

# 516 W 4th St

## Investment Property - Buy & Hold

516 W 4th St, Anderson, IN 46016  
House · 3 Beds · 2 Baths · 1,521 Sq.Ft.

**\$ 149,900 Purchase Price · \$ 164,100 ARV**  
**\$ 38,974 Cash Needed · \$ 328/mo Cash Flow · 8.6% Cap Rate · 10.1% COC**

Prepared by:



The Homeboys



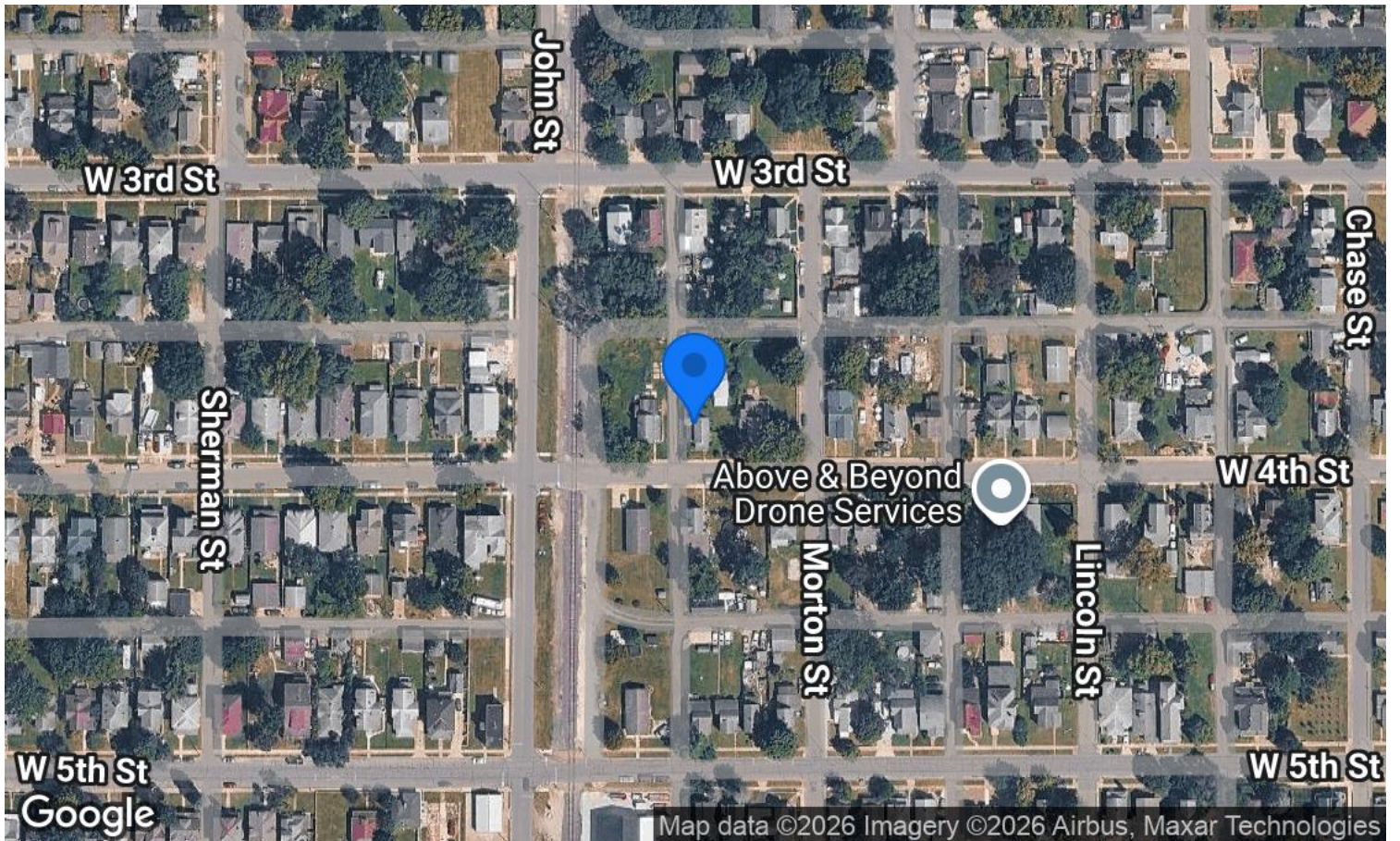
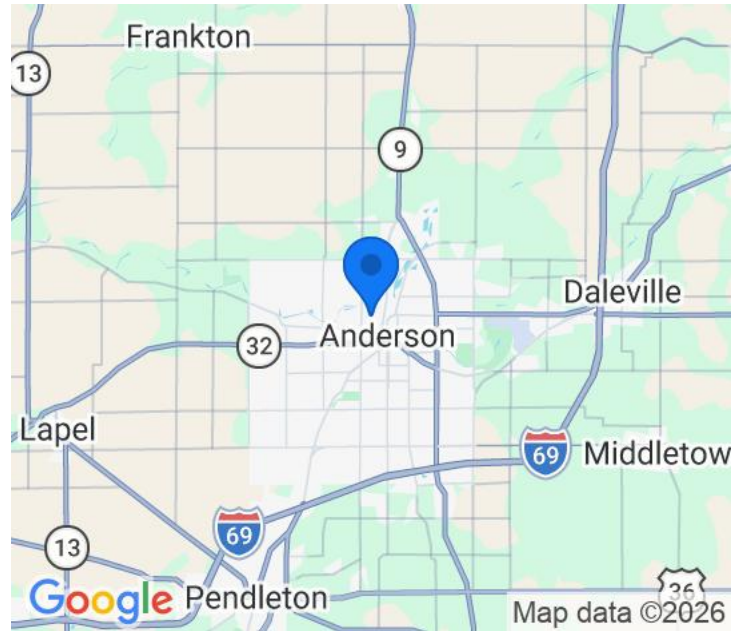
# Property Description

