

Property Summary

2815 E Grand Ave
Des Moines, IA 50317



Overview

Finished Area (Square Feet)	1328
Initial Market Value	\$148,800
Purchase Price	\$148,800
Downpayment	\$29,760
Closing Costs	\$1,805
Initial Cash Invested	\$31,565

Income & Expenses	Monthly	Annual
Gross Rent	\$1,200	\$14,400
Vacancy Losses	\$60	\$720
Operating Income	\$1,140	\$13,680
Operating Expenses	\$384	\$4,609

Net Performance	Monthly	Annual
Net Operating Income	\$756	\$9,071
- Mortgage Payments	\$528	\$6,335
= Cash Flow	\$228	\$2,736
+ Principal Reduction	\$195	\$2,344
+ First-Year Appreciation	\$372	\$4,464
= Gross Equity Income	\$795	\$9,544

Financial Indicators (Year 1)

Capitalization Rate	6.1%
Cash on Cash Return	8.7%
Total Return on Investment	30.2%
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

2815 E Grand Ave
Des Moines, IA 50317



Overview

Finished Area (Square Feet)	1328
Initial Market Value	\$148,800
Purchase Price	\$148,800
Downpayment	\$29,760
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$31,565
Cost per Square Foot	\$112
Monthly Rent per Square Foot	\$0.90

Income	Monthly	Annual
Gross Rent	\$1,200	\$14,400
Vacancy Losses	-\$60	-\$720
Operating Income	\$1,140	\$13,680

Expenses	Monthly	Annual
Property Taxes	-\$124	-\$1,482
Insurance	-\$50	-\$600
Management Fees	-\$103	-\$1,231
Leasing/Advertising Fees	-\$18	-\$216
Association Fees	\$0	\$0
Maintenance	-\$90	-\$1,080
Other	\$0	\$0
Operating Expenses	-\$384	-\$4,609

Net Performance	Monthly	Annual
Net Operating Income	\$756	\$9,071
- Mortgage Payments	-\$528	-\$6,335
= Cash Flow	\$228	\$2,736
+ Principal Reduction	\$195	\$2,344
+ First-Year Appreciation	\$372	\$4,464
= Gross Equity Income	\$795	\$9,544
+ Tax Savings	\$90	\$1,082
= GEI w/Tax Savings	\$886	\$10,626

Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$119,040
Monthly Payment	\$528
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	3.40%

Financial Indicators

Debt Coverage Ratio	1.4
Annual Gross Rent Multiplier	10.3
Monthly Gross Rent Multiplier	124.0
Capitalization Rate	6.1%
Cash on Cash Return	8.7%
Total Return on Investment	30.2%
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	\$14,400	\$14,832	\$15,277	\$15,735	\$16,207	\$16,694	\$17,194	\$17,710	\$18,241	\$18,789
Vacancy Losses	-\$720	-\$742	-\$764	-\$787	-\$810	-\$835	-\$860	-\$886	-\$912	-\$939
Operating Income	\$13,680	\$14,090	\$14,513	\$14,949	\$15,397	\$15,859	\$16,335	\$16,825	\$17,329	\$17,849

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,482	-\$1,526	-\$1,572	-\$1,619	-\$1,668	-\$1,718	-\$1,770	-\$1,823	-\$1,877	-\$1,934
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,231	-\$1,268	-\$1,306	-\$1,345	-\$1,386	-\$1,427	-\$1,470	-\$1,514	-\$1,560	-\$1,606
Leasing/Advertising Fees	-\$216	-\$222	-\$229	-\$236	-\$243	-\$250	-\$258	-\$266	-\$274	-\$282
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$1,080	-\$1,112	-\$1,146	-\$1,180	-\$1,216	-\$1,252	-\$1,290	-\$1,328	-\$1,368	-\$1,409
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	-\$4,609	-\$4,747	-\$4,890	-\$5,037	-\$5,188	-\$5,343	-\$5,504	-\$5,669	-\$5,839	-\$6,014

