

Property Projected Analysis Summary

Unit at
Cottages of Lake Forest
LaVergne, TN

Prepared for

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|--|

March 27, 2007

by

| | |
|----------------|--|
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Disclaimer

The information, calculations & data presented in this report are an estimate and are not guaranteed or warranted. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making any purchases of real estate.

PROJECTED FINANCIAL ANALYSIS SUMMARY



Property Information:

| | | |
|--------------------|----|---------------------|
| Type: | - | Multi-Family |
| Total Cost: | \$ | 99,960 |
| Fair Market Value: | \$ | 98,000 |
| Number of Units: | | 1 |
| Sq. Footage | | 1,100 |
| Appreciation Rate | | 3.25% |

Financial Information

| | | | |
|-------------------------------------|-----------|-----------------|-----------------|
| Projected Down Payment/ Investment: | \$ 28,518 | %of Cost 27.95% | % of FMV 29.10% |
|-------------------------------------|-----------|-----------------|-----------------|

| | Amount | Rate | | Payment |
|---------|--------|-------|-------|-----------|
| Loan #1 | 73,500 | 6.50% | 30.00 | \$ 464.57 |
| Loan #2 | - | 0.00% | 30.00 | \$ - |
| Loan #3 | - | 0.00% | 30.00 | \$ - |

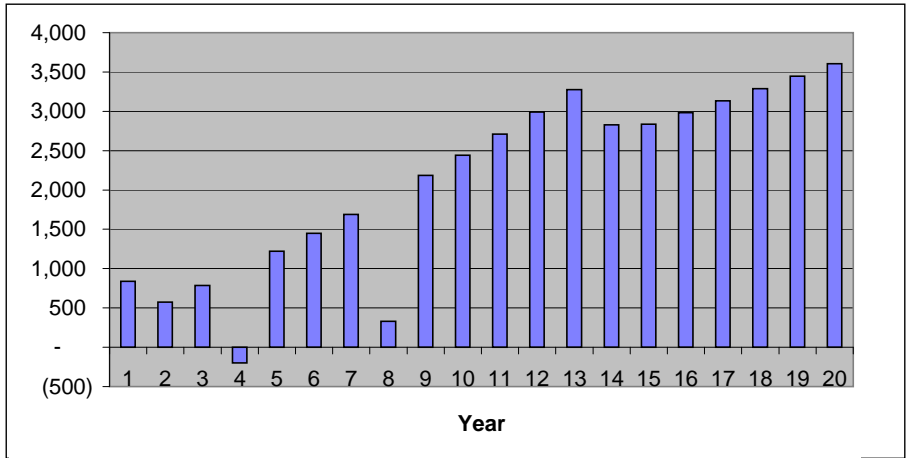
Rental Income & Expenses:

| | | |
|-------------------------|----|---------|
| Monthly Rents: | \$ | 825 |
| Annual Rents | \$ | 9,900 |
| Other Annual Income | \$ | - |
| Annual Vacancy | \$ | (891) |
| Annual Expenses | \$ | (3,060) |
| Annual Mortgage Payment | \$ | (5,575) |

Assumptions:

| | |
|-----------------------|--------|
| Rental Growth Rate | 3.00% |
| Expense Growth Rate | 2.00% |
| Property Growth Rate | 3.25% |
| Marginal Tax Rate | 37.00% |
| Capital Gain Tax Rate | 24.00% |

Property 20-year Projected Cash Flow



Financial Ratios:

| | Year 1 | Year 5 | Year 10 |
|---------------------------------------|--------|--------|---------|
| Debt Coverage Ratio (DCR) | 1.16 | 1.22 | 1.44 |
| Capitalization Rate Based on Cost | 5.95% | 6.80% | 8.02% |
| Capitalization Rate Based on FMV | 5.88% | 5.91% | 5.94% |
| Value of Property Using This Cap Rate | - | - | - |
| Cash on Cash Return before Taxes | 2.94% | 4.28% | 8.57% |
| Cash on Cash Return after Taxes | 2.94% | 4.28% | 8.57% |
| Gross Rent Monthly Multiplier (GRM) | 122.65 | 123.84 | 125.35 |

