224 E 13th St

Investment Property - Buy & Hold

224 E 13th St, Muncie, IN 47302

House · 3 Beds · 1 Baths · 1,064 Sq.Ft.

Rent: $1295
3 bedroom, 1 bathroom house in Muncie Indiana

$ 144,900 Purchase Price · **$ 144,900** ARV

$ 39,123 Cash Needed · **$ 450/mo** Cash Flow · **8.2%** Cap Rate · **13.8%** COC

Prepared by:

The Homeboys

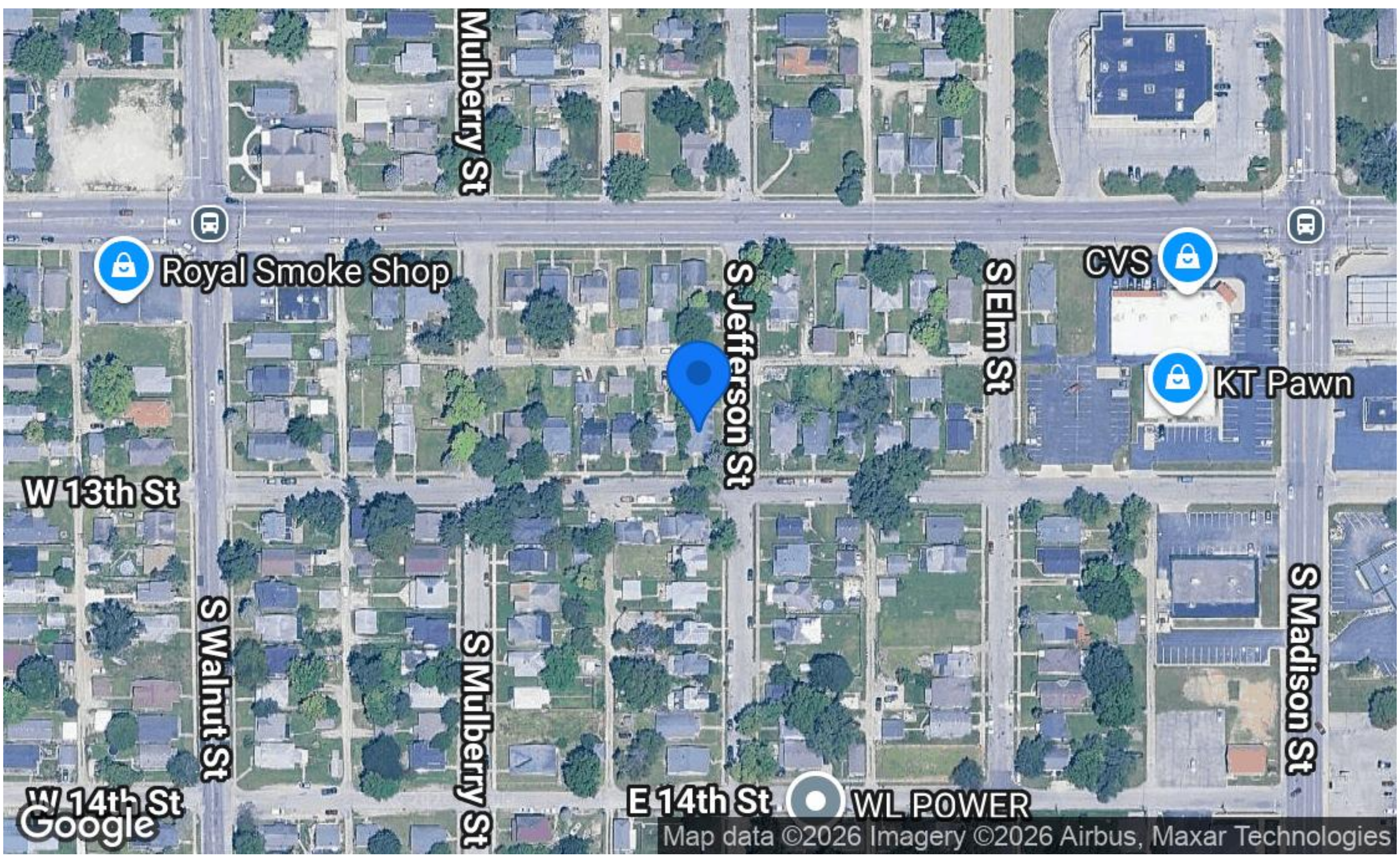
Property Description

ADDRESS

224 E 13th St
Muncie, IN 47302

DESCRIPTION

Property Type:	House
Beds / Baths:	3 BR / 1 BA
Square Footage:	1,064
Year Built:	1948
Lot Size:	5,500 sq.ft.
Zoning:	Single Family Residential



