

**NOTE: Page 1 is a One Year Analysis of a Sample Property
Page 2 is a Four Year Analysis of the Same Property**

PAGE 1

**LPB Services LLC
Real Estate Investment Analysis
Monthly & Annual Cash Flow Analysis**

| | |
|---|-------|
| Year 1 Cash on Cash Return (Compare to Bank CD or Bond) | 3.85% |
| Year 1 Cash on Cash + Principal Paydown | 8.44% |
| "Basis Points" - Rule of Thumb ((Monthly Rent-HOA) / Price) | 0.80% |

ACQUISITION INFORMATION

| | |
|--------------------------------------|------------|
| Purchase Price | \$ 135,000 |
| Downpayment 20.00% | \$ 27,000 |
| Closing Costs (Estimate) | \$ 5,500 |
| Mortgage Amount \$108,000 | |
| Equity (Downpayment + Closing Costs) | \$ 32,500 |

PROPERTY OPERATIONS STATEMENT

| | | Year 1 |
|--|-----------------------------|----------|
| Monthly Rent | Rent/Expense Increase 3.00% | \$ 1,250 |
| Vacancy & Collection Loss 5.00% | | \$ (63) |
| Effective Gross Rent | | \$ 1,188 |
| Operating Expenses | | |
| Management 6.00% | | \$ 71 |
| Insurance | | \$ 25 |
| Maintenance/Repairs/Other | | \$ 50 |
| HOA | | \$ 175 |
| Miscellaneous/Lawn care/Utilities | | \$ 25 |
| Property Taxes (CA Rate 1.11% - Purch Price - Inc. 1.5%/Yr.) | | \$ 124 |
| Total Operating Expenses | | \$ 470 |
| Net Operating Income | | \$ 718 |

MORTGAGE PAYMENT AND CASH FLOWS

| | | |
|---------------------------------------|-----------------------|----------|
| Mortgage Payment - Monthly | Interest Rate 5.500% | \$ 613 |
| | Amortization Years 30 | |
| Monthly Before Tax Cash Flow | | \$ 104 |
| Annual Before Tax Cash Flow (BTCF) | | \$ 1,251 |
| Cash on Cash (BTCF / Original Equity) | | 3.85% |

MORTGAGE LOAN PAYDOWN

| | |
|--|----------|
| Amortizing Loan Balance Principal Paydown/Year | \$ 1,491 |
| Total Cash + Principal Paydown (BTCF) per Year | \$ 2,742 |
| Cash on Cash + Principal Paydown - BTCF Return | 8.44% |

| PAGE 2 | | | | | |
|---|--|---|----------|----------|----------|
| LPB Services LLC Real Estate Investment Analysis Four Year Monthly & Annual Cash Flow Analysis | | PROFESSOR NOTES: This may appear complicated, but it is not. You will fully understand it during the first class. This is a four year analysis on a single family home or condominium. It takes into account the cash inflows and outflows on the property, however does not take federal tax benefits/writeoffs into account - which can significantly increase returns. The blue cells can be changed and will modify the calculations in the spreadsheet, the black cells are not to be changed. The red cells indicate your rates of return that should be considered, with other factors, in making an investment in real estate. | | | |
| Year 1 Cash on Cash Return (Compare to Bank CD or Bond) 3.85% Year 1 Cash on Cash + Principal Paydown 8.44% "Basis Points" - Rule of Thumb ((Monthly Rent-HOA) / Price) 0.80% | | | | | |
| <u>ACQUISITION INFORMATION</u> Purchase Price \$ 135,000 Downpayment 20.00% \$ 27,000 Closing Costs (Estimate) \$ 5,500 Mortgage Amount \$108,000 Equity (Downpayment + Closing Costs) \$ 32,500 | | | | | |
| <u>PROPERTY OPERATIONS STATEMENT</u> Rent/Expense Increase Monthly Rent 3.00% Vacancy & Collection Loss 5.00% Effective Gross Rent Operating Expenses Management 6.00% Insurance Maintenance/Repairs/Other HOA Miscellaneous/Lawncare/Utilities Property Taxes (CA Rate 1.11% - Purch Price - Inc. 1.5%/Yr.) Total Operating Expenses Net Operating Income | | Year 1 | Year 2 | Year 3 | Year 4 |
| | | \$ 1,250 | \$ 1,288 | \$ 1,326 | \$ 1,366 |
| | | \$ (63) | \$ (64) | \$ (66) | \$ (68) |
| | | \$ 1,188 | \$ 1,223 | \$ 1,260 | \$ 1,298 |
| | | \$ 71 | \$ 73 | \$ 76 | \$ 78 |
| | | \$ 25 | \$ 26 | \$ 27 | \$ 27 |
| | | \$ 50 | \$ 52 | \$ 53 | \$ 55 |
| | | \$ 175 | \$ 180 | \$ 186 | \$ 191 |
| | | \$ 25 | \$ 26 | \$ 27 | \$ 27 |
| | | \$ 124 | \$ 126 | \$ 127 | \$ 129 |
| | | \$ 470 | \$ 482 | \$ 495 | \$ 508 |
| | | \$ 718 | \$ 741 | \$ 765 | \$ 790 |
| <u>MORTGAGE PAYMENT AND CASH FLOWS</u> Mortgage Payment - Monthly Interest Rate 5.500% Amortization Years 30 Monthly Before Tax Cash Flow Annual Before Tax Cash Flow (BTCF) Cash on Cash (BTCF / Original Equity) | | \$ 613 | \$ 613 | \$ 613 | \$ 613 |
| | | \$ 104 | \$ 128 | \$ 152 | \$ 177 |
| | | \$ 1,251 | \$ 1,532 | \$ 1,821 | \$ 2,120 |
| | | 3.85% | 4.71% | 5.60% | 6.52% |
| <u>MORTGAGE LOAN PAYDOWN</u> Amortizing Loan Balance Principal Paydown/Year Total Cash + Principal Paydown (BTCF) per Year Cash on Cash + Principal Paydown - BTCF Return | | \$ 1,491 | \$ 1,573 | \$ 1,660 | \$ 1,751 |
| | | \$ 2,742 | \$ 3,105 | \$ 3,481 | \$ 3,870 |
| | | 8.44% | 9.55% | 10.71% | 11.91% |

Source: www.LPBservicesLLC.com

| Amortization of Mortgage Schedule | | | | | |
|-----------------------------------|------------|------------|------------|------------|--|
| | Year 1 | Year 2 | Year 3 | Year 4 | |
| Beginning Balance | \$ 108,000 | \$ 106,509 | \$ 104,936 | \$ 103,277 | |
| Mortgage Payment/Yr. | \$ 7,431 | \$ 7,431 | \$ 7,431 | \$ 7,431 | |
| Interest Expense | \$ 5,940 | \$ 5,858 | \$ 5,771 | \$ 5,680 | |
| Principal Paydown | \$ 1,491 | \$ 1,573 | \$ 1,660 | \$ 1,751 | |
| Ending Balance | \$ 106,509 | \$ 104,936 | \$ 103,277 | \$ 101,526 | |