

243 4th Ave

Investment Property - Buy & Hold

243 4th Ave, Pleasant Grove, AL 35127
House · 3 Beds · 2 Baths · 1,549 Sq.Ft.

\$ 265,000 Purchase Price · \$ 265,000 ARV
\$ 60,950 Cash Needed · \$ 210/mo Cash Flow · 6.6% Cap Rate · 4.1% COC

Prepared by:



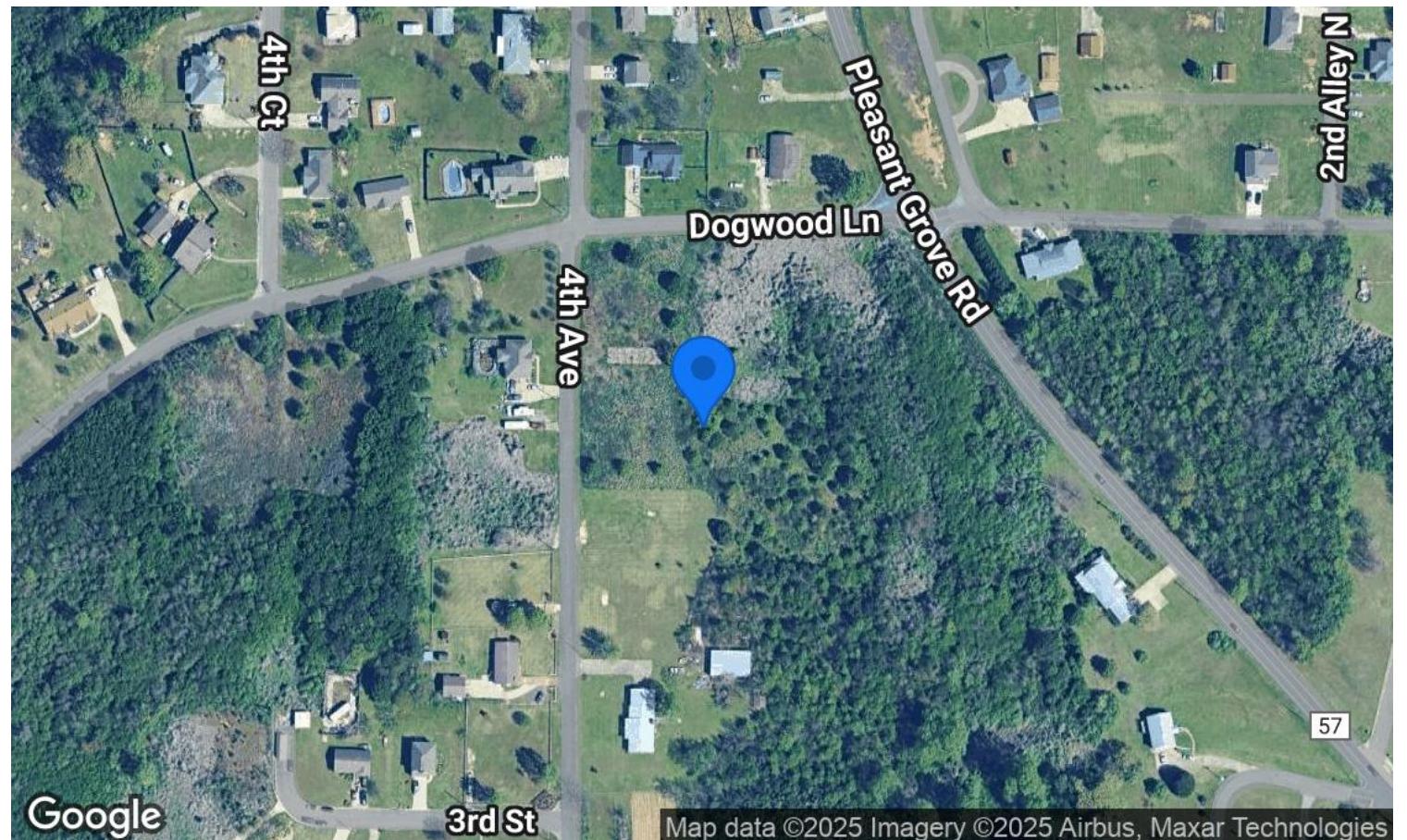
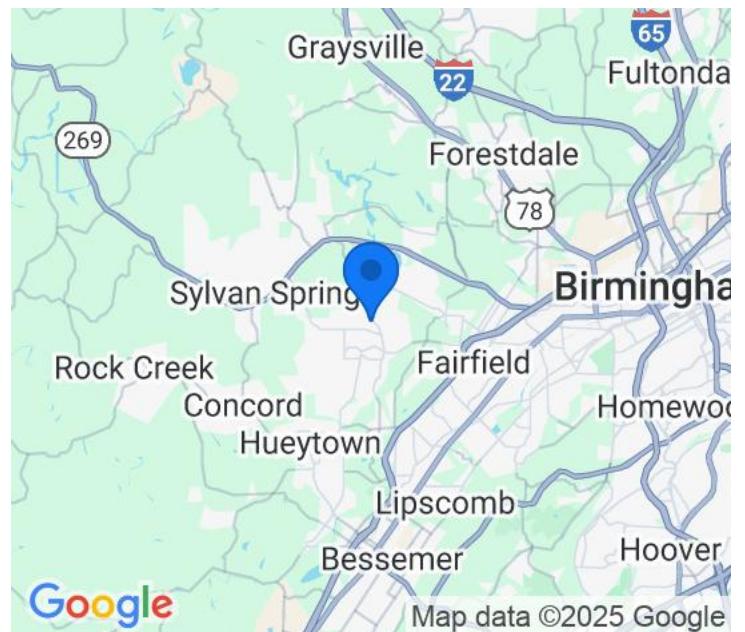
Property Description

