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Renovated 2 Bed 2 Bath

4651 Leeland Dr
Decatur Ga 30332

Recently Renovated!

Rent Ready!

Owner Financing Available

Located Near Beautiful Park

Hardwood Floors

Presented by

Johnston Realty & Co

Fred Johnston

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1212 Main St

Ste 12

Decatur GA 30303



Executive Summary



Renovated 2 Bed 2 Bath

4651 Leeland Dr
 Decatur GA 30332



Income, Expenses & Cash Flow Property Overview

Gross Scheduled Income	\$	10,620
Total Vacancy and Credits	\$	(443)
Operating Expenses	\$	(3,925)
Net Operating Income (NOI)	\$	6,252
Debt Service:	\$	(4,072)
Cash Flow Before Taxes	\$	2,180
Income Taxes: Benefit (Expense) @ 33%		(362)
Cash Flow After Taxes	\$	1,818

Purchase/Asking Price	\$	68,000
Improvements		
Other		
Closing Costs		
Finance Points		
Total Acquisition Cost	\$	68,000
Mortgage (s)	\$	51,000
Down Payment / Investment	\$	17,000

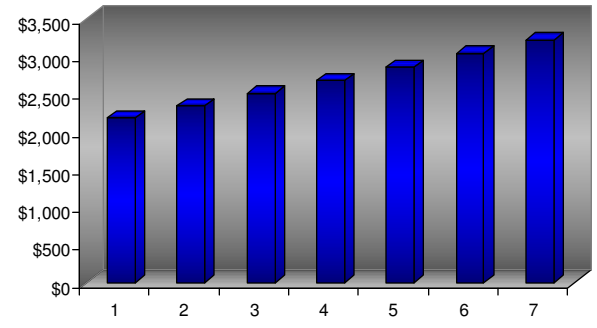
Property Type	Single-Family
No. of Units	1
Price Per Unit	\$ 68,000
Total Sq Ft	1,820
Price Per Sq Ft	\$ 37.36
Income per Unit	\$ 10,620
Expenses per Unit	\$ (3,925)

Assumptions Loan Information

Rental Growth Rate:	2.00%	Down Payment: \$	17,000	<u>% of Asking</u>	25.00%	<u>% of Cost</u>	25.00%
Expense Growth Rate:	1.00%	Initial Loan Balance: \$	51,000		75.00%		75.00%
Appreciation Rate	1.50%						
Marginal Tax Rate:	33.00%	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>		<u>Payment</u>	
Capital Gain Tax Rate:	20.00%	\$	51,000	7.00%	30	\$339	

Financial Measurements Projected Cash Flow Before Taxes

	Year 1	Year 3	Year 7
Debt Coverage Ratio (DCR)	1.54	1.62	1.79
Loan-to-Value Ratio (LVR)	45.2%	42.9%	38.1%
Capitalization Rate Based on Cost	9.19%	9.68%	10.73%
Capitalization Rate Based on Resale Price	5.60%	5.72%	5.98%
Gross Rent Multiplier	6.40	10.41	10.21
Net Present Value (NPV) - B/ Taxes	13.50%	32,911	28,670
Net Present Value (NPV) - A/Taxes	10.00%	26,935	24,772
Cash on Cash Return - Before Taxes	12.83%	14.78%	18.96%
Cash on Cash Return - After Taxes	10.70%	12.59%	15.02%
Internal Rate of Return - Before Taxes		60.83%	31.28%
Internal Rate of Return - After Taxes		50.86%	26.54%
Modified Internal Rate of Return - Before Taxes		57.03%	26.29%
Modified Internal Rate of Return - After Taxes		47.91%	22.50%



Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Renovated 2 Bed 2 Bath



Front



Living Room



Kitchen



Bedroom



Dining Room



Master Bath



Deck



Back of the house

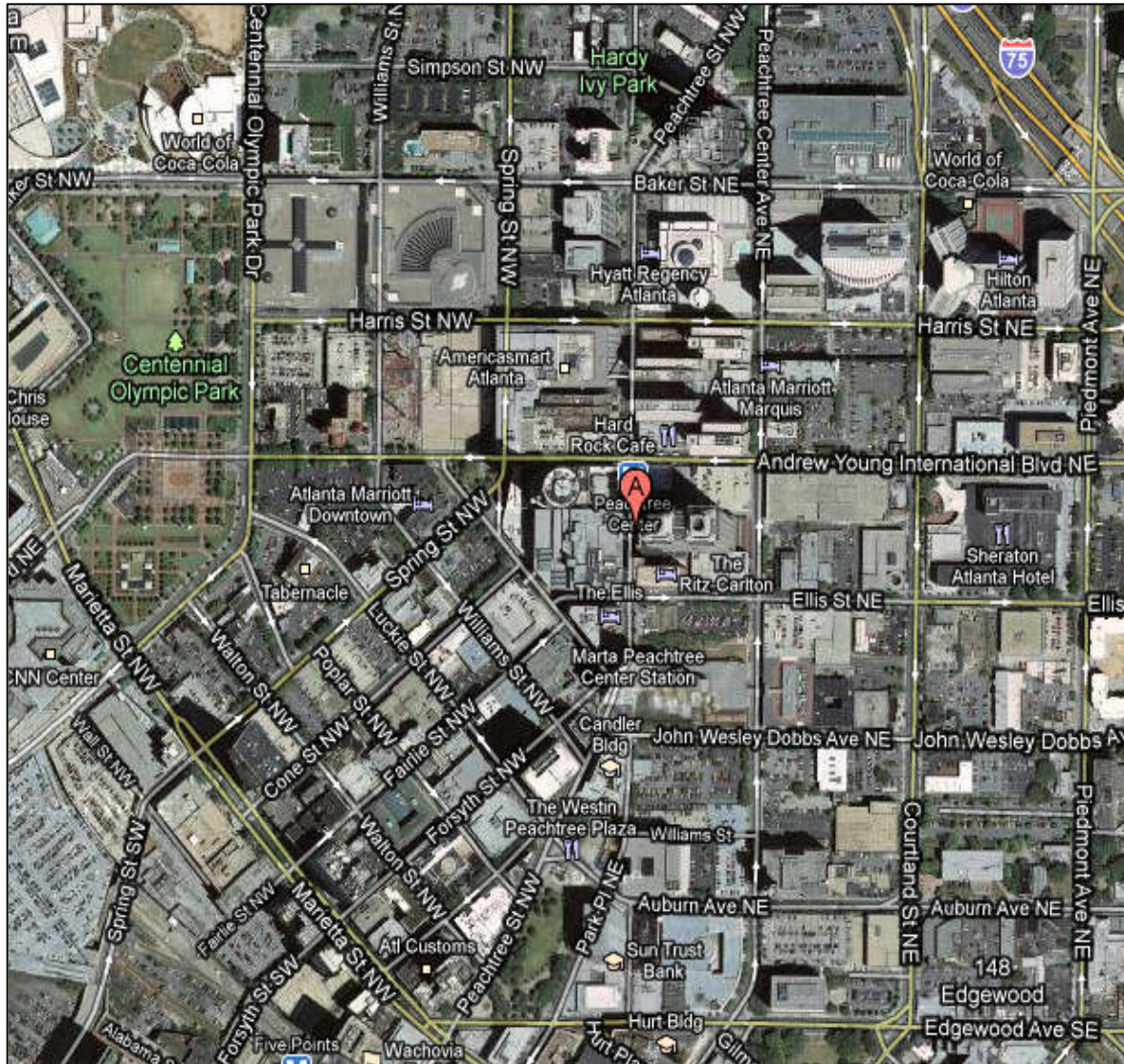
Renovated 2 Bed 2 Bath

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Decatur Ga 30332

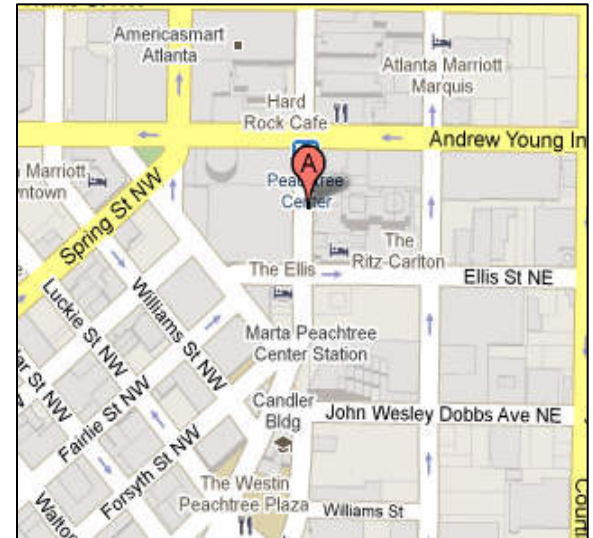
Map/Aerial View



Fred Johnston



Satellite View



Street View



Zoom View

Renovated 2 Bed 2 Bath4651 Leeland Dr
Decatur Ga 30332**Cash Flow Analysis**Fred Johnston
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Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 10,620	\$ 10,832	\$ 11,049	\$ 11,270	\$ 11,495
Less: Vacancy & Credit Losses	(442)	(451)	(460)	(470)	(479)
Less: Operating Expenses	(3,925)	(3,964)	(4,004)	(4,044)	(4,084)
Net Operating Income (NOI)	\$ 6,253	\$ 6,417	\$ 6,585	\$ 6,757	\$ 6,932
Less: Annual Debt Service	(4,072)	(4,072)	(4,072)	(4,072)	(4,072)
CASH FLOW Before Taxes	\$ 2,181	\$ 2,345	\$ 2,513	\$ 2,685	\$ 2,861
Income Taxes: Benefit (Expense)	(362)	(303)	(372)	(443)	(516)
CASH FLOW After Taxes	\$ 1,819	\$ 2,042	\$ 2,141	\$ 2,242	\$ 2,345

Property Resale Analysis					
Projected Sales Price	\$ 111,650	\$ 113,325	\$ 115,025	\$ 116,750	\$ 118,501
Less: Selling Expenses	(6,699)	(6,799)	(6,901)	(7,005)	(7,110)
Adjusted Projected Sales Price	\$ 104,951	\$ 106,525	\$ 108,123	\$ 109,745	\$ 111,391
