

Property Summary

Property Name: **Investment HOUSE**

Property Description	
Property Address:	San Jose Ca 95125
Purchase Price:	\$400,000.00
Sqft:	1200
Year Built:	1950

Financial Summary	Amount	% of PP	Rate	Term(Yrs)	Int only?	/mo
Down Payment:	\$100,000.00	25				
Loan #1:	\$300,000.00	75	5.5	30	No	(\$1,703.00)

Income & Expense Summary	per Month	per Year
Gross Rental Income:	\$2,400.00	\$28,800.00
Vacancies:	(\$192.00)	(\$2,304.00)
Gross Operating Income:	\$2,208.00	\$26,496.00
Expenses:	(\$492.00)	(\$5,904.00)
Net Operating Income:	\$1,716.00	\$20,592.00
Debt Service:	(\$1,703.00)	(\$20,440.00)
Before Tax Cash Flow:	\$12.00	\$152.00
After Tax Cash Flow:	\$167.00	\$2,012.00

Market Assumptions	
Property Appreciation:	4%
Rent Increase:	2%
Expenses Increase:	1%
Vacancy Rate:	8%
Income Tax Bracket:	25%
Capital Gains Tax:	15%

Financial Ratios

Property Name: **Investment HOUSE**

Financial Ratios	At Purchase	YR1	YR2	YR3	YR4	YR5
Gross Multiplier (Price/GSI):	13.89					
Cap Rate (NOI/Price):	5.15					
Internal Rate of Return:	0 %					
Yield:	7					
Debt Coverage Ratio:		1.01	1.03	1.05	1.08	1.1
Loan to Value (LTV) Ratio:	75	71	67	63	60	56
Ownership Percentage:		28	32	36	39	43

Annual Property Operating Data (APOD)

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Property Income	Year 1
Gross Scheduled Income:	\$28,800.00
Loss due to Vacancies:	(\$2,304.00)
Gross Operating Income:	\$26,496.00