| | Year 1 | Year 5 | Year 10 |
|--|------------|-----------|-----------|
| Gross Rent Yearly Multiplier (GRM) | 10.22 | 10.32 | 10.45 |
| Value of Property Using Your GRM | \$ - | \$ - | \$ - |
| Loan to Value Ratio (LVR) | 71.90% | 59.91% | 46.27% |
| Net Present Value (NPV) | \$ (3,104) | \$ 8,689 | \$ 32,543 |
| Net Present Value Unleveraged (NPV) | \$ 1,701 | \$ 27,172 | \$ 64,518 |
| Cumulative Internal Rate of Return (IRR) | -10.88% | 5.47% | 8.23% |
| Cumulative Unleveraged IRR | 1.70% | 5.33% | 6.01% |



Condominium MLS No. 829697
Status Active Area 31
Type Townhouse Er/Ea Exc. Right to S
Address [6021 CULLEN DR.](#) City La Vergne, LaV
County Rutherford Subd LAKE FOREST
Tax ID Deed Book/Page
Directions FROM NASHVILLE, MURFREESBORO RD. SOUTH TO LAVERGNE NATHANAEL DR. RIGHT ON CULLEN DR. CONDO IS ON THE LEFT.

General Information

| | |
|---|------------------------------|
| Style | Stories 2.00 |
| Unit Loc | Total Rooms 4 |
| Vert Location | Constr Siding / Vinyl |
| Driveway Concrete | Poss. Date of Deed |
| Assoc Fee \$75 /mo | Waterfront / |
| Assoc Includes Exterior Maintenance / Insurance / | |
| Remarks: " 1102 PLAN " NEW CONDO. ALL APPLIANCES, TWO BEDROOMS, TWO BATHS. GREAT FOR EASY LIVING WITH CLOSING. MOVE IN FOR AS LOW \$150.00 | |

Rooms and Dimension Information

| | |
|-------------------------------|---------|
| Liv 17X12 / Great Room | Rec / |
| Din / | Hobby / |
| Kit 13X12 / Eat-In | Other / |
| Den / | Other / |

| | Bedrooms | Full Baths | Half Baths |
|--------------|----------|------------|------------|
| Main | 0 | 0 | 1 |
| Other | 2 | 2 | |
| Total | 2 | 2 | 1 |

Schools and Utilities

| | | |
|-------------------------------|--------------------|---|
| Elem1 Lavergne Primary | Elem2 | Middle/JR LaVergne Middle School |
| Water City Water | Sewer Sewer | Cool Electric / Central |

Features

| Appliances | Interior Features | Exterior Features |
|---|--|--|
| Range Drop-in / Electric | Firepl | Handicap Access |
| Oven Single Oven / Electric | Drapes None | Amenities |
| Other Dryer / Refrigerator / Washer / Dishwasher / | Security | Other Patio / Cable TV Connection / |
| | Other Ceiling Fan / Smoke Alarm / Utility | |

Financing and Taxes

| | | | |
|-----------------|-----------|----------------|---------------|
| Existing | Assumable | Non-Qualifying | Taxes \$1 |
| New | Owner | FHA Yes | VA Yes |

Comparable Information

| | | |
|--------------|--------------|----------------------------------|
| Pending Date | Closing Date | Orig. List Price \$97,990 |
|--------------|--------------|----------------------------------|

697

List Price **\$97,990**

Right to Sell

Photos **1**

Home, LaVergne

Zip **37086**

FOREST ESTATES Unit

MLS Map

Image

ON LAVERGNE. LEFT ON FERGUS RD. RIGHT ON TOM HAILY DR. LEFT ON
LEFT.