ADDRESS

243 4th Ave
Pleasant Grove, AL 35127

DESCRIPTION

Property Type:	House
Beds / Baths:	3 BR / 2 BA
Square Footage:	1,549
Year Built:	2025
Parking:	Garage



Purchase Analysis & Returns

PURCHASE & REHAB

Purchase Price:	\$ 265,000
Amount Financed:	\$ 212,000
Down Payment:	= \$ 53,000
Purchase Costs:	+ \$ 7,950
Rehab Costs:	+ \$ 0
Total Cash Needed:	= \$ 60,950
After Repair Value:	\$ 265,000
ARV Per Square Foot:	\$ 171.1
Price Per Square Foot:	\$ 171.1

RETURNS & RATIOS (Year 1)

Cap Rate (Purchase/Market):	6.6% / 6.6%
Cash on Cash Return:	4.1%
Return on Equity:	4%
Return on Investment:	-13.8%
Internal Rate of Return:	-13.8%
Rent to Value:	0.7%
Gross Rent Multiplier:	12.27
Equity Multiple:	0.86
Break Even Ratio:	88.3%
Debt Coverage Ratio:	1.17
Debt Yield:	8.2%

PURCHASE COSTS

Total (3% of Price):	\$ 7,950
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FINANCING (PURCHASE)

Loan Type:	Amortizing, 30 Year
Interest Rate:	5.75%
Financing Of:	Price (80%)
Loan Amount:	\$ 212,000
LTC / LTV:	80% / 80%
Loan Payment:	\$ 1,237 Per Month
	\$ 14,846 Per Year

ASSUMPTIONS & PROJECTIONS

Rehab Cost Overrun:	0%
Vacancy Rate:	0%
Appreciation:	3% Per Year
Income Increase:	3% Per Year
Expense Increase:	3% Per Year
Selling Costs:	5% of Sales Price
Depreciation Period:	27.5 Years
Land Value:	\$ 0

REHAB COSTS

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

Cash Flow (Year 1)

		Monthly	Yearly
CASH FLOW			
Gross Rent:		\$ 1,800	\$ 21,600
Vacancy (-%):	-	\$ 0	\$ 0
Other Income:	+	\$ 0	\$ 0
Operating Income:	=	\$ 1,800	\$ 21,600
Operating Expenses (19.6%):	-	\$ 353	\$ 4,232
Net Operating Income:	=	\$ 1,447	\$ 17,368
Loan Payments:	-	\$ 1,237	\$ 14,846
Cash Flow:	=	\$ 210	\$ 2,522
 OTHER INCOME			
Total:		\$ 0	\$ 0
 OPERATING EXPENSES			
Property Taxes:		\$ 217	\$ 2,600
Insurance:		\$ 100	\$ 1,200
Maintenance:		\$ 36	\$ 432
Capital Expenditures:		\$ 0	\$ 0
HOA Fees:		\$ 0	\$ 0
Utilities:		\$ 0	\$ 0
Landscaping:		\$ 0	\$ 0
Accounting & Legal Fees:		\$ 0	\$ 0
Total:		\$ 353	\$ 4,232

