

Haven Lodge 2

123 Street
Some City Utopia, 92910

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Haven Lodge 2



Purchase Information

Name	Amount
Purchase Price	\$100,000
Estimated Repairs	\$0
Closing Costs	\$10,000
Loan Points	
Acquisition Cost	\$111,200

Funding

First	\$50,000
Second	\$10,000
Cash Required	\$51,200
Acquisition Cost	\$111,200



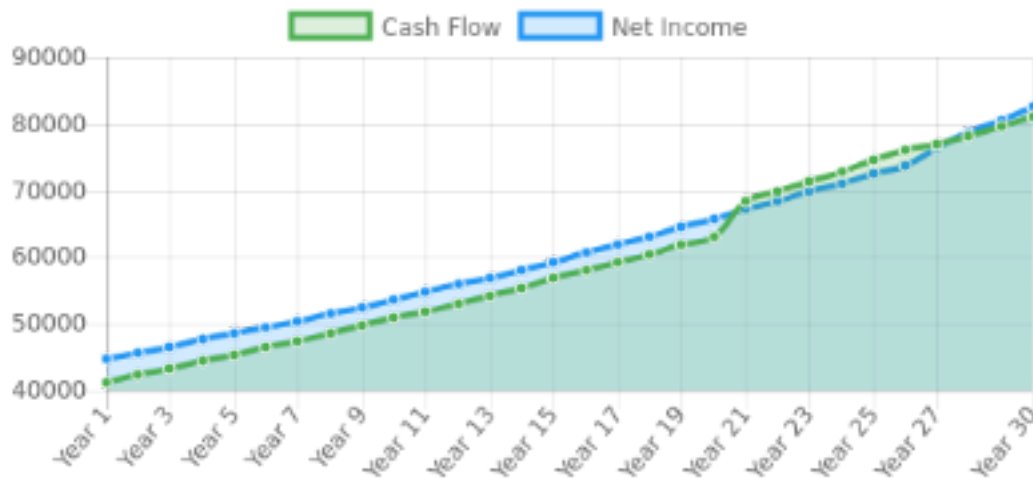
Income

Gross Scheduled Income	\$82,800
Vacancy @ 8%	-\$6,624
Gross Operating Income	\$78,576
Gross Operating Expenses	-\$3,600
Net Operating Income	\$74,976
Interest, Depreciation & Amortization	-\$6,004
Net Income Before Taxes	\$68,972
Estimated Income Taxes @ 35%	-\$24,140
Net Income	\$44,831

Cash Flow

Net Operating Income	\$74,976
Debt Service	-\$4,529
Reserves	-\$5,000
Estimated Income Taxes @ 35%	-\$24,140
Annual Cash Flow	\$41,307
Monthly Cash Flow	\$3,442

Income & Cash Flow



Assumptions

Assumption	Rate	Assumption	Rate
Expense Increase	3%	Income Increase	2%
Market Cap Rate	7.5%	Income Tax Rate	35%
Capital Gains Tax Rate	15%	Vacancy Rate	8%
Closing Cost % at Sale	10%	Reserve Funding Increase	0%

