

Sample Property

930 LaVergne Ln
La Vergne, TN 37086

Purchase Info

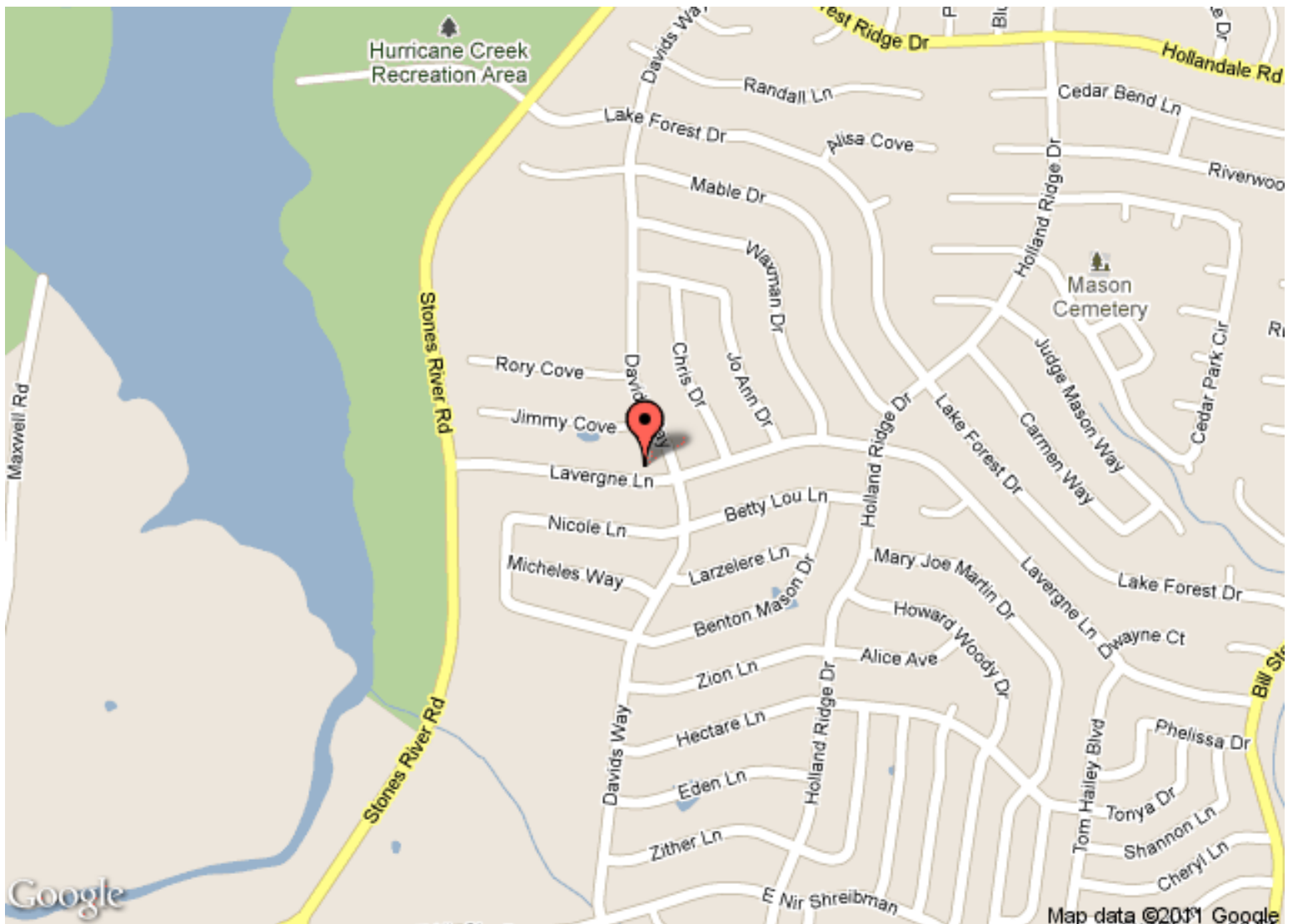
Square Feet	1,000
Purchase Price	\$100,000
Initial Cash Invested	\$27,000

Income Analysis

	Monthly	Annual
Net Operating Income	\$636	\$7,636
Cash Flow	\$137	\$1,648

Financial Metrics

Cap Rate (Purchase Price)	7.6%
Cash on Cash Return (Year 1)	6.1%
Internal Rate of Return (Year 10)	15.2%
Sale Price (Year 10)	\$134,392



