

## Property Summary

1550 13th St  
Des Moines, Ia 50314



### Overview

Finished Area (Square Feet)	1430
Initial Market Value	\$122,900
Purchase Price	\$122,900
Downpayment	\$24,580
Closing Costs	\$1,805
<b>Initial Cash Invested</b>	<b>\$26,385</b>

Income & Expenses	Monthly	Annual
Gross Rent	\$1,250	\$15,000
Vacancy Losses	\$63	\$750
<b>Operating Income</b>	<b>\$1,188</b>	<b>\$14,250</b>
<b>Operating Expenses</b>	<b>\$465</b>	<b>\$5,583</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$722</b>	<b>\$8,667</b>
- Mortgage Payments	\$469	\$5,633
<b>= Cash Flow</b>	<b>\$253</b>	<b>\$3,034</b>
+ Principal Reduction	\$146	\$1,753
+ First-Year Appreciation	\$205	\$2,458
<b>= Gross Equity Income</b>	<b>\$604</b>	<b>\$7,245</b>

### Financial Indicators (Year 1)

Capitalization Rate	7.1%
Cash on Cash Return	11.5%
<b>Total Return on Investment</b>	<b>27.5%</b>
<b>Total ROI with Tax Savings</b>	<b>30.8%</b>

### Assumptions

Real Estate Appreciation Rate	2.0%
Vacancy Rate	5.0%
Management Fee	9.0%

\*Information is not guaranteed and investors should do their own research, get professional advice and conduct due diligence prior to investing.



## Year 1 Performance Projection

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### Overview

Finished Area (Square Feet)	1430
Initial Market Value	\$122,900
Purchase Price	\$122,900
Downpayment	\$24,580
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
<b>Initial Cash Invested</b>	<b>\$26,385</b>
Cost per Square Foot	\$86
Monthly Rent per Square Foot	\$0.87

Income	Monthly	Annual
Gross Rent	\$1,250	\$15,000
Vacancy Losses	-\$63	-\$750
<b>Operating Income</b>	<b>\$1,188</b>	<b>\$14,250</b>

Expenses	Monthly	Annual
Property Taxes	-\$196	-\$2,350
Insurance	-\$50	-\$600
Management Fees	-\$107	-\$1,283
Leasing/Advertising Fees	-\$19	-\$225
Association Fees	\$0	\$0
Maintenance	-\$94	-\$1,125
Other	\$0	\$0
<b>Operating Expenses</b>	<b>-\$465</b>	<b>-\$5,583</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$722</b>	<b>\$8,667</b>
- Mortgage Payments	-\$469	-\$5,633
<b>= Cash Flow</b>	<b>\$253</b>	<b>\$3,034</b>
+ Principal Reduction	\$146	\$1,753
+ First-Year Appreciation	\$205	\$2,458
<b>= Gross Equity Income</b>	<b>\$604</b>	<b>\$7,245</b>
+ Tax Savings	\$74	\$894
<b>= GEI w/Tax Savings</b>	<b>\$678</b>	<b>\$8,139</b>

### Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$98,320
Monthly Payment	\$469
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	4.00%

### Financial Indicators

Debt Coverage Ratio	1.5
Annual Gross Rent Multiplier	8.2
Monthly Gross Rent Multiplier	98.3
Capitalization Rate	7.1%
Cash on Cash Return	11.5%
<b>Total Return on Investment</b>	<b>27.5%</b>
<b>Total ROI with Tax Savings</b>	<b>30.8%</b>

### Assumptions

Real Estate Appreciation Rate	2.0%
Vacancy Rate	5.0%
Management Fee	9.0%
Maintenance Percentage	7.5%