Year Built **2007 / New**
Floors **Carpet / Vinyl /**
Completion **Mar 30 2007**
Parking **0 /**
MailBox **Central**

FINISHING WITH LOW MAINTANCE. STORGE ROOM IN BACK. BUILDER HELPS WITH

Bedroom

Bed 1 **12X12 / Full Bath**
Bed 2 **10X10 / Bath**
Bed 3
Bed 4

| Finished Square Feet (est) | | | |
|----------------------------|------------|-------------------|-------------|
| Main | 555 | Est. SqFt. Source | |
| Second | 547 | Owner Supplied | |
| Basement | | Total | 1102 |

High Lavergne High School
Heat Electric / Central

| Features | Restrictions |
|------------|------------------------------|
| Access | Ext. Alterations Yes |
| | Pet Restrictions No |
| | Renting Permitted Yes |
| Table TV / | Trailers Permitted No |
| | Other Restrictions |

Taxes **\$800**

VA **Yes** Conv **Yes** Other

Sales Price

Input Data Screen

[Home](#)

Property Name: Unit at
Case Description:
Address: Cottages of Lake Forest
Address: LaVergne, TN

[Sensitivity Analysis](#) [Executive Report](#)
[Main Report](#) [User Guide](#)
[Graphs & Reports](#) [APOD Report](#)

I

Rental Income & Expenses

Rental Income / Rent Roll: [Enter Rent Roll](#)
 Operating Expenses: [Enter Expenses](#)
 Enter Average Vacancy Rate: 9.00%
 Annual Rental Income Growth Rate (%): [Enter Annual Rates](#) Apply This Rate Every Year => 3.00%
 Annual Operating Expense Increase (%): 2.00%

II

Property Costs & Characteristics

Select Residential, Commercial Property or Raw Land Multi-Family
 Number of Units / Total Square Footage of Property 1 / 1,100
 Purchase Price of Rental Property:

| | | |
|------------------------------------|---------------|------------------|
| Contract Purchase Price | \$ 98,000 | |
| Initial Improvements | \$ 1,000 | |
| Closing Costs | \$ 1,960 | 2.00% |
| Buyer Paid Commission | \$ 1,000 | 1.02% |
| Other Initial Costs | (2,000) | |
| Enter 5-Year Personal Property => | \$ - | |
| % of Cost Allocated to Land | 20.00% | \$ 99,960 |

Current Fair Market Value (FMV) of Rental Property: \$ 98,000
 Annual Appreciation Rate (%): [Enter Annual Rates](#) Apply This Rate Every Year ==> 3.25%
 Future Selling Expenses (as a % of Selling Price): 5.00%

* based on 15 years OFHEO MSA average and neighborhood adjustment

| Future Property Improvements | Description | Amount | Select Year Improvement to be Made | Will the improvement increase the property's FMV? | |
|------------------------------|------------------------|-----------------|------------------------------------|---|----|
| | | | | Yes | No |
| | Forecasted Maintenance | \$ 1,200 | 4 | No | No |
| | Forecasted Maintenance | \$ 1,600 | 8 | No | No |
| | | \$ - | 1 | No | No |
| | | \$ - | 1 | No | No |
| | | \$ - | 1 | No | No |
| | | \$ - | 1 | No | No |
| | | \$ - | 1 | No | No |
| | Total | \$ 2,800 | | | |

III

Financing

[Amort Schedules](#)

| | Mortgage #1 | Mortgage #2 | Mortgage #3 |
|--|-------------|---------------------------------|---------------------------------|
| Amount Borrowed or Assumed: | \$ 73,500 | \$ - | \$ - |
| Interest Rate: | 6.500% | Enter Loan Rate | Enter Loan Rate |
| Interest Only? | No | No | No |
| Enter Start Month of the Loan: | Month 1 | Month 1 | Month 1 |
| Enter Start Year of the Loan: | Year 1 | Year 1 | Year 1 |
| Term / Remaining Term of Loan (In Months): | 360 | 360 | 360 |
| Is this to Refinance Mortgage #1 or #2 | n/a | No - New Loan | No - New Loan |
| Additional Monthly Principal Payments | | | |
| Monthly Mortgage Payment: (Formula) | \$ 464.57 | \$ - | \$ - |
| Loan Origination Points | 2,800 | | |
| Loan Origination Points (In Dollars) | \$ 2,058 | \$ - | \$ - |

Negative Amortization Option
 Negative Amortization Payment \$ -
 Override Payment Calculated Above? No
 Initial Investment or Down Payment (Cost less Debt - Automatically Calculated) \$ 28,518
 Down Payment as a Percent of Contract Purchase Price 25.0%
 Down Payment as a Percent of Cost 28.5%

