

734 W 2nd St

Investment Property - Buy & Hold

734 W 2nd St, Anderson, IN 46016
House · 2 Beds · 2 Baths · 881 Sq.Ft.

\$ 129,900 Purchase Price · \$ 139,900 ARV
\$ 33,774 Cash Needed · \$ 287/mo Cash Flow · 8.3% Cap Rate · 10.2% COC

Prepared by:



The Homeboys



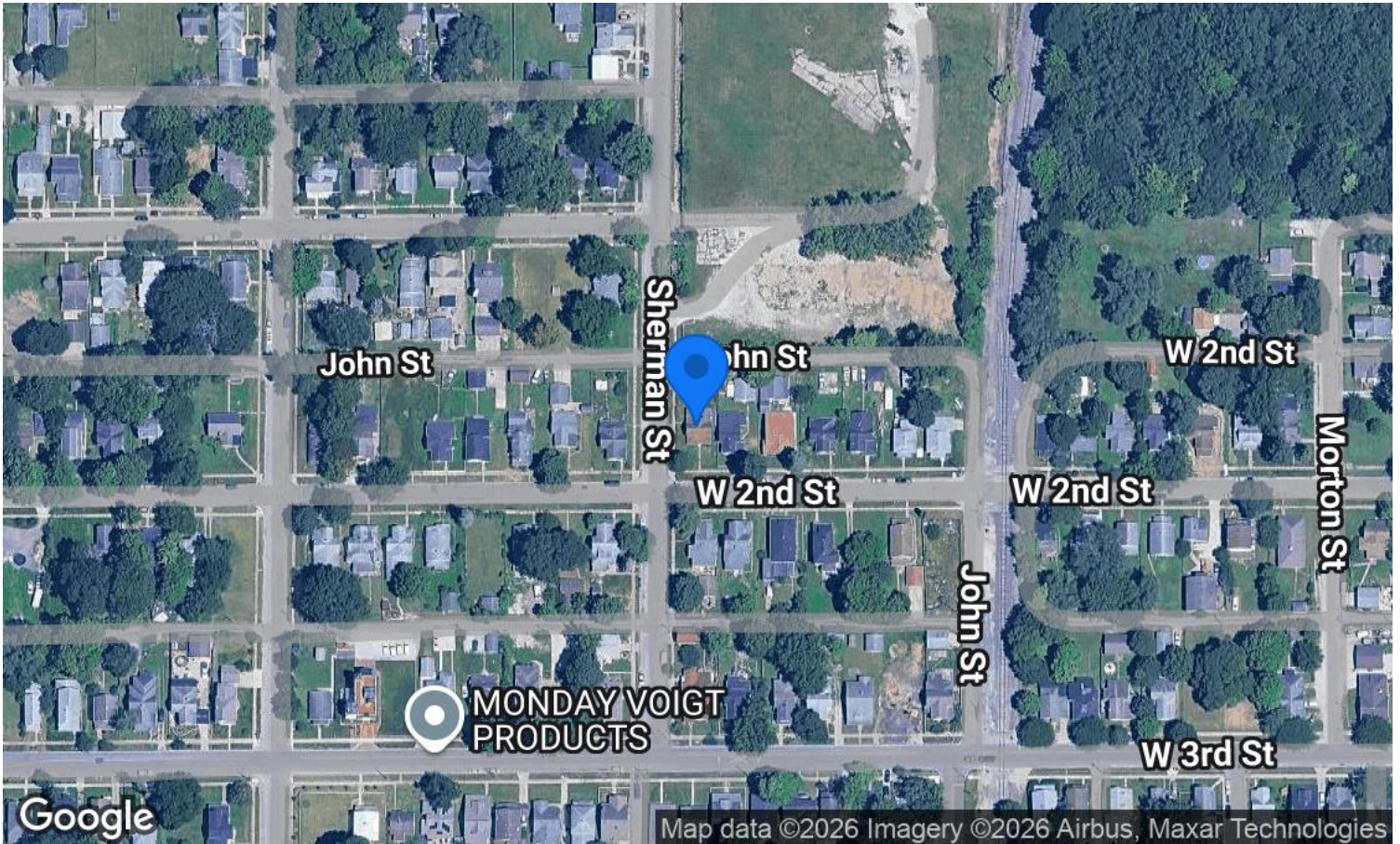
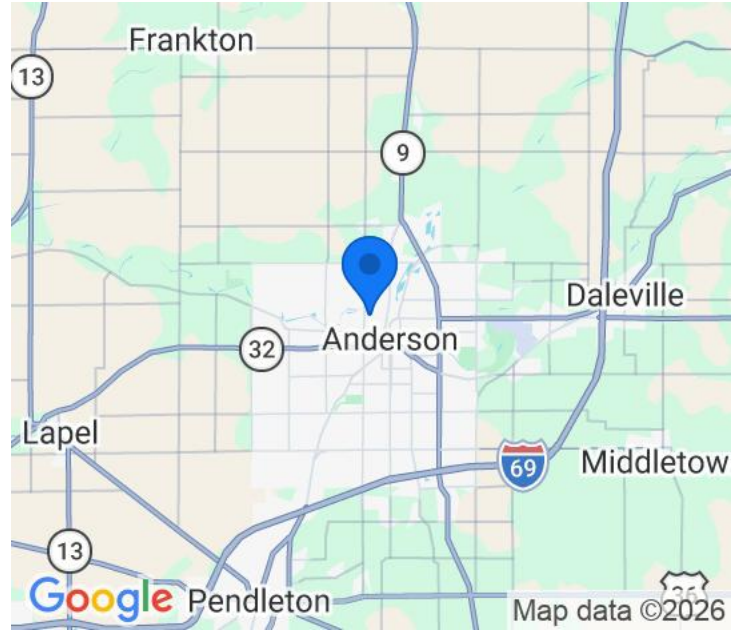
Property Description

