

Miranda Way, Maryville, TN



Pro Forma For	DFY Client Example
Generated Date	10/5/2022
DFY Acct Executive	TBD

Property Purchase Info	
Purchase Price	\$ 250,000.00
Down Payment	\$ 62,500.00
Estimated Closing Costs	\$ 10,000.00
Estimated Rehab Expenses	\$ 6,000.00
T.E.A.M.S. Fee	\$ 4,995.00

Total Out of Pocket	\$ 83,495.00
Prop Mgmt Setup & Acct Reserve	\$ 2,500.00

Year Built	2002
Square Feet	1176
Bedrooms	3
Bathrooms	2

Assumptions	
Down Payment	25%
Closing Costs	4%
Interest Rate	6.250%
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%

Financing Detail Breakdown	
Monthly Rent	\$ 1,800.00
Monthly Principal & Interest	\$ 1,154.47
Monthly Taxes	\$ 117.71
Monthly Insurance	\$ 78.33
PITI Monthly	\$ 1,350.51

<b>15.34%</b>	<b>AVERAGE ANNUAL RETURN*</b>
<b>11.94%</b>	<b>AVERAGE ANNUAL COMBINED CASH ON CASH**</b>
<b>\$ 1,067.16</b>	<b>AVERAGE MONTHLY INCREASE</b>

Income/Expenses					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Gross Rent	\$ 21,600.00	\$ 22,464.00	\$ 23,362.56	\$ 24,297.06	\$ 25,268.94
Taxes	\$ 1,412.52	\$ 1,511.40	\$ 1,617.19	\$ 1,698.05	\$ 1,782.96
Insurance	\$ 940.00	\$ 987.00	\$ 1,036.35	\$ 1,088.17	\$ 1,142.58
HOA	\$ -	\$ -	\$ -	\$ -	\$ -
Property Management	\$ 2,220.00	\$ 2,306.40	\$ 2,396.26	\$ 2,489.71	\$ 2,586.89
Vacancy/Repairs	\$ -	\$ 1,797.12	\$ 1,869.00	\$ 1,943.76	\$ 2,021.52
Net Operating Income	\$ 17,027.48	\$ 15,862.08	\$ 16,443.76	\$ 17,077.37	\$ 17,735.00
Debt Service	\$ 13,853.64	\$ 13,853.64	\$ 13,853.64	\$ 13,853.64	\$ 13,853.64
Financials					
Net Monthly Cash Flow	\$ 264.49	\$ 167.37	\$ 215.84	\$ 268.64	\$ 323.45
Cap Rate	6.81%				
Cash on Cash Return	3.80%	2.41%	3.10%	3.86%	4.65%
Principal Reduction	1.48%	3.03%	4.66%	6.37%	8.17%
Depreciation	3.64%	3.64%	3.64%	3.64%	3.64%
Combined Cash on Cash Return	8.92%	9.07%	11.40%	13.87%	16.45%
Appreciation	\$ 17,500.00	\$ 36,225.00	\$ 56,260.75	\$ 71,573.79	\$ 87,652.48
Profit on Sale		\$ 4,626.66	\$ 28,806.10	\$ 49,400.64	\$ 64,029.80
ROI			34.50%	59.17%	76.69%
Total Capital to Re-Invest			\$ 91,306.10	\$ 111,900.64	\$ 126,529.80

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.
Debt Service	Debt service is the annual principal and interest mortgage payment.
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).
Principal Reduction	The Principal Reduction is calculated cumulatively based off a 30 year ammortization, fixed rate mortgage.
Depreciation	Depreciation 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, Principal Reduction 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 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)
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.

DFY is providing this pro forma for informational purposes only. The information and any statistical data contained herein have been obtained from sources which we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. Property condition must be verified by the buyer during due diligence period described in the purchase contract. All opinions expressed and data provided herein are subject to change without notice. This pro forma is a projection and is for informational purposes only. Past performance is no guarantee of future results, and current performance may be lower or higher than the performance data quoted. Results shown here are not typical, results will vary based upon real estate prices, interest rates, creditworthiness and many other factors. Investing in real estate bears risk and buyer assumes all risks associated with any purchase. DFY is not a licensed real estate brokerage and is not presenting this property for sale. A local licensed real estate agent presents all properties to a prospective buyer. All real estate purchase services and contracts are provided by a licensed agent and all governing real estate rules and regulations governing professional licensing reside in each respective state.