



CASH FLOW REPORT – ESTIMATED 5-YEAR FORECAST

2616 N Main St

A PROPERTY DESCRIPTION

Price: \$153,115
 2616 N Main St
 ROYAL OAK, MI 48073
 3BD / 2BA
 934 sqft (\$164/sqft)
 Built: 1948
 Last Sold: \$72,000 (Jun'12)



*Monthly loan assumes a 25% down payment with a 4.625% interest rate.
 **PITI stands for monthly principal, interest, taxes, and insurance.

C RENTAL CASH FLOW (YEAR 1)



* PITI stands for monthly principal, interest, taxes, and insurance.
 ** Other Exp includes Vacancy, Repairs, Leasing and other fees; does not include PMI.

E EST. FINANCIALS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Rent Income	\$18,000	\$18,468	\$18,948	\$19,441	\$19,946
(-) Taxes	(\$3,047)	(\$3,127)	(\$3,209)	(\$3,293)	(\$3,379)
(-) Insurance	(\$1,089)	(\$1,118)	(\$1,147)	(\$1,177)	(\$1,208)
(-) Property Mgmt.	(\$1,440)	(\$1,477)	(\$1,516)	(\$1,555)	(\$1,596)
(-) Other Expenses*	(\$2,284)	(\$2,343)	(\$2,404)	(\$2,467)	(\$2,531)
Net Income	\$10,140	\$10,403	\$10,672	\$10,949	\$11,233
(-) Loan Payment	(\$7,085)	(\$7,085)	(\$7,085)	(\$7,085)	(\$7,085)
(-) Capitalized Ex.	(\$900)	(\$923)	(\$947)	(\$972)	(\$997)
Cash Flow (Rent)	\$2,155	\$2,394	\$2,640	\$2,892	\$3,151

* Other Exp includes Vacancy, Repairs, Leasing and other fees; does not include PMI.

G PURCHASE/SALE

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Prop. Val.	\$153,115	\$157,127	\$161,243	\$165,468	\$169,803
Purch/Sale*	(\$154,723)	-	-	-	-\$163,797
Loan Bal.	\$114,836	\$113,024	\$111,127	\$109,140	\$107,059
Financing	(\$39,886)	(\$7,085)	(\$7,085)	(\$7,085)	(\$7,085)
Cash Flow**	(\$41,494)	\$2,155	\$2,394	\$2,892	\$62,068

* Adjusted to include effect of Buyer and Seller costs/fees.
 ** Does not include any effect of depreciation or tax expense.

B 5-YEAR RETURN SUMMARY

Required Investment*	(\$41,494)
Total Cash Return	\$72,150
Net Cash Return	\$30,655
Annual Return % (IRR)	12.7%
Cash Multiple	1.74x
Cap Rate (Y1)	6.62%
Cash Flow (Y1) Cash on Cash	\$2,155 5.2%

* Down payment of \$38,279 & buyer costs/fees of \$3,215.

D DRIVERS

Assumptions	Metric	Adjustments	% or \$
Price (1)	\$153,115		\$ value
Interest Rate (2)	4.625%		%
Down Payment (2)	25.0%		%
Buyer Costs/Fees (3)	2.1%		\$ value
Seller Costs/Fees (3)	6.0%		\$ value
Monthly Rent (4)	\$1,500		\$ value
Vacancy Rate (5)	5.0%		%
Taxes (6)	16.9%		\$ value
Insurance (7)	6.1%		\$ value
Prop. Mgmt. (5)	8.0%		%
Rep & Maint. (8)	5.2%		%
Leasing Fees (5)	2.5%		%
Monthly Other Fees	\$0		\$ value
Capitalized Ex. (5)	5.0%		%
Rent Increase (9)	2.6%		%
Appreciation (10)	2.6%		%

A PROPERTY DESCRIPTION

Summary description of property and mortgage assumptions; includes link to listing

B 5-YEAR RETURN SUMMARY

Required Investment	Total funds required to make the investment; includes (i) down payment on the loan and (ii) buyer transaction fees
Total Cash Return	Total cash received at the sale of the property after 5 years
Net Return	Cash Return less Investment; net gain from the transaction
Annual Return % (IRR)	Internal rate of return (IRR) is the percentage rate earned on each dollar invested for each period
Cash Multiple	Cash on cash multiple (e.g., invest \$100 and get back \$200 the cash multiple is equal to 2.0x)
Capitalization Rate	A real estate metric measured by dividing the net operating income (NOI) by the property value (Capex excluded from NOI)
Cash Flow	Total cash flow (income minus expenses) for Year 1

C RENTAL CASH FLOW (YEAR 1)

Graphic showing estimated rental income, expenses and subsequent cash flow

D DRIVERS

Price	Purchase price of the property
Interest Rate	Rate of interest for mortgage loan
Down Payment	Upfront payment required for mortgage loan
Buyer Costs/Fees	Costs/Fees paid by the buyer at close (% of purchase price)
Seller Costs/Fees	Costs/Fees paid by the seller at close (% of purchase price)
Monthly Rent	Monthly rent collected from the property
Vacancy Rate	Expense used to adjust rental income to account for vacancy
Tax Rate	Property taxes; shown as a % of rent
Insurance	Homeowners insurance expense; shown as a % of rent
Prop. Mgmt.	Expenses paid to a 3 rd party for operation and oversight of your property
Rep. & Maint.	Expense used for customary repairs and maintenance of the property
Leasing Fees	Expense paid to 3 rd party to find and place tenants
Other Fees	Other fees included in property (e.g., HOA fees)
Capitalized Ex.	Reserves used for large non-recurring improvements (e.g., roof, furnace)
Rent Increase	Annual increase in rent paid by tenant
Appreciation	Estimated annual appreciation rate for property

E EST. FINANCIALS

Estimated financial projections based on the income and expenses assumptions

F RENTAL CASH FLOW OVER TIME

Graphic showing annual projected cash flow for 5 years

G PURCHASE/SALE

Summary of property value, purchase, financing/loan payments and sale of the subject property; purchase and sale price adjusted to include effect of buyer and seller costs/fees

H EST. PROPERTY VALUE

The projected property value over time assuming a 5-year appreciation rate

Note: this document is not intended to be a solicitation of real estate services or advice; forecast is based on third party sources, conventional assumptions and public information. Figures are (i) preliminary estimates which are not indicative of actual results (ii) subject to economic and real estate market conditions and (iii) should only be used as an illustrative example of potential performance. Assumptions:
 (1) Price set to Zestimate of \$153,115 (Zillow, 2018).
 (2) Int. rate and down payment based on non-occupancy mortgage rates (FreeandClear, 2018).
 (3) Costs/fees % price based on the nationwide averages (SmartAsset and BankRate, 2017).
 (4) Rent set to Rent Zestimate of \$1,500 (Zillow, 2018).
 (5) Unadjusted Vacancy (5%); Prop. Mgmt. (8%); Leasing (2.5%); CapEx (5%) (BiggerPockets, 2014).
 (6) Tax rate of 1.99% based on avg effective rate for the ROYAL OAK area (SmartAsset, 2016).
 (7) Insurance avg for MI dwelling of \$200; \$1k deductible; \$300k liability (Insurance.com, 2016).
 (8) Rep. & Maint. (5.2%) based on \$1/sqft (RealPropertyManagement, 2016).
 (9) Rent increase set to min of national average of 2.6% or appreciation (ApartmentList, 2017).
 (10) Appreciation set to 2.62% based on Zillow One-Year forecast for zip code 48073 (Zillow, 2018).
 See Methodology for more information.