

## Property Summary

3720 Williams St  
Des Moines, IA 50317

### Overview

Finished Area (Square Feet)	1152
Initial Market Value	\$143,750
Purchase Price	\$143,750
Downpayment	\$28,750
Closing Costs	\$1,805
<b>Initial Cash Invested</b>	<b>\$30,555</b>



Income & Expenses	Monthly	Annual
Gross Rent	\$1,295	\$15,540
Vacancy Losses	\$65	\$777
<b>Operating Income</b>	<b>\$1,230</b>	<b>\$14,763</b>
<b>Operating Expenses</b>	<b>\$524</b>	<b>\$6,285</b>



Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$707</b>	<b>\$8,478</b>
- Mortgage Payments	\$497	\$5,959
<b>= Cash Flow</b>	<b>\$210</b>	<b>\$2,520</b>
+ Principal Reduction	\$195	\$2,345
+ First-Year Appreciation	\$359	\$4,313
<b>= Gross Equity Income</b>	<b>\$765</b>	<b>\$9,177</b>

### Financial Indicators (Year 1)

Capitalization Rate	5.9%
Cash on Cash Return	8.2%
<b>Total Return on Investment</b>	<b>30.0%</b>
<b>Total ROI with Tax Savings</b>	<b>33.5%</b>

### Assumptions

Real Estate Appreciation Rate	3.0%
Vacancy Rate	5.0%
Management Fee	9.0%

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## Year 1 Performance Projection

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### Overview

Finished Area (Square Feet)	1152
Initial Market Value	\$143,750
Purchase Price	\$143,750
Downpayment	\$28,750
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
<b>Initial Cash Invested</b>	<b>\$30,555</b>
Cost per Square Foot	\$125
Monthly Rent per Square Foot	\$1.12



Income	Monthly	Annual
Gross Rent	\$1,295	\$15,540
Vacancy Losses	-\$65	-\$777
<b>Operating Income</b>	<b>\$1,230</b>	<b>\$14,763</b>

Expenses	Monthly	Annual
Property Taxes	-\$246	-\$2,958
Insurance	-\$50	-\$600
Management Fees	-\$111	-\$1,329
Leasing/Advertising Fees	-\$19	-\$233
Association Fees	\$0	\$0
Maintenance	-\$97	-\$1,166
Other	\$0	\$0
<b>Operating Expenses</b>	<b>-\$524</b>	<b>-\$6,285</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$707</b>	<b>\$8,478</b>
- Mortgage Payments	-\$497	-\$5,959
<b>= Cash Flow</b>	<b>\$210</b>	<b>\$2,520</b>
+ Principal Reduction	\$195	\$2,345
+ First-Year Appreciation	\$359	\$4,313
<b>= Gross Equity Income</b>	<b>\$765</b>	<b>\$9,177</b>
+ Tax Savings	\$87	\$1,045
<b>= GEI w/Tax Savings</b>	<b>\$852</b>	<b>\$10,222</b>

### Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$115,000
Monthly Payment	\$497
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	3.19%

### Financial Indicators

Debt Coverage Ratio	1.4
Annual Gross Rent Multiplier	9.3
Monthly Gross Rent Multiplier	111.0
Capitalization Rate	5.9%
Cash on Cash Return	8.2%
<b>Total Return on Investment</b>	<b>30.0%</b>
<b>Total ROI with Tax Savings</b>	<b>33.5%</b>