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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	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926
Vacancy Losses	-\$750	-\$765	-\$780	-\$796	-\$812	-\$828	-\$845	-\$862	-\$879	-\$896
<b>Operating Income</b>	<b>\$14,250</b>	<b>\$14,535</b>	<b>\$14,826</b>	<b>\$15,122</b>	<b>\$15,425</b>	<b>\$15,733</b>	<b>\$16,048</b>	<b>\$16,369</b>	<b>\$16,696</b>	<b>\$17,030</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$2,350	-\$2,397	-\$2,445	-\$2,494	-\$2,544	-\$2,595	-\$2,647	-\$2,700	-\$2,754	-\$2,809
Insurance	-\$600	-\$612	-\$624	-\$637	-\$649	-\$662	-\$676	-\$689	-\$703	-\$717
Management Fees	-\$1,283	-\$1,308	-\$1,334	-\$1,361	-\$1,388	-\$1,416	-\$1,444	-\$1,473	-\$1,503	-\$1,533
Leasing/Advertising Fees	-\$225	-\$230	-\$234	-\$239	-\$244	-\$248	-\$253	-\$258	-\$264	-\$269
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$1,125	-\$1,148	-\$1,170	-\$1,194	-\$1,218	-\$1,242	-\$1,267	-\$1,292	-\$1,318	-\$1,344
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>	<b>-\$5,583</b>	<b>-\$5,695</b>	<b>-\$5,808</b>	<b>-\$5,925</b>	<b>-\$6,043</b>	<b>-\$6,164</b>	<b>-\$6,287</b>	<b>-\$6,413</b>	<b>-\$6,541</b>	<b>-\$6,672</b>

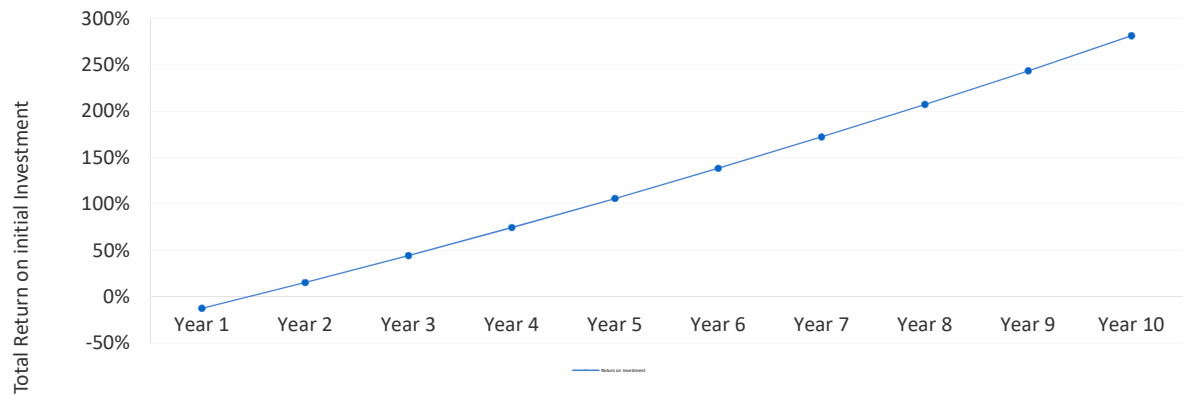
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$8,667	\$8,840	\$9,017	\$9,198	\$9,382	\$9,569	\$9,761	\$9,956	\$10,155	\$10,358
- Mortgage Payments	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633	-\$5,633
= Cash Flow	\$3,034	\$3,208	\$3,385	\$3,565	\$3,749	\$3,936	\$4,128	\$4,323	\$4,522	\$4,725
+ Principal Reduction	\$1,753	\$1,823	\$1,896	\$1,972	\$2,051	\$2,133	\$2,218	\$2,307	\$2,399	\$2,495
+ Appreciation	\$2,458	\$2,507	\$2,557	\$2,608	\$2,661	\$2,714	\$2,768	\$2,823	\$2,880	\$2,938
= Gross Equity Income	\$7,245	\$7,538	\$7,838	\$8,145	\$8,460	\$8,783	\$9,114	\$9,453	\$9,801	\$10,158
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	11.5%	12.2%	12.8%	13.5%	14.2%	14.9%	15.6%	16.4%	17.1%	17.9%
<b>Return on Equity</b>	<b>27.5%</b>	<b>26.2%</b>	<b>23.7%</b>	<b>21.7%</b>	<b>20.1%</b>	<b>18.7%</b>	<b>17.6%</b>	<b>16.7%</b>	<b>15.9%</b>	<b>15.1%</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>\$125,358</b>	<b>\$127,865</b>	<b>\$130,422</b>	<b>\$133,031</b>	<b>\$135,692</b>	<b>\$138,405</b>	<b>\$141,173</b>	<b>\$143,997</b>	<b>\$146,877</b>	<b>\$149,814</b>
- Loan Balance	-\$96,567	-\$94,744	-\$92,848	-\$90,876	-\$88,825	-\$86,692	-\$84,474	-\$82,167	-\$79,768	-\$77,273
= Equity	\$28,791	\$33,121	\$37,575	\$42,155	\$46,867	\$51,713	\$56,700	\$61,830	\$67,109	\$72,542
Loan-to-Value Ratio	77%	74%	71%	68%	65%	63%	60%	57%	54%	52%
<b>Potential Cash-Out Refi</b>	<b>\$3,719</b>	<b>\$7,548</b>	<b>\$11,490</b>	<b>\$15,549</b>	<b>\$19,728</b>	<b>\$24,032</b>	<b>\$28,465</b>	<b>\$33,031</b>	<b>\$37,734</b>	<b>\$42,579</b>

