

## Property Summary

1748 Capitol Ave  
Des Moines, IA



### Overview

Finished Area (Square Feet)	1198
Initial Market Value	\$98,900
Purchase Price	\$98,900
Downpayment	\$19,780
Closing Costs	\$1,805
<b>Initial Cash Invested</b>	<b>\$21,585</b>

Income & Expenses	Monthly	Annual
Gross Rent	\$1,065	\$12,780
Vacancy Losses	\$53	\$639
<b>Operating Income</b>	<b>\$1,012</b>	<b>\$12,141</b>
<b>Operating Expenses</b>	<b>\$348</b>	<b>\$4,171</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$664</b>	<b>\$7,970</b>
- Mortgage Payments	\$413	\$4,953
<b>= Cash Flow</b>	<b>\$251</b>	<b>\$3,017</b>
+ Principal Reduction	\$104	\$1,243
+ First-Year Appreciation	\$247	\$2,967
<b>= Gross Equity Income</b>	<b>\$602</b>	<b>\$7,227</b>

### Financial Indicators (Year 1)

Capitalization Rate	8.1%
Cash on Cash Return	14.0%
<b>Total Return on Investment</b>	<b>33.5%</b>
<b>Total ROI with Tax Savings</b>	<b>36.8%</b>

### Assumptions

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

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## Year 1 Performance Projection

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### Overview

Finished Area (Square Feet)	1198
Initial Market Value	\$98,900
Purchase Price	\$98,900
Downpayment	\$19,780
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
<b>Initial Cash Invested</b>	<b>\$21,585</b>
Cost per Square Foot	\$83
Monthly Rent per Square Foot	\$0.89

Income	Monthly	Annual
Gross Rent	\$1,065	\$12,780
Vacancy Losses	-\$53	-\$639
<b>Operating Income</b>	<b>\$1,012</b>	<b>\$12,141</b>

Expenses	Monthly	Annual
Property Taxes	-\$127	-\$1,526
Insurance	-\$50	-\$600
Management Fees	-\$101	-\$1,214
Leasing/Advertising Fees	-\$16	-\$192
Association Fees	\$0	\$0
Maintenance	-\$53	-\$639
Other	\$0	\$0
<b>Operating Expenses</b>	<b>-\$348</b>	<b>-\$4,171</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$664</b>	<b>\$7,970</b>
- Mortgage Payments	-\$413	-\$4,953
<b>= Cash Flow</b>	<b>\$251</b>	<b>\$3,017</b>
+ Principal Reduction	\$104	\$1,243
+ First-Year Appreciation	\$247	\$2,967
<b>= Gross Equity Income</b>	<b>\$602</b>	<b>\$7,227</b>
+ Tax Savings	\$60	\$719
<b>= GEI w/Tax Savings</b>	<b>\$662</b>	<b>\$7,947</b>

### Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$79,120
Monthly Payment	\$413
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	4.75%

### Financial Indicators

Debt Coverage Ratio	1.6
Annual Gross Rent Multiplier	7.7
Monthly Gross Rent Multiplier	92.9
Capitalization Rate	8.1%
Cash on Cash Return	14.0%
<b>Total Return on Investment</b>	<b>33.5%</b>
<b>Total ROI with Tax Savings</b>	<b>36.8%</b>

### 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	\$12,780	\$13,163	\$13,558	\$13,965	\$14,384	\$14,816	\$15,260	\$15,718	\$16,189	\$16,675
Vacancy Losses	-\$639	-\$658	-\$678	-\$698	-\$719	-\$741	-\$763	-\$786	-\$809	-\$834
<b>Operating Income</b>	<b>\$12,141</b>	<b>\$12,505</b>	<b>\$12,880</b>	<b>\$13,267</b>	<b>\$13,665</b>	<b>\$14,075</b>	<b>\$14,497</b>	<b>\$14,932</b>	<b>\$15,380</b>	<b>\$15,841</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,526	-\$1,572	-\$1,619	-\$1,668	-\$1,718	-\$1,769	-\$1,822	-\$1,877	-\$1,933	-\$1,991
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,214	-\$1,251	-\$1,288	-\$1,327	-\$1,366	-\$1,407	-\$1,450	-\$1,493	-\$1,538	-\$1,584
Leasing/Advertising Fees	-\$192	-\$197	-\$203	-\$209	-\$216	-\$222	-\$229	-\$236	-\$243	-\$250
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$639	-\$658	-\$678	-\$698	-\$719	-\$741	-\$763	-\$786	-\$809	-\$834
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>	<b>-\$4,171</b>	<b>-\$4,296</b>	<b>-\$4,425</b>	<b>-\$4,558</b>	<b>-\$4,694</b>	<b>-\$4,835</b>	<b>-\$4,980</b>	<b>-\$5,130</b>	<b>-\$5,283</b>	<b>-\$5,442</b>