Less: Mortgage(s) Balance Payoff	(50,482)	(49,927)	(49,331)	(48,692)	(48,007)
SALE PROCEEDS Before Taxes	\$ 54,469	\$ 56,599	\$ 58,792	\$ 61,053	\$ 63,384
Income Taxes from Sale: Benefit (Expense)	(7,959)	(8,867)	(9,780)	(10,698)	(11,621)
SALE PROCEEDS After Taxes	\$ 46,510	\$ 47,731	\$ 49,012	\$ 50,355	\$ 51,763

Cash Position					
Cash Generated in Current Year	\$ 1,819	\$ 2,042	\$ 2,141	\$ 2,242	\$ 2,345
Cash Generated in Previous Years	n/a	1,819	3,860	6,002	8,244
Cash Generated from Property Sale	46,510	47,731	49,012	50,355	51,763
Original Initial Investment	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
Total Potential CASH Generated	\$ 31,329	\$ 34,592	\$ 38,014	\$ 41,598	\$ 45,351

Financial Measurements					
Debt Coverage Ratio (DCR)	1.54	1.58	1.62	1.66	1.70
Loan-to-Value Ratio (LVR)	45.2%	44.1%	42.9%	41.7%	40.5%
Cash-on-Cash Return with Equity	184.29%	7.02%	7.17%	7.31%	7.45%
Cash-on-Cash Return - Before Taxes	12.83%	13.80%	14.78%	15.79%	16.83%
Cash-on-Cash Return - After Taxes	10.70%	12.01%	12.60%	13.19%	13.79%
Internal Rate-of-Return (IRR) - Before Taxes	233.23%	92.73%	60.83%	47.02%	39.39%
Internal Rate-of-Return (IRR) - After Taxes	184.29%	76.54%	50.86%	39.57%	33.27%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	233.23%	89.62%	57.03%	42.84%	34.91%
Modified Internal Rate-of-Return (MIRR) - After Taxes	184.29%	74.21%	47.91%	36.26%	29.68%