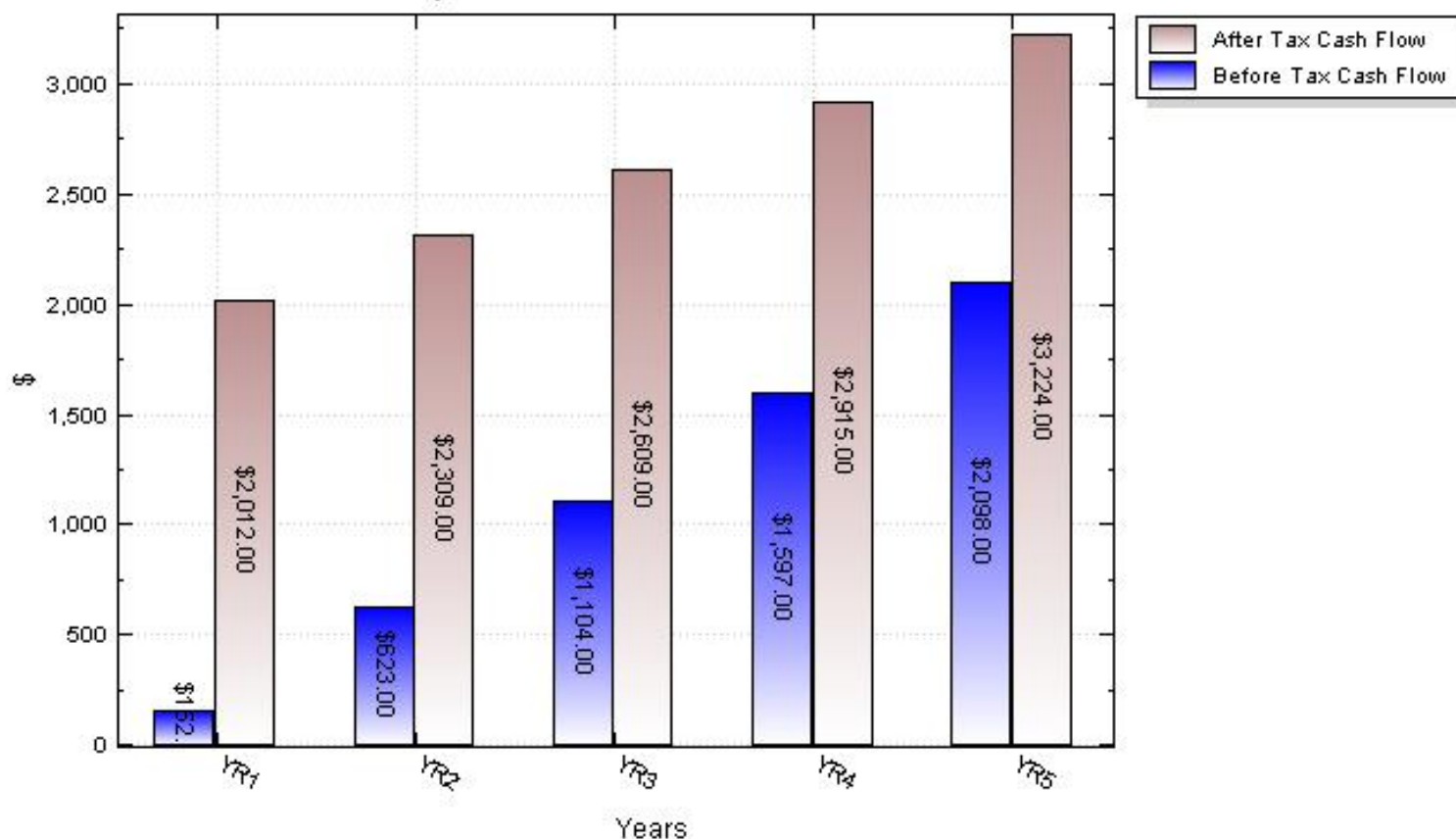
Property Expenses	
Advertising:	\$0.00
Auto & Travel:	\$0.00
Cleaning:	\$0.00
HOA fees:	\$0.00
Home Warranty:	(\$360.00)
Insurance:	\$0.00
Landscaping:	\$0.00
Maintenance:	\$0.00
Management:	\$0.00
Others:	\$0.00
PMI:	\$0.00
Property Taxes:	(\$5,304.00)
Supplies:	\$0.00
Trash Removal:	(\$240.00)
Utilities:	\$0.00
Total Expenses:	(\$5,904.00)

Net Operating Income:	\$20,592.00
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Cash Flow

