9600 1st St

Investment Property - Buy & Hold

9600 1st St, Poseyville, IN 47633
House · 3 Beds · 1 Baths · 1,332 Sq.Ft.

3 bedroom, 1 bathroom, with 2 spot carport

$ 169,900 Purchase Price · **$ 179,900** ARV
$ 45,873 Cash Needed · **$ 443/mo** Cash Flow · **7.6%** Cap Rate · **11.6%** COC

Prepared by:

The Homeboys

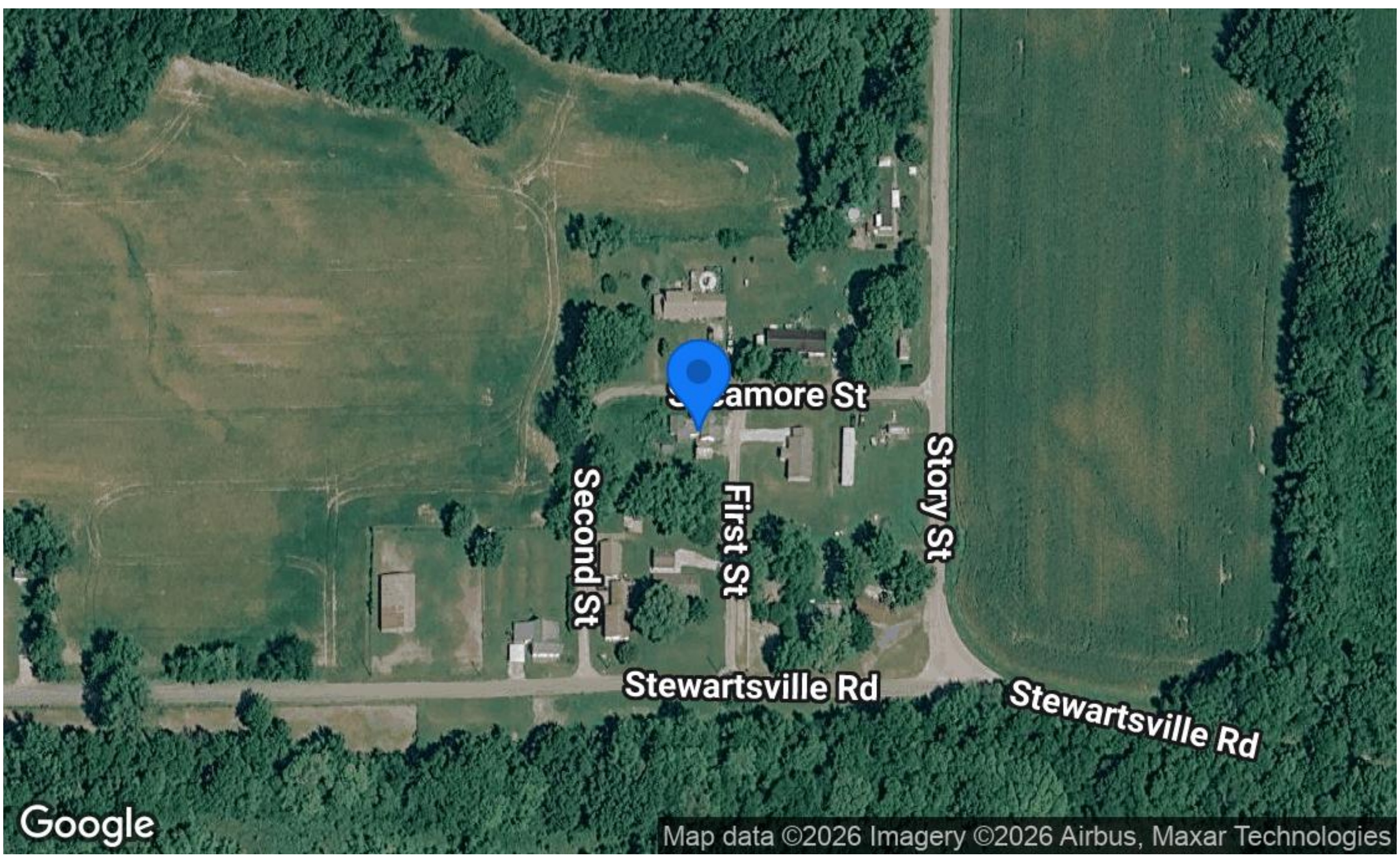
Property Description

ADDRESS

9600 1st St
Poseyville, IN 47633

DESCRIPTION

Property Type:	House
Beds / Baths:	3 BR / 1 BA
Square Footage:	1,332
Year Built:	1900
Parking:	Car Port
Lot Size:	17,860 sq.ft.
Zoning:	Single Family Residential