ADDRESS

734 W 2nd St
Anderson, IN 46016

DESCRIPTION

Property Type:	House
Beds / Baths:	2 BR / 2 BA
Square Footage:	881
Year Built:	1950
Lot Size:	6,098 sq.ft.
Zoning:	Single Family Residential
MLS Number:	22093262



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		\$ 129,900
Amount Financed:	-	\$ 97,425
Down Payment:	=	\$ 32,475
Purchase Costs:	+	\$ 1,299
Rehab Costs:	+	\$ 0
Total Cash Needed:	=	\$ 33,774
After Repair Value:		\$ 139,900
ARV Per Square Foot:		\$ 158.8
Price Per Square Foot:		\$ 147.4

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.3% / 7.7%
Cash on Cash Return:	10.2%
Return on Equity:	7%
Return on Investment:	29.9%
Internal Rate of Return:	29.9%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.41
Equity Multiple:	1.3
Break Even Ratio:	72%
Debt Coverage Ratio:	1.47
Debt Yield:	11.1%

PURCHASE COSTS

Total (1% of Price):	\$ 1,299
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FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	6.5%
Financing Of:	Price (75%)
Loan Amount:	\$ 97,425
LTC / LTV:	75% / 69.6%
Loan Payment:	\$ 616 Per Month \$ 7,390 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:	\$ 9,700

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:	\$ 1,150	\$ 13,800
Vacancy (3%):	- \$ 35	\$ 414
Other Income:	+ \$ 0	\$ 0
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Operating Income:	= \$ 1,115	\$ 13,386
Operating Expenses (19%):	- \$ 212	\$ 2,547
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Net Operating Income:	= \$ 903	\$ 10,839
Loan Payments:	- \$ 616	\$ 7,390
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Cash Flow:	= \$ 287	\$ 3,449

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

	Monthly	Yearly
OPERATING EXPENSES		
Property Taxes:	\$ 105	\$ 1,260
Insurance:	\$ 61	\$ 735
Maintenance:	\$ 46	\$ 552
Capital Expenditures:	\$ 0	\$ 0
HOA Fees:	\$ 0	\$ 0
Utilities:	\$ 0	\$ 0
Landscaping:	\$ 0	\$ 0
Accounting & Legal Fees:	\$ 0	\$ 0
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Total:	\$ 212	\$ 2,547