### Assumptions

Real Estate Appreciation Rate	3.0%
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	\$15,540	\$16,006	\$16,486	\$16,981	\$17,490	\$18,015	\$18,556	\$19,112	\$19,686	\$20,276
Vacancy Losses	-\$777	-\$800	-\$824	-\$849	-\$875	-\$901	-\$928	-\$956	-\$984	-\$1,014
<b>Operating Income</b>	<b>\$14,763</b>	<b>\$15,206</b>	<b>\$15,662</b>	<b>\$16,132</b>	<b>\$16,616</b>	<b>\$17,114</b>	<b>\$17,628</b>	<b>\$18,157</b>	<b>\$18,701</b>	<b>\$19,262</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$2,958	-\$3,046	-\$3,138	-\$3,232	-\$3,329	-\$3,429	-\$3,531	-\$3,637	-\$3,746	-\$3,859
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,329	-\$1,369	-\$1,410	-\$1,452	-\$1,495	-\$1,540	-\$1,587	-\$1,634	-\$1,683	-\$1,734
Leasing/Advertising Fees	-\$233	-\$240	-\$247	-\$255	-\$262	-\$270	-\$278	-\$287	-\$295	-\$304
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$1,166	-\$1,200	-\$1,236	-\$1,274	-\$1,312	-\$1,351	-\$1,392	-\$1,433	-\$1,476	-\$1,521
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>	<b>-\$6,285</b>	<b>-\$6,473</b>	<b>-\$6,668</b>	<b>-\$6,868</b>	<b>-\$7,074</b>	<b>-\$7,286</b>	<b>-\$7,504</b>	<b>-\$7,729</b>	<b>-\$7,961</b>	<b>-\$8,200</b>

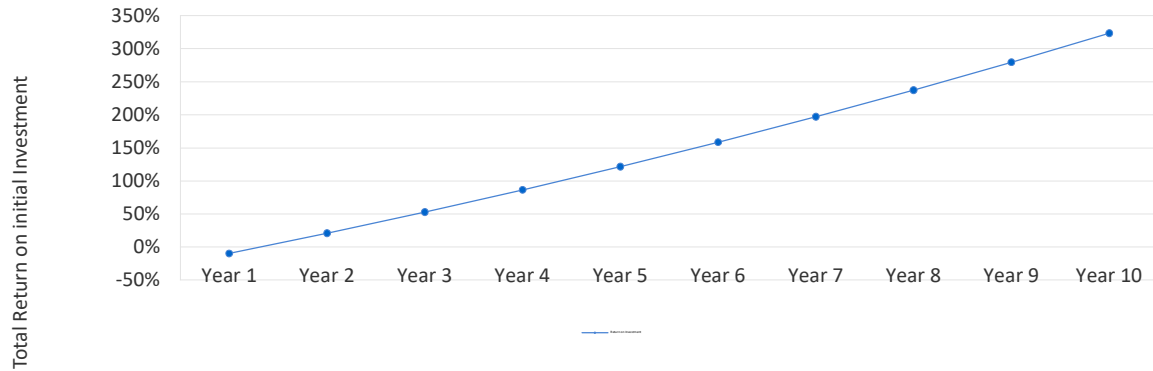
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$8,478	\$8,733	\$8,995	\$9,264	\$9,542	\$9,829	\$10,123	\$10,427	\$10,740	\$11,062
- Mortgage Payments	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959	-\$5,959
= Cash Flow	\$2,520	\$2,774	\$3,036	\$3,306	\$3,584	\$3,870	\$4,165	\$4,469	\$4,781	\$5,104
+ Principal Reduction	\$2,345	\$2,419	\$2,497	\$2,576	\$2,658	\$2,743	\$2,830	\$2,921	\$3,014	\$3,110
+ Appreciation	\$4,313	\$4,442	\$4,575	\$4,712	\$4,854	\$4,999	\$5,149	\$5,304	\$5,463	\$5,627
= Gross Equity Income	\$9,177	\$9,635	\$10,108	\$10,594	\$11,096	\$11,612	\$12,145	\$12,693	\$13,258	\$13,840
Capitalization Rate	5.9%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Cash on Cash Return	8.2%	9.1%	9.9%	10.8%	11.7%	12.7%	13.6%	14.6%	15.6%	16.7%
<b>Return on Equity</b>	<b>30.0%</b>	<b>27.2%</b>	<b>23.9%</b>	<b>21.5%</b>	<b>19.6%</b>	<b>18.1%</b>	<b>16.9%</b>	<b>15.9%</b>	<b>15.1%</b>	<b>14.3%</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>\$148,063</b>	<b>\$152,504</b>	<b>\$157,080</b>	<b>\$161,792</b>	<b>\$166,646</b>	<b>\$171,645</b>	<b>\$176,794</b>	<b>\$182,098</b>	<b>\$187,561</b>	<b>\$193,188</b>
- Loan Balance	-\$112,655	-\$110,236	-\$107,739	-\$105,163	-\$102,505	-\$99,762	-\$96,932	-\$94,011	-\$90,997	-\$87,888
= Equity	\$35,407	\$42,268	\$49,340	\$56,629	\$64,141	\$71,883	\$79,863	\$88,087	\$96,564	\$105,300
Loan-to-Value Ratio	76%	72%	69%	65%	62%	58%	55%	52%	49%	45%
<b>Potential Cash-Out Refi</b>	<b>\$5,795</b>	<b>\$11,768</b>	<b>\$17,924</b>	<b>\$24,270</b>	<b>\$30,811</b>	<b>\$37,554</b>	<b>\$44,504</b>	<b>\$51,668</b>	<b>\$59,052</b>	<b>\$66,663</b>