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		$ 169,900
Amount Financed:	-	$ 127,425
Down Payment:	=	$ 42,475
Purchase Costs:	+	$ 3,398
Rehab Costs:	+	$ 0
Total Cash Needed:	=	**$ 45,873**
After Repair Value:		$ 179,900
ARV Per Square Foot:		$ 135.1
Price Per Square Foot:		$ 127.6

FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	4.25%
Financing Of:	Price (75%)
Loan Amount:	$ 127,425
LTC / LTV:	75% / 70.8%
Loan Payment:	$ 627 Per Month
	$ 7,522 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	7.6% / 7.1%
Cash on Cash Return:	11.6%
Return on Equity:	8.9%
Return on Investment:	18.2%
Internal Rate of Return:	18.2%
Rent to Value:	0.8%
Gross Rent Multiplier:	10.3
Equity Multiple:	1.18
Break Even Ratio:	64.8%
Debt Coverage Ratio:	1.71
Debt Yield:	10.1%

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	0%
Vacancy Rate:	3%
Appreciation:	3% Per Year
Income Increase:	3% Per Year
Expense Increase:	2% Per Year
Selling Costs:	6% of Sales Price
Depreciation Period:	27.5 Years
Land Value:	$ 4,100

PURCHASE COSTS

Total (2% of Price):	**$ 3,398**

REHAB COSTS

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

Cash Flow (Year 1)

CASH FLOW		Monthly	Yearly
Gross Rent:		$ 1,375	$ 16,500
Vacancy (3%):	-	$ 41	$ 495
Other Income:	+	$ 0	$ 0
Operating Income:	=	$ 1,334	$ 16,005
Operating Expenses (19.8%):	-	$ 264	$ 3,168
Net Operating Income:	=	$ 1,070	$ 12,837
Loan Payments:	-	$ 627	$ 7,522
Cash Flow:	=	**$ 443**	**$ 5,315**

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

OPERATING EXPENSES	Monthly	Yearly
Property Taxes:	$ 149	$ 1,788
Insurance:	$ 60	$ 720
Maintenance:	$ 55	$ 660
Capital Expenditures:	$ 0	$ 0
HOA Fees:	$ 0	$ 0
Utilities:	$ 0	$ 0
Landscaping:	$ 0	$ 0
Accounting & Legal Fees:	$ 0	$ 0
Total:	**$ 264**	**$ 3,168**

Buy & Hold Projections

APPRECIATION	INCOME INCREASE	EXPENSE INCREASES	SELLING COSTS
3% Per Year	3% Per Year	2% Per Year	6% of Price

