

406 W. 6th St

Investment Property - Buy & Hold

406 W 6th St, Anderson, IN 46016
House · 3 Beds · 1.5 Baths · 1,148 Sq.Ft.

\$ 139,900 Purchase Price · \$ 144,900 ARV
\$ 36,374 Cash Needed · \$ 395/mo Cash Flow · 8.8% Cap Rate · 13% COC

Prepared by:



The Homeboys



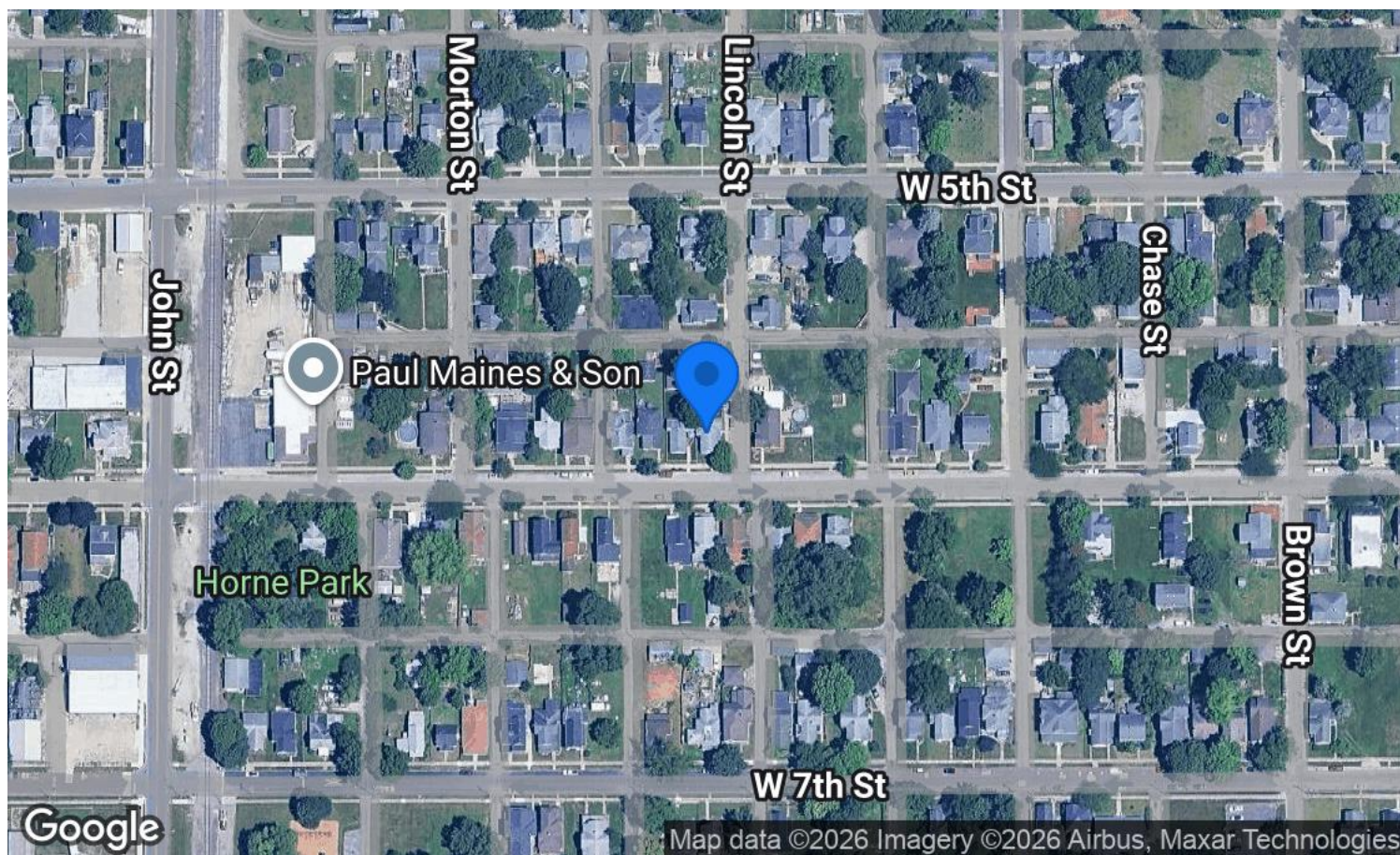
Property Description

ADDRESS

406 W 6th St
Anderson, IN 46016

DESCRIPTION

Property Type:	House
Beds / Baths:	3 BR / 1.5 BA
Square Footage:	1,148
Year Built:	1920
Parking:	On-Street
Lot Size:	5,662 sq.ft.