## ADDRESS

516 W 4th St  
Anderson, IN 46016

## DESCRIPTION

Property Type:	House
Beds / Baths:	3 BR / 2 BA
Square Footage:	1,521
Year Built:	1880
Parking:	Garage
Lot Size:	10,454 sq.ft.
Zoning:	Single Family Residential
MLS Number:	22088603



## Purchase Analysis & Returns

### PURCHASE & REHAB

Purchase Price:		\$ 149,900
Amount Financed:	-	\$ 112,425
<b>Down Payment:</b>	=	<b>\$ 37,475</b>
Purchase Costs:	+	\$ 1,499
Rehab Costs:	+	\$ 0
<b>Total Cash Needed:</b>	=	<b>\$ 38,974</b>
After Repair Value:		\$ 164,100
ARV Per Square Foot:		\$ 107.9
Price Per Square Foot:		\$ 98.6

### RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.6% / 7.9%
Cash on Cash Return:	10.1%
Return on Equity:	6.6%
Return on Investment:	36.2%
Internal Rate of Return:	36.2%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.25
Equity Multiple:	1.36
Break Even Ratio:	72.7%
Debt Coverage Ratio:	1.44
Debt Yield:	11.5%

### PURCHASE COSTS

<b>Total (1% of Price):</b>	<b>\$ 1,499</b>
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### FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	7%
Financing Of:	Price (75%)
Loan Amount:	\$ 112,425
LTC / LTV:	75% / 68.5%
Loan Payment:	\$ 748 Per Month \$ 8,976 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:	\$ 8,900

### REHAB COSTS

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

## Cash Flow (Year 1)

	Monthly	Yearly
<b>CASH FLOW</b>		
Gross Rent:	\$ 1,350	\$ 16,200
Vacancy (3%):	- \$ 41	\$ 486
Other Income:	+ \$ 0	\$ 0
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Operating Income:	= \$ 1,309	\$ 15,714
Operating Expenses (17.8%):	- \$ 233	\$ 2,801
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Net Operating Income:	= \$ 1,076	\$ 12,913
Loan Payments:	- \$ 748	\$ 8,976
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<b>Cash Flow:</b>	<b>= \$ 328</b>	<b>\$ 3,937</b>