Renovated 2 Bed 2 Bath4651 Leeland Dr
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Rental Activity Analysis	Year 6	Year 7	Year 8	Year 9	Year 10
Potential Rental Income	\$ 11,725	\$ 11,960	\$ 12,199	\$ 12,443	\$ 12,692
Less: Vacancy & Credit Losses	(488)	(498)	(508)	(518)	(529)
Less: Operating Expenses	(4,125)	(4,166)	(4,208)	(4,250)	(4,293)
Net Operating Income (NOI)	\$ 7,112	\$ 7,295	\$ 7,483	\$ 7,674	\$ 7,870
Less: Annual Debt Service	(4,072)	(4,072)	(4,072)	(4,072)	(4,072)
CASH FLOW Before Taxes	\$ 3,040	\$ 3,223	\$ 3,411	\$ 3,603	\$ 3,799
Income Taxes: Benefit (Expense)	(591)	(669)	(750)	(833)	(919)
CASH FLOW After Taxes	\$ 2,449	\$ 2,554	\$ 2,661	\$ 2,770	\$ 2,879

Property Resale Analysis					
Projected Sales Price	\$ 120,279	\$ 122,083	\$ 123,914	\$ 125,773	\$ 127,659
Less: Selling Expenses	(7,217)	(7,325)	(7,435)	(7,546)	(7,660)
Adjusted Projected Sales Price	\$ 113,062	\$ 114,758	\$ 116,479	\$ 118,227	\$ 120,000
Less: Mortgage(s) Balance Payoff	(47,273)	(46,486)	(45,641)	(44,736)	(43,765)
SALE PROCEEDS Before Taxes	\$ 65,789	\$ 68,272	\$ 70,838	\$ 73,491	\$ 76,235
Income Taxes from Sale: Benefit (Expense)	(12,548)	(13,481)	(14,419)	(15,362)	(16,310)
SALE PROCEEDS After Taxes	\$ 53,241	\$ 54,791	\$ 56,419	\$ 58,129	\$ 59,925

Cash Position					
Cash Generated in Current Year	\$ 2,449	\$ 2,554	\$ 2,661	\$ 2,770	\$ 2,879
Cash Generated in Previous Years	10,588	13,037	15,591	18,252	21,022
Cash Generated from Property Sale	53,241	54,791	56,419	58,129	59,925
Original Initial Investment	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
Total Potential CASH Generated	\$ 49,278	\$ 53,383	\$ 57,672	\$ 62,151	\$ 66,827

Financial Measurements					
Debt Coverage Ratio (DCR)	1.75	1.79	1.84	1.88	1.93
Loan-to-Value Ratio (LVR)	39.3%	38.1%	36.8%	35.6%	34.3%
Cash-on-Cash Return with Equity	7.59%	7.71%	7.83%	7.94%	8.04%
Cash-on-Cash Return - Before Taxes	17.88%	18.96%	20.06%	21.19%	22.35%
Cash-on-Cash Return - After Taxes	14.40%	15.02%	15.65%	16.29%	16.94%
Internal Rate-of-Return (IRR) - Before Taxes	34.58%	31.28%	28.90%	27.12%	25.73%
Internal Rate-of-Return (IRR) - After Taxes	29.28%	26.54%	24.56%	23.06%	21.90%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	29.83%	26.29%	23.68%	21.67%	20.07%
Modified Internal Rate-of-Return (MIRR) - After Taxes	25.45%	22.50%	20.32%	18.64%	17.30%

Renovated 2 Bed 2 Bath

4651 Leeland Dr
Decatur Ga 30332

Rent Roll Summary



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Unit Description	Number of Units	Per unit Sq Ft	Total Sq Ft	Percent of Total	Annual Rev/ Sq Ft	Rent Per Unit	Monthly Rent	Annual Rent
2 Bed, 2 Bath	1	1,820	1,820	100.00%	5.840	\$ 885	\$ 885	\$ 10,620
Totals	1	1,820	1,820	100.0%	5.835	885 \$	885 \$	10,620

Renovated 2 Bed 2 Bath

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Annual Expenses



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Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq Ft	% of Expenses	% of Revenue
Insurance	895	1.0%	895.00	0.49	22.8%	8.8%
Maintenance	1,500	1.0%	1,500.00	0.82	38.2%	14.7%
Property Taxes	1,530	1.0%	1,530.00	0.84	39.0%	15.0%
Total Annual Operating Expenses	\$ 3,925		\$ 3,925	1,820	100.0%	38.6%