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		\$ 139,900
Amount Financed:	-	\$ 104,925
Down Payment:	=	\$ 34,975
Purchase Costs:	+	\$ 1,399
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 36,374
After Repair Value:		\$ 144,900
ARV Per Square Foot:		\$ 126.2
Price Per Square Foot:		\$ 121.9

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.8% / 8.5%
Cash on Cash Return:	13%
Return on Equity:	10.1%
Return on Investment:	17.5%
Internal Rate of Return:	17.5%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.14
Equity Multiple:	1.18
Break Even Ratio:	66%
Debt Coverage Ratio:	1.63
Debt Yield:	11.7%

PURCHASE COSTS

Total (1% of Price):	\$ 1,399
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FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	6%
Financing Of:	Price (75%)
Loan Amount:	\$ 104,925
LTC / LTV:	75% / 72.4%
Loan Payment:	\$ 629 Per Month
	\$ 7,549 Per Year

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	10%
Vacancy Rate:	3%
Appreciation:	4% Per Year
Income Increase:	4% Per Year
Expense Increase:	2% Per Year
Selling Costs:	6% of Sales Price
Depreciation Period:	27.5 Years
Land Value:	\$ 0

REHAB COSTS

Rehab Costs:	\$ 0
Cost Overrun (10%):	\$ 0
Total:	\$ 0
Total Per Square Foot:	\$ 0

Cash Flow (Year 1)

		Monthly	Yearly
CASH FLOW			
Gross Rent:		\$ 1,275	\$ 15,300
Vacancy (3%):	-	\$ 38	\$ 459
Other Income:	+	\$ 0	\$ 0
Operating Income:	=	\$ 1,237	\$ 14,841
Operating Expenses (17.2%):	-	\$ 213	\$ 2,556
Net Operating Income:	=	\$ 1,024	\$ 12,285
Loan Payments:	-	\$ 629	\$ 7,549
Cash Flow:	=	\$ 395	\$ 4,736

		Monthly	Yearly
OTHER INCOME			
Total:		\$ 0	\$ 0

		Monthly	Yearly
OPERATING EXPENSES			
Property Taxes:		\$ 102	\$ 1,224
Insurance:		\$ 60	\$ 720
Maintenance:		\$ 51	\$ 612
Capital Expenditures:		\$ 0	\$ 0
HOA Fees:		\$ 0	\$ 0
Utilities:		\$ 0	\$ 0
Landscaping:		\$ 0	\$ 0
Accounting & Legal Fees:		\$ 0	\$ 0
Total:		\$ 213	\$ 2,556

