

Property Summary

4021 3rd St
Des Moines, IA 50313



Overview

Finished Area (Square Feet)	1004
Purchase Price	\$116,700
Initial Market Value	\$116,700
Downpayment	\$23,340
Closing Costs	\$1,805
Initial Cash Invested	\$25,145

Income & Expenses	Monthly	Annual
Gross Rent	\$1,050	\$12,600
Vacancy Losses	\$53	\$630
Operating Income	\$998	\$11,970
Operating Expenses	\$448	\$5,376

Net Performance	Monthly	Annual
Net Operating Income	\$550	\$6,594
- Mortgage Payments	\$487	\$5,844
= Cash Flow	\$62	\$750
+ Principal Reduction	\$122	\$1,467
+ First-Year Appreciation	\$292	\$3,501
= Gross Equity Income	\$476	\$5,718

Financial Indicators (Year 1)

Capitalization Rate	5.7%
Cash on Cash Return	3.0%
Total Return on Investment	22.7%
Total ROI with Tax Savings	26.1%

Assumptions

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

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Year 1 Performance Projection

4021 3rd St
Des Moines, IA 50313



Overview

Finished Area (Square Feet)	1004
Initial Market Value	\$116,700
Purchase Price	\$116,700
Downpayment	\$23,340
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$25,145
Cost per Square Foot	\$116
Monthly Rent per Square Foot	\$1.05

Income	Monthly	Annual
Gross Rent	\$1,050	\$12,600
Vacancy Losses	-\$53	-\$630
Operating Income	\$998	\$11,970

Expenses	Monthly	Annual
Property Taxes	-\$230	-\$2,760
Insurance	-\$50	-\$600
Management Fees	-\$100	-\$1,197
Leasing/Advertising Fees	-\$16	-\$189
Association Fees	\$0	\$0
Maintenance	-\$53	-\$630
Other	\$0	\$0
Operating Expenses	-\$448	-\$5,376

Net Performance	Monthly	Annual
Net Operating Income	\$550	\$6,594
- Mortgage Payments	-\$487	-\$5,844
= Cash Flow	\$62	\$750
+ Principal Reduction	\$122	\$1,467
+ First-Year Appreciation	\$292	\$3,501
= Gross Equity Income	\$476	\$5,718
+ Tax Savings	\$71	\$849
= GEI w/Tax Savings	\$547	\$6,566

Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$93,360
Monthly Payment	\$487
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	4.75%

Financial Indicators

Debt Coverage Ratio	1.1
Annual Gross Rent Multiplier	9.3
Monthly Gross Rent Multiplier	111.1
Capitalization Rate	5.7%
Cash on Cash Return	3.0%
Total Return on Investment	22.7%
Total ROI with Tax Savings	26.1%

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	\$12,600	\$12,978	\$13,367	\$13,768	\$14,181	\$14,607	\$15,045	\$15,496	\$15,961	\$16,440
Vacancy Losses	-\$630	-\$649	-\$668	-\$688	-\$709	-\$730	-\$752	-\$775	-\$798	-\$822
Operating Income	\$11,970	\$12,329	\$12,699	\$13,080	\$13,472	\$13,877	\$14,293	\$14,722	\$15,163	\$15,618

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$2,760	-\$2,843	-\$2,928	-\$3,016	-\$3,106	-\$3,200	-\$3,296	-\$3,394	-\$3,496	-\$3,601
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,197	-\$1,233	-\$1,270	-\$1,308	-\$1,347	-\$1,388	-\$1,429	-\$1,472	-\$1,516	-\$1,562
Leasing/Advertising Fees	-\$189	-\$195	-\$201	-\$207	-\$213	-\$219	-\$226	-\$232	-\$239	-\$247
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$630	-\$649	-\$668	-\$688	-\$709	-\$730	-\$752	-\$775	-\$798	-\$822
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	-\$5,376	-\$5,537	-\$5,703	-\$5,875	-\$6,051	-\$6,232	-\$6,419	-\$6,612	-\$6,810	-\$7,014