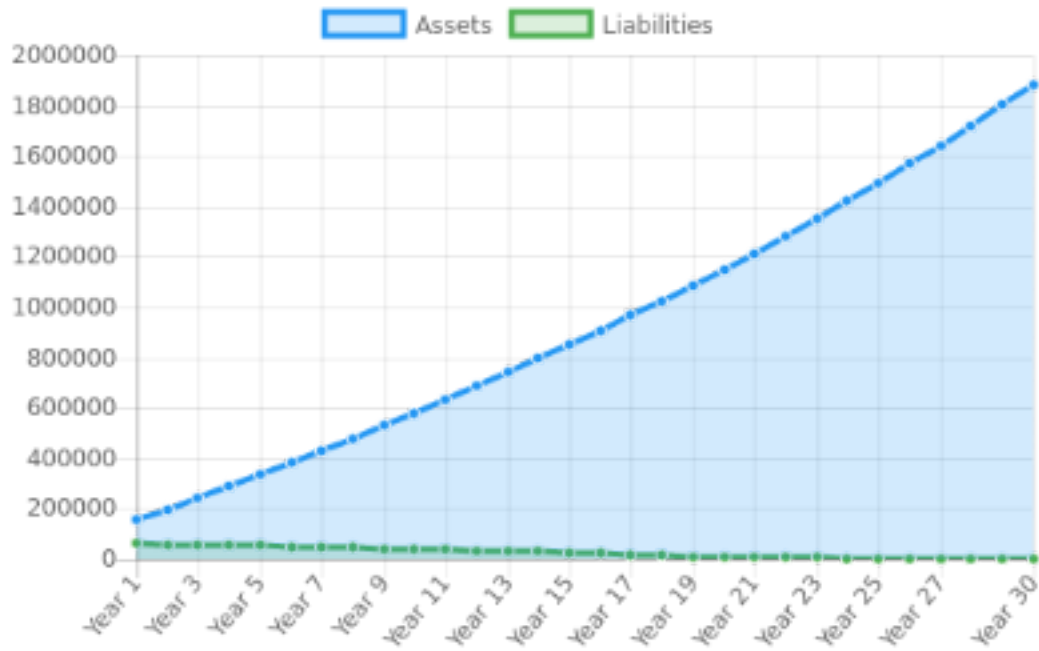
Ratios

	Year 1	Year 5	Year 10	Year 15	Year 20
Cap Rate	74.98%	7.5%	7.5%	7.5%	7.5%
Gross Rent Multiplier	1.21	12.05	12.02	11.99	11.96
Debt Coverage Ratio	16.56	17.89	19.7	21.69	23.88
Loan to Value	5.83%	4.7%	3.28%	1.83%	0.33%
IRR (Before Taxes)	1,671.15%	154.41%	130.63%	130.07%	130.06%

Income Statement					
Years	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Total Potential Rent	\$82,800	\$84,456	\$86,145	\$87,868	\$89,625
Other Income	\$2,400	\$2,448	\$2,497	\$2,547	\$2,598
Vacancy	\$6,624	\$6,756	\$6,892	\$7,029	\$7,170
Gross Operating Income	\$78,576	\$80,148	\$81,750	\$83,385	\$85,053
Expenses					
Expense 1	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Expense 2	\$2,400	\$2,472	\$2,546	\$2,623	\$2,701
Total Operating Expenses	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052
Net Operating Income	\$74,976	\$76,440	\$77,931	\$79,452	\$81,001
Interest Expense	\$2,857	\$2,773	\$2,686	\$2,594	\$2,497
Depreciation Expense	\$2,909	\$2,909	\$2,909	\$2,909	\$2,909
Depreciation On Reserves	\$182	\$364	\$545	\$727	\$909
Points Amortized	\$57	\$57	\$57	\$57	\$57
Net Income Before Taxes	\$68,972	\$70,337	\$71,734	\$73,165	\$74,630
Taxes	\$24,140	\$24,618	\$25,107	\$25,608	\$26,120
Net Income After Taxes	\$44,831	\$45,719	\$46,627	\$47,557	\$48,509

Balance Sheet					
Years	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Property	\$111,200	\$111,200	\$111,200	\$111,200	\$111,200
Cash	\$41,307	\$83,601	\$126,896	\$171,212	\$216,564
Reserves/Capital Improvements	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
Accumulated Depreciation	-\$2,909	-\$5,818	-\$8,727	-\$11,636	-\$14,545
Accumulated Depreciation on Reserves	-\$182	-\$545	-\$1,091	-\$1,818	-\$2,727
Points Amortized	-\$57	-\$113	-\$170	-\$227	-\$283
Total Assets	\$154,360	\$198,324	\$243,108	\$288,730	\$335,208
Liabilities					
First Balance	\$48,505	\$46,933	\$45,281	\$43,545	\$41,720
Second Balance	\$9,824	\$9,640	\$9,449	\$9,250	\$9,044
Total Liabilities	\$58,328	\$56,573	\$54,730	\$52,795	\$50,764
Owner's Equity					
Owner Capital	\$51,200	\$51,200	\$51,200	\$51,200	\$51,200
Net Income	\$44,831	\$90,550	\$137,178	\$184,735	\$233,244
Total Owner's Equity	\$96,031	\$141,750	\$188,378	\$235,935	\$284,444
Total Liabilities & Owner's Equity	\$154,360	\$198,324	\$243,108	\$288,730	\$335,208