IV

Income Taxes

Federal Marginal Income Tax Rate: 28.0%
 Federal Long-Term Capital Gains Rate: 15%
 State Marginal Income Tax Rate: 9%
 Are Your Losses Limited by the Passive Loss Rules? Yes
 Like-Kind Exchange on Disposition? No

Rental Income / Rent Roll

Total Gross Monthly Income \$ 825

| Enter Lease Description | Monthly Rent | Vacant / Incentive Months in the First Year |
|-------------------------|--------------|---|
| Unit 1 | \$ 825 | 0 |
| Unit 2 | 0 | 0 |
| Unit 3 | 0 | 0 |
| Unit 4 | 0 | 0 |
| Unit 5 | 0 | 0 |
| Unit 6 | 0 | 0 |
| Unit 7 | 0 | 0 |
| Unit 8 | 0 | 0 |
| Unit 9 | 0 | 0 |
| Unit 10 | 0 | 0 |
| Unit 11 | 0 | 0 |
| Unit 12 | \$ - | 0 |
| Unit 13 | \$ - | 0 |
| Unit 14 | \$ - | 0 |
| Unit 15 | \$ - | 0 |
| Unit 16 | \$ - | 0 |
| Unit 17 | \$ - | 0 |
| Unit 18 | \$ - | 0 |
| Unit 19 | \$ - | 0 |
| Unit 20 | \$ - | 0 |
| Unit 21 | \$ - | 0 |
| Unit 22 | \$ - | 0 |
| Unit 23 | \$ - | 0 |
| Unit 24 | \$ - | 0 |
| Unit 25 | \$ - | 0 |
| Unit 26 | \$ - | 0 |
| Unit 27 | \$ - | 0 |
| Unit 28 | \$ - | 0 |
| Unit 29 | \$ - | 0 |
| Unit 30 | \$ - | 0 |
| Unit 31 | \$ - | 0 |
| Unit 32 | \$ - | 0 |
| Unit 33 | \$ - | 0 |
| Unit 34 | \$ - | 0 |
| Unit 35 | \$ - | 0 |
| Unit 36 | \$ - | 0 |
| Unit 37 | \$ - | 0 |
| Unit 38 | \$ - | 0 |
| Unit 39 | \$ - | 0 |
| Unit 40 | \$ - | 0 |
| Unit 41 | \$ - | 0 |
| Unit 42 | \$ - | 0 |
| Unit 43 | \$ - | 0 |
| Unit 44 | \$ - | 0 |
| Unit 45 | \$ - | 0 |
| Unit 46 | \$ - | 0 |
| Unit 47 | \$ - | 0 |
| Unit 48 | \$ - | 0 |
| Unit 49 | \$ - | 0 |
| Unit 50 | \$ - | 0 |

| Enter Lease Description | Monthly Rent | Vacant / Incentive Months in the First Year |
|-------------------------|--------------|---|
| Unit 51 | \$ - | 0 |
| Unit 52 | \$ - | 0 |
| Unit 53 | \$ - | 0 |
| Unit 54 | \$ - | 0 |
| Unit 55 | \$ - | 0 |
| Unit 56 | \$ - | 0 |
| Unit 57 | \$ - | 0 |
| Unit 58 | \$ - | 0 |
| Unit 59 | \$ - | 0 |
| Unit 60 | \$ - | 0 |
| Unit 61 | \$ - | 0 |
| Unit 62 | \$ - | 0 |
| Unit 63 | \$ - | 0 |
| Unit 64 | \$ - | 0 |
| Unit 65 | \$ - | 0 |
| Unit 66 | \$ - | 0 |
| Unit 67 | \$ - | 0 |
| Unit 68 | \$ - | 0 |
| Unit 69 | \$ - | 0 |
| Unit 70 | \$ - | 0 |
| Unit 71 | \$ - | 0 |
| Unit 72 | \$ - | 0 |
| Unit 73 | \$ - | 0 |
| Unit 74 | \$ - | 0 |
| Unit 75 | \$ - | 0 |
| Unit 76 | \$ - | 0 |
| Unit 77 | \$ - | 0 |
| Unit 78 | \$ - | 0 |
| Unit 79 | \$ - | 0 |
| Unit 80 | \$ - | 0 |
| Unit 81 | \$ - | 0 |
| Unit 82 | \$ - | 0 |
| Unit 83 | \$ - | 0 |
| Unit 84 | \$ - | 0 |
| Unit 85 | \$ - | 0 |
| Unit 86 | \$ - | 0 |
| Unit 87 | \$ - | 0 |
| Unit 88 | \$ - | 0 |
| Unit 89 | \$ - | 0 |
| Unit 90 | \$ - | 0 |
| Unit 91 | \$ - | 0 |
| Unit 92 | \$ - | 0 |
| Unit 93 | \$ - | 0 |
| Unit 94 | \$ - | 0 |
| Unit 95 | \$ - | 0 |
| Unit 96 | \$ - | 0 |
| Unit 97 | \$ - | 0 |
| Unit 98 | \$ - | 0 |
| Unit 99 | \$ - | 0 |
| Unit 100 | \$ - | 0 |