Buy & Hold Projections

	APPRECIATION 4% Per Year	INCOME INCREASE 4% Per Year		EXPENSE INCREASES 2% Per Year		SELLING COSTS 6% of Price	
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
RENTAL INCOME							
Gross Rent:	\$ 15,300	\$ 15,912	\$ 16,548	\$ 17,899	\$ 21,777	\$ 32,235	\$ 47,715
Vacancy:	- \$ 459	- \$ 477	- \$ 496	- \$ 537	- \$ 653	- \$ 967	- \$ 1,431
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Operating Income:	= \$ 14,841	= \$ 15,435	= \$ 16,052	= \$ 17,362	= \$ 21,124	= \$ 31,268	= \$ 46,284
Income Increase:	4%	4%	4%	4%	4%	4%	4%
OPERATING EXPENSES							
Property Taxes:	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,325	\$ 1,463	\$ 1,783	\$ 2,174
Insurance:	+ \$ 720	+ \$ 734	+ \$ 749	+ \$ 779	+ \$ 860	+ \$ 1,049	+ \$ 1,279
Property Management:	N/A	+ \$ 1,543	+ \$ 1,605	+ \$ 1,736	+ \$ 2,112	+ \$ 3,127	+ \$ 4,628
Maintenance:	+ \$ 612	+ \$ 636	+ \$ 662	+ \$ 716	+ \$ 871	+ \$ 1,289	+ \$ 1,909
Capital Expenditures:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
HOA Fees:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Utilities:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Landscaping:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Accounting & Legal Fees:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Operating Expenses:	= \$ 2,556	= \$ 4,161	= \$ 4,289	= \$ 4,556	= \$ 5,306	= \$ 7,248	= \$ 9,990
Expense Increase:	2%	2%	2%	2%	2%	2%	2%
CASH FLOW							
Operating Income:	\$ 14,841	\$ 15,435	\$ 16,052	\$ 17,362	\$ 21,124	\$ 31,268	\$ 46,284
Operating Expenses:	- \$ 2,556	- \$ 4,161	- \$ 4,289	- \$ 4,556	- \$ 5,306	- \$ 7,248	- \$ 9,990
Expense Ratio:	17.2%	27%	26.7%	26.2%	25.1%	23.2%	21.6%
Net Operating Income:	= \$ 12,285	= \$ 11,274	= \$ 11,763	= \$ 12,806	= \$ 15,818	= \$ 24,020	= \$ 36,294
Loan Payments:	- \$ 7,549	- \$ 7,549	- \$ 7,549	- \$ 7,549	- \$ 7,549	- \$ 7,549	- \$ 7,549
Cash Flow:	= \$ 4,736	= \$ 3,725	= \$ 4,214	= \$ 5,257	= \$ 8,269	= \$ 16,471	= \$ 28,745
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	\$ 2,556	\$ 4,161	\$ 4,289	\$ 4,556	\$ 5,306	\$ 7,248	\$ 9,990
Loan Interest:	+ \$ 6,260	+ \$ 6,181	+ \$ 6,097	+ \$ 5,912	+ \$ 5,341	+ \$ 3,532	+ \$ 240
Depreciation:	+ \$ 5,138	+ \$ 5,138	+ \$ 5,138	+ \$ 5,138	+ \$ 5,138	+ \$ 5,138	+ \$ 0
Total Deductions:	= \$ 13,955	= \$ 15,480	= \$ 15,524	= \$ 15,606	= \$ 15,785	= \$ 15,918	= \$ 10,230
EQUITY ACCUMULATION							

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	\$ 150,696	\$ 156,724	\$ 162,993	\$ 176,293	\$ 214,487	\$ 317,494	\$ 469,968
Appreciation:	4%	4%	4%	4%	4%	4%	4%
Loan Balance:	- \$ 103,637	- \$ 102,269	- \$ 100,816	- \$ 97,637	- \$ 87,807	- \$ 56,663	- \$ 0
LTV Ratio:	68.8%	65.3%	61.9%	55.4%	40.9%	17.8%	-
Total Equity:	= \$ 47,059	= \$ 54,455	= \$ 62,177	= \$ 78,656	= \$ 126,680	= \$ 260,831	= \$ 469,968

SALE ANALYSIS

Equity:	\$ 47,059	\$ 54,455	\$ 62,177	\$ 78,656	\$ 126,680	\$ 260,831	\$ 469,968
Selling Costs (6%):	- \$ 9,042	- \$ 9,403	- \$ 9,780	- \$ 10,578	- \$ 12,869	- \$ 19,050	- \$ 28,198
Sale Proceeds:	= \$ 38,018	= \$ 45,052	= \$ 52,397	= \$ 68,078	= \$ 113,811	= \$ 241,781	= \$ 441,770
Cumulative Cash Flow:	+ \$ 4,736	+ \$ 8,461	+ \$ 12,675	+ \$ 22,657	+ \$ 57,730	+ \$ 182,797	+ \$ 410,956
Total Cash Invested:	- \$ 36,374	- \$ 36,374	- \$ 36,374	- \$ 36,374	- \$ 36,374	- \$ 36,374	- \$ 36,374
Total Profit:	= \$ 6,380	= \$ 17,139	= \$ 28,698	= \$ 54,361	= \$ 135,167	= \$ 388,204	= \$ 816,352

