

## Property Summary

2720 51st St  
Des Moines, Ia 50310



### Overview

Finished Area (Square Feet)	2568
Initial Market Value	\$265,000
Purchase Price	\$265,000
Downpayment	\$53,000
Closing Costs	\$1,805
<b>Initial Cash Invested</b>	<b>\$54,805</b>

Income & Expenses	Monthly	Annual
Gross Rent	\$2,250	\$27,000
Vacancy Losses	\$113	\$1,350
<b>Operating Income</b>	<b>\$2,138</b>	<b>\$25,650</b>
<b>Operating Expenses</b>	<b>\$933</b>	<b>\$11,199</b>



Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$1,204</b>	<b>\$14,452</b>
- Mortgage Payments	\$915	\$10,985
<b>= Cash Flow</b>	<b>\$289</b>	<b>\$3,467</b>
+ Principal Reduction	\$360	\$4,322
+ First-Year Appreciation	\$663	\$7,950
<b>= Gross Equity Income</b>	<b>\$1,312</b>	<b>\$15,739</b>

### Financial Indicators (Year 1)

Capitalization Rate	5.5%
Cash on Cash Return	6.3%
<b>Total Return on Investment</b>	<b>28.7%</b>
<b>Total ROI with Tax Savings</b>	<b>32.2%</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)	2568
Initial Market Value	\$265,000
Purchase Price	\$265,000
Downpayment	\$53,000
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
<b>Initial Cash Invested</b>	<b>\$54,805</b>
Cost per Square Foot	\$103
Monthly Rent per Square Foot	\$0.88



Income	Monthly	Annual
Gross Rent	\$2,250	\$27,000
Vacancy Losses	-\$113	-\$1,350
<b>Operating Income</b>	<b>\$2,138</b>	<b>\$25,650</b>

Expenses	Monthly	Annual
Property Taxes	-\$455	-\$5,460
Insurance	-\$83	-\$1,000
Management Fees	-\$192	-\$2,309
Leasing/Advertising Fees	-\$34	-\$405
Association Fees	\$0	\$0
Maintenance	-\$169	-\$2,025
Other	\$0	\$0
<b>Operating Expenses</b>	<b>-\$933</b>	<b>-\$11,199</b>

Net Performance	Monthly	Annual
<b>Net Operating Income</b>	<b>\$1,204</b>	<b>\$14,452</b>
- Mortgage Payments	-\$915	-\$10,985
<b>= Cash Flow</b>	<b>\$289</b>	<b>\$3,467</b>
+ Principal Reduction	\$360	\$4,322
+ First-Year Appreciation	\$663	\$7,950
<b>= Gross Equity Income</b>	<b>\$1,312</b>	<b>\$15,739</b>
+ Tax Savings	\$161	\$1,927
<b>= GEI w/Tax Savings</b>	<b>\$1,472</b>	<b>\$17,667</b>

### Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$212,000
Monthly Payment	\$915
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	3.19%

### Financial Indicators

Debt Coverage Ratio	1.3
Annual Gross Rent Multiplier	9.8
Monthly Gross Rent Multiplier	117.8
Capitalization Rate	5.5%
Cash on Cash Return	6.3%
<b>Total Return on Investment</b>	<b>28.7%</b>
<b>Total ROI with Tax Savings</b>	<b>32.2%</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	\$27,000	\$27,810	\$28,644	\$29,504	\$30,389	\$31,300	\$32,239	\$33,207	\$34,203	\$35,229
Vacancy Losses	-\$1,350	-\$1,391	-\$1,432	-\$1,475	-\$1,519	-\$1,565	-\$1,612	-\$1,660	-\$1,710	-\$1,761
<b>Operating Income</b>	<b>\$25,650</b>	<b>\$26,420</b>	<b>\$27,212</b>	<b>\$28,028</b>	<b>\$28,869</b>	<b>\$29,735</b>	<b>\$30,627</b>	<b>\$31,546</b>	<b>\$32,493</b>	<b>\$33,467</b>