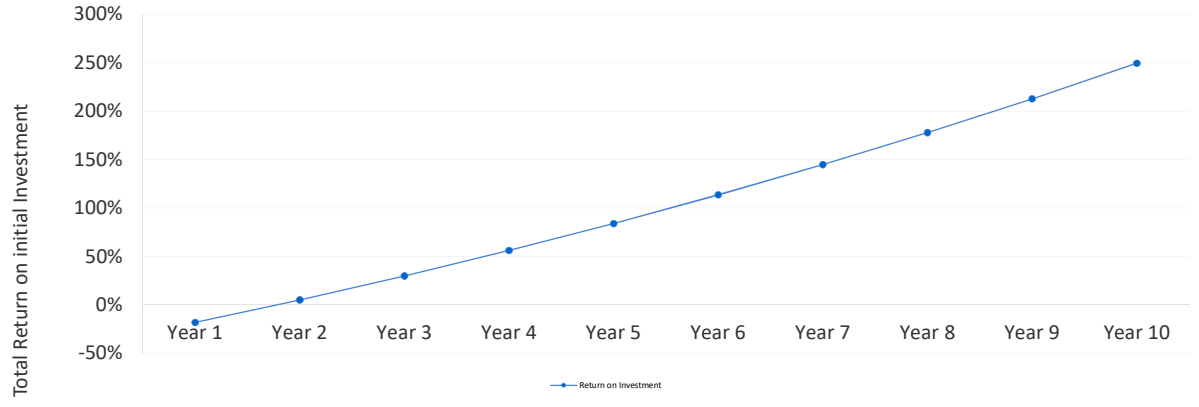
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$6,594	\$6,792	\$6,996	\$7,205	\$7,422	\$7,644	\$7,874	\$8,110	\$8,353	\$8,604
- Mortgage Payments	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844	-\$5,844
= Cash Flow	\$750	\$948	\$1,151	\$1,361	\$1,577	\$1,800	\$2,029	\$2,266	\$2,509	\$2,760
+ Principal Reduction	\$1,467	\$1,536	\$1,609	\$1,686	\$1,766	\$1,850	\$1,938	\$2,030	\$2,126	\$2,227
+ Appreciation	\$3,501	\$3,606	\$3,714	\$3,826	\$3,940	\$4,059	\$4,180	\$4,306	\$4,435	\$4,568
= Gross Equity Income	\$5,718	\$6,090	\$6,475	\$6,873	\$7,284	\$7,708	\$8,147	\$8,601	\$9,070	\$9,555
Capitalization Rate	5.7%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Cash on Cash Return	3.0%	3.8%	4.6%	5.4%	6.3%	7.2%	8.1%	9.0%	10.0%	11.0%
Return on Equity	22.7%	21.5%	19.4%	17.7%	16.4%	15.4%	14.6%	13.9%	13.3%	12.8%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$120,201	\$123,807	\$127,521	\$131,347	\$135,287	\$139,346	\$143,526	\$147,832	\$152,267	\$156,835
- Loan Balance	-\$91,893	-\$90,357	-\$88,748	-\$87,062	-\$85,296	-\$83,447	-\$81,509	-\$79,480	-\$77,354	-\$75,127
= Equity	\$28,308	\$33,450	\$38,773	\$44,285	\$49,991	\$55,899	\$62,017	\$68,353	\$74,913	\$81,708
Loan-to-Value Ratio	76%	73%	70%	66%	63%	60%	57%	54%	51%	48%
Potential Cash-Out Refi	\$4,267	\$8,689	\$13,269	\$18,015	\$22,934	\$28,030	\$33,312	\$38,786	\$44,460	\$50,341

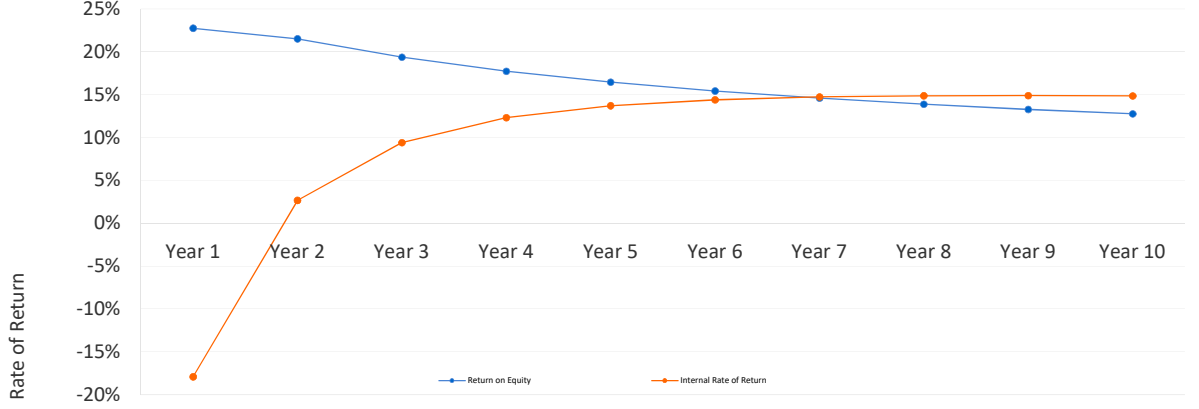
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$28,308	\$33,450	\$38,773	\$44,285	\$49,991	\$55,899	\$62,017	\$68,353	\$74,913	\$81,708
- Closing Costs	-\$8,414	-\$8,666	-\$8,926	-\$9,194	-\$9,470	-\$9,754	-\$10,047	-\$10,348	-\$10,659	-\$10,978
= Proceeds After Sale	\$19,894	\$24,783	\$29,847	\$35,091	\$40,521	\$46,145	\$51,970	\$58,004	\$64,255	\$70,730
+ Cumulative Cash Flow	\$750	\$1,698	\$2,849	\$4,210	\$5,788	\$7,588	\$9,617	\$11,883	\$14,392	\$17,152
- Initial Cash Invested	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145	-\$25,145
= Net Profit	-\$4,502	\$1,336	\$7,551	\$14,156	\$21,164	\$28,588	\$36,443	\$44,742	\$53,502	\$62,737
Internal Rate of Return	-17.9%	2.7%	9.4%	12.3%	13.7%	14.4%	14.7%	14.9%	14.9%	14.8%
Return on Investment	-18%	5%	30%	56%	84%	114%	145%	178%	213%	249%

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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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