

8514 Friendship Lane Indianapolis, IN 46217



Property Info	
Purchase Price	\$ 138,000.00
Down Payment	\$ 27,600.00
Estimated Closing Costs	\$ 6,900.00
Estimated Rehab Expenses	
Coordination Fee	\$ 4,995.00
Total Out of Pocket	\$ 39,495.00
Property Management Setup/Misc	\$ 2,500.00
Year Built	1991
Square Feet	1760
Bedrooms	4
Bathrooms	2

Assumptions	
Down Payment	20%
Closing Costs	5%
Interest Rate	5.250%
Property Management Fee	8%
Vacancy/Repairs	10%
Annual Appreciation (YR 1-3)	5%
Annual Appreciation (YR 4-5)	5%
Annual Rent Increase	5%
Closing Costs on Future Sale	7.50%

Financed Income Breakdown	
Monthly Rent	\$ 1,300.00
Monthly Principal & Interest	\$ 609.63
Monthly Taxes	\$ 195.00
Monthly Insurance	\$ 70.83
PITI Monthly	\$ 875.47

18.61%	AVERAGE ANNUAL RETURN*
9.98%	AVERAGE ANNUAL CASH ON CASH**

	Income/Expenses				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Rent	\$ 15,600.00	\$ 16,380.00	\$ 17,199.00	\$ 18,058.95	\$ 18,961.90
Taxes	\$ 2,340.00	\$ 2,457.00	\$ 2,579.85	\$ 2,708.84	\$ 2,844.28
Insurance	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00
HOA	\$ -	\$ -	\$ -	\$ -	\$ -
Property Management	\$ 1,248.00	\$ 1,310.40	\$ 1,375.92	\$ 1,444.72	\$ 1,516.95
Vacancy/Repairs	\$ -	\$ 1,638.00	\$ 1,719.90	\$ 1,805.90	\$ 1,896.19
Net Operating Income	\$ 11,162.00	\$ 10,124.60	\$ 10,673.33	\$ 11,249.50	\$ 11,854.47
Debt Service	\$ 7,315.59	\$ 7,315.59	\$ 7,315.59	\$ 7,315.59	\$ 7,315.59
	Financials				
Net Monthly Cash Flow	\$ 320.53	\$ 243.83	\$ 299.80	\$ 358.56	\$ 420.26
Cap Rate	8.09%				
Cash on Cash Return	9.74%	7.41%	9.11%	10.89%	12.77%
Principal Reduction	\$ 1,633.92	\$ 3,345.12	\$ 5,144.64	\$ 7,032.48	\$ 9,019.68
Appreciation	\$ 6,900.00	\$ 14,145.00	\$ 21,752.25	\$ 29,739.86	\$ 38,126.86
Profit on Sale		\$ 956.66	\$ 13,390.47	\$ 26,969.59	\$ 36,757.92
ROI			33.90%	68.29%	93.07%
Total Capital to Re-Invest			\$ 40,990.47	\$ 54,569.59	\$ 64,357.92

Glossary of Terms	
Taxes	Taxes increase by 3% annually.
Principal Reduction	The Principal Reduction is calculated cumulatively based off a 30 year ammortization, fixed rate mortgage.
Appreciation	The Appreciation value is calculated cumulatively.
Profit on Sale	The Profit on the Sale is calculated by taking the market value (Purchase Price and cumulative Appreciation), and subtracting the initial Purchase Price, Closing Costs, Rehab Expenses and Closing Costs on the Future Sale, plus accumulated cash flow plus principal paydown. It is assumed year 5 is the end of the useful life of rehab done in year 1, and a \$5000 rehab expense has been added for year 5 for a more detailed rehab associated with selling the home.
Return on Investment (ROI)	The Return on Investment is calculated by taking the Profit on the Sale, divided by the initial Total Out of Pocket
Cash on Cash Return	The Cash on Cash Return is calculated by dividing the Annual Net Cash Flow by the Total Out of Pocket (TOP).
Cap Rate	Cap Rate is calculated by dividing the Net Operating Income by the Purchase Price.
Vacancies/Repairs	Vacancy/Repair expenses start in month 18 since the homes are typically rehabbed at the start of year 1. There is \$2500 budgeted in the first year for the initial Property Management setup/misc expenses that may or may not occur.
Total Out of Pocket (TOP)	The Total Out of Pocket value is calculated by adding the Down Payment, Closing Costs, Rehab Expenses and the Coordination Fee.
Property Management Setup/Misc	The Property Management setup/Misc expenses are not calculated into the total out of pocket. This amount should be set aside for any expenses that may or may not occur associated with a new investment.
Total Capital to Re-Invest	Total Capital to Re-Invest is calculated by adding the Profit on Sale to the initial down payment. (Financed options only)
Debt Service	Debt service is the annual principal and interest mortgage payment.

*The Average Annual Return is calculated by dividing the ROI in year 5 by 5.

**The Average Annual Cash on Cash Return is the average of the Cash on Cash Return over all 5 years the investment is held.

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