Renovated 2 Bed 2 Bath4651 Leeland Dr
Decatur Ga 30332**Income Tax Analysis**Fred Johnston
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Tax Analysis - Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income (NOI) from CFA	\$ 6,253	\$ 6,417	\$ 6,585	\$ 6,757	\$ 6,932
Tax Depreciation	(1,896)	(1,978)	(1,978)	(1,978)	(1,978)
Interest Expense - Mortgage #1	(3,259)	(3,519)	(3,479)	(3,437)	(3,391)
Operating Taxable Income (Loss)	<u>\$ 1,098</u>	<u>\$ 919</u>	<u>\$ 1,127</u>	<u>\$ 1,342</u>	<u>\$ 1,563</u>
Federal & State Tax Rate	33.00%	33.00%	33.00%	33.00%	33.00%
Income Tax Benefit (Expense)	<u>\$ (362)</u>	<u>\$ (303)</u>	<u>\$ (372)</u>	<u>\$ (443)</u>	<u>\$ (516)</u>

Subject to Suspended Loss Rules?

Yes

Tax Analysis - Property Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Adjusted Projected Sales Price	\$ 104,951	\$ 106,525	\$ 108,123	\$ 109,745	\$ 111,391
Original Cost of Property	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
Gain (Loss) on Property	<u>\$ 36,951</u>	<u>\$ 38,525</u>	<u>\$ 40,123</u>	<u>\$ 41,745</u>	<u>\$ 43,391</u>
Accumulated Depreciation/Amortization	1,896	3,874	5,852	7,830	9,808
Total Accumulated Depreciation	<u>\$ 1,896</u>	<u>\$ 3,874</u>	<u>\$ 5,852</u>	<u>\$ 7,830</u>	<u>\$ 9,808</u>
Taxable Gain (Loss) on Property Sale	<u>\$ 38,847</u>	<u>\$ 42,399</u>	<u>\$ 45,975</u>	<u>\$ 49,575</u>	<u>\$ 53,200</u>
Capital Gain & State Rate on Sale	20.00%	20.00%	20.00%	20.00%	20.00%
Income Tax Benefit (Expense)	(7,769)	(8,480)	(9,195)	(9,915)	(10,640)
Recapture Tax	(190)	(387)	(585)	(783)	(981)
Income Tax Benefit (Expense)	<u>\$ (7,959)</u>	<u>\$ (8,867)</u>	<u>\$ (9,780)</u>	<u>\$ (10,698)</u>	<u>\$ (11,621)</u>

Renovated 2 Bed 2 Bath4651 Leeland Dr
Decatur Ga 30332**Income Tax Analysis**Fred Johnston
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Tax Analysis - Operations	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income (NOI) from CFA	\$ 7,112	\$ 7,295	\$ 7,483	\$ 7,674	\$ 7,870
Tax Depreciation	(1,978)	(1,978)	(1,978)	(1,978)	(1,978)
Interest Expense - Mortgage #1	(3,342)	(3,289)	(3,232)	(3,171)	(3,106)
Operating Taxable Income (Loss)	<u>\$ 1,792</u>	<u>\$ 2,028</u>	<u>\$ 2,272</u>	<u>\$ 2,525</u>	<u>\$ 2,786</u>
Federal & State Tax Rate	33.00%	33.00%	33.00%	33.00%	33.00%
Income Tax Benefit (Expense)	<u>\$ (591)</u>	<u>\$ (669)</u>	<u>\$ (750)</u>	<u>\$ (833)</u>	<u>\$ (919)</u>
Subject to Suspended Loss Rules?	Yes				

Tax Analysis - Property Sale	Year 6	Year 7	Year 8	Year 9	Year 10
Adjusted Projected Sales Price	\$ 113,062	\$ 114,758	\$ 116,479	\$ 118,227	\$ 120,000
Original Cost of Property	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
Gain (Loss) on Property	<u>\$ 45,062</u>	<u>\$ 46,758</u>	<u>\$ 48,479</u>	<u>\$ 50,227</u>	<u>\$ 52,000</u>
Accumulated Depreciation/Amortization	11,787	13,765	15,743	17,721	19,699
Total Accumulated Depreciation	<u>\$ 11,787</u>	<u>\$ 13,765</u>	<u>\$ 15,743</u>	<u>\$ 17,721</u>	<u>\$ 19,699</u>
Taxable Gain (Loss) on Property Sale	<u>\$ 56,849</u>	<u>\$ 60,523</u>	<u>\$ 64,222</u>	<u>\$ 67,948</u>	<u>\$ 71,699</u>
Capital Gain & State Rate on Sale	20.00%	20.00%	20.00%	20.00%	20.00%
Income Tax Benefit (Expense)	(11,370)	(12,105)	(12,844)	(13,590)	(14,340)
Recapture Tax	(1,179)	(1,376)	(1,574)	(1,772)	(1,970)
Income Tax Benefit (Expense)	<u>\$ (12,548)</u>	<u>\$ (13,481)</u>	<u>\$ (14,419)</u>	<u>\$ (15,362)</u>	<u>\$ (16,310)</u>