| | |
|---------------------------|--------|
| Estimated Annual Income | 9,900 |
| Estimated Annual Vacancy: | \$ 891 |

Other Monthly Income:

| Description | Amount | Growth Rate |
|-------------|--------|-------------|
| Laundry | \$ - | 0.00% |
| Late Fees | \$ - | 0.00% |
| Parking | \$ - | 0.00% |
| Mainten | \$ - | 0.00% |
| Other | \$ - | 0.00% |
| Total | - | |

One-Time Income Additions

| Amount | Year |
|--------|------|
| \$ - | 1 |
| \$ - | 1 |
| \$ - | 1 |

Alternative Income Input

Use the input below instead?

No

| | |
|---------|------|
| Year 1 | \$ - |
| Year 2 | \$ - |
| Year 3 | \$ - |
| Year 4 | \$ - |
| Year 5 | \$ - |
| Year 6 | \$ - |
| Year 7 | \$ - |
| Year 8 | \$ - |
| Year 9 | \$ - |
| Year 10 | \$ - |
| Year 11 | \$ - |
| Year 12 | \$ - |
| Year 13 | \$ - |
| Year 14 | \$ - |
| Year 15 | \$ - |
| Year 16 | \$ - |
| Year 17 | \$ - |
| Year 18 | \$ - |
| Year 19 | \$ - |
| Year 20 | \$ - |

Subtotal 1- 50 Units \$ 825
 \$ -
 Grand Total \$ 825

Subtotal 51 - 100 Units \$ -
 \$ -

Cash Flow Analysis

Unit at

Cottages of Lake Forest

Rental Activity Analysis

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Gross Rental Income | \$ 9,900 | \$ 10,197 | \$ 10,503 | \$ 10,818 | \$ 11,143 | \$ 11,477 | \$ 11,821 | \$ 12,176 | \$ 12,541 | \$ 12,917 |
| Other Income | - | - | - | - | - | - | - | - | - | - |
| Vacancy & Credits | (891) | (918) | (945) | (974) | (1,003) | (1,033) | (1,064) | (1,096) | (1,129) | (1,163) |
| Management Fees (if any) | (721) | (742) | (765) | (788) | (811) | (836) | (861) | (886) | (913) | (940) |
| Operating Expenses | (2,340) | (2,386) | (2,434) | (2,483) | (2,532) | (2,583) | (2,635) | (2,687) | (2,741) | (2,796) |
| Net Operating Income (NOI) | \$ 5,949 | \$ 6,151 | \$ 6,359 | \$ 6,574 | \$ 6,796 | \$ 7,025 | \$ 7,262 | \$ 7,506 | \$ 7,758 | \$ 8,018 |
| Total Mortgage Payments | (5,110) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) |
| Capital Improvements | - | - | - | (1,200) | - | - | - | (1,600) | - | - |
| Operating Income Taxes | - | - | - | - | - | - | - | - | - | - |
| Net CASH FLOW from Rent Activity | \$ 839 | \$ 576 | \$ 784 | \$ (201) | \$ 1,221 | \$ 1,451 | \$ 1,687 | \$ 331 | \$ 2,183 | \$ 2,444 |