	Monthly	Yearly
<b>OTHER INCOME</b>		
<b>Total:</b>	<b>\$ 0</b>	<b>\$ 0</b>

	Monthly	Yearly
<b>OPERATING EXPENSES</b>		
Property Taxes:	\$ 111	\$ 1,333
Insurance:	\$ 68	\$ 820
Maintenance:	\$ 54	\$ 648
Capital Expenditures:	\$ 0	\$ 0
HOA Fees:	\$ 0	\$ 0
Utilities:	\$ 0	\$ 0
Landscaping:	\$ 0	\$ 0
Accounting & Legal Fees:	\$ 0	\$ 0
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<b>Total:</b>	<b>\$ 233</b>	<b>\$ 2,801</b>

## 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		
<b>RENTAL INCOME</b>									
Gross Rent:	\$ 16,200	\$ 16,848	\$ 17,522	\$ 18,952	\$ 23,058	\$ 34,131	\$ 50,522		
Vacancy:	- \$ 486	- \$ 505	- \$ 526	- \$ 569	- \$ 692	- \$ 1,024	- \$ 1,516		
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%		
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0		
<b>Operating Income:</b>	<b>= \$ 15,714</b>	<b>= \$ 16,343</b>	<b>= \$ 16,996</b>	<b>= \$ 18,383</b>	<b>= \$ 22,366</b>	<b>= \$ 33,107</b>	<b>= \$ 49,006</b>		
Income Increase:	4%	4%	4%	4%	4%	4%	4%		
<b>OPERATING EXPENSES</b>									
Property Taxes:	\$ 1,333	\$ 1,360	\$ 1,387	\$ 1,443	\$ 1,593	\$ 1,942	\$ 2,367		
Insurance:	+ \$ 820	+ \$ 836	+ \$ 853	+ \$ 888	+ \$ 980	+ \$ 1,195	+ \$ 1,456		
Property Management:	N/A	+ \$ 1,634	+ \$ 1,700	+ \$ 1,838	+ \$ 2,237	+ \$ 3,311	+ \$ 4,901		
Maintenance:	+ \$ 648	+ \$ 674	+ \$ 701	+ \$ 758	+ \$ 922	+ \$ 1,365	+ \$ 2,021		
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		
<b>Operating Expenses:</b>	<b>= \$ 2,801</b>	<b>= \$ 4,504</b>	<b>= \$ 4,641</b>	<b>= \$ 4,927</b>	<b>= \$ 5,732</b>	<b>= \$ 7,813</b>	<b>= \$ 10,745</b>		
Expense Increase:	2%	2%	2%	2%	2%	2%	2%		
<b>CASH FLOW</b>									
Operating Income:	\$ 15,714	\$ 16,343	\$ 16,996	\$ 18,383	\$ 22,366	\$ 33,107	\$ 49,006		
Operating Expenses:	- \$ 2,801	- \$ 4,504	- \$ 4,641	- \$ 4,927	- \$ 5,732	- \$ 7,813	- \$ 10,745		
Expense Ratio:	17.8%	27.6%	27.3%	26.8%	25.6%	23.6%	21.9%		
<b>Net Operating Income:</b>	<b>= \$ 12,913</b>	<b>= \$ 11,839</b>	<b>= \$ 12,355</b>	<b>= \$ 13,456</b>	<b>= \$ 16,634</b>	<b>= \$ 25,294</b>	<b>= \$ 38,261</b>		
Loan Payments:	- \$ 8,976	- \$ 8,976	- \$ 8,976	- \$ 8,976	- \$ 8,976	- \$ 8,976	- \$ 8,976		
<b>Cash Flow:</b>	<b>= \$ 3,937</b>	<b>= \$ 2,863</b>	<b>= \$ 3,379</b>	<b>= \$ 4,480</b>	<b>= \$ 7,658</b>	<b>= \$ 16,318</b>	<b>= \$ 29,285</b>		
<b>TAX BENEFITS &amp; DEDUCTIONS</b>									
Operating Expenses:	\$ 2,801	\$ 4,504	\$ 4,641	\$ 4,927	\$ 5,732	\$ 7,813	\$ 10,745		
Loan Interest:	+ \$ 7,834	+ \$ 7,751	+ \$ 7,662	+ \$ 7,466	+ \$ 6,835	+ \$ 4,674	+ \$ 331		
Depreciation:	+ \$ 5,182	+ \$ 5,182	+ \$ 5,182	+ \$ 5,182	+ \$ 5,182	+ \$ 5,182	+ \$ 0		
<b>Total Deductions:</b>	<b>= \$ 15,816</b>	<b>= \$ 17,437</b>	<b>= \$ 17,485</b>	<b>= \$ 17,575</b>	<b>= \$ 17,749</b>	<b>= \$ 17,669</b>	<b>= \$ 11,076</b>		
<b>EQUITY ACCUMULATION</b>									