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
RENTAL INCOME							
Gross Rent:	$ 16,500	$ 16,995	$ 17,505	$ 18,571	$ 21,529	$ 28,933	$ 38,883
Vacancy:	- $ 495	- $ 510	- $ 525	- $ 557	- $ 646	- $ 868	- $ 1,166
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%
Other Income:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Income:	**= $ 16,005**	**= $ 16,485**	**= $ 16,980**	**= $ 18,014**	**= $ 20,883**	**= $ 28,065**	**= $ 37,717**
Income Increase:	3%	3%	3%	3%	3%	3%	3%
OPERATING EXPENSES							
Property Taxes:	$ 1,788	$ 1,824	$ 1,860	$ 1,935	$ 2,137	$ 2,605	$ 3,175
Insurance:	+ $ 720	+ $ 734	+ $ 749	+ $ 779	+ $ 860	+ $ 1,049	+ $ 1,279
Property Management:	N/A	+ $ 1,649	+ $ 1,698	+ $ 1,801	+ $ 2,088	+ $ 2,806	+ $ 3,772
Maintenance:	+ $ 660	+ $ 680	+ $ 700	+ $ 743	+ $ 861	+ $ 1,157	+ $ 1,555
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:	**= $ 3,168**	**= $ 4,887**	**= $ 5,007**	**= $ 5,258**	**= $ 5,946**	**= $ 7,617**	**= $ 9,781**
Expense Increase:	2%	2%	2%	2%	2%	2%	2%
CASH FLOW							
Operating Income:	$ 16,005	$ 16,485	$ 16,980	$ 18,014	$ 20,883	$ 28,065	$ 37,717
Operating Expenses:	- $ 3,168	- $ 4,887	- $ 5,007	- $ 5,258	- $ 5,946	- $ 7,617	- $ 9,781
Expense Ratio:	19.8%	29.6%	29.5%	29.2%	28.5%	27.1%	25.9%
Net Operating Income:	= $ 12,837	= $ 11,598	= $ 11,973	= $ 12,756	= $ 14,937	= $ 20,448	= $ 27,936
Loan Payments:	- $ 7,522	- $ 7,522	- $ 7,522	- $ 7,522	- $ 7,522	- $ 7,522	- $ 7,522
Cash Flow:	**= $ 5,315**	**= $ 4,076**	**= $ 4,451**	**= $ 5,234**	**= $ 7,415**	**= $ 12,926**	**= $ 20,414**
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	$ 3,168	$ 4,887	$ 5,007	$ 5,258	$ 5,946	$ 7,617	$ 9,781
Loan Interest:	+ $ 5,374	+ $ 5,281	+ $ 5,184	+ $ 4,977	+ $ 4,375	+ $ 2,712	+ $ 170
Depreciation:	+ $ 6,153	+ $ 6,153	+ $ 6,153	+ $ 6,153	+ $ 6,153	+ $ 6,153	+ $ 0
Total Deductions:	**= $ 14,695**	**= $ 16,321**	**= $ 16,343**	**= $ 16,387**	**= $ 16,474**	**= $ 16,482**	**= $ 9,951**

EQUITY ACCUMULATION

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	$ 185,297	$ 190,856	$ 196,582	$ 208,553	$ 241,771	$ 324,919	$ 436,665
Appreciation:	3%	3%	3%	3%	3%	3%	3%
Loan Balance:	- $ 125,277	- $ 123,035	- $ 120,697	- $ 115,712	- $ 101,231	- $ 61,194	- $ 0
LTV Ratio:	67.6%	64.5%	61.4%	55.5%	41.9%	18.8%	-
Total Equity:	**= $ 60,020**	**= $ 67,821**	**= $ 75,885**	**= $ 92,841**	**= $ 140,540**	**= $ 263,725**	**= $ 436,665**