Buy & Hold Projections

APPRECIATION 3% Per Year	INCOME INCREASE 3% Per Year			EXPENSE INCREASES 3% Per Year		SELLING COSTS 5% of Price	
	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
RENTAL INCOME							
Gross Rent:	\$ 21,600	\$ 22,248	\$ 22,915	\$ 24,311	\$ 28,183	\$ 37,876	\$ 50,902
Vacancy:	- \$ 0	- \$ 1,112	- \$ 1,146	- \$ 1,216	- \$ 1,409	- \$ 1,894	- \$ 2,545
Vacancy Rate:	0%	5%	5%	5%	5%	5%	5%
Other Income:	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0	+ \$ 0
Operating Income:	= \$ 21,600	= \$ 21,136	= \$ 21,769	= \$ 23,095	= \$ 26,774	= \$ 35,982	= \$ 48,357
Income Increase:	3%	3%	3%	3%	3%	3%	3%
OPERATING EXPENSES							
Property Taxes:	\$ 2,600	\$ 2,678	\$ 2,758	\$ 2,926	\$ 3,392	\$ 4,559	\$ 6,127
Insurance:	+ \$ 1,200	+ \$ 1,236	+ \$ 1,273	+ \$ 1,351	+ \$ 1,566	+ \$ 2,104	+ \$ 2,828
Property Management:	N/A	N/A	+ \$ 1,742	+ \$ 1,848	+ \$ 2,142	+ \$ 2,879	+ \$ 3,869
Maintenance:	+ \$ 432	+ \$ 445	+ \$ 458	+ \$ 486	+ \$ 564	+ \$ 758	+ \$ 1,018
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:	= \$ 4,232	= \$ 4,359	= \$ 6,231	= \$ 6,611	= \$ 7,664	= \$ 10,300	= \$ 13,842
Expense Increase:	3%	3%	3%	3%	3%	3%	3%
CASH FLOW							
Operating Income:	\$ 21,600	\$ 21,136	\$ 21,769	\$ 23,095	\$ 26,774	\$ 35,982	\$ 48,357
Operating Expenses:	- \$ 4,232	- \$ 4,359	- \$ 6,231	- \$ 6,611	- \$ 7,664	- \$ 10,300	- \$ 13,842
Expense Ratio:	19.6%	20.6%	28.6%	28.6%	28.6%	28.6%	28.6%
Net Operating Income:	= \$ 17,368	= \$ 16,777	= \$ 15,538	= \$ 16,484	= \$ 19,110	= \$ 25,682	= \$ 34,515
Loan Payments:	- \$ 14,846	- \$ 14,846	- \$ 14,846	- \$ 14,846	- \$ 14,846	- \$ 14,846	- \$ 14,846
Cash Flow:	= \$ 2,522	= \$ 1,931	= \$ 692	= \$ 1,638	= \$ 4,264	= \$ 10,836	= \$ 19,669
TAX BENEFITS & DEDUCTIONS							
Operating Expenses:	\$ 4,232	\$ 4,359	\$ 6,231	\$ 6,611	\$ 7,664	\$ 10,300	\$ 13,842
Loan Interest:	+ \$ 12,119	+ \$ 11,958	+ \$ 11,787	+ \$ 11,415	+ \$ 10,276	+ \$ 6,735	+ \$ 452
Depreciation:	+ \$ 9,925	+ \$ 9,925	+ \$ 9,925	+ \$ 9,925	+ \$ 9,925	+ \$ 9,925	+ \$ 0
Total Deductions:	= \$ 26,276	= \$ 26,242	= \$ 27,944	= \$ 27,952	= \$ 27,865	= \$ 26,961	= \$ 14,294

	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Property Value:	\$ 272,950	\$ 281,139	\$ 289,573	\$ 307,208	\$ 356,138	\$ 478,619	\$ 643,225
Appreciation:	3%	3%	3%	3%	3%	3%	3%
Loan Balance:	- \$ 209,273	- \$ 206,385	- \$ 203,326	- \$ 196,656	- \$ 176,215	- \$ 112,707	- \$ 0
LTV Ratio:	76.7%	73.4%	70.2%	64%	49.5%	23.5%	-
Total Equity:	= \$ 63,677	= \$ 74,754	= \$ 86,247	= \$ 110,552	= \$ 179,923	= \$ 365,912	= \$ 643,225

SALE ANALYSIS

Equity:	\$ 63,677	\$ 74,754	\$ 86,247	\$ 110,552	\$ 179,923	\$ 365,912	\$ 643,225
Selling Costs (5%):	- \$ 13,648	- \$ 14,057	- \$ 14,479	- \$ 15,360	- \$ 17,807	- \$ 23,931	- \$ 32,161
Sale Proceeds:	= \$ 50,030	= \$ 60,698	= \$ 71,769	= \$ 95,192	= \$ 162,116	= \$ 341,981	= \$ 611,064
Cumulative Cash Flow:	+ \$ 2,522	+ \$ 4,453	+ \$ 5,145	+ \$ 7,942	+ \$ 23,855	+ \$ 101,045	+ \$ 255,839
Total Cash Invested:	- \$ 60,950	- \$ 60,950	- \$ 60,950	- \$ 60,950	- \$ 60,950	- \$ 60,950	- \$ 60,950
Total Profit:	= -\$ 8,398	= \$ 4,201	= \$ 15,964	= \$ 42,184	= \$ 125,021	= \$ 382,076	= \$ 805,953