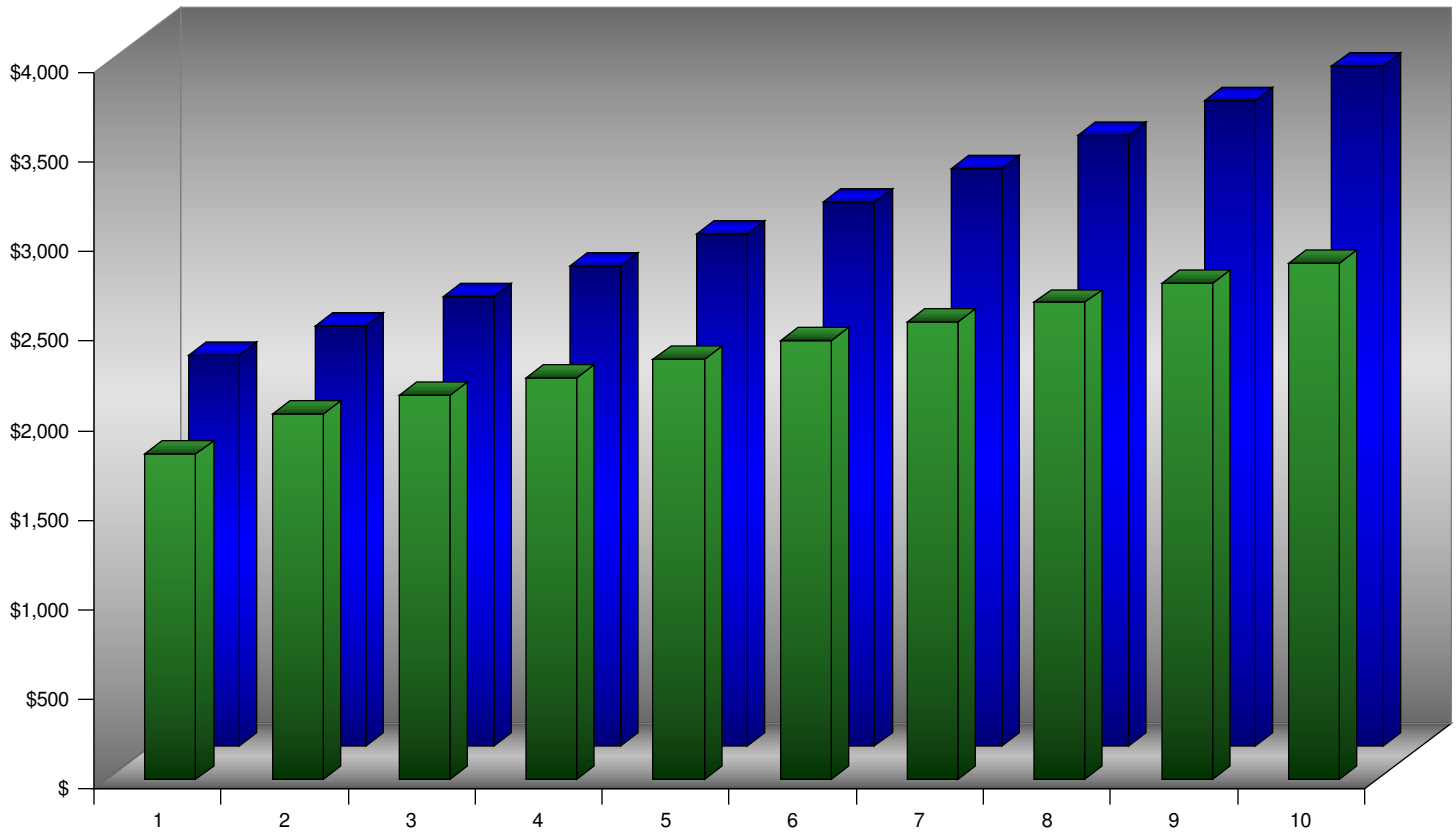
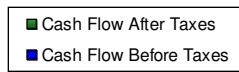
Renovated 2 Bed 2 Bath