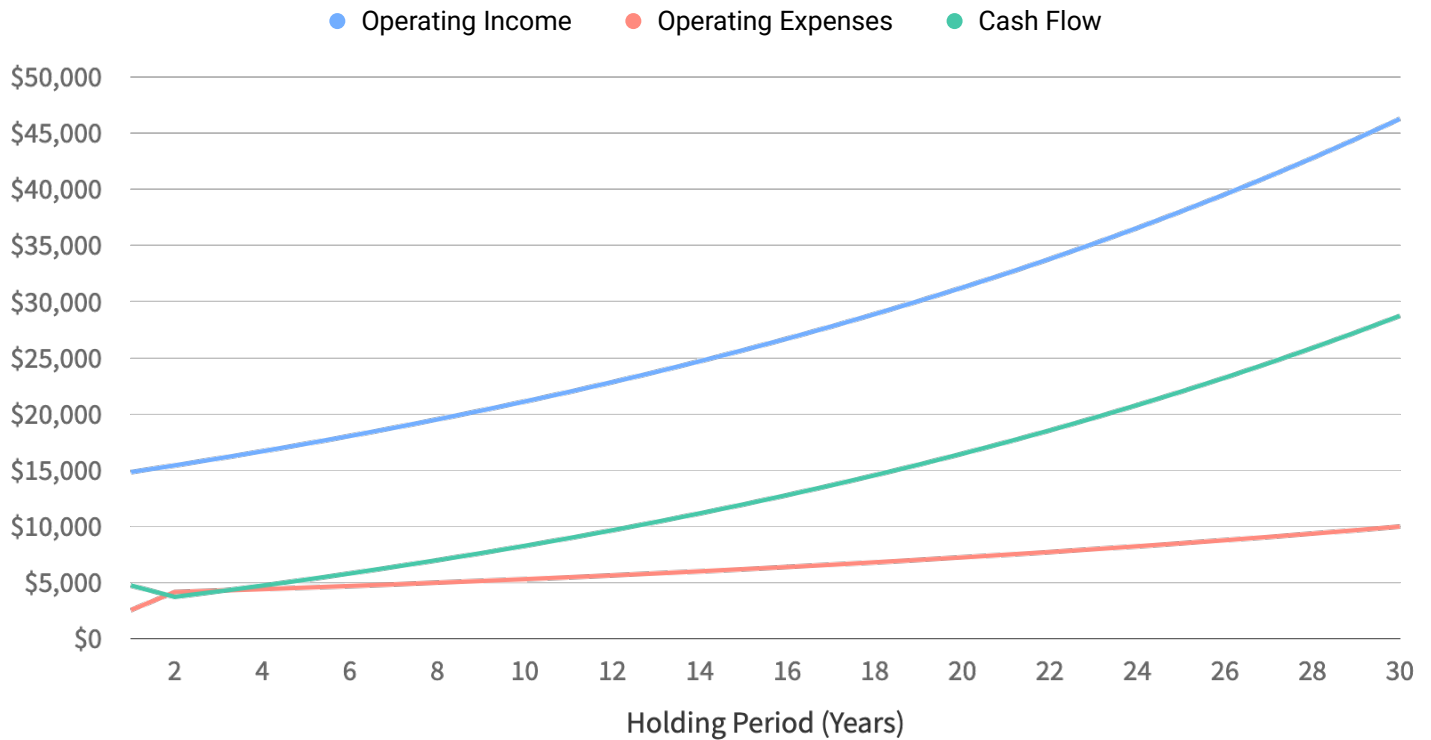
INVESTMENT RETURNS

Cap Rate (Purchase Price):	8.8%	8.1%	8.4%	9.2%	11.3%	17.2%	25.9%
Cap Rate (Market Value):	8.2%	7.2%	7.2%	7.3%	7.4%	7.6%	7.7%
Cash on Cash Return:	13%	10.2%	11.6%	14.5%	22.7%	45.3%	79%
Return on Equity:	10.1%	6.8%	6.8%	6.7%	6.5%	6.3%	6.1%
Return on Investment:	17.5%	47.1%	78.9%	149.5%	371.6%	1,067.3%	2,244.3%
Internal Rate of Return:	17.5%	22.5%	23.4%	23.3%	21.6%	19.7%	19%

