

Purchase Summary

March 11, 2010

Sample Property
930 LaVergne Ln
La Vergne, TN 37086



Purchase Info	
Purchase Price	\$100,000
Downpayment	\$25,000
Buying Costs	\$2,000
Improvement Costs	\$1,000
Initial Cash Invested	\$28,000

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)
= Cash Flow	\$137	\$1,648

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

Performance Metrics	
Monthly Rent to Value Ratio	0.9%
Annual Gross Rent Multiplier	9.3
Capitalization Rate	7.6%
Debt Coverage Ratio	1.28
Cash on Cash Return	5.9%

Buy and Hold Projection

March 11, 2010

Sample Property
930 LaVergne Ln
La Vergne, TN 37086

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$10,800	\$11,124	\$11,458	\$11,801	\$12,155	\$14,092	\$18,938	\$25,451
Vacancy Loss	(\$864)	(\$890)	(\$917)	(\$944)	(\$972)	(\$1,127)	(\$1,515)	(\$2,036)
Operating Income	\$9,936	\$10,234	\$10,541	\$10,857	\$11,183	\$12,964	\$17,423	\$23,415

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Cleaning & Maintenance	(\$800)	(\$800)	(\$800)	(\$800)	(\$800)	(\$800)	(\$800)	(\$800)
Insurance	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)
Taxes	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)
Operating Expenses	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)

Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$7,636	\$7,934	\$8,241	\$8,557	\$8,883	\$10,664	\$15,123	\$21,115
- Mortgage Payments	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,988)	(\$5,984)
= Cash Flow	\$1,648	\$1,946	\$2,253	\$2,570	\$2,895	\$4,676	\$9,135	\$15,131
+ Principal Reduction	\$762	\$817	\$876	\$939	\$1,007	\$1,428	\$2,870	\$5,763
+ Appreciation	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,914	\$5,261	\$7,070
= Gross Equity Income	\$2,410	\$5,853	\$6,312	\$6,787	\$7,279	\$10,019	\$17,265	\$27,964
Capitalization Rate	7.6%	7.9%	8.2%	8.6%	8.9%	10.7%	15.1%	21.1%
Cash on Cash Return	5.9%	7.0%	8.0%	9.2%	10.3%	16.7%	32.6%	54.0%
Return on Equity	8.4%	17.9%	17.2%	16.6%	16.1%	14.3%	12.5%	11.5%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Market Value	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$134,392	\$180,611	\$242,726
- Loan Balance	(\$74,238)	(\$73,421)	(\$72,545)	(\$71,606)	(\$70,598)	(\$64,359)	(\$42,973)	(\$0)
= Equity	\$28,762	\$32,669	\$36,728	\$40,945	\$45,329	\$70,033	\$137,638	\$242,726
Loan-to-Value Ratio	72.1%	69.2%	66.4%	63.6%	60.9%	47.9%	23.8%	0.0%
Potential Cash-Out Refi	(\$2,138)	\$842	\$3,946	\$7,180	\$10,551	\$29,715	\$83,454	\$169,908

Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Equity	\$28,762	\$32,669	\$36,728	\$40,945	\$45,329	\$70,033	\$137,638	\$242,726
- Selling Costs	(\$7,210)	(\$7,426)	(\$7,649)	(\$7,879)	(\$8,115)	(\$9,407)	(\$12,643)	(\$16,991)
= Proceeds After Sale	\$21,552	\$25,243	\$29,078	\$33,067	\$37,214	\$60,625	\$124,995	\$225,735
+ Cumulative Cash Flow	\$1,648	\$3,595	\$5,848	\$8,417	\$11,313	\$31,028	\$101,229	\$224,080
- Initial Cash Invested	(\$28,000)	(\$28,000)	(\$28,000)	(\$28,000)	(\$28,000)	(\$28,000)	(\$28,000)	(\$28,000)
= Net Profit	(\$4,800)	\$837	\$6,926	\$13,484	\$20,527	\$63,653	\$198,224	\$421,816
Return on Investment	-17%	3%	25%	48%	73%	227%	708%	1,506%