Assets & Liabilities



Statement of Cash Flows

Years	Year 1	Year 2	Year 3	Year 4	Year 5
Cash at Beginning of Year	\$0	\$41,307	\$83,601	\$126,896	\$171,212
Net Income	\$44,831	\$45,719	\$46,627	\$47,557	\$48,509
Additions to Cash					
Depreciation on Property	\$2,909	\$2,909	\$2,909	\$2,909	\$2,909
Depreciation on Reserves	\$182	\$364	\$545	\$727	\$909
Points Amortized	\$57	\$57	\$57	\$57	\$57
Total Additions	\$3,148	\$3,329	\$3,511	\$3,693	\$3,875
Subtractions to Cash					
Principle Payments	\$1,672	\$1,755	\$1,843	\$1,935	\$2,032
Reserve Payments	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Subtractions	\$6,672	\$6,755	\$6,843	\$6,935	\$7,032
Net Increase in Cash	\$41,307	\$42,293	\$43,296	\$44,315	\$45,352
Cash at End of Year	\$41,307	\$83,601	\$126,896	\$171,212	\$216,564

Rent Roll					
Name	Units	Square Feet/Unit	Rent/Sq. Foot	Monthly	Yearly
Income	1	2,100	\$16.57	\$2,900 Total	\$34,800 Total
1/2	2	1,200	\$20	\$4,000 Total	\$48,000 Total
Total	3	4,500	\$18.4	\$6,900	\$82,800

Expenses			
Expense	Monthly	Yearly	% GOI
Expense 1	\$100	\$1,200	1.45%
Expense 2	\$200	\$2,400	2.90%

Resale Analysis					
Years	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$999,680	\$1,019,194	\$1,039,083	\$1,059,356	\$1,080,018
Sales Costs @ 10%	-\$99,968	-\$101,919	-\$103,908	-\$105,936	-\$108,002
Net Sales Price	\$899,712	\$917,274	\$935,175	\$953,420	\$972,016
Total Loan Payoff	-\$58,328	-\$56,573	-\$54,730	-\$52,795	-\$50,764
Net Proceeds Before Taxes	\$841,384	\$860,701	\$880,444	\$900,625	\$921,253
Taxes	-\$118,620	-\$121,661	-\$124,817	-\$128,087	-\$131,475
Sales Proceeds	\$722,764	\$739,040	\$755,628	\$772,537	\$789,778

Tax Analysis					
Years	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales Price	\$899,712	\$917,274	\$935,175	\$953,420	\$972,016
Cost Basis	-\$116,257	-\$121,313	-\$126,370	-\$131,427	-\$136,483
Capital Gains Taxable Amount	\$783,455	\$795,961	\$808,805	\$821,993	\$835,533
Capital Gains Tax	\$117,518	\$119,394	\$121,321	\$123,299	\$125,330
Recapture Amount	\$3,148	\$6,477	\$9,988	\$13,681	\$17,556
Recapture Tax	\$1,102	\$2,267	\$3,496	\$4,788	\$6,145
Total Tax Liability From Sale	\$118,620	\$121,661	\$124,817	\$128,087	\$131,475

Financial Ratios					
Years	Year 1	Year 2	Year 3	Year 4	Year 5
Cap Rate	74.98%	7.5%	7.5%	7.5%	7.5%
Loan to Value	5.83	5.55	5.27	4.98	4.7
Debt Coverage Ratio	16.56	16.88	17.21	17.54	17.89
NPV Before Taxes	\$820,753	\$869,360	\$917,115	\$964,031	\$1,010,121
NPV After Taxes	\$683,484	\$710,905	\$737,861	\$764,360	\$790,408
IRR Before Taxes	1,671.15%	394.33%	233.56%	179.05%	154.41%
IRR After Taxes	1,392.33%	333.06%	191.99%	141.93%	117.62%
MIRR Before Taxes	320.85%	340.7%	360.38%	379.95%	399.43%
MIRR After Taxes	286.31%	301.04%	315.76%	330.49%	345.24%
Cash On Cash	127.83%	130.69%	133.6%	136.57%	139.6%