Property Name: **Investment HOUSE**

Projected Cash Flow Over Time



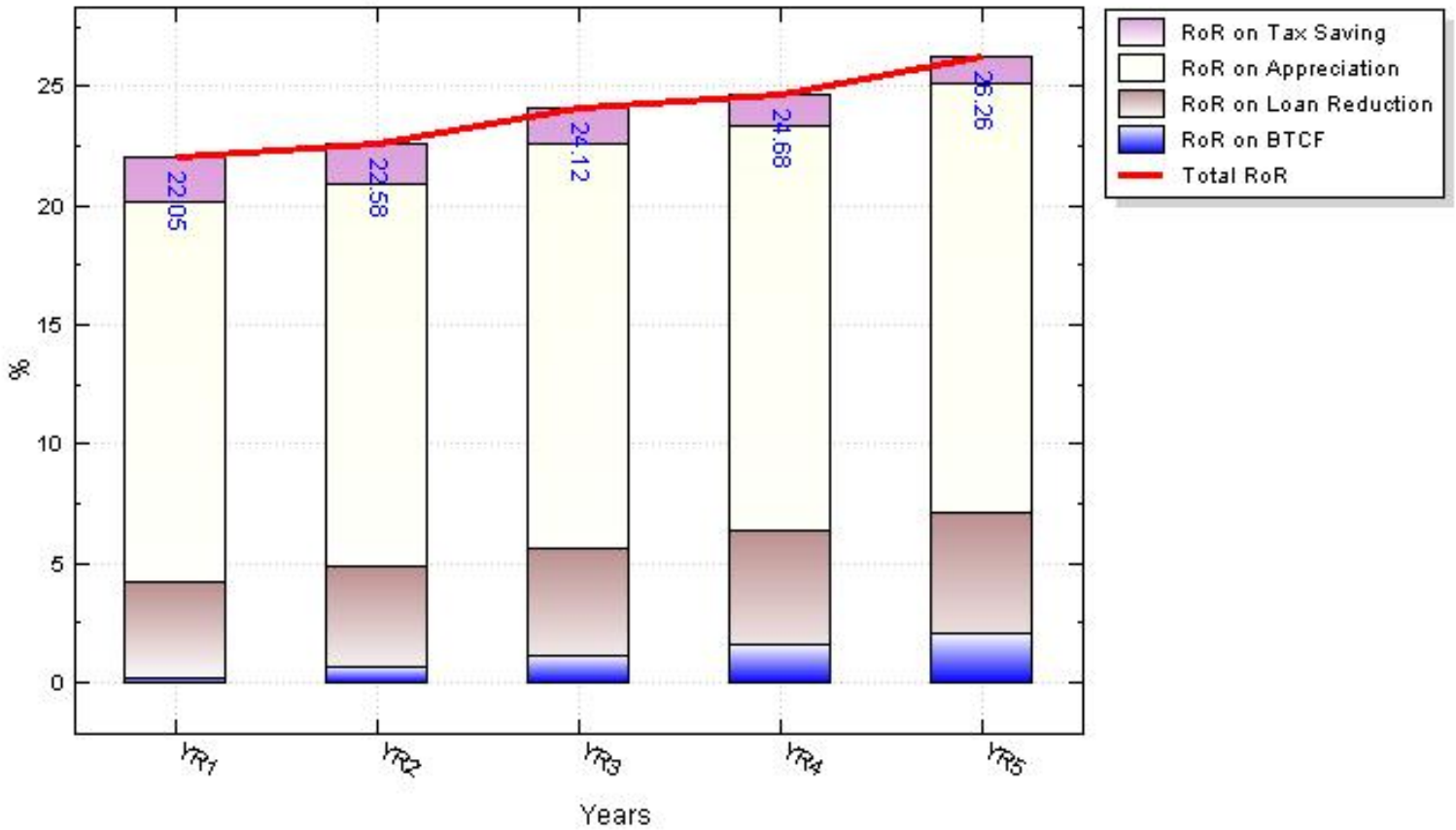
	YR1	YR2	YR3	YR4	YR5
Net Operating Income (NOI):	20,592	21,063	21,544	22,036	22,538
Debt Service:	-20,440	-20,440	-20,440	-20,439	-20,440
Before Tax Cash Flow:	152	623	1,104	1,597	2,098
Depreciable Allowance:	-11,636	-11,636	-11,636	-11,636	-11,636
Mortgage 1 Interest:	-16,399	-16,171	-15,930	-15,675	-15,407
Taxable Income:	-7,443	-6,744	-6,022	-5,275	-4,505
Taxes Due:	1,860	1,686	1,505	1,318	1,126
After Tax Cash Flow:	2,012	2,309	2,609	2,915	3,224