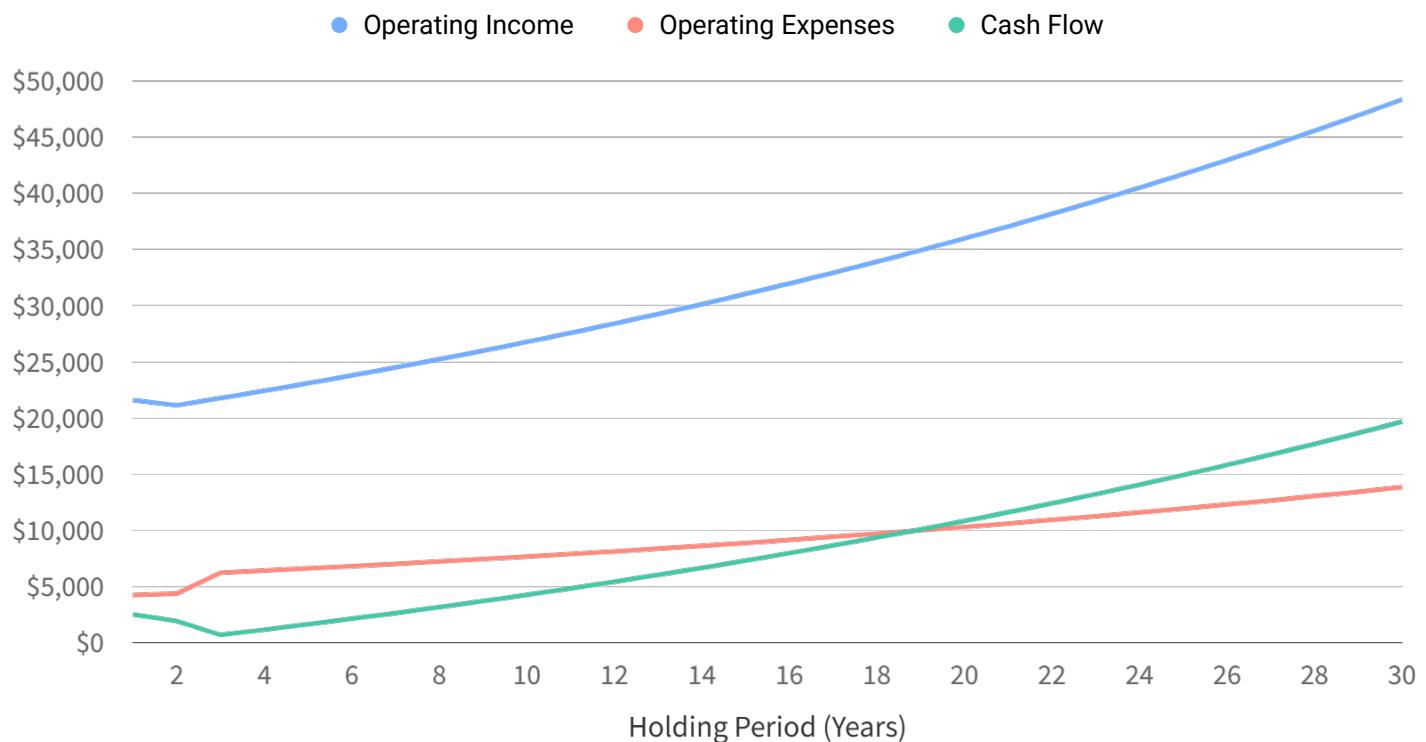
INVESTMENT RETURNS

Cap Rate (Purchase Price):	6.6%	6.3%	5.9%	6.2%	7.2%	9.7%	13%
Cap Rate (Market Value):	6.4%	6%	5.4%	5.4%	5.4%	5.4%	5.4%
Cash on Cash Return:	4.1%	3.2%	1.1%	2.7%	7%	17.8%	32.3%
Return on Equity:	4%	2.6%	0.8%	1.5%	2.4%	3%	3.1%
Return on Investment:	-13.8%	6.9%	26.2%	69.2%	205.1%	626.9%	1,322.3%
Internal Rate of Return:	-13.8%	3.5%	8.3%	11.6%	12.7%	12%	11.4%