Property Sale Analysis

| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Projected Sales Price - Original Cost | \$ 101,185 | \$ 104,474 | \$ 107,869 | \$ 111,375 | \$ 114,994 | \$ 118,732 | \$ 122,590 | \$ 126,575 | \$ 130,688 | \$ 134,936 |
| Projected Sales Price - Improvements | - | - | - | - | - | - | - | - | - | - |
| Selling Expenses | (5,059) | (5,224) | (5,393) | (5,569) | (5,750) | (5,937) | (6,130) | (6,329) | (6,534) | (6,747) |
| Adjusted Projected Sales Price | 96,126 | 99,250 | 102,475 | 105,806 | 109,245 | 112,795 | 116,461 | 120,246 | 124,154 | 128,189 |
| Mortgage #1 Balance Payoff | (72,749) | (71,877) | (70,947) | (69,954) | (68,895) | (67,766) | (66,560) | (65,274) | (63,901) | (62,437) |
| Mortgage #2 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Mortgage #3 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Tax Benefit - Suspended Losses (if any) | 472 | 1,043 | 1,516 | 1,901 | 2,180 | 2,348 | 2,400 | 2,353 | 2,181 | 1,880 |
| Income Taxes From Sale | 726 | (1,050) | (3,098) | (4,633) | (6,483) | (8,360) | (10,265) | (11,833) | (13,816) | (15,829) |
| Net CASH FLOW from Property Sale | \$ 24,575 | \$ 27,366 | \$ 29,946 | \$ 33,119 | \$ 36,045 | \$ 39,017 | \$ 42,036 | \$ 45,492 | \$ 48,618 | \$ 51,803 |

Cash Position

| | | | | | | | | | | |
|--|------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Cash Generated This Year | \$ 839 | \$ 576 | \$ 784 | \$ (201) | \$ 1,221 | \$ 1,451 | \$ 1,687 | \$ 331 | \$ 2,183 | \$ 2,444 |
| Net Cumulative Cash Generated Previous Years | n/a | 839 | 1,414 | 2,198 | 1,998 | 3,219 | 4,670 | 6,357 | 6,688 | 8,872 |
| Net Cash Generated - Property Sale | 24,575 | 27,366 | 29,946 | 33,119 | 36,045 | 39,017 | 42,036 | 45,492 | 48,618 | 51,803 |
| Cash Inflow (Outflow) From Refinancing | - | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) |
| Original Initial Investment | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) |
| Total Net CUMULATIVE CASH Generated | \$ (3,104) | \$ 262 | \$ 3,627 | \$ 6,599 | \$ 10,747 | \$ 15,169 | \$ 19,875 | \$ 23,662 | \$ 28,972 | \$ 34,601 |

Financial Ratios

| | | | | | | | | | | | |
|---|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Debt Coverage Ratio (DCR) | 1.16 | 1.10 | 1.14 | 1.18 | 1.22 | 1.26 | 1.30 | 1.35 | 1.39 | 1.44 | |
| Loan to Value Ratio (LVR) | 71.9% | 68.8% | 65.8% | 62.8% | 59.9% | 57.1% | 54.3% | 51.6% | 48.9% | 46.3% | |
| Capitalization Rate Based on Cost | 5.95% | 6.15% | 6.36% | 6.58% | 6.80% | 7.03% | 7.26% | 7.51% | 7.76% | 8.02% | |
| Capitalization Rate Based on FMV | 5.88% | 5.89% | 5.90% | 5.90% | 5.91% | 5.92% | 5.92% | 5.93% | 5.94% | 5.94% | |
| Value of Property Using This Cap Rate | 0.00% | - | - | - | - | - | - | - | - | - | |
| Gross Rent Monthly Multiplier (GRM) | 122.65 | 122.95 | 123.24 | 123.54 | 123.84 | 124.14 | 124.45 | 124.75 | 125.05 | 125.35 | |
| Gross Rent Yearly Multiplier (GRM) | 10.22 | 10.25 | 10.27 | 10.30 | 10.32 | 10.35 | 10.37 | 10.40 | 10.42 | 10.45 | |
| Value of Property Using Your GRM | - | - | - | - | - | - | - | - | - | - | |
| Net Present Value (NPV) | 0.00% | (3,104) | (1,796) | 1,569 | 4,541 | 8,689 | 13,111 | 17,817 | 21,604 | 26,914 | 32,543 |
| Cash on Cash Return with Equity BuildUp | 2.65% | 16.61% | 17.92% | 15.07% | 20.69% | 22.15% | 23.67% | 19.64% | 26.89% | 28.60% | |
| Cash on Cash Return before Taxes | 2.94% | 2.02% | 2.75% | -0.70% | 4.28% | 5.09% | 5.92% | 1.16% | 7.66% | 8.57% | |
| Cash on Cash Return after Taxes | 2.94% | 2.02% | 2.75% | -0.70% | 4.28% | 5.09% | 5.92% | 1.16% | 7.66% | 8.57% | |
| Cumulative Internal Rate of Return (IRR) | -10.88% | -3.25% | 1.81% | 3.77% | 5.47% | 6.55% | 7.28% | 7.48% | 7.91% | 8.23% | |
| Modified Internal Rate of Return (MIRR) | -10.88% | -3.20% | 1.71% | 3.59% | 5.19% | 6.19% | 6.85% | 6.98% | 7.34% | 7.59% | |