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:		$ 144,900
Amount Financed:	-	$ 108,675
Down Payment:	=	$ 36,225
Purchase Costs:	+	$ 2,898
Rehab Costs:	+	$ 0
Total Cash Needed:	=	**$ 39,123**
After Repair Value:		$ 144,900
ARV Per Square Foot:		$ 136.2
Price Per Square Foot:		$ 136.2

FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	4.25%
Financing Of:	Price (75%)
Loan Amount:	$ 108,675
LTC / LTV:	75% / 75%
Loan Payment:	$ 535 Per Month
	$ 6,415 Per Year

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	8.2% / 8.2%
Cash on Cash Return:	13.8%
Return on Equity:	12.3%
Return on Investment:	2.8%
Internal Rate of Return:	2.8%
Rent to Value:	0.9%
Gross Rent Multiplier:	9.32
Equity Multiple:	1.03
Break Even Ratio:	62.2%
Debt Coverage Ratio:	1.84
Debt Yield:	10.9%

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:	$ 5,400

PURCHASE COSTS

Total (2% of Price):	**$ 2,898**

REHAB COSTS

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

Cash Flow (Year 1)

CASH FLOW		Monthly	Yearly
Gross Rent:		$ 1,295	$ 15,540
Vacancy (3%):	-	$ 39	$ 466
Other Income:	+	$ 0	$ 0
Operating Income:	=	$ 1,256	$ 15,074
Operating Expenses (21.6%):	-	$ 271	$ 3,252
Net Operating Income:	=	$ 985	$ 11,822
Loan Payments:	-	$ 535	$ 6,415
Cash Flow:	=	**$ 450**	**$ 5,407**

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

OPERATING EXPENSES	Monthly	Yearly
Property Taxes:	$ 82	$ 978
Insurance:	$ 60	$ 720
Maintenance:	$ 130	$ 1,554
Capital Expenditures:	$ 0	$ 0
HOA Fees:	$ 0	$ 0
Utilities:	$ 0	$ 0
Landscaping:	$ 0	$ 0
Accounting & Legal Fees:	$ 0	$ 0
Total:	**$ 271**	**$ 3,252**

Buy & Hold Projections

APPRECIATION	INCOME INCREASE	EXPENSE INCREASES	SELLING COSTS
4% Per Year	4% 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:	$ 15,540	$ 16,162	$ 16,808	$ 18,180	$ 22,118	$ 32,740	$ 48,464
Vacancy:	- $ 466	- $ 485	- $ 504	- $ 545	- $ 664	- $ 982	- $ 1,454
Vacancy Rate:	3%	3%	3%	3%	3%	3%	3%
Other Income:	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0	+ $ 0
Operating Income:	**= $ 15,074**	**= $ 15,677**	**= $ 16,304**	**= $ 17,635**	**= $ 21,454**	**= $ 31,758**	**= $ 47,010**
Income Increase:	4%	4%	4%	4%	4%	4%	4%
OPERATING EXPENSES							
Property Taxes:	$ 978	$ 998	$ 1,018	$ 1,059	$ 1,169	$ 1,425	$ 1,737
Insurance:	+ $ 720	+ $ 734	+ $ 749	+ $ 779	+ $ 860	+ $ 1,049	+ $ 1,279
Property Management:	N/A	+ $ 1,568	+ $ 1,630	+ $ 1,763	+ $ 2,145	+ $ 3,176	+ $ 4,701
Maintenance:	+ $ 1,554	+ $ 1,616	+ $ 1,681	+ $ 1,818	+ $ 2,212	+ $ 3,274	+ $ 4,846
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:	**= $ 3,252**	**= $ 4,916**	**= $ 5,078**	**= $ 5,419**	**= $ 6,386**	**= $ 8,924**	**= $ 12,563**
Expense Increase:	2%	2%	2%	2%	2%	2%	2%
CASH FLOW							
Operating Income:	$ 15,074	$ 15,677	$ 16,304	$ 17,635	$ 21,454	$ 31,758	$ 47,010
Operating Expenses:	- $ 3,252	- $ 4,916	- $ 5,078	- $ 5,419	- $ 6,386	- $ 8,924	- $ 12,563
Expense Ratio:	21.6%	31.4%	31.1%	30.7%	29.8%	28.1%	26.7%
Net Operating Income:	= $ 11,822	= $ 10,761	= $ 11,226	= $ 12,216	= $ 15,068	= $ 22,834	= $ 34,447
Loan Payments:	- $ 6,415	- $ 6,415	- $ 6,415	- $ 6,415	- $ 6,415	- $ 6,415	- $ 6,415
Cash Flow:	**= $ 5,407**	**= $ 4,346**	**= $ 4,811**	**= $ 5,801**	**= $ 8,653**	**= $ 16,419**	**= $ 28,032**
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	$ 3,252	$ 4,916	$ 5,078	$ 5,419	$ 6,386	$ 8,924	$ 12,563
Loan Interest:	+ $ 4,583	+ $ 4,504	+ $ 4,421	+ $ 4,244	+ $ 3,731	+ $ 2,313	+ $ 145
Depreciation:	+ $ 5,178	+ $ 5,178	+ $ 5,178	+ $ 5,178	+ $ 5,178	+ $ 5,178	+ $ 0
Total Deductions:	**= $ 13,013**	**= $ 14,598**	**= $ 14,677**	**= $ 14,842**	**= $ 15,296**	**= $ 16,415**	**= $ 12,708**