SALE ANALYSIS

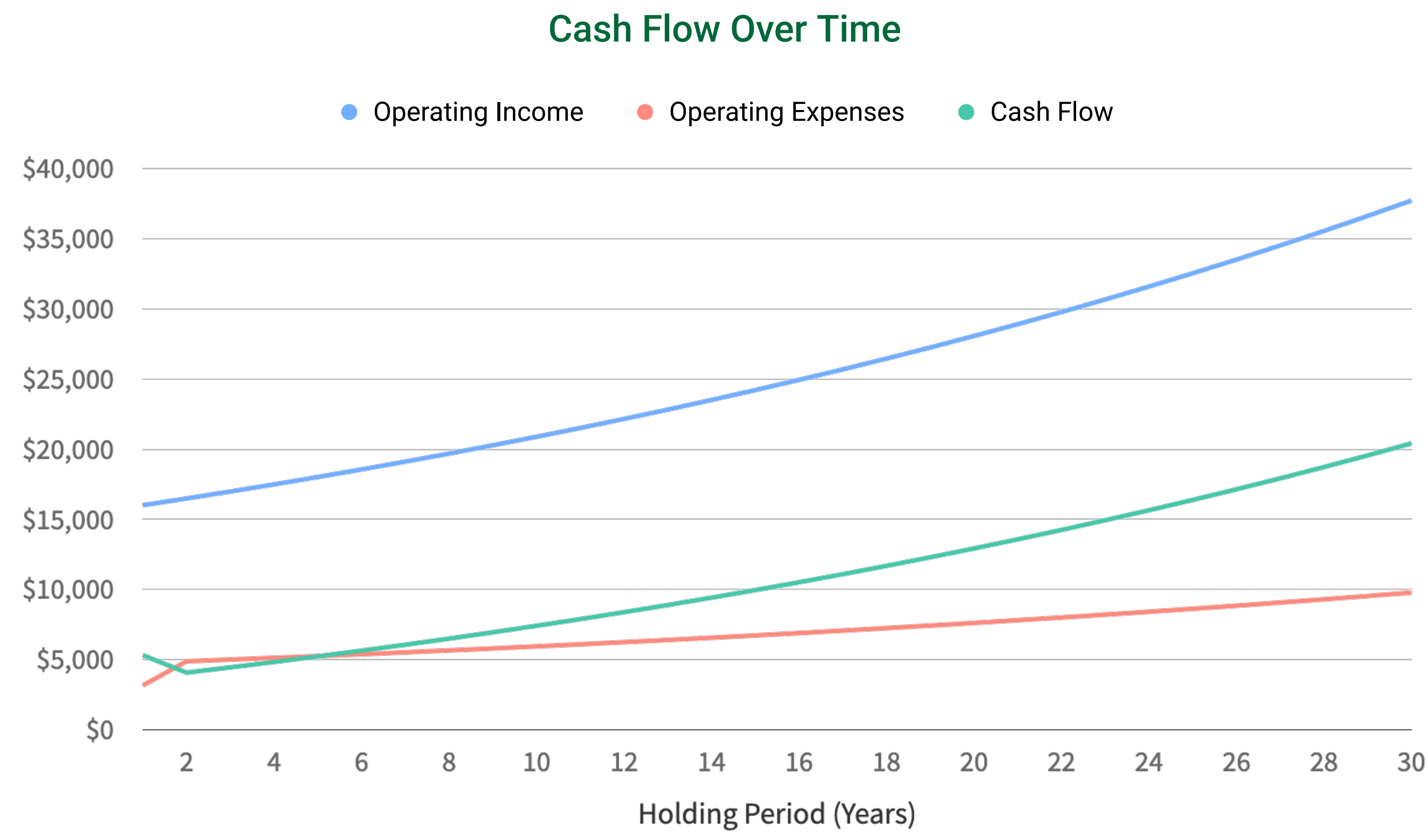
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity:	$ 60,020	$ 67,821	$ 75,885	$ 92,841	$ 140,540	$ 263,725	$ 436,665
Selling Costs (6%):	- $ 11,118	- $ 11,451	- $ 11,795	- $ 12,513	- $ 14,506	- $ 19,495	- $ 26,200
Sale Proceeds:	= $ 48,902	= $ 56,369	= $ 64,090	= $ 80,328	= $ 126,034	= $ 244,230	= $ 410,465
Cumulative Cash Flow:	+ $ 5,315	+ $ 9,391	+ $ 13,842	+ $ 23,912	+ $ 56,487	+ $ 159,548	+ $ 328,101
Total Cash Invested:	- $ 45,873	- $ 45,873	- $ 45,873	- $ 45,873	- $ 45,873	- $ 45,873	- $ 45,873
Total Profit:	**= $ 8,344**	**= $ 19,887**	**= $ 32,059**	**= $ 58,367**	**= $ 136,648**	**= $ 357,905**	**= $ 692,693**