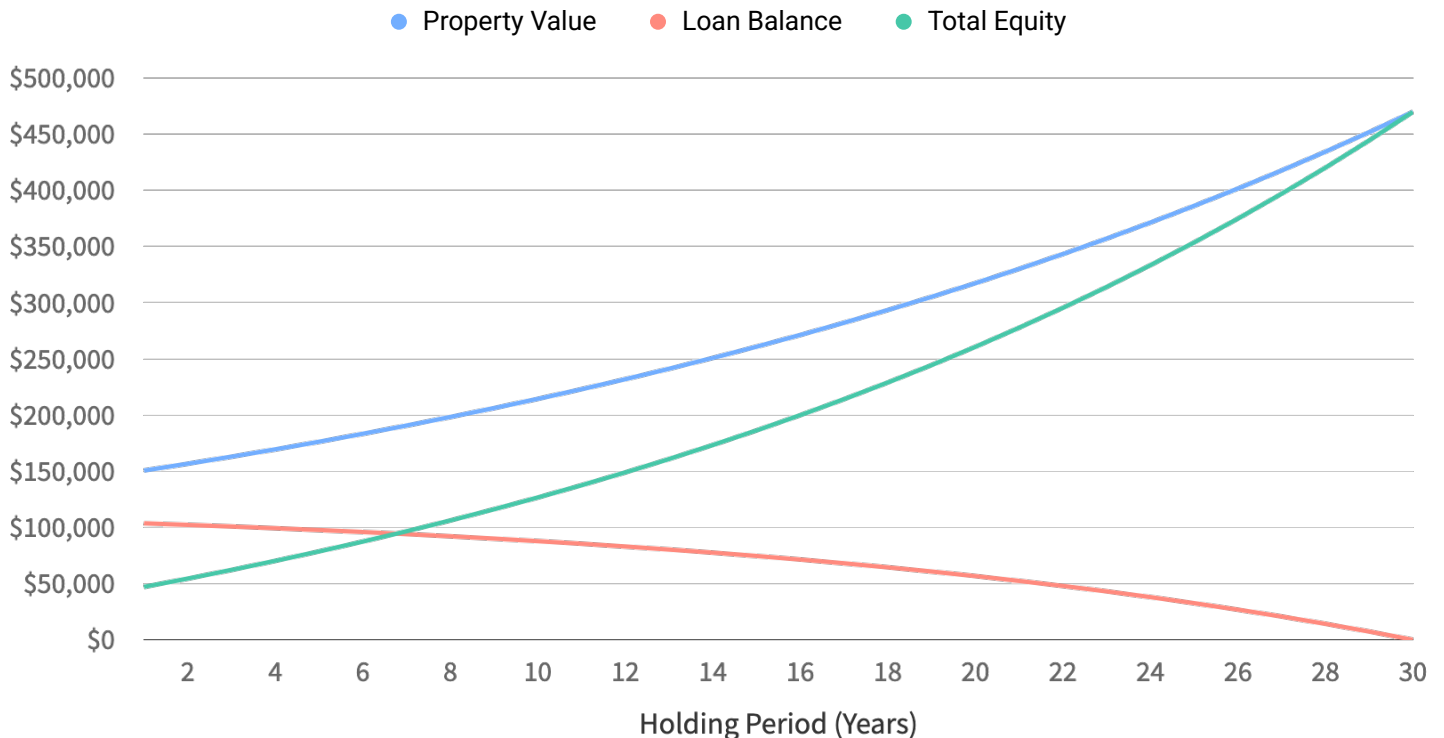
FINANCIAL RATIOS

Rent to Value:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Gross Rent Multiplier:	9.85	9.85	9.85	9.85	9.85	9.85	9.85
Equity Multiple:	1.18	1.47	1.79	2.49	4.72	11.67	23.44
Break Even Ratio:	66%	73.6%	71.5%	67.6%	59%	45.9%	36.8%
Debt Coverage Ratio:	1.63	1.49	1.56	1.7	2.1	3.18	4.81
Debt Yield:	11.9%	11%	11.7%	13.1%	18%	42.4%	-

Cash Flow Over Time



Equity Over Time



Property Photos







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