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:	\$ 13,800	\$ 14,352	\$ 14,926	\$ 16,144	\$ 19,642	\$ 29,075	\$ 43,037	
Vacancy:	- \$ 414	- \$ 431	- \$ 448	- \$ 484	- \$ 589	- \$ 872	- \$ 1,291	
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%	
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	
Operating Income:	= \$ 13,386	= \$ 13,921	= \$ 14,478	= \$ 15,660	= \$ 19,053	= \$ 28,203	= \$ 41,746	
Income Increase:	4%	4%	4%	4%	4%	4%	4%	
OPERATING EXPENSES								
Property Taxes:	\$ 1,260	\$ 1,285	\$ 1,311	\$ 1,364	\$ 1,506	\$ 1,836	\$ 2,238	
Insurance:	+ \$ 735	+ \$ 750	+ \$ 765	+ \$ 796	+ \$ 878	+ \$ 1,071	+ \$ 1,305	
Property Management:	N/A	+ \$ 1,392	+ \$ 1,448	+ \$ 1,566	+ \$ 1,905	+ \$ 2,820	+ \$ 4,175	
Maintenance:	+ \$ 552	+ \$ 574	+ \$ 597	+ \$ 646	+ \$ 786	+ \$ 1,163	+ \$ 1,721	
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:	= \$ 2,547	= \$ 4,001	= \$ 4,121	= \$ 4,372	= \$ 5,075	= \$ 6,890	= \$ 9,439	
Expense Increase:	2%	2%	2%	2%	2%	2%	2%	
CASH FLOW								
Operating Income:	\$ 13,386	\$ 13,921	\$ 14,478	\$ 15,660	\$ 19,053	\$ 28,203	\$ 41,746	
Operating Expenses:	- \$ 2,547	- \$ 4,001	- \$ 4,121	- \$ 4,372	- \$ 5,075	- \$ 6,890	- \$ 9,439	
Expense Ratio:	19%	28.7%	28.5%	27.9%	26.6%	24.4%	22.6%	
Net Operating Income:	= \$ 10,839	= \$ 9,920	= \$ 10,357	= \$ 11,288	= \$ 13,978	= \$ 21,313	= \$ 32,307	
Loan Payments:	- \$ 7,390	- \$ 7,390	- \$ 7,390	- \$ 7,390	- \$ 7,390	- \$ 7,390	- \$ 7,390	
Cash Flow:	= \$ 3,449	= \$ 2,530	= \$ 2,967	= \$ 3,898	= \$ 6,588	= \$ 13,923	= \$ 24,917	
TAX BENEFITS & DEDUCTIONS								
Operating Expenses:	\$ 2,547	\$ 4,001	\$ 4,121	\$ 4,372	\$ 5,075	\$ 6,890	\$ 9,439	
Loan Interest:	+ \$ 6,301	+ \$ 6,228	+ \$ 6,150	+ \$ 5,978	+ \$ 5,438	+ \$ 3,658	+ \$ 254	
Depreciation:	+ \$ 4,418	+ \$ 4,418	+ \$ 4,418	+ \$ 4,418	+ \$ 4,418	+ \$ 4,418	+ \$ 0	
Total Deductions:	= \$ 13,266	= \$ 14,647	= \$ 14,689	= \$ 14,768	= \$ 14,931	= \$ 14,966	= \$ 9,693	

EQUITY ACCUMULATION

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	\$ 145,496	\$ 151,316	\$ 157,368	\$ 170,210	\$ 207,086	\$ 306,538	\$ 453,751
Appreciation:	4%	4%	4%	4%	4%	4%	4%
Loan Balance:	- \$ 96,336	- \$ 95,174	- \$ 93,934	- \$ 91,200	- \$ 82,593	- \$ 54,232	- \$ 0
LTV Ratio:	66.2%	62.9%	59.7%	53.6%	39.9%	17.7%	-
Total Equity:	= \$ 49,160	= \$ 56,142	= \$ 63,434	= \$ 79,010	= \$ 124,493	= \$ 252,306	= \$ 453,751

SALE ANALYSIS

Equity:	\$ 49,160	\$ 56,142	\$ 63,434	\$ 79,010	\$ 124,493	\$ 252,306	\$ 453,751
Selling Costs (6%):	- \$ 8,730	- \$ 9,079	- \$ 9,442	- \$ 10,213	- \$ 12,425	- \$ 18,392	- \$ 27,225
Sale Proceeds:	= \$ 40,430	= \$ 47,063	= \$ 53,991	= \$ 68,797	= \$ 112,068	= \$ 233,914	= \$ 426,526
Cumulative Cash Flow:	+ \$ 3,449	+ \$ 5,979	+ \$ 8,946	+ \$ 16,267	+ \$ 43,607	+ \$ 147,372	+ \$ 343,420
Total Cash Invested:	- \$ 33,774	- \$ 33,774	- \$ 33,774	- \$ 33,774	- \$ 33,774	- \$ 33,774	- \$ 33,774
Total Profit:	= \$ 10,105	= \$ 19,268	= \$ 29,163	= \$ 51,290	= \$ 121,901	= \$ 347,512	= \$ 736,172