Cash Flow Analysis

Rental Activity Analysis

| | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gross Rental Income | \$ 13,305 | \$ 13,704 | \$ 14,115 | \$ 14,538 | \$ 14,975 | \$ 15,424 | \$ 15,887 | \$ 16,363 | \$ 16,854 | \$ 17,360 |
| Other Income | - | - | - | - | - | - | - | - | - | - |
| Vacancy & Credits | (1,197) | (1,233) | (1,270) | (1,308) | (1,348) | (1,388) | (1,430) | (1,473) | (1,517) | (1,562) |
| Management Fees (if any) | (969) | (998) | (1,028) | (1,058) | (1,090) | (1,123) | (1,157) | (1,191) | (1,227) | (1,264) |
| <u>Operating Expenses</u> | <u>(2,852)</u> | <u>(2,909)</u> | <u>(2,967)</u> | <u>(3,026)</u> | <u>(3,087)</u> | <u>(3,149)</u> | <u>(3,212)</u> | <u>(3,276)</u> | <u>(3,341)</u> | <u>(3,408)</u> |
| Net Operating Income (NOI) | \$ 8,287 | \$ 8,564 | \$ 8,850 | \$ 9,145 | \$ 9,450 | \$ 9,764 | \$ 10,089 | \$ 10,423 | \$ 10,769 | \$ 11,125 |
| Total Mortgage Payments | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) | (5,575) |
| Capital Improvements | - | - | - | - | - | - | - | - | - | - |
| Operating Income Taxes | - | - | - | (741) | (1,039) | (1,205) | (1,379) | (1,560) | (1,749) | (1,945) |
| Net CASH FLOW from Rent Activity | \$ 2,712 | \$ 2,989 | \$ 3,275 | \$ 2,830 | \$ 2,836 | \$ 2,984 | \$ 3,135 | \$ 3,289 | \$ 3,445 | \$ 3,605 |

Property Sale Analysis

| | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Projected Sales Price - Original Cost | \$ 139,321 | \$ 143,849 | \$ 148,524 | \$ 153,351 | \$ 158,335 | \$ 163,481 | \$ 168,794 | \$ 174,280 | \$ 179,944 | \$ 185,792 |
| Projected Sales Price - Improvements | - | - | - | - | - | - | - | - | - | - |
| Selling Expenses | (6,966) | (7,192) | (7,426) | (7,668) | (7,917) | (8,174) | (8,440) | (8,714) | (8,997) | (9,290) |
| Adjusted Projected Sales Price | 132,355 | 136,657 | 141,098 | 145,684 | 150,418 | 155,307 | 160,354 | 165,566 | 170,947 | 176,503 |
| Mortgage #1 Balance Payoff | (60,874) | (59,207) | (57,429) | (55,531) | (53,506) | (51,345) | (49,040) | (46,580) | (43,956) | (41,156) |
| Mortgage #2 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Mortgage #3 Balance Payoff | - | - | - | - | - | - | - | - | - | - |
| Tax Benefit - Suspended Losses (if any) | 1,442 | 864 | 138 | - | - | - | - | - | - | - |
| Income Taxes From Sale | (17,873) | (19,950) | (22,061) | (24,206) | (26,387) | (28,605) | (30,861) | (33,156) | (35,492) | (37,870) |
| Net CASH FLOW from Property Sale | \$ 55,050 | \$ 58,363 | \$ 61,747 | \$ 65,947 | \$ 70,526 | \$ 75,357 | \$ 80,454 | \$ 85,829 | \$ 91,499 | \$ 97,477 |