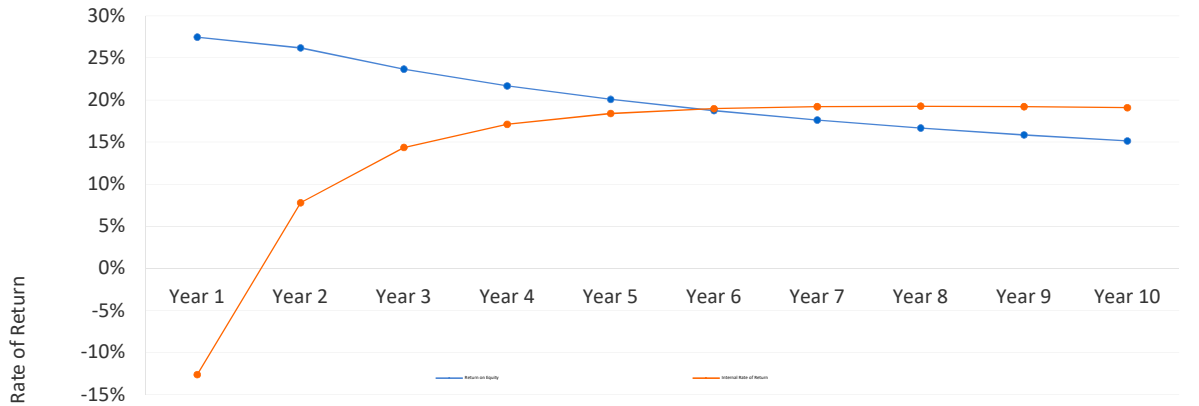
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Equity</b>	<b>\$28,791</b>	<b>\$33,121</b>	<b>\$37,575</b>	<b>\$42,155</b>	<b>\$46,867</b>	<b>\$51,713</b>	<b>\$56,700</b>	<b>\$61,830</b>	<b>\$67,109</b>	<b>\$72,542</b>
- Closing Costs	-\$8,775	-\$8,951	-\$9,130	-\$9,312	-\$9,498	-\$9,688	-\$9,882	-\$10,080	-\$10,281	-\$10,487
= Proceeds After Sale	\$20,016	\$24,171	\$28,445	\$32,843	\$37,368	\$42,025	\$46,817	\$51,750	\$56,828	\$62,055
+ Cumulative Cash Flow	\$3,034	\$6,242	\$9,627	\$13,191	\$16,940	\$20,877	\$25,005	\$29,328	\$33,850	\$38,575
- Initial Cash Invested	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385	-\$26,385
= <b>Net Profit</b>	<b>-\$3,335</b>	<b>\$4,028</b>	<b>\$11,687</b>	<b>\$19,649</b>	<b>\$27,923</b>	<b>\$36,517</b>	<b>\$45,437</b>	<b>\$54,693</b>	<b>\$64,292</b>	<b>\$74,245</b>
Internal Rate of Return	-12.6%	7.8%	14.4%	17.1%	18.4%	19.0%	19.2%	19.3%	19.2%	19.1%
<b>Return on Investment</b>	<b>-13%</b>	<b>15%</b>	<b>44%</b>	<b>74%</b>	<b>106%</b>	<b>138%</b>	<b>172%</b>	<b>207%</b>	<b>244%</b>	<b>281%</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	2.0%
Property Tax Appreciation	2.0%
Insurance Appreciation	2.0%
Management fee Appreciation	2.0%
Leasing/Advertising Fees Appr	2.0%
Association Fees Appreciation	2.0%
Maintenance Appreciation	2.0%
Other Appreciation	2.0%

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