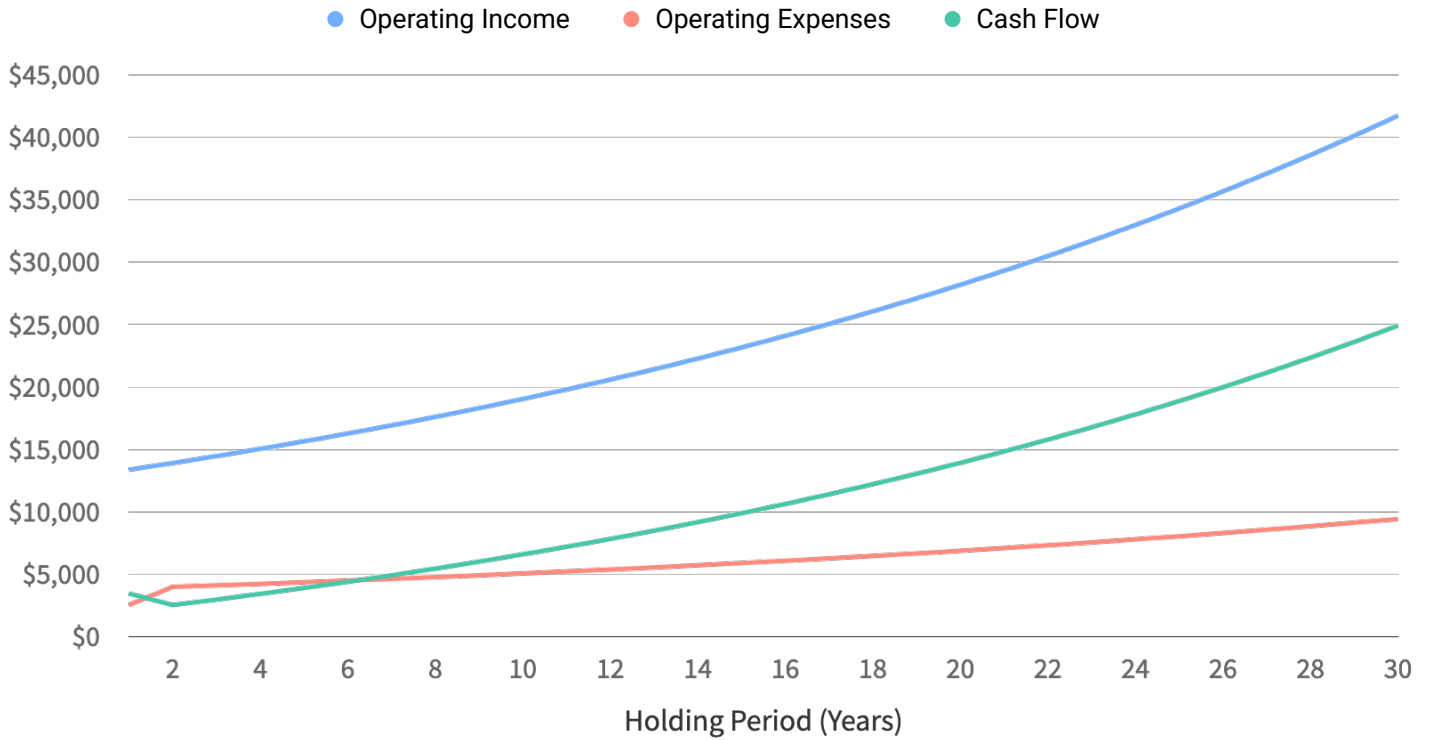
INVESTMENT RETURNS

Cap Rate (Purchase Price):	8.3%	7.6%	8%	8.7%	10.8%	16.4%	24.9%
Cap Rate (Market Value):	7.4%	6.6%	6.6%	6.6%	6.7%	7%	7.1%
Cash on Cash Return:	10.2%	7.5%	8.8%	11.5%	19.5%	41.2%	73.8%
Return on Equity:	7%	4.5%	4.7%	4.9%	5.3%	5.5%	5.5%
Return on Investment:	29.9%	57%	86.3%	151.9%	360.9%	1,028.9%	2,179.7%
Internal Rate of Return:	29.9%	26.4%	24.7%	22.7%	20.1%	18%	17.2%