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$5,460	-\$5,624	-\$5,793	-\$5,966	-\$6,145	-\$6,330	-\$6,520	-\$6,715	-\$6,917	-\$7,124
Insurance	-\$1,000	-\$1,030	-\$1,061	-\$1,093	-\$1,126	-\$1,159	-\$1,194	-\$1,230	-\$1,267	-\$1,305
Management Fees	-\$2,309	-\$2,378	-\$2,449	-\$2,523	-\$2,598	-\$2,676	-\$2,756	-\$2,839	-\$2,924	-\$3,012
Leasing/Advertising Fees	-\$405	-\$417	-\$430	-\$443	-\$456	-\$470	-\$484	-\$498	-\$513	-\$528
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$2,025	-\$2,086	-\$2,148	-\$2,213	-\$2,279	-\$2,348	-\$2,418	-\$2,490	-\$2,565	-\$2,642
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Expenses</b>	<b>-\$11,199</b>	<b>-\$11,534</b>	<b>-\$11,880</b>	<b>-\$12,237</b>	<b>-\$12,604</b>	<b>-\$12,982</b>	<b>-\$13,372</b>	<b>-\$13,773</b>	<b>-\$14,186</b>	<b>-\$14,612</b>

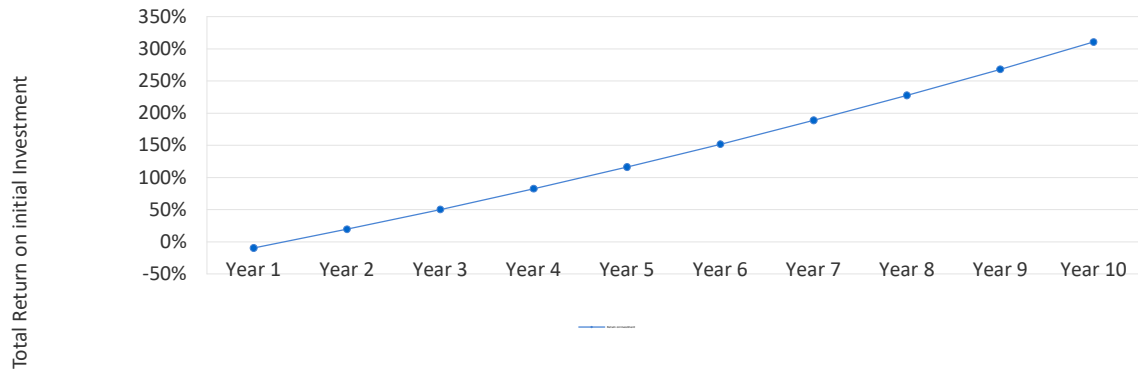
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$14,452	\$14,885	\$15,332	\$15,792	\$16,265	\$16,753	\$17,256	\$17,774	\$18,307	\$18,856
- Mortgage Payments	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985	-\$10,985
= Cash Flow	\$3,467	\$3,900	\$4,347	\$4,807	\$5,281	\$5,769	\$6,271	\$6,789	\$7,322	\$7,871
+ Principal Reduction	\$4,322	\$4,460	\$4,602	\$4,749	\$4,900	\$5,057	\$5,218	\$5,384	\$5,556	\$5,733
+ Appreciation	\$7,950	\$8,189	\$8,434	\$8,687	\$8,948	\$9,216	\$9,493	\$9,777	\$10,071	\$10,373
= Gross Equity Income	\$15,739	\$16,549	\$17,383	\$18,243	\$19,129	\$20,041	\$20,982	\$21,951	\$22,949	\$23,977
Capitalization Rate	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Cash on Cash Return	6.3%	7.1%	7.9%	8.8%	9.6%	10.5%	11.4%	12.4%	13.4%	14.4%
<b>Return on Equity</b>	<b>28.7%</b>	<b>25.4%</b>	<b>22.3%</b>	<b>20.1%</b>	<b>18.3%</b>	<b>16.9%</b>	<b>15.8%</b>	<b>14.9%</b>	<b>14.1%</b>	<b>13.5%</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>\$272,950</b>	<b>\$281,139</b>	<b>\$289,573</b>	<b>\$298,260</b>	<b>\$307,208</b>	<b>\$316,424</b>	<b>\$325,917</b>	<b>\$335,694</b>	<b>\$345,765</b>	<b>\$356,138</b>
- Loan Balance	-\$207,678	-\$203,217	-\$198,615	-\$193,866	-\$188,966	-\$183,909	-\$178,691	-\$173,307	-\$167,752	-\$162,019
= Equity	\$65,272	\$77,921	\$90,957	\$104,394	\$118,242	\$132,515	\$147,225	\$162,387	\$178,013	\$194,119
Loan-to-Value Ratio	76%	72%	69%	65%	62%	58%	55%	52%	49%	45%
<b>Potential Cash-Out Refi</b>	<b>\$10,682</b>	<b>\$21,693</b>	<b>\$33,043</b>	<b>\$44,742</b>	<b>\$56,800</b>	<b>\$69,230</b>	<b>\$82,042</b>	<b>\$95,248</b>	<b>\$108,860</b>	<b>\$122,891</b>