Sample Property
 930 LaVergne Ln
 La Vergne, TN 37086

Purchase Info	
Purchase Price	\$100,000
- First Mortgage	(\$75,000)
- Second Mortgage	(\$0)
= Downpayment	\$25,000
+ Buying Costs	\$2,000
+ Initial Improvements	\$0
= Initial Cash Invested	\$27,000
Square Feet	1,000
Cost per Square Foot	\$100
Monthly Rent per Square Foot	\$0.90

Mortgages	First	Second
Loan-To-Value Ratio	75%	0%
Loan Amount	\$75,000	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	7%	
Payment	\$498.98	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	9.3
Operating Expense Ratio	23.1%
Debt Coverage Ratio	1.28
Cap Rate (Purchase Price)	7.6%
Cap Rate (Market Value)	7.4%
Cash on Cash Return	6.1%

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	8.0%
Income Inflation Rate	3.0%
Expense Inflation Rate	3.0%
LTV for Refinance	70.0%
Selling Costs	\$7,000

Income	Monthly	Annual
Gross Rent	\$900	\$10,800
Vacancy Loss	(\$72)	(\$864)
Operating Income	\$828	\$9,936

Expenses	Monthly	Annual
Cleaning & Maintenance	\$67	\$800
Insurance	\$42	\$500
Taxes	\$83	\$1,000
Operating Expenses	\$192	\$2,300

Net Performance	Monthly	Annual
Net Operating Income	\$636	\$7,636
- Mortgage Payments	(\$499)	(\$5,988)
- Year 1 Improvements	(\$0)	(\$0)
= Cash Flow	\$137	\$1,648

Buy and Hold Projection

July 1, 2011

Sample Property
930 LaVergne Ln
La Vergne, TN 37086

Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$10,800	\$11,124	\$11,458	\$12,155	\$14,092	\$18,938	\$25,451
Vacancy Loss	(\$864)	(\$890)	(\$917)	(\$972)	(\$1,127)	(\$1,515)	(\$2,036)
Operating Income	\$9,936	\$10,234	\$10,541	\$11,183	\$12,964	\$17,423	\$23,415

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	(\$800)	(\$824)	(\$849)	(\$900)	(\$1,044)	(\$1,403)	(\$1,885)
Insurance	(\$500)	(\$515)	(\$530)	(\$563)	(\$652)	(\$877)	(\$1,178)
Taxes	(\$1,000)	(\$1,030)	(\$1,061)	(\$1,126)	(\$1,305)	(\$1,754)	(\$2,357)
Operating Expenses	(\$2,300)	(\$2,369)	(\$2,440)	(\$2,589)	(\$3,001)	(\$4,033)	(\$5,420)

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$7,636	\$7,865	\$8,101	\$8,594	\$9,963	\$13,390	\$17,995
- Mortgage Payments	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,984)
- Improvements	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
= Cash Flow	\$1,648	\$1,877	\$2,113	\$2,607	\$3,975	\$7,402	\$12,011
Cap Rate (Purchase Price)	7.6%	7.9%	8.1%	8.6%	10.0%	13.4%	18.0%
Cap Rate (Market Value)	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Cash on Cash Return	6.1%	7.0%	7.8%	9.7%	14.7%	27.4%	44.5%
Return on Equity	5.7%	5.7%	5.8%	5.8%	5.7%	5.4%	4.9%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$103,000	\$106,090	\$109,273	\$115,927	\$134,392	\$180,611	\$242,726
- Loan Balance	(\$74,238)	(\$73,421)	(\$72,545)	(\$70,598)	(\$64,359)	(\$42,973)	(\$0)
= Equity	\$28,762	\$32,669	\$36,728	\$45,329	\$70,033	\$137,638	\$242,726
Loan-to-Value Ratio	72.1%	69.2%	66.4%	60.9%	47.9%	23.8%	0.0%
Potential Cash-Out Refi	(\$2,138)	\$842	\$3,946	\$10,551	\$29,715	\$83,454	\$169,908

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$28,762	\$32,669	\$36,728	\$45,329	\$70,033	\$137,638	\$242,726
- Selling Costs	(\$7,210)	(\$7,426)	(\$7,649)	(\$8,115)	(\$9,407)	(\$12,643)	(\$16,991)
= Proceeds After Sale	\$21,552	\$25,243	\$29,078	\$37,214	\$60,625	\$124,995	\$225,735
+ Cumulative Cash Flow	\$1,648	\$3,526	\$5,639	\$10,602	\$27,661	\$85,427	\$183,657
- Initial Cash Invested	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)
= Net Profit	(\$3,800)	\$1,768	\$7,717	\$20,816	\$61,286	\$183,422	\$382,392
Internal Rate of Return	-14.1%	3.3%	9.3%	13.4%	15.2%	14.9%	14.5%
Return on Investment	-14%	7%	29%	77%	227%	679%	1,416%