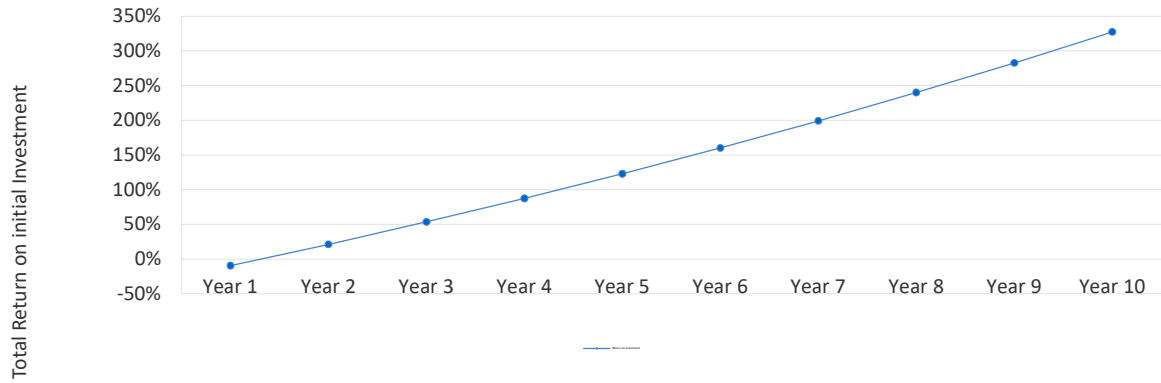
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$9,071	\$9,343	\$9,623	\$9,912	\$10,209	\$10,516	\$10,831	\$11,156	\$11,491	\$11,835
- Mortgage Payments	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335	-\$6,335
= Cash Flow	\$2,736	\$3,008	\$3,288	\$3,577	\$3,874	\$4,181	\$4,496	\$4,821	\$5,156	\$5,500
+ Principal Reduction	\$2,344	\$2,424	\$2,506	\$2,591	\$2,680	\$2,771	\$2,865	\$2,962	\$3,063	\$3,167
+ Appreciation	\$4,464	\$4,598	\$4,736	\$4,878	\$5,024	\$5,175	\$5,330	\$5,490	\$5,655	\$5,825
= Gross Equity Income	\$9,544	\$10,030	\$10,530	\$11,046	\$11,578	\$12,126	\$12,691	\$13,273	\$13,873	\$14,492
Capitalization Rate	6.1%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Cash on Cash Return	8.7%	9.5%	10.4%	11.3%	12.3%	13.2%	14.2%	15.3%	16.3%	17.4%
Return on Equity	30.2%	27.4%	24.2%	21.7%	19.9%	18.4%	17.2%	16.2%	15.3%	14.6%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$153,264	\$157,862	\$162,598	\$167,476	\$172,500	\$177,675	\$183,005	\$188,495	\$194,150	\$199,975
- Loan Balance	-\$116,696	-\$114,272	-\$111,766	-\$109,174	-\$106,495	-\$103,724	-\$100,859	-\$97,897	-\$94,834	-\$91,666
= Equity	\$36,568	\$43,590	\$50,832	\$58,302	\$66,005	\$73,951	\$82,146	\$90,599	\$99,317	\$108,308
Loan-to-Value Ratio	76%	72%	69%	65%	62%	58%	55%	52%	49%	46%
Potential Cash-Out Refi	\$5,915	\$12,018	\$18,313	\$24,806	\$31,505	\$38,416	\$45,545	\$52,900	\$60,487	\$68,313

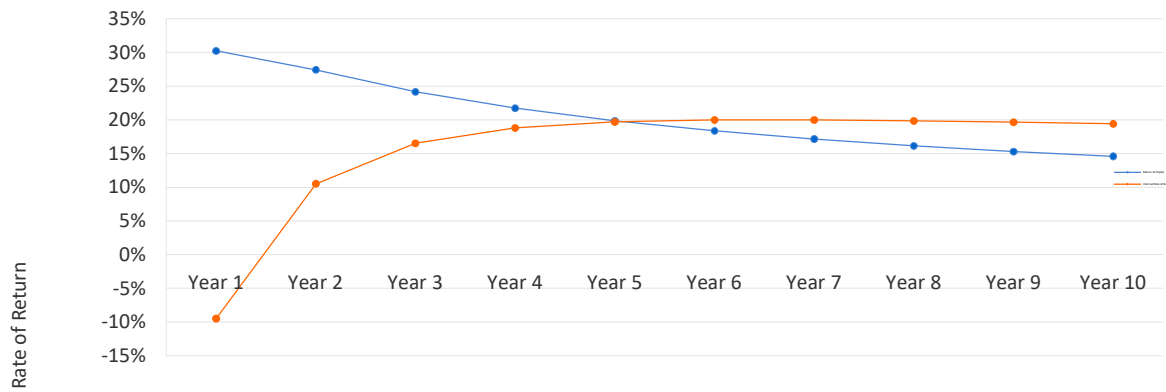
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$36,568	\$43,590	\$50,832	\$58,302	\$66,005	\$73,951	\$82,146	\$90,599	\$99,317	\$108,308
- Closing Costs	-\$10,728	-\$11,050	-\$11,382	-\$11,723	-\$12,075	-\$12,437	-\$12,810	-\$13,195	-\$13,591	-\$13,998
= Proceeds After Sale	\$25,840	\$32,540	\$39,450	\$46,578	\$53,930	\$61,514	\$69,336	\$77,404	\$85,726	\$94,310
+ Cumulative Cash Flow	\$2,736	\$5,744	\$9,032	\$12,609	\$16,483	\$20,663	\$25,159	\$29,980	\$35,136	\$40,636
- Initial Cash Invested	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565	-\$31,565
= Net Profit	-\$2,990	\$6,718	\$16,917	\$27,622	\$38,848	\$50,612	\$62,930	\$75,819	\$89,297	\$103,381
Internal Rate of Return	-9.5%	10.5%	16.5%	18.8%	19.7%	20.0%	20.0%	19.9%	19.7%	19.4%
Return on Investment	-9%	21%	54%	88%	123%	160%	199%	240%	283%	328%

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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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