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	\$ 170,664	\$ 177,491	\$ 184,590	\$ 199,653	\$ 242,908	\$ 359,563	\$ 532,242
Appreciation:	4%	4%	4%	4%	4%	4%	4%
Loan Balance:	- \$ 111,283	- \$ 110,058	- \$ 108,745	- \$ 105,827	- \$ 96,475	- \$ 64,420	- \$ 0
LTV Ratio:	65.2%	62%	58.9%	53%	39.7%	17.9%	-
<b>Total Equity:</b>	<b>= \$ 59,381</b>	<b>= \$ 67,433</b>	<b>= \$ 75,845</b>	<b>= \$ 93,826</b>	<b>= \$ 146,433</b>	<b>= \$ 295,143</b>	<b>= \$ 532,242</b>

**SALE ANALYSIS**

Equity:	\$ 59,381	\$ 67,433	\$ 75,845	\$ 93,826	\$ 146,433	\$ 295,143	\$ 532,242
Selling Costs (6%):	- \$ 10,240	- \$ 10,649	- \$ 11,075	- \$ 11,979	- \$ 14,574	- \$ 21,574	- \$ 31,935
<b>Sale Proceeds:</b>	<b>= \$ 49,141</b>	<b>= \$ 56,783</b>	<b>= \$ 64,769</b>	<b>= \$ 81,846</b>	<b>= \$ 131,859</b>	<b>= \$ 273,570</b>	<b>= \$ 500,307</b>
Cumulative Cash Flow:	+ \$ 3,937	+ \$ 6,800	+ \$ 10,179	+ \$ 18,577	+ \$ 50,253	+ \$ 171,579	+ \$ 401,789
Total Cash Invested:	- \$ 38,974	- \$ 38,974	- \$ 38,974	- \$ 38,974	- \$ 38,974	- \$ 38,974	- \$ 38,974
<b>Total Profit:</b>	<b>= \$ 14,104</b>	<b>= \$ 24,609</b>	<b>= \$ 35,974</b>	<b>= \$ 61,449</b>	<b>= \$ 143,138</b>	<b>= \$ 406,175</b>	<b>= \$ 863,122</b>

