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REAL ESTATE USA

CASH PRO FORMA

Acorn Drive, Corryton, TN

Pro Forma For	DFY Client Example
Generated Date	8/15/2022
DFY Acct Executive	TBD

Property Purchase Info		
Purchase Price	$	270,000.00
Estimated Closing Costs	$	4,050.00
Estimated Rehab Expenses	$	2,000.00
T.E.A.M.S. Fee	$	4,995.00

Total Out of Pocket	$	281,045.00
Prop Mgmt Setup & Acct Reserve	$	2,500.00

Year Built	2000
Square Feet	1576
Bedrooms	3
Bathrooms	2

Assumptions	
Closing Costs	1.5%
Property Management Fee	10%
Vacancy/Repairs	8%
Annual Appreciation (YR 1-3)	7%
Annual Appreciation (YR 4-5)	5%
Annual Rent Increase	4%
Closing Costs on Future Sale	7.50%

Monthly Rent	$	2,000.00

10.43%	AVERAGE ANNUAL RETURN*
10.60%	AVERAGE ANNUAL COMBINED CASH ON CASH**
$ 2,443.30	AVERAGE MONTHLY INCREASE

Income/Expenses	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Rent	$ 24,000.00	$ 24,960.00	$ 25,958.40	$ 26,996.74	$ 28,076.61
Taxes	$ 692.70	$ 741.19	$ 793.07	$ 832.73	$ 874.36
Insurance	$ 1,200.00	$ 1,260.00	$ 1,323.00	$ 1,389.15	$ 1,458.61
HOA	$ -	$ -	$ -	$ -	$ -
Property Management	$ 2,460.00	$ 2,556.00	$ 2,595.84	$ 2,699.67	$ 2,807.66
Vacancy/Repairs	$ -	$ 1,996.80	$ 2,076.67	$ 2,159.74	$ 2,246.13
Net Operating Income	$ 19,647.30	$ 18,406.01	$ 19,169.82	$ 19,915.45	$ 20,689.85
Financials					
Net Monthly Cash Flow	$ 1,637.28	$ 1,533.83	$ 1,597.48	$ 1,659.62	$ 1,724.15
Cap Rate	7.28%				
Cash on Cash Return	6.99%	6.55%	6.82%	7.09%	7.36%
Depreciation	3.64%	3.64%	3.64%	3.64%	3.64%
Combined Cash on Cash Return	10.63%	10.19%	10.46%	10.72%	11.00%
Appreciation	$ 18,900.00	$ 39,123.00	$ 60,761.61	$ 77,299.69	$ 94,664.68
Profit on Sale		$ 42,947.09	$ 82,132.62	$ 117,345.79	$ 146,598.25
ROI		15.28%	29.22%	41.75%	52.16%

Glossary of Terms	
Taxes	Taxes increase by 3% annually.
Prop Mgmt Setup & Acct Reserve	The Property Management Setup & Acct Reserve is not calculated into the total out of pocket. This amount should be set aside for the account setup, and any expenses that may, or may not occur associated with a new investment.
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.
Cap Rate	Cap Rate is calculated by dividing the Net Operating Income by the Purchase Price.
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).
Depreciation	Deprecation is calculated by taking the Purchase Price minus the land valuation and dividing it by 27.5 years
Combined Cash on Cash Return	The Combined Cash on Cash Return is calculated by adding the Cash on Cash Return and Depreciation values.
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 $7500 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
Total Out of Pocket (TOP)	The Total Out of Pocket value is calculated by adding the Down Payment, Closing Costs, Rehab Expenses and the T.E.A.M.S. Fee.

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

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