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:	- $ 106,843	- $ 104,931	- $ 102,937	- $ 98,685	- $ 86,335	- $ 52,189	- $ 0
LTV Ratio:	70.9%	67%	63.2%	56%	40.3%	16.4%	-
Total Equity:	**= $ 43,853**	**= $ 51,793**	**= $ 60,056**	**= $ 77,608**	**= $ 128,152**	**= $ 265,305**	**= $ 469,968**

SALE ANALYSIS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity:	$ 43,853	$ 51,793	$ 60,056	$ 77,608	$ 128,152	$ 265,305	$ 469,968
Selling Costs (6%):	- $ 9,042	- $ 9,403	- $ 9,780	- $ 10,578	- $ 12,869	- $ 19,050	- $ 28,198
Sale Proceeds:	= $ 34,811	= $ 42,389	= $ 50,276	= $ 67,030	= $ 115,283	= $ 246,255	= $ 441,770
Cumulative Cash Flow:	+ $ 5,407	+ $ 9,753	+ $ 14,564	+ $ 25,660	+ $ 62,988	+ $ 189,660	+ $ 413,894
Total Cash Invested:	- $ 39,123	- $ 39,123	- $ 39,123	- $ 39,123	- $ 39,123	- $ 39,123	- $ 39,123
Total Profit:	**= $ 1,095**	**= $ 13,019**	**= $ 25,717**	**= $ 53,567**	**= $ 139,148**	**= $ 396,792**	**= $ 816,541**