4651 Leeland Dr
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Cash Flow Projections



Fred Johnston
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<i>Time Period</i>	<i>Net Operating Income</i>	<i>Reserves & MIP Payments</i>	<i>Debt Service</i>	<i>Cash Flow Before Tax</i>	<i>Incomes Taxes</i>	<i>Cash Flow After Tax</i>
Int Investment				\$ (17,000)		\$ (17,000)
Year 1	6,253	-	(4,072)	2,181	(362)	1,819
Year 2	6,417	-	(4,072)	2,345	(303)	2,042
Year 3	6,585	-	(4,072)	2,513	(372)	2,141
Year 4	6,757	-	(4,072)	2,685	(443)	2,242
Year 5	6,932	-	(4,072)	2,861	(516)	2,345
Year 6	7,112	-	(4,072)	3,040	(591)	2,449
Year 7	7,295	-	(4,072)	3,223	(669)	2,554
Year 8	7,483	-	(4,072)	3,411	(750)	2,661
Year 9	7,674	-	(4,072)	3,603	(833)	2,770
Year 10	7,870	-	(4,072)	3,799	(919)	2,879

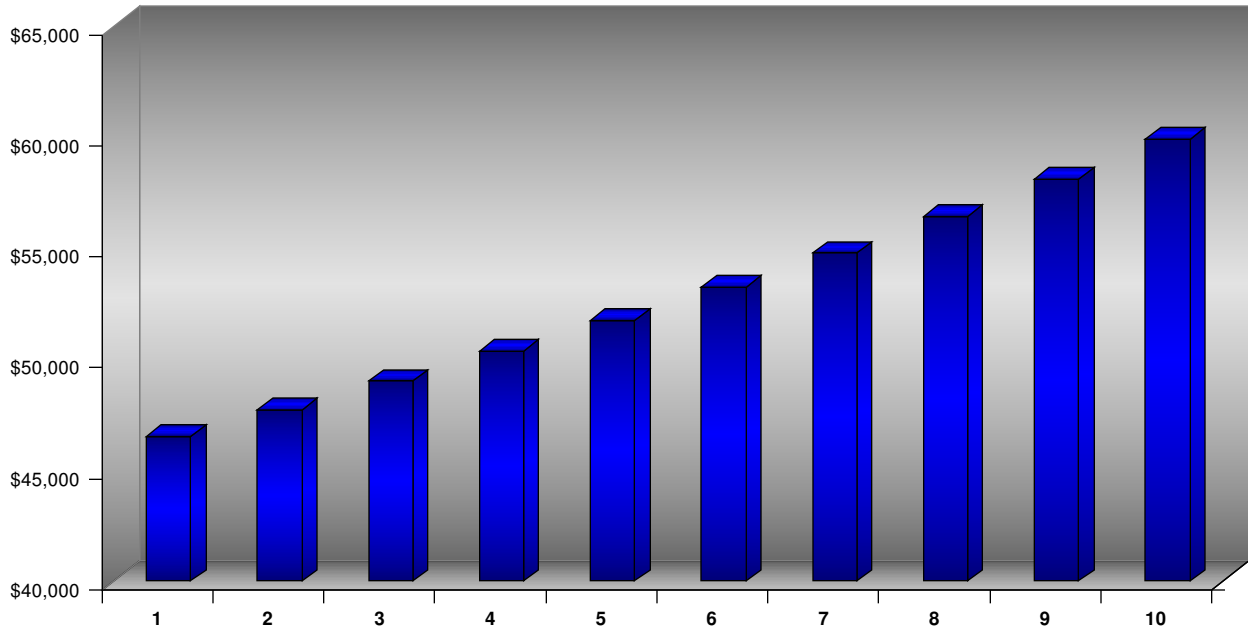
Renovated 2 Bed 2 Bath

4651 Leeland Dr
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Property Equity Analysis



Fred Johnston
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<i>Time Period</i>	<i>Projected Adj Resale Value</i>	<i>Projected Increase</i>	<i>Refi Proceeds (if any)</i>	<i>Mortgage(s) Balance Payoff</i>	<i>Sale Proceeds Before Taxes</i>	<i>Income Taxes From Sale</i>	<i>Sale Proceeds After Taxes</i>	<i>Property Equity</i>	<i>Year / Year Equity Increase</i>
Year 1	\$ 104,951	54.34%	\$ -	\$ (50,482)	\$ 54,469	\$ (7,959)	\$ 46,510	\$ 46,510	\$ 29,510
Year 2	106,525	1.50%	-	(49,927)	56,599	(8,867)	47,731	47,731	1,221
Year 3	108,123	1.50%	-	(49,331)	58,792	(9,780)	49,012	49,012	1,280
Year 4	109,745	1.50%	-	(48,692)	61,053	(10,698)	50,355	50,355	1,343
Year 5	111,391	1.50%	-	(48,007)	63,384	(11,621)	51,763	51,763	1,408
Year 6	113,062	1.50%	-	(47,273)	65,789	(12,548)	53,241	53,241	1,478
Year 7	114,758	1.50%	-	(46,486)	68,272	(13,481)	54,791	54,791	1,551
Year 8	116,479	1.50%	-	(45,641)	70,838	(14,419)	56,419	56,419	1,628
Year 9	118,227	1.50%	-	(44,736)	73,491	(15,362)	58,129	58,129	1,710
Year 10	120,000	1.50%	-	(43,765)	76,235	(16,310)	59,925	59,925	1,796

Terms & Definitions

Net Operating Income (NOI) is a property's gross rental income reduced by all expenses except for loan payments, income taxes, mortgage insurance premium (MIP) payments and sometimes funded reserves.

Debt Coverage Ratio (DCR) is a property's net operating income divided by the amount of debt payments. Lenders use this calculation to determine the remaining operating cash flow after the debt payments.

Loan-to-Value Ratio (LTV) is the outstanding debt divided by the value of the property. This ratio is used to determine the amount of leverage and property equity. The debt balance can be the beginning or end-of-year balance. The property value used can be the contract price or the fair market value at the end of the year.

