

Property Summary

3114 4th St
Des Moines, Ia 50313



Overview

Finished Area (Square Feet)	1128
Initial Market Value	\$109,850
Purchase Price	\$109,850
Downpayment	\$21,970
Closing Costs	\$1,805
Initial Cash Invested	\$23,775

Income & Expenses	Monthly	Annual
Gross Rent	\$1,100	\$13,200
Vacancy Losses	\$55	\$660
Operating Income	\$1,045	\$12,540
Operating Expenses	\$392	\$4,698

Net Performance	Monthly	Annual
Net Operating Income	\$654	\$7,842
- Mortgage Payments	\$432	\$5,188
= Cash Flow	\$221	\$2,654
+ Principal Reduction	\$125	\$1,503
+ First-Year Appreciation	\$275	\$3,296
= Gross Equity Income	\$621	\$7,452

Financial Indicators (Year 1)

Capitalization Rate	7.1%
Cash on Cash Return	11.2%
Total Return on Investment	31.3%
Total ROI with Tax Savings	34.7%

Assumptions

Real Estate Appreciation Rate	3.0%
Vacancy Rate	5.0%
Management Fee	10.0%

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Year 1 Performance Projection

3114 4th St
Des Moines, Ia 50313



Overview

Finished Area (Square Feet)	1128
Initial Market Value	\$109,850
Purchase Price	\$109,850
Downpayment	\$21,970
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$23,775
Cost per Square Foot	\$97
Monthly Rent per Square Foot	\$0.98

Income	Monthly	Annual
Gross Rent	\$1,100	\$13,200
Vacancy Losses	-\$55	-\$660
Operating Income	\$1,045	\$12,540

Expenses	Monthly	Annual
Property Taxes	-\$166	-\$1,986
Insurance	-\$50	-\$600
Management Fees	-\$105	-\$1,254
Leasing/Advertising Fees	-\$17	-\$198
Association Fees	\$0	\$0
Maintenance	-\$55	-\$660
Other	\$0	\$0
Operating Expenses	-\$392	-\$4,698

Net Performance	Monthly	Annual
Net Operating Income	\$654	\$7,842
- Mortgage Payments	-\$432	-\$5,188
= Cash Flow	\$221	\$2,654
+ Principal Reduction	\$125	\$1,503
+ First-Year Appreciation	\$275	\$3,296
= Gross Equity Income	\$621	\$7,452
+ Tax Savings	\$67	\$799
= GEI w/Tax Savings	\$688	\$8,251

Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$87,880
Monthly Payment	\$432
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	4.25%

Financial Indicators

Debt Coverage Ratio	1.5
Annual Gross Rent Multiplier	8.3
Monthly Gross Rent Multiplier	99.9
Capitalization Rate	7.1%
Cash on Cash Return	11.2%
Total Return on Investment	31.3%
Total ROI with Tax Savings	34.7%

Assumptions

Real Estate Appreciation Rate	3.0%
Vacancy Rate	5.0%
Management Fee	10.0%
Maintenance Percentage	5.0%

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10 Year Performance Projection

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Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent	\$13,200	\$13,596	\$14,004	\$14,424	\$14,857	\$15,302	\$15,761	\$16,234	\$16,721	\$17,223
Vacancy Losses	-\$660	-\$680	-\$700	-\$721	-\$743	-\$765	-\$788	-\$812	-\$836	-\$861
Operating Income	\$12,540	\$12,916	\$13,304	\$13,703	\$14,114	\$14,537	\$14,973	\$15,423	\$15,885	\$16,362

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,986	-\$2,046	-\$2,107	-\$2,170	-\$2,235	-\$2,302	-\$2,371	-\$2,443	-\$2,516	-\$2,591
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,254	-\$1,292	-\$1,330	-\$1,370	-\$1,411	-\$1,454	-\$1,497	-\$1,542	-\$1,589	-\$1,636
Leasing/Advertising Fees	-\$198	-\$204	-\$210	-\$216	-\$223	-\$230	-\$236	-\$244	-\$251	-\$258
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$660	-\$680	-\$700	-\$721	-\$743	-\$765	-\$788	-\$812	-\$836	-\$861
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	-\$4,698	-\$4,839	-\$4,984	-\$5,134	-\$5,288	-\$5,446	-\$5,610	-\$5,778	-\$5,951	-\$6,130