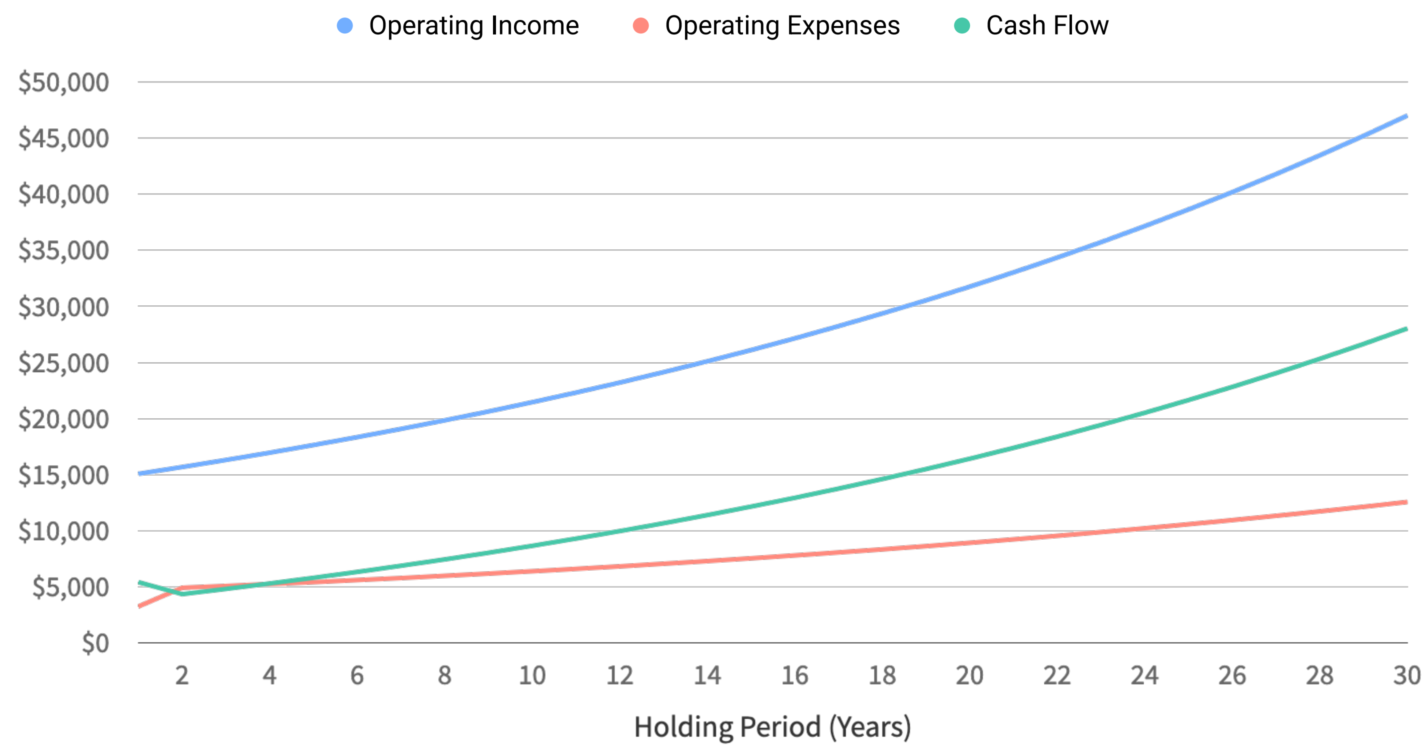
INVESTMENT RETURNS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Cap Rate (Purchase Price):	8.2%	7.4%	7.7%	8.4%	10.4%	15.8%	23.8%
Cap Rate (Market Value):	7.8%	6.9%	6.9%	6.9%	7%	7.2%	7.3%
Cash on Cash Return:	13.8%	11.1%	12.3%	14.8%	22.1%	42%	71.7%
Return on Equity:	12.3%	8.4%	8%	7.5%	6.8%	6.2%	6%
Return on Investment:	2.8%	33.3%	65.7%	136.9%	355.7%	1,014.2%	2,087.1%
Internal Rate of Return:	2.8%	16.4%	20.3%	22.2%	21.5%	19.7%	18.9%

