Rental Project

Chandler, AZ

Bedrooms: 2, **Bathrooms:** 2.0, **Sqft:** 1000

Deal Summary

Initial Investment

Purchase Price	$98,000
Purchase Costs	$1,300
Rehab Costs	$0
Rehab Contingency (0%)	$0
Construction Holding Costs	$0
Total Project Costs	**$99,300**
Financing	($74,475)
Cash out of Pocket	**$24,825**

Property Value

After Repair Value (ARV)	$98,000
Annual Appreciation Rate	2.00%
Value at Project End	**$163,995**

Project Timing

Construction Time	0.0 Months
Rental During Rehab?	Yes
Income Starts in Month	1
Total Project Length	27 Years

Financial KPIs

Cash Flow (Year 1)	($2,708)
Cash-On-Cash Return (Year 1)	-10.91%
Internal Rate of Return (Project)	4.24%

Monthly Cash Flow (Starting Month 1)

Income

Gross Scheduled Rents	$900
Scheduled Other Income	$0
Vacancy Loss	($75)
Effective Monthly Income	**$825**

Expenses

Property Taxes	($33)
Property Management	($0)
Utilities	($213)
CapEx Using average monthly	($217)
Total Expenses	**($463)**

Cash Flow

Effective Monthly Income	$825
Expenses	($463)
' Loan Payment Does not include origination	($389)
Monthly Cash Flow	**($26)**

Cash-on-Cash Analysis (Year 1)

Income & Expenses

Income (12 Months)

Gross Scheduled Rents	$10,800
Gross Other Income	$0
Vacancy Loss	($896)
Effective Total Income	**$9,904**

Expenses

Property Taxes	($400)
Property Management	$0
Utilities	($2,550)
CapEx Using actual	($5,000)
Total Expenses	**($7,950)**

Financing

Purchase loan	($4,662)
Total Mortgage Payment Includes all financing costs	**($4,662)**

Cash-on-Cash Analysis

Cash Flow (Year 1)

Total Income	$9,904
Expenses	($7,950)
Mortgage Payment	($4,662)
Total Cash Flow	**($2,708)**

Initial Investment

Purchase Price	$98,000
Purchase Costs	$1,300
Rehab Costs	$0
Rehab Contingency (0%)	$0
Construction Holding Costs	$0
Total Cash Needed	$99,300
Purchase Financing	($74,475)
Cash out of Pocket	**$24,825**

Cash-on-Cash Return

Year 1 Cash Flow / Cash out of Pocket

-10.91%

Annual Performance (Years 1-10)