Cash Position

| | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Net Cash Generated This Year | \$ 2,712 | \$ 2,989 | \$ 3,275 | \$ 2,830 | \$ 2,836 | \$ 2,984 | \$ 3,135 | \$ 3,289 | \$ 3,445 | \$ 3,605 |
| Net Cumulative Cash Generated Previous Years | 11,315 | 14,027 | 17,016 | 20,292 | 23,121 | 25,957 | 28,942 | 32,077 | 35,365 | 38,811 |
| Net Cash Generated - Property Sale | 55,050 | 58,363 | 61,747 | 65,947 | 70,526 | 75,357 | 80,454 | 85,829 | 91,499 | 97,477 |
| Cash Inflow (Outflow) From Refinancing | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) | (2,058) |
| Original Initial Investment | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) | (28,518) |
| Total Net CUMULATIVE CASH Generated | \$ 40,559 | \$ 46,862 | \$ 53,521 | \$ 60,550 | \$ 67,966 | \$ 75,781 | \$ 84,013 | \$ 92,677 | \$ 101,792 | \$ 111,375 |

Financial Ratios

| | | | | | | | | | | |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Coverage Ratio (DCR) | 1.49 | 1.54 | 1.59 | 1.64 | 1.70 | 1.75 | 1.81 | 1.87 | 1.93 | 2.00 |
| Loan to Value Ratio (LVR) | 43.7% | 41.2% | 38.7% | 36.2% | 33.8% | 31.4% | 29.1% | 26.7% | 24.4% | 22.2% |
| Capitalization Rate Based on Cost | 8.29% | 8.57% | 8.85% | 9.15% | 9.45% | 9.77% | 10.09% | 10.43% | 10.77% | 11.13% |
| Capitalization Rate Based on FMV | 5.95% | 5.95% | 5.96% | 5.96% | 5.97% | 5.97% | 5.98% | 5.98% | 5.98% | 5.99% |
| Value of Property Using This Cap Rate | 0.00% | - | - | - | - | - | - | - | - | - |
| Gross Rent Monthly Multiplier (GRM) | 125.66 | 125.96 | 126.27 | 126.58 | 126.88 | 127.19 | 127.50 | 127.81 | 128.12 | 128.43 |
| Gross Rent Yearly Multiplier (GRM) | 10.47 | 10.50 | 10.52 | 10.55 | 10.57 | 10.60 | 10.62 | 10.65 | 10.68 | 10.70 |
| Value of Property Using Your GRM | - | - | - | - | - | - | - | - | - | - |
| Net Present Value (NPV) | 38,501 | 44,804 | 51,463 | 58,492 | 65,908 | 73,723 | 81,955 | 90,619 | 99,734 | 109,317 |
| Cash on Cash Return with Equity BuildUp | 30.37% | 32.21% | 34.12% | 33.50% | 34.52% | 36.09% | 37.71% | 39.39% | 41.15% | 42.97% |
| Cash on Cash Return before Taxes | 9.51% | 10.48% | 11.48% | 12.52% | 13.59% | 14.69% | 15.83% | 17.00% | 18.21% | 19.46% |
| Cash on Cash Return after Taxes | 9.51% | 10.48% | 11.48% | 9.92% | 9.95% | 10.46% | 10.99% | 11.53% | 12.08% | 12.64% |
| Cumulative Internal Rate of Return (IRR) | 8.49% | 8.69% | 8.86% | 9.00% | 9.12% | 9.21% | 9.29% | 9.35% | 9.39% | 9.43% |
| Modified Internal Rate of Return (MIRR) | 7.76% | 7.88% | 7.95% | 8.00% | 8.02% | 8.03% | 8.02% | 8.01% | 7.98% | 7.95% |