First • 4.99% • 2 Points • 20 Years • Normal Amortizing					
Year	Balance	Interest	Principal	Payments	Interest-to-Date
1	\$50,000	\$2,461	\$1,495	\$3,956	\$2,461
2	\$48,505	\$2,385	\$1,572	\$3,956	\$4,846
3	\$46,933	\$2,305	\$1,652	\$3,956	\$7,150
4	\$45,281	\$2,220	\$1,736	\$3,956	\$9,371
5	\$43,545	\$2,132	\$1,825	\$3,956	\$11,502
6	\$41,720	\$2,038	\$1,918	\$3,956	\$13,540
7	\$39,802	\$1,940	\$2,016	\$3,956	\$15,481
8	\$37,786	\$1,838	\$2,119	\$3,956	\$17,318
9	\$35,667	\$1,729	\$2,227	\$3,956	\$19,048
10	\$33,440	\$1,616	\$2,341	\$3,956	\$20,663
11	\$31,099	\$1,496	\$2,460	\$3,956	\$22,159
12	\$28,639	\$1,370	\$2,586	\$3,956	\$23,530
13	\$26,053	\$1,238	\$2,718	\$3,956	\$24,768
14	\$23,335	\$1,100	\$2,857	\$3,956	\$25,868
15	\$20,478	\$954	\$3,003	\$3,956	\$26,822
16	\$17,476	\$801	\$3,156	\$3,956	\$27,622
17	\$14,320	\$639	\$3,317	\$3,956	\$28,262
18	\$11,003	\$470	\$3,486	\$3,956	\$28,732
19	\$7,517	\$292	\$3,664	\$3,956	\$29,024
20	\$3,852	\$105	\$3,851	\$3,956	\$29,129
21	\$1	\$0	\$0	\$0	\$29,129
22	\$0	\$0	\$0	\$0	\$29,129
23	\$0	\$0	\$0	\$0	\$29,129
24	\$0	\$0	\$0	\$0	\$29,129
25	\$0	\$0	\$0	\$0	\$29,129
26	\$0	\$0	\$0	\$0	\$29,129
27	\$0	\$0	\$0	\$0	\$29,129
28	\$0	\$0	\$0	\$0	\$29,129
29	\$0	\$0	\$0	\$0	\$29,129
30	\$0	\$0	\$0	\$0	\$29,129

Second • 3.99% • 2 Points • 30 Years • Normal Amortizing					
Year	Balance	Interest	Principal	Payments	Interest-to-Date
1	\$10,000	\$396	\$176	\$572	\$396
2	\$9,824	\$389	\$184	\$572	\$784
3	\$9,640	\$381	\$191	\$572	\$1,166
4	\$9,449	\$373	\$199	\$572	\$1,539
5	\$9,250	\$365	\$207	\$572	\$1,904
6	\$9,044	\$357	\$215	\$572	\$2,261
7	\$8,828	\$348	\$224	\$572	\$2,609
8	\$8,604	\$339	\$233	\$572	\$2,949
9	\$8,371	\$330	\$243	\$572	\$3,278
10	\$8,129	\$320	\$252	\$572	\$3,598
11	\$7,876	\$310	\$263	\$572	\$3,907
12	\$7,614	\$299	\$273	\$572	\$4,206
13	\$7,340	\$288	\$284	\$572	\$4,494
14	\$7,056	\$276	\$296	\$572	\$4,770
15	\$6,760	\$264	\$308	\$572	\$5,034
16	\$6,452	\$252	\$321	\$572	\$5,286
17	\$6,131	\$239	\$334	\$572	\$5,524
18	\$5,798	\$225	\$347	\$572	\$5,749
19	\$5,451	\$211	\$361	\$572	\$5,960
20	\$5,089	\$196	\$376	\$572	\$6,157
21	\$4,713	\$181	\$391	\$572	\$6,338
22	\$4,322	\$165	\$407	\$572	\$6,503
23	\$3,915	\$149	\$424	\$572	\$6,651
24	\$3,491	\$131	\$441	\$572	\$6,782
25	\$3,051	\$113	\$459	\$572	\$6,896
26	\$2,592	\$95	\$477	\$572	\$6,991
27	\$2,114	\$75	\$497	\$572	\$7,066
28	\$1,618	\$55	\$517	\$572	\$7,121
29	\$1,101	\$34	\$538	\$572	\$7,155
30	\$563	\$12	\$560	\$572	\$7,168