Project Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**					
Gross Income															
Scheduled Gross Rents	$10,800	$11,124	$11,458	$11,801	$12,155	$12,520	$12,896	$13,283	$13,681	$14,092					
Sch. Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0					
Total Sch. Gross Income	**$10,800**	**$11,124**	**$11,458**	**$11,801**	**$12,155**	**$12,520**	**$12,896**	**$13,283**	**$13,681**	**$14,092**					
Vacancy Loss	($896)	($923)	($951)	($980)	($1,009)	($1,039)	($1,070)	($1,102)	($1,136)	($1,170)					
Effective Gross Income	**$9,904**	**$10,201**	**$10,507**	**$10,822**	**$11,147**	**$11,481**	**$11,825**	**$12,180**	**$12,546**	**$12,922**					
Operating Expenses															
Property Taxes	($400)	($408)	($416)	($424)	($433)	($442)	($450)	($459)	($469)	($478)					
Property Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0					
Utilities & Expenses	($2,550)	($2,601)	($2,653)	($2,706)	($2,760)	($2,815)	($2,872)	($2,929)	($2,988)	($3,047)					
Total OpEx	**($2,950)**	**($3,009)**	**($3,069)**	**($3,131)**	**($3,193)**	**($3,257)**	**($3,322)**	**($3,389)**	**($3,456)**	**($3,526)**					
Net Operating Income	**$6,954**	**$7,192**	**$7,438**	**$7,691**	**$7,953**	**$8,224**	**$8,503**	**$8,792**	**$9,089**	**$9,396**					
Capital Expenditures															
Replacements	($5,000)	($0)	($0)	($0)	($0)	($9,937)	($0)	($0)	($0)	($0)					
Net Income After Expenses	**$1,954**	**$7,192**	**$7,438**	**$7,691**	**$7,953**	**($1,713)**	**$8,503**	**$8,792**	**$9,089**	**$9,396**					
Financing															
Principal	($1,149)	($1,205)	($1,264)	($1,325)	($1,389)	($1,457)	($1,527)	($1,602)	($1,679)	($1,761)					
Interest + Fees	($3,513)	($3,457)	($3,398)	($3,337)	($3,273)	($3,205)	($3,135)	($3,060)	($2,983)	($2,901)					
Total Payment	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**					
Performance															
Cash Flow	**($2,708)**	**$2,530**	**$2,776**	**$3,029**	**$3,291**	**($6,375)**	**$3,841**	**$4,130**	**$4,427**	**$4,734**					
Property Value	$98,000	$99,960	$101,959	$103,998	$106,078	$108,200	$110,364	$112,571	$114,823	$117,119					
Cap Rate	1.99%	7.19%	7.29%	7.40%	7.50%	-1.58%	7.70%	7.81%	7.92%	8.02%					
Gross Rent Multiplier (GRM)	9.07	8.99	8.90	8.81	8.73	8.64	8.56	8.48	8.39	8.31					
Operating Expense Ratio (OER)	29.79%	29.50%	29.21%	28.93%	28.65%	28.37%	28.09%	27.82%	27.55%	27.28%					
Debt Service Ratio (DSCR)	0.42	1.54	1.60	1.65	1.71	-0.37	1.82	1.89	1.95	2.02	-2.10	2.15	2.23	2.30	2.3
Outstanding Loans	($73,424)	($72,223)	($70,965)	($69,645)	($68,261)	($66,811)	($65,289)	($63,694)	($62,021)	($60,268)					
Equity	$24,576	$27,737	$30,994	$34,353	$37,817	$41,389	$45,075	$48,877	$52,801	$56,852					
Rolling Income After Expenses	$1,954	$9,145	$16,583	$24,274	$32,228	$30,515	$39,018	$47,810	$56,899	$66,295					
Rolling Interest & Fees	($3,513)	($6,970)	($10,368)	($13,705)	($16,978)	($20,183)	($23,318)	($26,379)	($29,361)	($32,263)					
Acquisition/Disp	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)					
Profit From Sale	**($8,739)**	**($3,044)**	**$2,994**	**$9,387**	**$16,148**	**$13,351**	**$20,884**	**$28,822**	**$37,180**	**$45,972**					

Annual Performance (Years 11-20)