Capitalization Rate (Cap Rate) is the net operating income (NOI) divided by either the property's contract purchase price or its fair market value.

Cash-on-Cash Return is the net cash flow divided by the initial investment (down payment). The calculation does not take into account the time value of money or change in the property's equity.

Cash-on-Cash Return with Equity Build-up modifies the cash-on-cash return calculation by adding the property's net change in equity for that year to the numerator and adding all previously generated equity to the denominator of the cash-on-cash return ratio. The calculation calculates the return on the property equity, i.e. the return on the cash that is "tied up" in the property.

Net Present Value (NPV) converts future dollars into present-day dollars by discounting (reducing) the future cash flow of a property by a given rate or percentage. The initial investment (down payment) is subtracted from the discounted dollars to derive the NPV. A positive NPV means that the property will generate a higher return than the given rate or percentage used to calculate the NPV amount.

Gross Rent Multiplier (GRM) is a property's fair market value divided by its gross rental income.

Mortgage Insurance Premium (MIP) Payments are insurance premiums charged by a lender to protect that lender against loss from a mortgagor's default. The rates are charged on the balance of the loan and may be paid annually, monthly, or in some combination of the two (split premiums).

Internal Rate-of-Return (IRR) is the most widely used method of valuing a property's annual cash flow stream. Since a property's cash flow is earned in the future, those future dollars must be converted to present-day dollars. The IRR calculation discounts (reduces) the property's future cash flow at a rate (i.e. percentage) so that the sum of all cash flow for a specified time period is equal to the initial investment. The rate or percentage needed to do that is the IRR. In other words, IRR is the discount rate at which Net Present Value (NPV) is zero.

Modified Internal Rate-of-Return (MIRR) modifies the IRR to avoid the drawbacks of the traditional IRR. The IRR implicitly assumes that all cash flow is either reinvested or discounted at the computed IRR rate. In reality, a property's cash flow probably will not be reinvested at the computed IRR rate, but rather earn zero or a small amount of interest. The MIRR eliminates the reinvestment assumption by utilizing user stipulated reinvestment and borrowing rates.

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