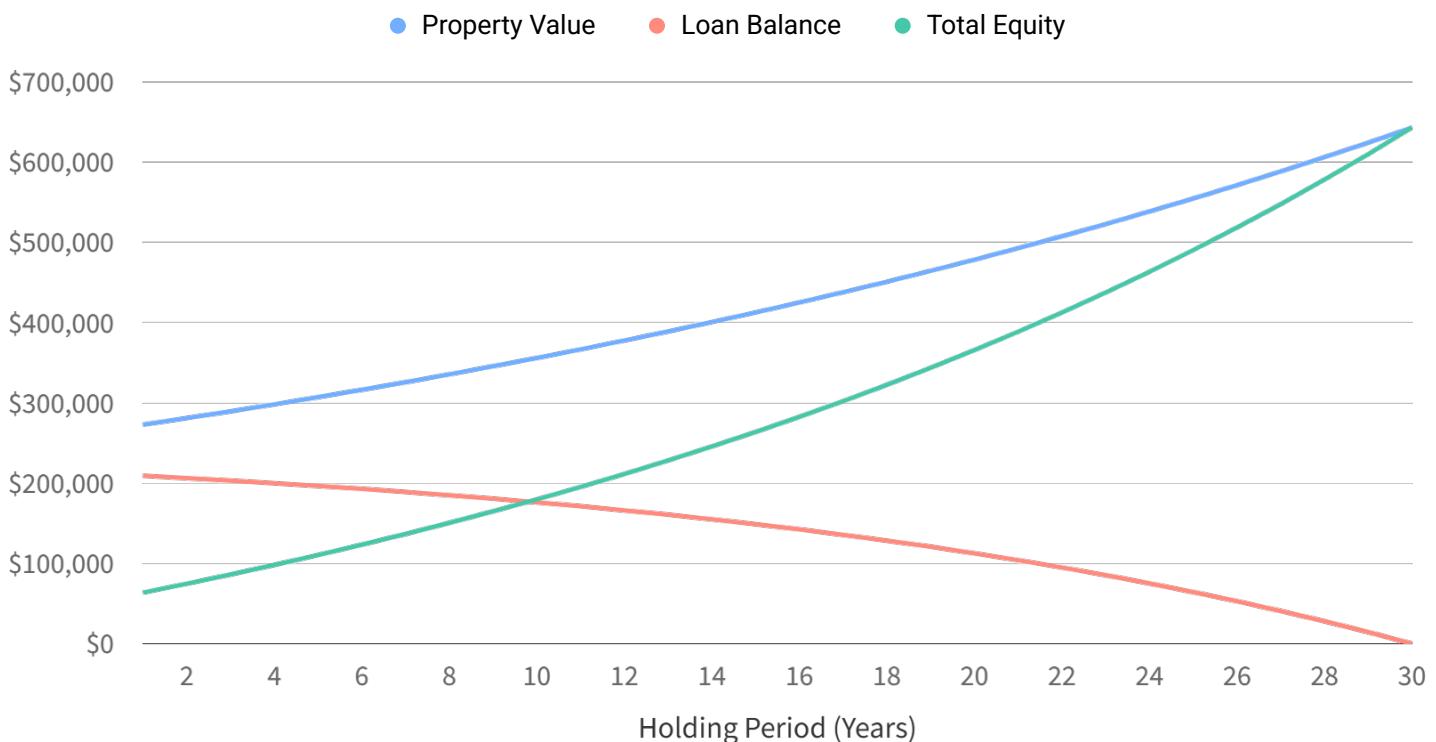
FINANCIAL RATIOS

Rent to Value:	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Gross Rent Multiplier:	12.64	12.64	12.64	12.64	12.64	12.64	12.64
Equity Multiple:	0.86	1.07	1.26	1.69	3.05	7.27	14.22
Break Even Ratio:	88.3%	86.3%	92%	88.3%	79.9%	66.4%	56.4%
Debt Coverage Ratio:	1.17	1.13	1.05	1.11	1.29	1.73	2.32
Debt Yield:	8.3%	8.1%	7.6%	8.4%	10.8%	22.8%	-

Cash Flow Over Time



Equity Over Time



Property Photos



Additional Information

All information to be verified by independent study and cannot be guaranteed. Although best efforts are made to be accurate in the assessment of future rents, interest rates, vacancy, expenses, rehab estimates, and other details noted in this proforma, all is to be independently verified by the investor. It is also essential to understand the square footage noted cannot be guaranteed but in the event of purchase, floorplans will become a part of the contract and discussed with your agent.

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