Project Year	11	12	13	14	15	16	17	18	19	20					
Gross Income															
Scheduled Gross Rents	$14,514	$14,950	$15,398	$15,860	$16,336	$16,826	$17,331	$17,851	$18,386	$18,938					
Sch. Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0					
Total Sch. Gross Income	**$14,514**	**$14,950**	**$15,398**	**$15,860**	**$16,336**	**$16,826**	**$17,331**	**$17,851**	**$18,386**	**$18,938**					
Vacancy Loss	($1,205)	($1,241)	($1,278)	($1,316)	($1,356)	($1,397)	($1,438)	($1,482)	($1,526)	($1,572)					
Effective Gross Income	**$13,310**	**$13,709**	**$14,120**	**$14,544**	**$14,980**	**$15,429**	**$15,892**	**$16,369**	**$16,860**	**$17,366**					
Operating Expenses															
Property Taxes	($488)	($497)	($507)	($517)	($528)	($538)	($549)	($560)	($571)	($583)					
Property Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0					
Utilities & Expenses	($3,108)	($3,171)	($3,234)	($3,299)	($3,365)	($3,432)	($3,501)	($3,571)	($3,642)	($3,715)					
Total OpEx	**($3,596)**	**($3,668)**	**($3,741)**	**($3,816)**	**($3,892)**	**($3,970)**	**($4,050)**	**($4,131)**	**($4,213)**	**($4,298)**					
Net Operating Income	**$9,714**	**$10,041**	**$10,379**	**$10,728**	**$11,088**	**$11,459**	**$11,843**	**$12,238**	**$12,647**	**$13,068**					
Capital Expenditures															
Replacements	($19,504)	($0)	($0)	($0)	($0)	($12,113)	($0)	($0)	($0)	($0)					
Net Income After Expenses	**($9,790)**	**$10,041**	**$10,379**	**$10,728**	**$11,088**	**($654)**	**$11,843**	**$12,238**	**$12,647**	**$13,068**					
Financing															
Principal	($1,846)	($1,936)	($2,030)	($2,128)	($2,232)	($2,340)	($2,454)	($2,573)	($2,698)	($2,829)					
Interest + Fees	($2,816)	($2,726)	($2,632)	($2,534)	($2,430)	($2,322)	($2,208)	($2,089)	($1,964)	($1,833)					
Total Payment	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**					
Performance															
Cash Flow	**($14,452)**	**$5,379**	**$5,717**	**$6,066**	**$6,426**	**($5,316)**	**$7,181**	**$7,576**	**$7,985**	**$8,406**					
Property Value	$119,461	$121,851	$124,288	$126,773	$129,309	$131,895	$134,533	$137,224	$139,968	$142,767					
Cap Rate	-8.20%	8.24%	8.35%	8.46%	8.57%	-0.50%	8.80%	8.92%	9.04%	9.15%					
Gross Rent Multiplier (GRM)	8.23	8.15	8.07	7.99	7.92	7.84	7.76	7.69	7.61	7.54					
Operating Expense Ratio (OER)	27.02%	26.76%	26.50%	26.24%	25.98%	25.73%	25.48%	25.23%	24.99%	24.75%					
Debt Service Ratio (DSCR)	0.42	1.54	1.60	1.65	1.71	-0.37	1.82	1.89	1.95	2.02	-2.10	2.15	2.23	2.30	2.3
Outstanding Loans	($58,429)	($56,500)	($54,478)	($52,358)	($50,135)	($47,804)	($45,360)	($42,798)	($40,111)	($37,293)					
Equity	$61,033	$65,350	$69,809	$74,415	$79,174	$84,091	$89,173	$94,426	$99,857	$105,474					
Rolling Income After Expenses	$56,505	$66,546	$76,925	$87,652	$98,740	$98,086	$109,929	$122,167	$134,814	$147,883					
Rolling Interest & Fees	($35,078)	($37,804)	($40,437)	($42,970)	($45,400)	($47,722)	($49,931)	($52,020)	($53,984)	($55,817)					
Acquisition/Disp	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)					
Profit From Sale	**$35,708**	**$45,412**	**$55,596**	**$66,276**	**$77,469**	**$77,079**	**$89,351**	**$102,191**	**$115,619**	**$129,653**					

Annual Performance (Years 21-27)