Value of Improvements:	\$320,000.00
Income Tax:	25%
Depreciable Years:	27.5

Rate of Return

Property Name: **Investment HOUSE**

Projected Rate of Return Over Time

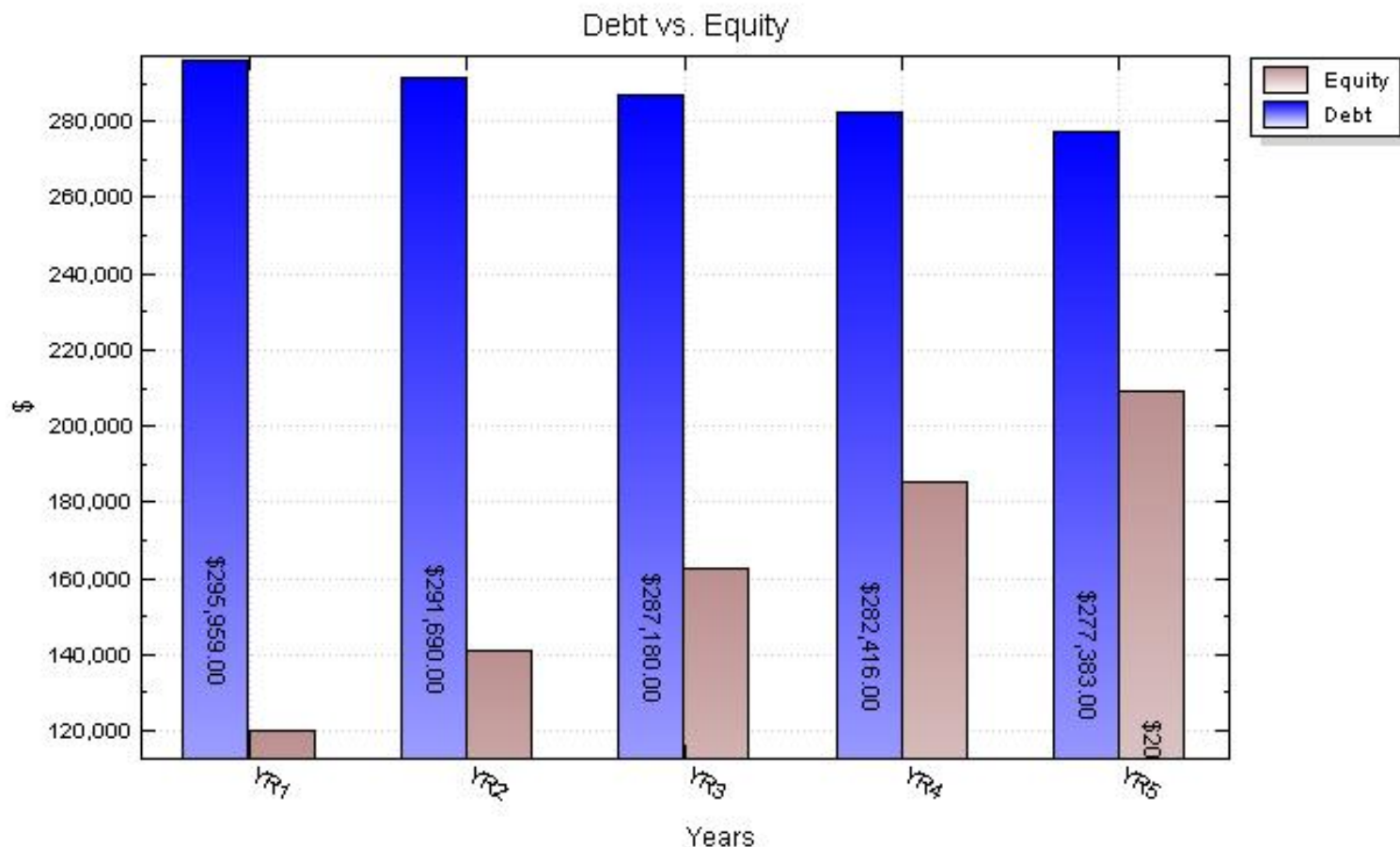


Rate of Return on	YR1	YR2	YR3	YR4	YR5
Loan Reduction:	4 %	4 %	5 %	5 %	5 %
Appreciation:	16 %	16 %	17 %	17 %	18 %
BTCF:	0 %	1 %	1 %	2 %	2 %
Tax Saving:	2 %	2 %	2 %	1 %	1 %
Total Rate of Return:	22 %	23 %	24 %	25 %	26 %

Cash on Cash	YR1	YR2	YR3	YR4	YR5
Cash on Cash Return Before Taxes:	0 %	0 %	1 %	1 %	2 %
Cash on Cash Return After Taxes:	2 %	2 %	2 %	2 %	3 %