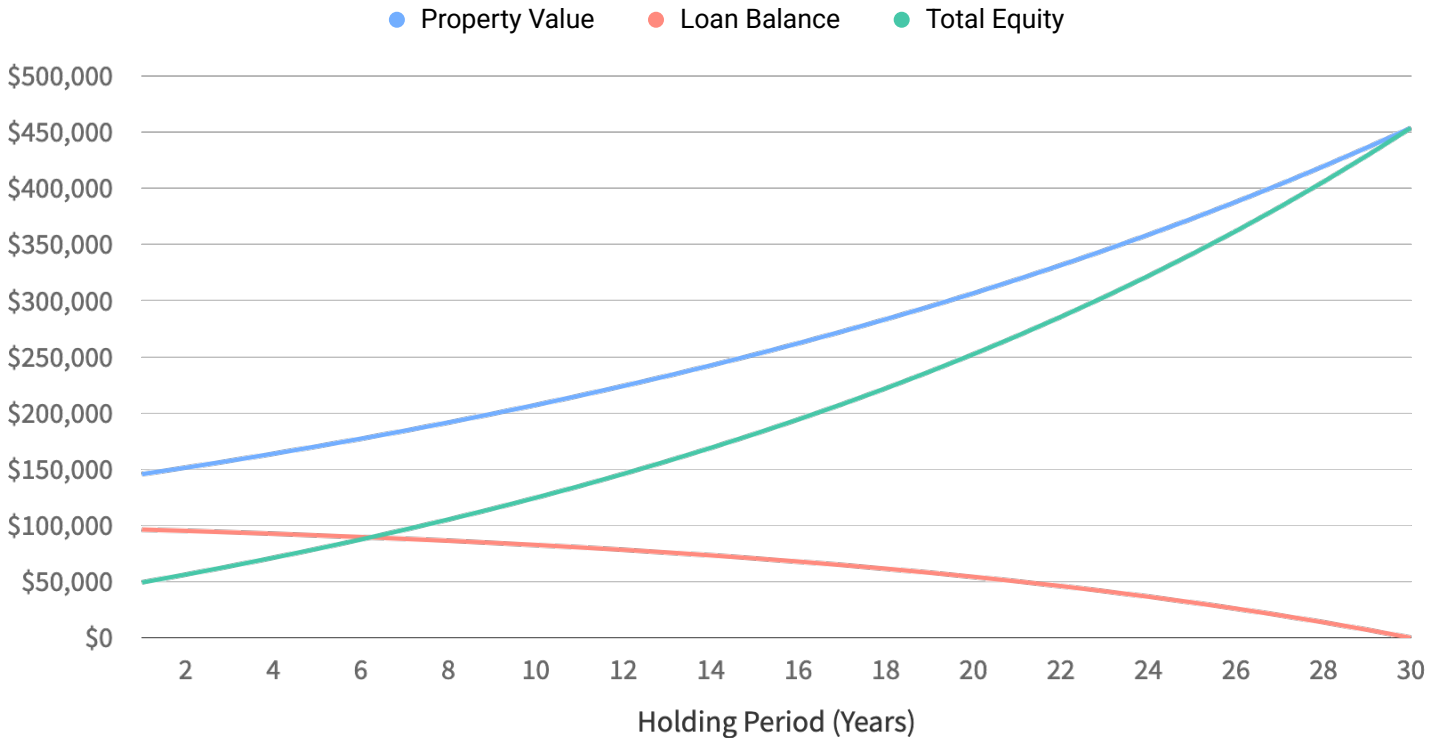
FINANCIAL RATIOS

Rent to Value:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Gross Rent Multiplier:	10.54	10.54	10.54	10.54	10.54	10.54	10.54
Equity Multiple:	1.3	1.57	1.86	2.52	4.61	11.29	22.8
Break Even Ratio:	72%	79.4%	77.1%	72.9%	63.5%	49.1%	39.1%
Debt Coverage Ratio:	1.47	1.34	1.4	1.53	1.89	2.88	4.37
Debt Yield:	11.3%	10.4%	11%	12.4%	16.9%	39.3%	-

Cash Flow Over Time



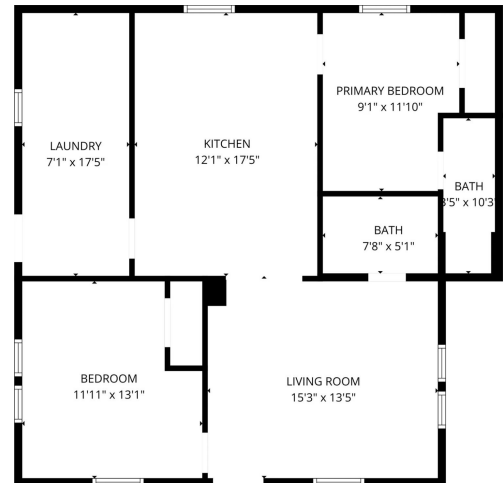
Equity Over Time



Property Photos







Additional Information

Fully updated 2 bedroom, 2 bath home in north Anderson location. This property has a great open floor plan with spacious rooms and all new finishes. Huge eat-in kitchen has all new cabinets, counters and appliances. 2 full bathrooms allow for comfortable living. Fresh paint and all new flooring make this truly move in ready! Come see today

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