>-23.2%</b>	<b>0.3%</b>	<b>8.3%</b>	<b>13.6%</b>	<b>15.1%</b>	<b>13.7%</b>	<b>12.5%</b>
Return on Investment	-23%	1%	25%	77%	224%	603%	1,134%