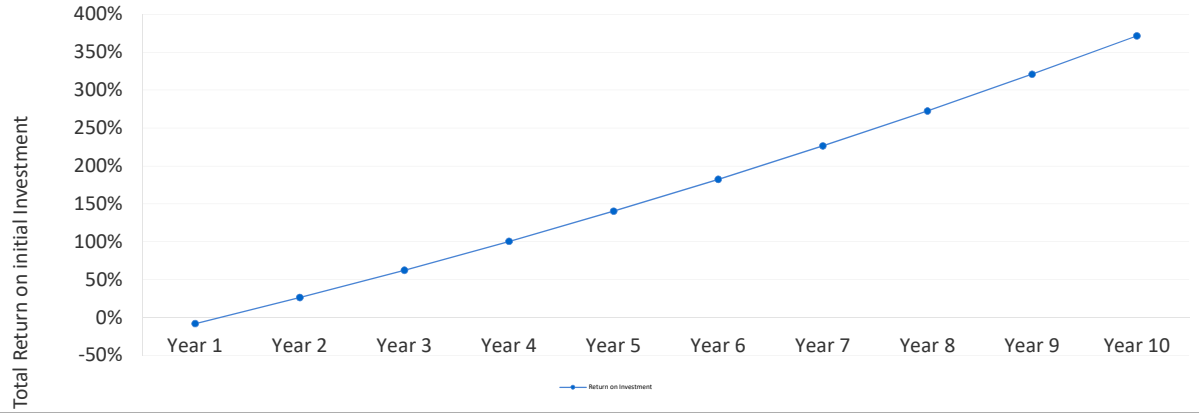
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$7,970	\$8,209	\$8,456	\$8,709	\$8,971	\$9,240	\$9,517	\$9,802	\$10,096	\$10,399
- Mortgage Payments	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953	-\$4,953
= Cash Flow	\$3,017	\$3,257	\$3,503	\$3,757	\$4,018	\$4,287	\$4,564	\$4,850	\$5,144	\$5,447
+ Principal Reduction	\$1,243	\$1,302	\$1,364	\$1,429	\$1,496	\$1,568	\$1,642	\$1,720	\$1,802	\$1,887
+ Appreciation	\$2,967	\$3,056	\$3,148	\$3,242	\$3,339	\$3,440	\$3,543	\$3,649	\$3,759	\$3,871
= Gross Equity Income	\$7,227	\$7,615	\$8,014	\$8,427	\$8,854	\$9,294	\$9,749	\$10,219	\$10,704	\$11,205
Capitalization Rate	8.1%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Cash on Cash Return	14.0%	15.1%	16.2%	17.4%	18.6%	19.9%	21.1%	22.5%	23.8%	25.2%
<b>Return on Equity</b>	<b>33.5%</b>	<b>31.7%</b>	<b>28.3%</b>	<b>25.6%</b>	<b>23.6%</b>	<b>21.9%</b>	<b>20.6%</b>	<b>19.4%</b>	<b>18.5%</b>	<b>17.6%</b>

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Market Value</b>	<b>\$101,867</b>	<b>\$104,923</b>	<b>\$108,071</b>	<b>\$111,313</b>	<b>\$114,652</b>	<b>\$118,092</b>	<b>\$121,635</b>	<b>\$125,284</b>	<b>\$129,042</b>	<b>\$132,913</b>
- Loan Balance	-\$77,877	-\$76,575	-\$75,211	-\$73,783	-\$72,286	-\$70,719	-\$69,077	-\$67,357	-\$65,555	-\$63,668
= Equity	\$23,990	\$28,348	\$32,859	\$37,530	\$42,366	\$47,373	\$52,558	\$57,927	\$63,487	\$69,246
Loan-to-Value Ratio	76%	73%	70%	66%	63%	60%	57%	54%	51%	48%
<b>Potential Cash-Out Refi</b>	<b>\$3,617</b>	<b>\$7,363</b>	<b>\$11,245</b>	<b>\$15,268</b>	<b>\$19,436</b>	<b>\$23,755</b>	<b>\$28,231</b>	<b>\$32,870</b>	<b>\$37,679</b>	<b>\$42,663</b>