Debt vs. Equity

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Financial Ratios	At Purchase	YR1	YR2	YR3	YR4	YR5
Debt						
Total Mortgage Balance:	-300,000	-295,959	-291,690	-287,180	-282,416	-277,383
Debt Coverage Ratio:		1.01	1.03	1.05	1.08	1.1
Loan to Value Ratio:	75	71	67	63	60	56
Equity						
Paid Principal:		4,041	8,310	12,820	17,584	22,617
Appreciation:		16,000	32,640	49,945	67,942	86,659
Down Payment:		100,000	100,000	100,000	100,000	100,000
Total Equity Accumulation:		120,041	140,950	162,765	185,526	209,276
Ownership Percentage:		28	32	36	39	43

Critical Output Report

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	At Purchase	YR1	YR2	YR3	YR4	YR5
Property Value:	400,000	416,000	432,640	449,945	467,942	486,659
Income & Expenses						
GSI:	28,800	28,800	29,376	29,963	30,562	31,173
Loss due to Vacancies:	-2,304	-2,304	-2,350	-2,397	-2,444	-2,493
Gross Operating Income:	26,496	26,496	27,026	27,566	28,118	28,680
Loss due to Expenses:	-5,904	-5,904	-5,963	-6,022	-6,082	-6,142
Net Operating Income (NOI):	20,592	20,592	21,063	21,544	22,036	22,538
Financial Ratios						
Gross Multiplier:	13.89					
Cap Rate:	5.15					
Internal Rate of Return:	0 %					
Yield:	7					
Debt Coverage Ratio:		1.01	1.03	1.05	1.08	1.1
Loan to Value (LTV) Ratio:	75	71	67	63	60	56
Ownership Percentage:		28	32	36	39	43
Cash on Cash Return (BT):		0 %	0 %	1 %	1 %	2 %
Cash on Cash Return (AT):		2 %	2 %	2 %	2 %	3 %
Depreciation						
Depreciable Improvements:		320,000	320,000	320,000	320,000	320,000
Depreciable Allowance:		-11,636	-11,636	-11,636	-11,636	-11,636
Debt Service						
Mortgage 1 Principal:		-4,041	-4,269	-4,510	-4,764	-5,033
Mortgage 1 Interest:		-16,399	-16,171	-15,930	-15,675	-15,407
Mortgage 1 Balance:		-295,959	-291,690	-287,180	-282,416	-277,383
Total Debt Service:		-20,440	-20,440	-20,440	-20,439	-20,440
Total Mortgage Balance:		-295,959	-291,690	-287,180	-282,416	-277,383
Cash Flow						
Before Tax Cash Flow:		152	623	1,104	1,597	2,098
Taxable Income:		-7,443	-6,744	-6,022	-5,275	-4,505
Taxes Due:		1,860	1,686	1,505	1,318	1,126
After Tax Cash Flow:		2,012	2,309	2,609	2,915	3,224
Rate of Return (RoR)						
RoR on Loan Reduction:		4 %	4 %	5 %	5 %	5 %
RoR on Appreciation:		16 %	16 %	17 %	17 %	18 %
RoR on BTCF:		0 %	1 %	1 %	2 %	2 %
RoR on Tax Saving:		2 %	2 %	2 %	1 %	1 %
Total RoR:		22 %	23 %	24 %	25 %	26 %
Equity Accumulation						
Paid Principal:		4,041	8,310	12,820	17,584	22,617
Appreciation:		16,000	32,640	49,945	67,942	86,659
Down Payment:		100,000	100,000	100,000	100,000	100,000
Total Equity Accumulation:		120,041	140,950	162,765	185,526	209,276
Estimated Sales Cost:		-20,800	-21,632	-22,497	-23,397	-24,332
Before Tax Profit upon Sale:		99,241	119,318	140,268	162,129	184,944
After Tax Profit upon Sale:		84,355	101,421	119,228	137,810	157,203
Investment Results						
After Tax Cash Flow:		2,012	2,309	2,609	2,915	3,224
Unrealized Gains (Equity):		20,041	40,950	62,765	85,526	109,276
Total Investment Results:		22,053	43,259	65,374	88,441	112,500