

Property Summary

3218 2nd Ave
Des Moines, IA 50313



Overview

Finished Area (Square Feet)	904
Initial Market Value	\$103,800
Purchase Price	\$103,800
Downpayment	\$20,760
Closing Costs	\$1,805
Initial Cash Invested	\$22,565

Income & Expenses	Monthly	Annual
Gross Rent	\$975	\$11,700
Vacancy Losses	\$49	\$585
Operating Income	\$926	\$11,115
Operating Expenses	\$384	\$4,603

Net Performance	Monthly	Annual
Net Operating Income	\$543	\$6,512
- Mortgage Payments	\$368	\$4,419
= Cash Flow	\$174	\$2,092
+ Principal Reduction	\$136	\$1,635
+ First-Year Appreciation	\$260	\$3,114
= Gross Equity Income	\$570	\$6,842

Financial Indicators (Year 1)

Capitalization Rate	6.3%
Cash on Cash Return	9.3%
Total Return on Investment	30.3%
Total ROI with Tax Savings	33.7%

Assumptions

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

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Year 1 Performance Projection

3218 2nd Ave
Des Moines, IA 50313



Overview

Finished Area (Square Feet)	904
Initial Market Value	\$103,800
Purchase Price	\$103,800
Downpayment	\$20,760
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$22,565
Cost per Square Foot	\$115
Monthly Rent per Square Foot	\$1.08

Income	Monthly	Annual
Gross Rent	\$975	\$11,700
Vacancy Losses	-\$49	-\$585
Operating Income	\$926	\$11,115

Expenses	Monthly	Annual
Property Taxes	-\$163	-\$1,950
Insurance	-\$50	-\$600
Management Fees	-\$83	-\$1,000
Leasing/Advertising Fees	-\$15	-\$176
Association Fees	\$0	\$0
Maintenance	-\$73	-\$878
Other	\$0	\$0
Operating Expenses	-\$384	-\$4,603

Net Performance	Monthly	Annual
Net Operating Income	\$543	\$6,512
- Mortgage Payments	-\$368	-\$4,419
= Cash Flow	\$174	\$2,092
+ Principal Reduction	\$136	\$1,635
+ First-Year Appreciation	\$260	\$3,114
= Gross Equity Income	\$570	\$6,842
+ Tax Savings	\$63	\$755
= GEI w/Tax Savings	\$633	\$7,597

Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$83,040
Monthly Payment	\$368
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	3.40%

Financial Indicators

Debt Coverage Ratio	1.5
Annual Gross Rent Multiplier	8.9
Monthly Gross Rent Multiplier	106.5
Capitalization Rate	6.3%
Cash on Cash Return	9.3%
Total Return on Investment	30.3%
Total ROI with Tax Savings	33.7%

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	\$11,700	\$12,051	\$12,413	\$12,785	\$13,168	\$13,564	\$13,970	\$14,390	\$14,821	\$15,266
Vacancy Losses	-\$585	-\$603	-\$621	-\$639	-\$658	-\$678	-\$699	-\$719	-\$741	-\$763
Operating Income	\$11,115	\$11,448	\$11,792	\$12,146	\$12,510	\$12,885	\$13,272	\$13,670	\$14,080	\$14,503

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,950	-\$2,009	-\$2,069	-\$2,131	-\$2,195	-\$2,261	-\$2,328	-\$2,398	-\$2,470	-\$2,544
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,000	-\$1,030	-\$1,061	-\$1,093	-\$1,126	-\$1,160	-\$1,194	-\$1,230	-\$1,267	-\$1,305
Leasing/Advertising Fees	-\$176	-\$181	-\$186	-\$192	-\$198	-\$203	-\$210	-\$216	-\$222	-\$229
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$878	-\$904	-\$931	-\$959	-\$988	-\$1,017	-\$1,048	-\$1,079	-\$1,112	-\$1,145
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	-\$4,603	-\$4,741	-\$4,884	-\$5,030	-\$5,181	-\$5,337	-\$5,497	-\$5,662	-\$5,831	-\$6,006