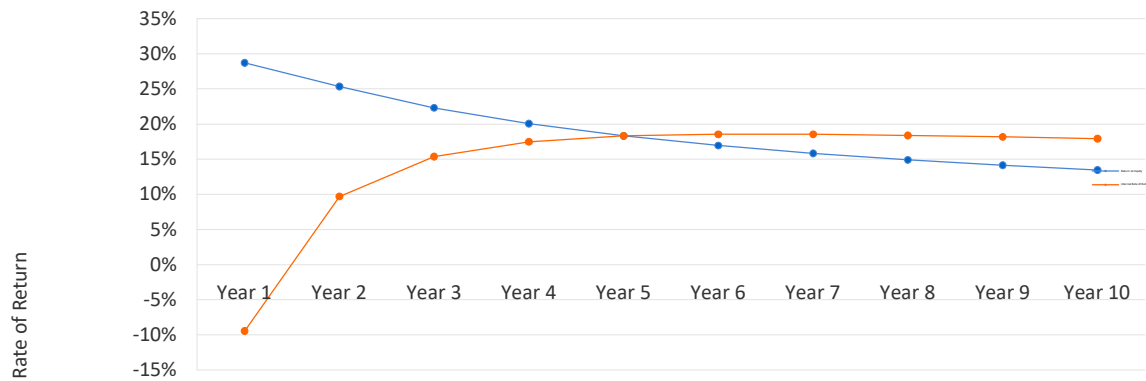
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Equity</b>	<b>\$65,272</b>	<b>\$77,921</b>	<b>\$90,957</b>	<b>\$104,394</b>	<b>\$118,242</b>	<b>\$132,515</b>	<b>\$147,225</b>	<b>\$162,387</b>	<b>\$178,013</b>	<b>\$194,119</b>
- Closing Costs	-\$19,107	-\$19,680	-\$20,270	-\$20,878	-\$21,505	-\$22,150	-\$22,814	-\$23,499	-\$24,204	-\$24,930
= <b>Proceeds After Sale</b>	<b>\$46,166</b>	<b>\$58,241</b>	<b>\$70,687</b>	<b>\$83,515</b>	<b>\$96,737</b>	<b>\$110,365</b>	<b>\$124,411</b>	<b>\$138,888</b>	<b>\$153,810</b>	<b>\$169,189</b>
+ <b>Cumulative Cash Flow</b>	<b>\$3,467</b>	<b>\$7,367</b>	<b>\$11,714</b>	<b>\$16,521</b>	<b>\$21,802</b>	<b>\$27,571</b>	<b>\$33,842</b>	<b>\$40,631</b>	<b>\$47,953</b>	<b>\$55,825</b>
- Initial Cash Invested	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805	-\$54,805
= <b>Net Profit</b>	<b>-\$5,172</b>	<b>\$10,804</b>	<b>\$27,597</b>	<b>\$45,232</b>	<b>\$63,734</b>	<b>\$83,131</b>	<b>\$103,448</b>	<b>\$124,714</b>	<b>\$146,958</b>	<b>\$170,209</b>
Internal Rate of Return	-9.4%	9.7%	15.4%	17.5%	18.3%	18.6%	18.5%	18.4%	18.2%	17.9%
<b>Return on Investment</b>	<b>-9%</b>	<b>20%</b>	<b>50%</b>	<b>83%</b>	<b>116%</b>	<b>152%</b>	<b>189%</b>	<b>228%</b>	<b>268%</b>	<b>311%</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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