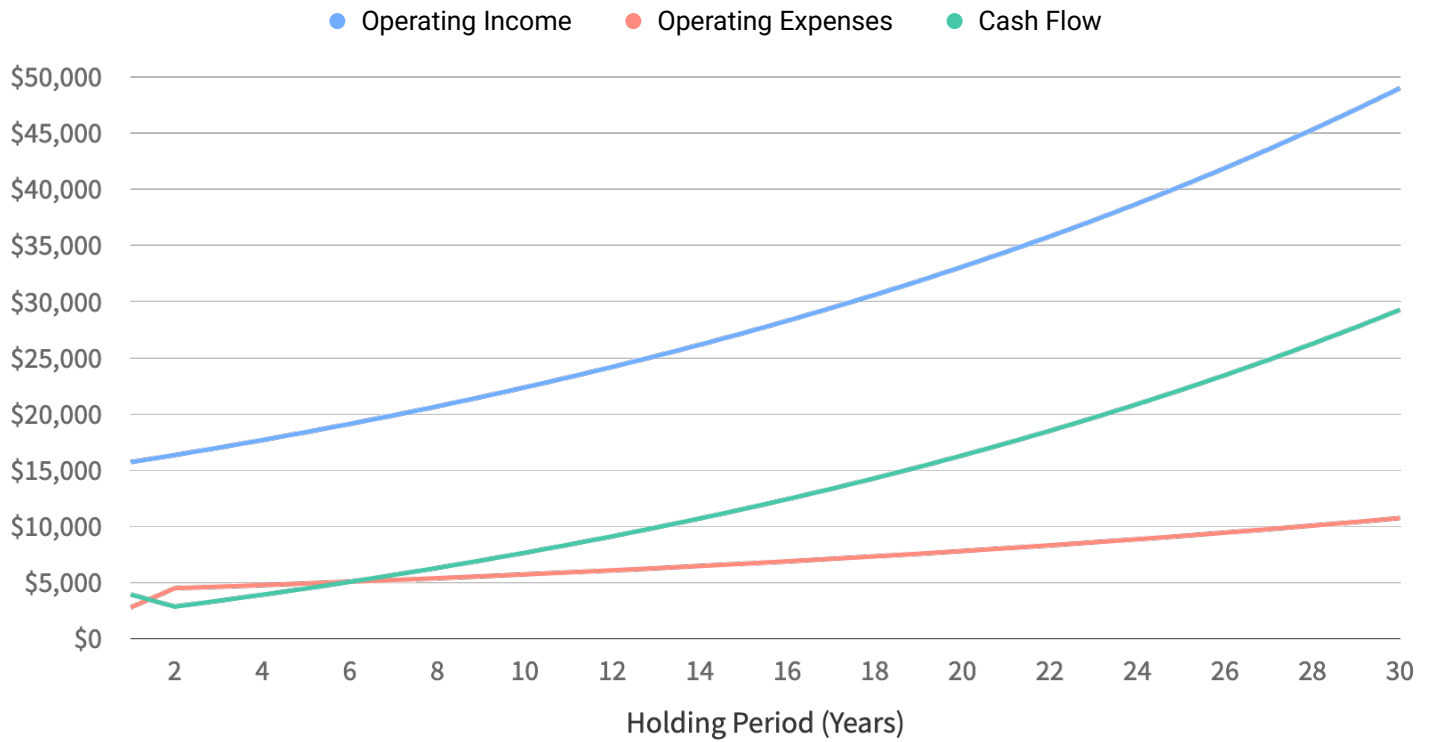
**INVESTMENT RETURNS**

Cap Rate (Purchase Price):	8.6%	7.9%	8.2%	9%	11.1%	16.9%	25.5%
Cap Rate (Market Value):	7.6%	6.7%	6.7%	6.7%	6.8%	7%	7.2%
Cash on Cash Return:	10.1%	7.3%	8.7%	11.5%	19.6%	41.9%	75.1%
Return on Equity:	6.6%	4.2%	4.5%	4.8%	5.2%	5.5%	5.5%
Return on Investment:	36.2%	63.1%	92.3%	157.7%	367.3%	1,042.2%	2,214.6%
Internal Rate of Return:	36.2%	28.9%	26%	23.2%	20.2%	18.1%	17.3%