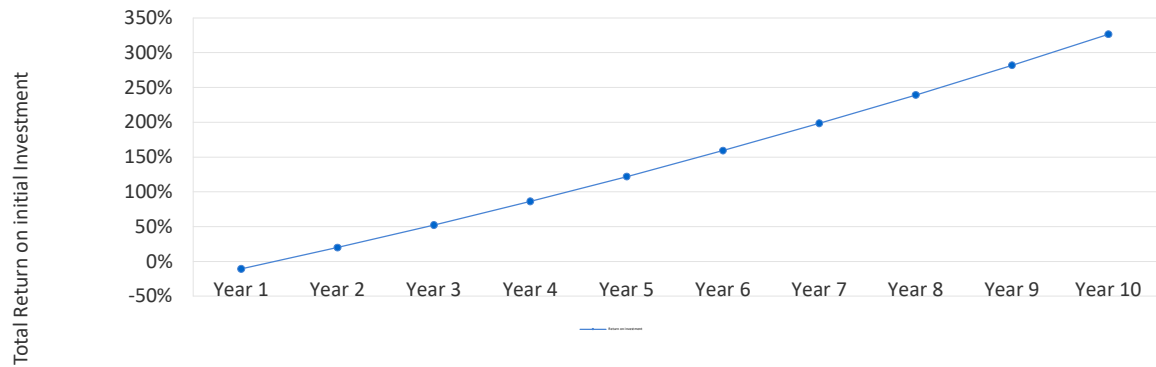
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$6,512	\$6,707	\$6,908	\$7,115	\$7,329	\$7,549	\$7,775	\$8,009	\$8,249	\$8,496
- Mortgage Payments	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419	-\$4,419
= Cash Flow	\$2,092	\$2,288	\$2,489	\$2,696	\$2,910	\$3,130	\$3,356	\$3,589	\$3,830	\$4,077
+ Principal Reduction	\$1,635	\$1,691	\$1,748	\$1,808	\$1,869	\$1,933	\$1,999	\$2,066	\$2,137	\$2,209
+ Appreciation	\$3,114	\$3,207	\$3,304	\$3,403	\$3,505	\$3,610	\$3,718	\$3,830	\$3,945	\$4,063
= Gross Equity Income	\$6,842	\$7,186	\$7,541	\$7,907	\$8,284	\$8,672	\$9,073	\$9,486	\$9,911	\$10,349
Capitalization Rate	6.3%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Cash on Cash Return	9.3%	10.1%	11.0%	11.9%	12.9%	13.9%	14.9%	15.9%	17.0%	18.1%
Return on Equity	30.3%	28.2%	24.8%	22.3%	20.4%	18.8%	17.6%	16.6%	15.7%	14.9%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$106,914	\$110,121	\$113,425	\$116,828	\$120,333	\$123,943	\$127,661	\$131,491	\$135,435	\$139,499
- Loan Balance	-\$81,405	-\$79,714	-\$77,966	-\$76,158	-\$74,289	-\$72,356	-\$70,357	-\$68,291	-\$66,154	-\$63,945
= Equity	\$25,509	\$30,408	\$35,459	\$40,670	\$46,044	\$51,587	\$57,304	\$63,200	\$69,281	\$75,554
Loan-to-Value Ratio	76%	72%	69%	65%	62%	58%	55%	52%	49%	46%
Potential Cash-Out Refi	\$4,126	\$8,383	\$12,774	\$17,304	\$21,978	\$26,798	\$31,771	\$36,902	\$42,194	\$47,654

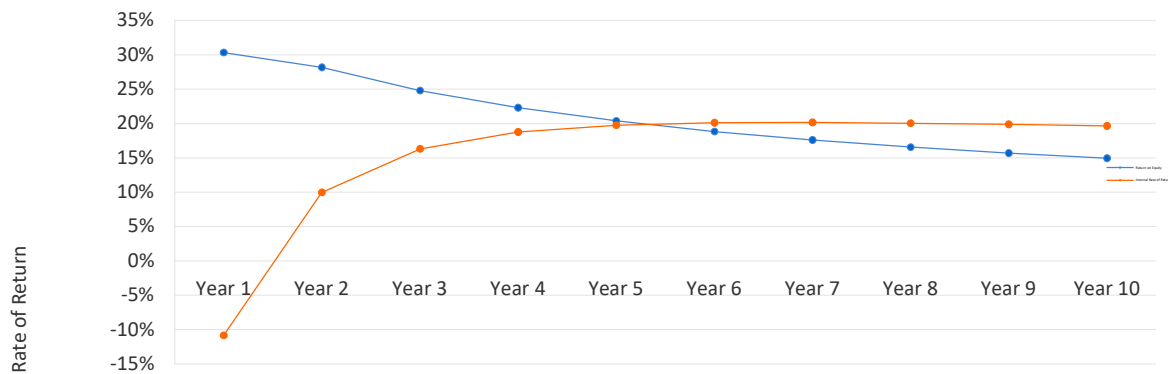
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$25,509	\$30,408	\$35,459	\$40,670	\$46,044	\$51,587	\$57,304	\$63,200	\$69,281	\$75,554
- Closing Costs	-\$7,484	-\$7,708	-\$7,940	-\$8,178	-\$8,423	-\$8,676	-\$8,936	-\$9,204	-\$9,480	-\$9,765
= Proceeds After Sale	\$18,025	\$22,699	\$27,520	\$32,492	\$37,621	\$42,911	\$48,367	\$53,996	\$59,801	\$65,789
+ Cumulative Cash Flow	\$2,092	\$4,380	\$6,869	\$9,566	\$12,475	\$15,605	\$18,961	\$22,550	\$26,380	\$30,457
- Initial Cash Invested	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565	-\$22,565
= Net Profit	-\$2,447	\$4,514	\$11,824	\$19,493	\$27,531	\$35,951	\$44,763	\$53,981	\$63,616	\$73,681
Internal Rate of Return	-10.8%	10.0%	16.3%	18.8%	19.7%	20.1%	20.2%	20.0%	19.9%	19.6%
Return on Investment	-11%	20%	52%	86%	122%	159%	198%	239%	282%	327%

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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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