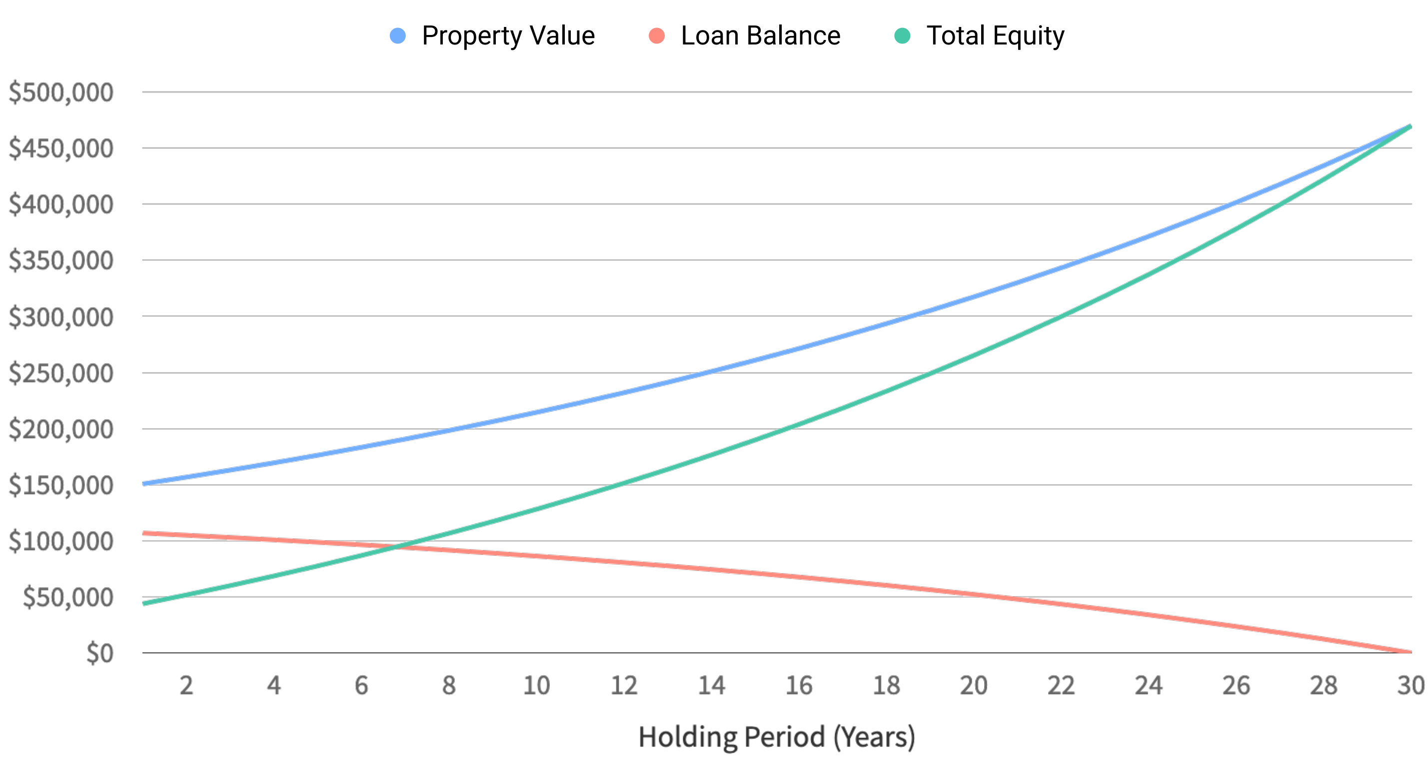
FINANCIAL RATIOS

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Rent to Value:	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Gross Rent Multiplier:	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Equity Multiple:	1.03	1.33	1.66	2.37	4.56	11.14	21.87
Break Even Ratio:	62.2%	70.1%	68.4%	65.1%	57.9%	46.9%	39.2%
Debt Coverage Ratio:	1.84	1.68	1.75	1.9	2.35	3.56	5.37
Debt Yield:	11.1%	10.3%	10.9%	12.4%	17.5%	43.8%	-

Cash Flow Over Time



Equity Over Time



Property Photos


EXAMPLE FINISHES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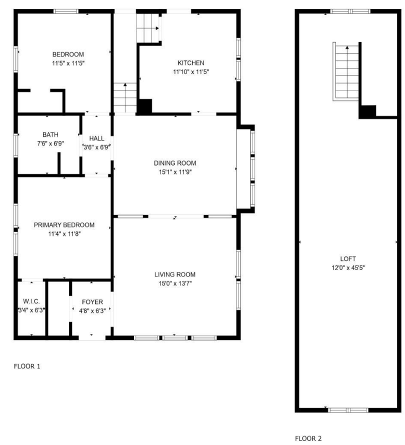
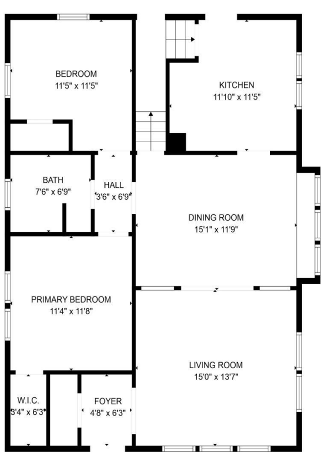
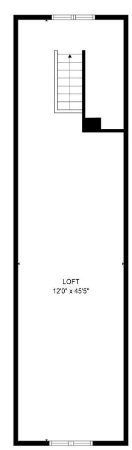

BEDROOM
KITCHEN
BATH
HALL
DINING ROOM
PRIMARY BEDROOM
LIVING ROOM
W.I.C.
FOYER
FLOOR 1
LOFT
FLOOR 2


BEDROOM
11'5" x 11'5"
KITCHEN
11'10" x 11'5"
BATH
7'6" x 6'9"
HALL
3'6" x 6'9"
DINING ROOM
15'1" x 11'9"
PRIMARY BEDROOM
11'4" x 11'8"
LIVING ROOM
15'0" x 13'7"
W.I.C.
3'4" x 6'3"
FOYER
4'8" x 6'3"


LOFT
12'0" x 45'5"

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