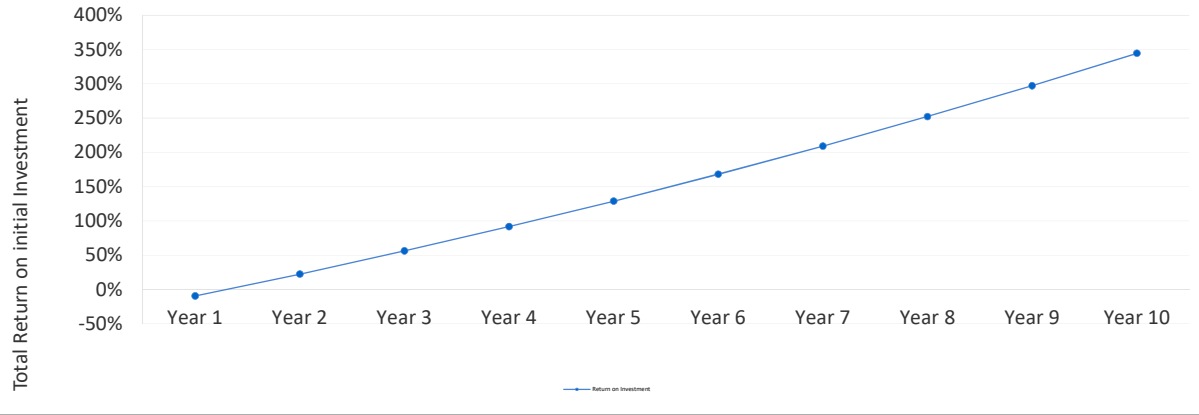
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$7,842	\$8,077	\$8,320	\$8,569	\$8,826	\$9,091	\$9,364	\$9,645	\$9,934	\$10,232
- Mortgage Payments	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188
= Cash Flow	\$2,654	\$2,889	\$3,132	\$3,381	\$3,638	\$3,903	\$4,176	\$4,457	\$4,746	\$5,044
+ Principal Reduction	\$1,503	\$1,566	\$1,633	\$1,702	\$1,775	\$1,850	\$1,929	\$2,011	\$2,096	\$2,185
+ Appreciation	\$3,296	\$3,394	\$3,496	\$3,601	\$3,709	\$3,820	\$3,935	\$4,053	\$4,175	\$4,300
= Gross Equity Income	\$7,452	\$7,850	\$8,261	\$8,685	\$9,122	\$9,574	\$10,040	\$10,521	\$11,017	\$11,529
Capitalization Rate	7.1%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Cash on Cash Return	11.2%	12.2%	13.2%	14.2%	15.3%	16.4%	17.6%	18.7%	20.0%	21.2%
Return on Equity	31.3%	29.3%	26.0%	23.6%	21.6%	20.1%	18.8%	17.8%	16.9%	16.1%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$113,146	\$116,540	\$120,036	\$123,637	\$127,346	\$131,167	\$135,102	\$139,155	\$143,329	\$147,629
- Loan Balance	-\$86,377	-\$84,811	-\$83,178	-\$81,475	-\$79,701	-\$77,850	-\$75,922	-\$73,911	-\$71,815	-\$69,629
= Equity	\$26,768	\$31,729	\$36,858	\$42,162	\$47,646	\$53,316	\$59,180	\$65,244	\$71,515	\$78,000
Loan-to-Value Ratio	76%	73%	69%	66%	63%	59%	56%	53%	50%	47%
Potential Cash-Out Refi	\$4,139	\$8,421	\$12,851	\$17,434	\$22,176	\$27,083	\$32,160	\$37,413	\$42,849	\$48,474

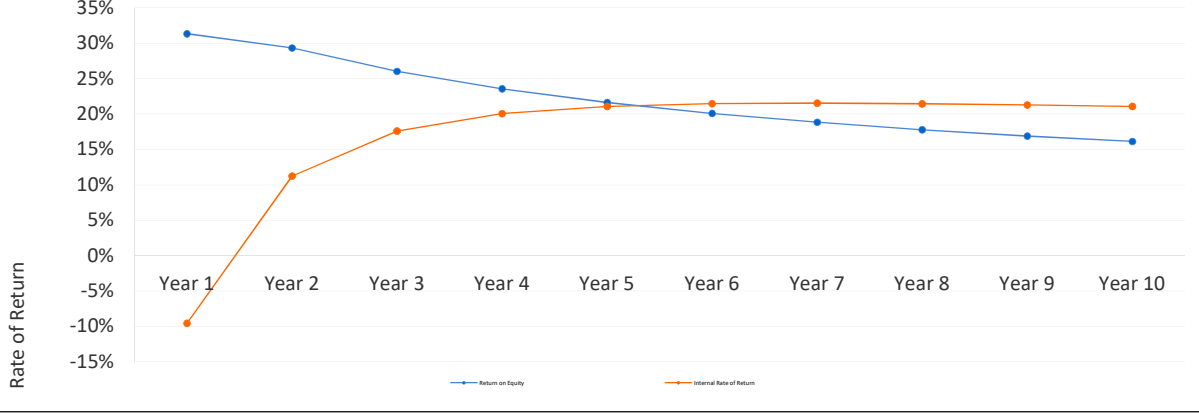
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$26,768	\$31,729	\$36,858	\$42,162	\$47,646	\$53,316	\$59,180	\$65,244	\$71,515	\$78,000
- Closing Costs	-\$7,920	-\$8,158	-\$8,403	-\$8,655	-\$8,914	-\$9,182	-\$9,457	-\$9,741	-\$10,033	-\$10,334
= Proceeds After Sale	\$18,848	\$23,571	\$28,456	\$33,507	\$38,731	\$44,134	\$49,723	\$55,503	\$61,482	\$67,666
+ Cumulative Cash Flow	\$2,654	\$5,544	\$8,675	\$12,057	\$15,695	\$19,598	\$23,774	\$28,231	\$32,977	\$38,022
- Initial Cash Invested	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775
= Net Profit	-\$2,273	\$5,340	\$13,356	\$21,789	\$30,652	\$39,958	\$49,722	\$59,959	\$70,684	\$81,913
Internal Rate of Return	-9.6%	11.2%	17.6%	20.1%	21.1%	21.5%	21.5%	21.5%	21.3%	21.1%
Return on Investment	-10%	22%	56%	92%	129%	168%	209%	252%	297%	345%

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10 Year Total Return on Investment Projection



10 Year Rate of Return Projection



Assumptions

Closing Costs at Sale	7.0%
Rent Appreciation Rate	3.0%
Property Tax Appreciation	3.0%
Insurance Appreciation	3.0%
Management fee Appreciation	3.0%
Leasing/Advertising Fees Appr	3.0%
Association Fees Appreciation	3.0%
Maintenance Appreciation	3.0%
Other Appreciation	3.0%

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