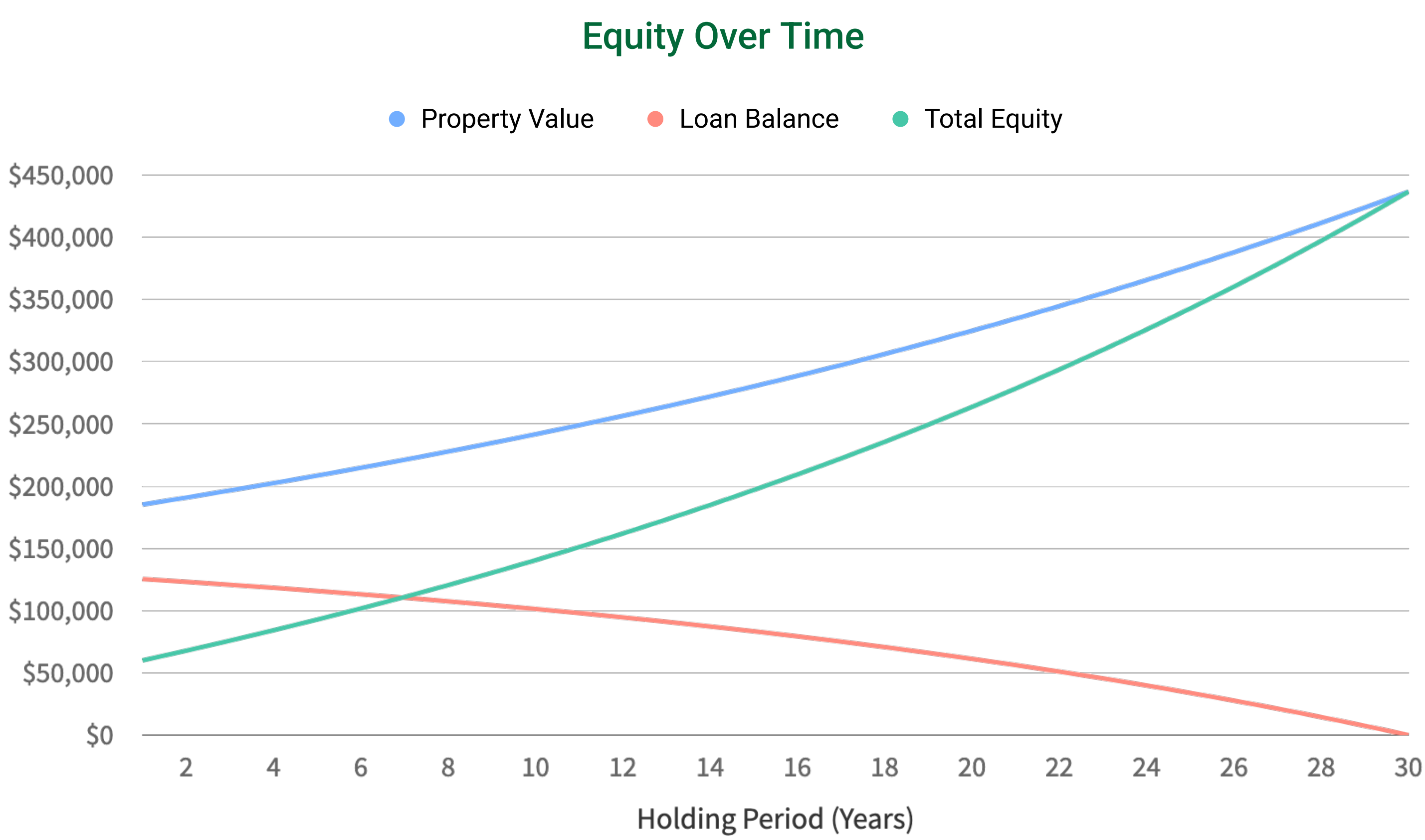
INVESTMENT RETURNS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cap Rate (Purchase Price):	7.6%	6.8%	7%	7.5%	8.8%	12%	16.4%
Cap Rate (Market Value):	6.9%	6.1%	6.1%	6.1%	6.2%	6.3%	6.4%
Cash on Cash Return:	11.6%	8.9%	9.7%	11.4%	16.2%	28.2%	44.5%
Return on Equity:	8.9%	6%	5.9%	5.6%	5.3%	4.9%	4.7%
Return on Investment:	18.2%	43.4%	69.9%	127.2%	297.9%	780.2%	1,510%
Internal Rate of Return:	18.2%	20.7%	21%	20.4%	18.6%	16.7%	15.8%

FINANCIAL RATIOS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Rent to Value:	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Gross Rent Multiplier:	11.23	11.23	11.23	11.23	11.23	11.23	11.23
Equity Multiple:	1.18	1.43	1.7	2.27	3.98	8.8	16.1
Break Even Ratio:	64.8%	73%	71.6%	68.8%	62.6%	52.3%	44.5%
Debt Coverage Ratio:	1.71	1.54	1.59	1.7	1.99	2.72	3.71
Debt Yield:	10.2%	9.4%	9.9%	11%	14.8%	33.4%	-


Cash Flow Over Time
Operating Income
Operating Expenses
Cash Flow
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
2 4 6 8 10 12 14 16 18 20 22 24 26 28 30
Holding Period (Years)


Equity Over Time
Property Value
Loan Balance
Total Equity
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
2 4 6 8 10 12 14 16 18 20 22 24 26 28 30
Holding Period (Years)

Property Photos


PROJECTION


EXAMPLE FINISHES


EXAMPLE FINISHES


EXAMPLE FINISHES


EXAMPLE FINISHES


EXAMPLE FINISHES


EXAMPLE FINISHES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