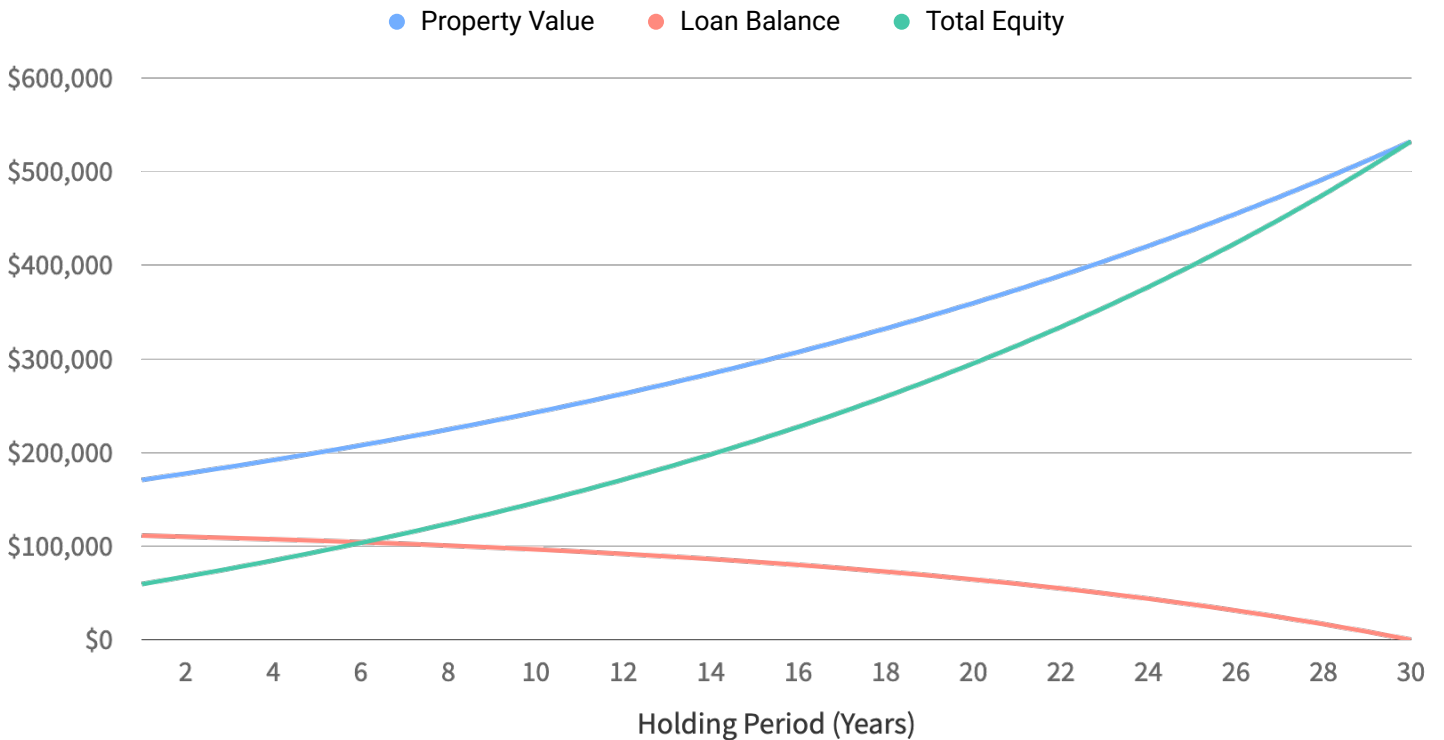
**FINANCIAL RATIOS**

Rent to Value:	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Gross Rent Multiplier:	10.53	10.53	10.53	10.53	10.53	10.53	10.53
Equity Multiple:	1.36	1.63	1.92	2.58	4.67	11.42	23.15
Break Even Ratio:	72.7%	80%	77.7%	73.4%	63.8%	49.2%	39%
Debt Coverage Ratio:	1.44	1.32	1.38	1.5	1.85	2.82	4.26
Debt Yield:	11.6%	10.8%	11.4%	12.7%	17.2%	39.3%	-

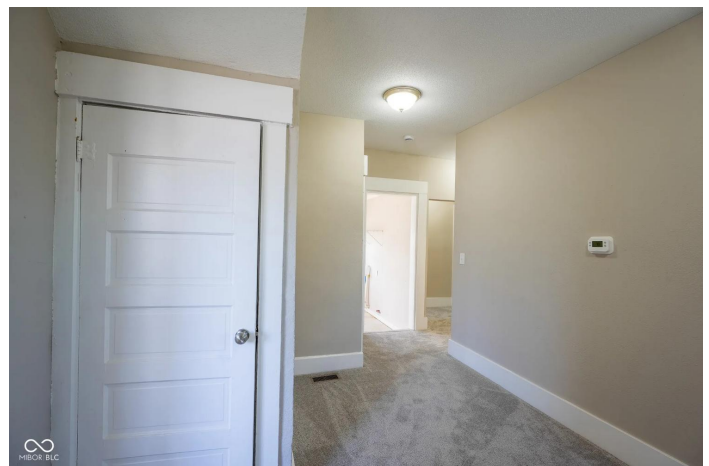
### Cash Flow Over Time



### Equity Over Time



## Property Photos









## Additional Information

Spacious 3 bed, 2 bath with fantastic yard and storage garage. This property has multiple updates and is truly move-in ready! Fresh paint inside and out. Brand new flooring, kitchen and bathrooms. Huge living room area and spacious bedrooms. Come see today!

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