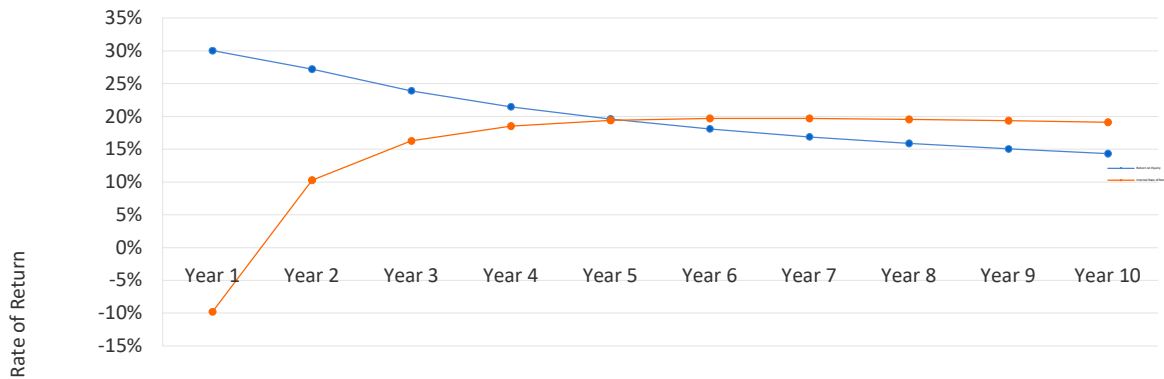
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Equity</b>	<b>\$35,407</b>	<b>\$42,268</b>	<b>\$49,340</b>	<b>\$56,629</b>	<b>\$64,141</b>	<b>\$71,883</b>	<b>\$79,863</b>	<b>\$88,087</b>	<b>\$96,564</b>	<b>\$105,300</b>
- Closing Costs	-\$10,364	-\$10,675	-\$10,996	-\$11,325	-\$11,665	-\$12,015	-\$12,376	-\$12,747	-\$13,129	-\$13,523
= <b>Proceeds After Sale</b>	<b>\$25,043</b>	<b>\$31,593</b>	<b>\$38,345</b>	<b>\$45,303</b>	<b>\$52,475</b>	<b>\$59,868</b>	<b>\$67,487</b>	<b>\$75,340</b>	<b>\$83,435</b>	<b>\$91,777</b>
+ <b>Cumulative Cash Flow</b>	<b>\$2,520</b>	<b>\$5,294</b>	<b>\$8,330</b>	<b>\$11,635</b>	<b>\$15,219</b>	<b>\$19,089</b>	<b>\$23,254</b>	<b>\$27,722</b>	<b>\$32,504</b>	<b>\$37,607</b>
- Initial Cash Invested	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555	-\$30,555
= <b>Net Profit</b>	<b>-\$2,993</b>	<b>\$6,332</b>	<b>\$16,119</b>	<b>\$26,384</b>	<b>\$37,139</b>	<b>\$48,402</b>	<b>\$60,186</b>	<b>\$72,508</b>	<b>\$85,383</b>	<b>\$98,830</b>
Internal Rate of Return	-9.8%	10.3%	16.3%	18.5%	19.4%	19.7%	19.7%	19.6%	19.3%	19.1%
<b>Return on Investment</b>	<b>-10%</b>	<b>21%</b>	<b>53%</b>	<b>86%</b>	<b>122%</b>	<b>158%</b>	<b>197%</b>	<b>237%</b>	<b>279%</b>	<b>323%</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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