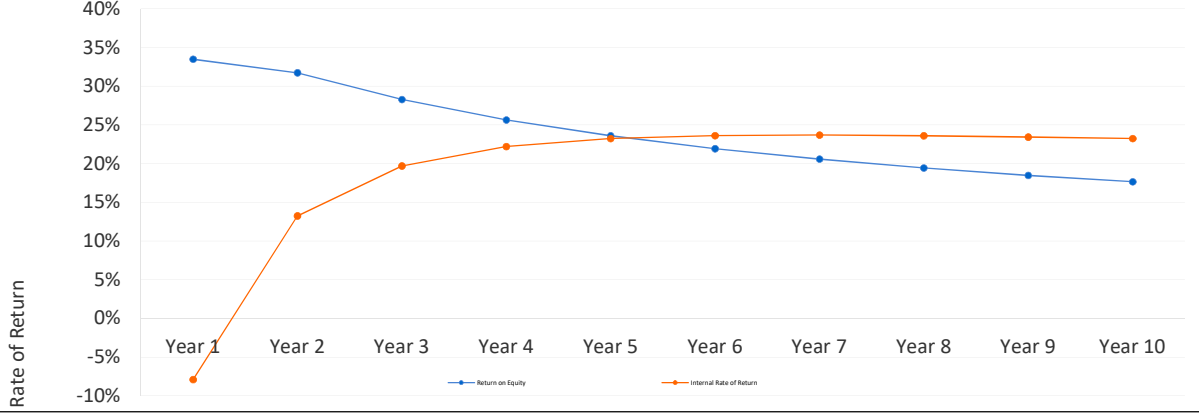
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Equity</b>	<b>\$23,990</b>	<b>\$28,348</b>	<b>\$32,859</b>	<b>\$37,530</b>	<b>\$42,366</b>	<b>\$47,373</b>	<b>\$52,558</b>	<b>\$57,927</b>	<b>\$63,487</b>	<b>\$69,246</b>
- Closing Costs	-\$7,131	-\$7,345	-\$7,565	-\$7,792	-\$8,026	-\$8,266	-\$8,514	-\$8,770	-\$9,033	-\$9,304
= <b>Proceeds After Sale</b>	<b>\$16,859</b>	<b>\$21,003</b>	<b>\$25,294</b>	<b>\$29,738</b>	<b>\$34,340</b>	<b>\$39,107</b>	<b>\$44,043</b>	<b>\$49,157</b>	<b>\$54,454</b>	<b>\$59,942</b>
+ <b>Cumulative Cash Flow</b>	<b>\$3,017</b>	<b>\$6,274</b>	<b>\$9,777</b>	<b>\$13,533</b>	<b>\$17,551</b>	<b>\$21,838</b>	<b>\$26,402</b>	<b>\$31,252</b>	<b>\$36,396</b>	<b>\$41,842</b>
- Initial Cash Invested	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585	-\$21,585
= <b>Net Profit</b>	<b>-\$1,708</b>	<b>\$5,692</b>	<b>\$13,486</b>	<b>\$21,687</b>	<b>\$30,307</b>	<b>\$39,360</b>	<b>\$48,861</b>	<b>\$58,824</b>	<b>\$69,265</b>	<b>\$80,199</b>
Internal Rate of Return	-7.9%	13.2%	19.7%	22.2%	23.2%	23.6%	23.7%	23.6%	23.4%	23.2%
<b>Return on Investment</b>	<b>-8%</b>	<b>26%</b>	<b>62%</b>	<b>100%</b>	<b>140%</b>	<b>182%</b>	<b>226%</b>	<b>273%</b>	<b>321%</b>	<b>372%</b>

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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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