Project Year	**21**	**22**	**23**	**24**	**25**	**26**	**27**
Gross Income							
Scheduled Gross Rents	$19,506	$20,091	$20,694	$21,315	$21,954	$22,613	$23,291
Sch. Other Income	$0	$0	$0	$0	$0	$0	$0
Total Sch. Gross Income	**$19,506**	**$20,091**	**$20,694**	**$21,315**	**$21,954**	**$22,613**	**$23,291**
Vacancy Loss	($1,619)	($1,668)	($1,718)	($1,769)	($1,822)	($1,877)	($1,933)
Effective Gross Income	**$17,887**	**$18,424**	**$18,976**	**$19,546**	**$20,132**	**$20,736**	**$21,358**
Operating Expenses							
Property Taxes	($594)	($606)	($618)	($631)	($643)	($656)	($669)
Property Management	$0	$0	$0	$0	$0	$0	$0
Utilities & Expenses	($3,789)	($3,865)	($3,942)	($4,021)	($4,102)	($4,184)	($4,267)
Total OpEx	**($4,384)**	**($4,471)**	**($4,561)**	**($4,652)**	**($4,745)**	**($4,840)**	**($4,937)**
Net Operating Income	**$13,503**	**$13,952**	**$14,416**	**$14,894**	**$15,387**	**$15,896**	**$16,421**
Capital Expenditures							
Replacements	($8,916)	($0)	($0)	($0)	($0)	($14,765)	($0)
Net Income After Expenses	**$4,588**	**$13,952**	**$14,416**	**$14,894**	**$15,387**	**$1,131**	**$16,421**
Financing							
Principal	($2,966)	($3,110)	($3,261)	($3,419)	($3,585)	($3,759)	($3,942)
Interest + Fees	($1,696)	($1,552)	($1,401)	($1,243)	($1,077)	($903)	($720)
Total Payment	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**	**($4,662)**
Performance							
Cash Flow	**($74)**	**$9,290**	**$9,754**	**$10,232**	**$10,725**	**($3,531)**	**$11,759**
Property Value	$145,623	$148,535	$151,506	$154,536	$157,627	$160,779	$163,995
Cap Rate	3.15%	9.39%	9.51%	9.64%	9.76%	0.70%	10.01%
Gross Rent Multiplier (GRM)	7.47	7.39	7.32	7.25	7.18	7.11	7.04
Operating Expense Ratio (OER)	24.51%	24.27%	24.03%	23.80%	23.57%	23.34%	23.11%
Debt Service Ratio (DSCR)	0.42	1.54	1.60	1.65	1.71	-0.37	1.82 1.89 1.95 2.02 -2.10 2.15 2.23 2.30 2.38 -0.14 2.54 2
Outstanding Loans	($34,339)	($31,241)	($27,993)	($24,587)	($21,016)	($17,271)	($13,345)
Equity	$111,284	$117,294	$123,513	$129,949	$136,611	$143,508	$150,650
Rolling Income After Expenses	$152,471	$166,423	$180,839	$195,732	$211,119	$212,250	$228,672
Rolling Interest & Fees	($57,513)	($59,065)	($60,466)	($61,709)	($62,785)	($63,688)	($64,408)
Acquisition/Disp	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)	($105,180)
Profit From Sale	**$135,400**	**$150,713**	**$166,699**	**$183,380**	**$200,781**	**$204,162**	**$223,078**

Purchase Costs

Name	Type	Cost
Inspection	$ Amount	$300
Closing	$ Amount	$1,000
	Total Purchase Costs:	**$1,300**

Sale Costs

Name	Type	Cost
Commission	5.00 % of Sale	$4,900
Closing Costs	1.00 % of Sale	$980
	Total Sale Costs:	**$5,880**

OpEx: Utilities & Periodic Costs

Annual Expense Growth Rate: 2.0%

Name	Setup ($)	Amount ($/period)	Cost
Property Taxes	$0	$400/ Year	$14,138
Insurance	$0	$450/Year	$15,905
HOA	$0	$175/Month	$74,223
		Total OpEx Costs:	**$104,266**

CapEx (Replacements)

Annual Expense Growth Rate: 2.0%

Name	Initial ($)	Replacement Cost ($)	Lifespan (Yrs)	Age (Yrs)	Cost
Paint	$2,000	$2,000	5	0	$15,591
Flooring	$3,000	$3,000	5	0	$23,386
Water Heater	$0	$1,500	10	5	$5,714
Countertops	$0	$1,000	10	0	$2,705
Cabinets	$0	$5,000	20	10	$13,525
HVAC	$0	$5,000	20	10	$13,525
Appliances	$0	$2,500	10	5	$9,523
				Total CapEx Costs:	**$70,235**

Loans

Name	Amount Financed ($)	Rate (%)	Points	Fees	Term	Total of Payments
Purchase loan. An amortized purchase loan for the financing of purchase costs	$74,475	4.75%	0.00	$0	27 Years	$125,874
					Total Payments:	**$125,874**