

Real Estate Investment Analysis



Multi family
2071 So.Mountain View Ave, Anaheim, CA.92802

Report Prepared By



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Annual Report Year 1, Actual Data

2071 So.Mountain View Ave

Anaheim, CA.92802

Multi family



Physical Data

Rentable Sq Ft	13200
Number of Units	16
Price Per Unit	\$312,500
Price Per Sq Ft	\$379
Year Built	1962
Buildings	1
Stories	2
Parking Spaces	25
Zoning	R\$
Land Area	20038
Roof	newer

Financing, Cash Purchase

Purchase Price	\$5,000,000
Cash Purchase	\$5,000,000

Initial Investment 100% Down

Down Payment	\$5,000,000
= Initial Investment	\$5,000,000

Gross Operating Income

Gross Scheduled Income	\$375,840
- Vacancy @ 5.0%	\$18,792
= Effective Rental Income	\$357,048
= Annual Gross Operating Income	\$360,576
= Monthly Gross Operating Income	\$30,048

Expenses

Estimated Annual Expenses	\$108,168
Estimated Monthly Expenses	\$9,014

Net Operating Income

Annual Gross Operating Income	\$360,576
- Annual Operating Expenses	\$108,168
= Annual Net Operating Income	\$252,408
= Monthly Net Operating Income	\$21,034

Cash Flow

Net Operating Income	\$252,408
= Annual Cash Flow Before Tax	\$252,408
= Monthly Cash Flow Before Tax	\$21,034
- Tax Liability (Savings) @ 28 %	\$34,083
= Annual Cash Flow After Tax	\$218,325
= Monthly Cash Flow After Tax	\$18,194

Financial Indicators

Cash on Cash (ROI)	5.05%
Cap Rate	5.05%
One Percent Rule	0.60
Fifty Percent Rule	30.00
Gross Rent Multiplier	13.30
Default Ratio (Break Even)	30.00

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Amortization Schedule

2071 So.Mountain View Ave

Anaheim, CA.92802

Multi family



1st MTG - Fixed Fully Amortized (Multi family)

Loan Amount	\$0	Points	0.0%
	0.00%	Interest Rate	0.000%
Term (Due Date)	0.0 Years		

Amortization Table

Year	Payment	Principal	Interest	Total Paid	Loan Balance
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Property Details Year 1, Actual Data

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Future Value Escalator

Appreciation 5.00%

Vacancy Percent

Vacancy Percent 5.00%

Income Escalators

Gross Scheduled Income 2.00%

Other Income 2.00%

Expense Escalators

Expenses 0.00%

Cost Recovery Period

Improvements Years 27.5

Personal Property Years 5.0

Other Assumptions

Tax Bracket 28.00%

Cost to Sell Property 7.00%

NPV Discount Rate 7.00%

Investment Comparisons

Bank CD Rate 1.00%

Mutual Fund 5.00%

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Summary, Actual Data

2071 So.Mountain View Ave
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Multi family



Year 1

PRICE

Purchase Price	\$5,000,000
Escalated Price (BOY)	\$5,000,000
Escalated Price (EOY)	\$5,249,996

INITIAL INVESTMENT 100% DOWN

Total Investment	\$5,000,000
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NET OPERATING INCOME

Operating Income	\$360,576
- Operating Expenses	- \$108,168
= Net Operating Income	= \$252,408

ANNUAL CASH FLOW BEFORE TAX

Net Operating Income	\$252,408
- Annual Debt Service	- \$0
- Capital Additions	- \$0
= Annual Cash Flow Before Tax	= \$252,408

SALE PROCEEDS BEFORE TAX

Sale Price (EOY)	\$5,249,996
- Cost of Sale @ 7.00%	- \$367,500
- 1st Mortgage Loan Balance	- \$0
- 2nd Mortgage Loan Balance	- \$0
= Sale Proceeds before Tax	= \$4,882,496
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds before Tax	= \$4,882,496

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$252,408
- Tax Liability (Savings) @ 28 %	- \$34,083
= Cash Flow After Tax	= \$218,325

SALE PROCEEDS AFTER TAX

Sale Proceeds before Tax	\$4,882,496
- Tax (Savings) Ord. Inc. @ 28.00%	- \$0
- Cost Recovery Recapture @ 25.00%	- \$3,295
- Federal Tax on Gain @ 15.00%	- \$0
- State Tax on Gain @ %	- \$0
= Sale Proceeds after Tax	= \$4,879,201
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds after Tax	= \$4,879,201

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Indicators, Actual Data

2071 So.Mountain View Ave

Anaheim, CA.92802

Multi family



Year 1

INDICATORS

Cash on Cash (ROI)	5.05 %
Cap Rate	5.05 %
One Percent Rule	0.60 %
Fifty Percent Rule	30.00 %
Gross Rent Multiplier	13.30
Debt Coverage Ratio	0.00
Modified DCR	0.00
Default Ratio (Break Even)	30.00 %
IRR Before Tax	2.70 %
IRR After Tax	1.95 %
NPV After Tax	(\$439,999)

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ROI (Return on Investment), Actual Data

2071 So.Mountain View Ave

Anaheim, CA.92802

Multi family



Year 1

RETURN ON INVESTMENT

Cash Flow Before Tax	\$252,408
+ Appreciation	+ \$249,996
+ Principal Paydown	+ \$0
+ Tax Liability/Savings	+ (\$34,083)
= Total Investment Return	= \$468,321

INITIAL INVESTMENT 100% DOWN	\$5,000,000
Return on Cash Flow Before Tax	5.05 %
+ Return on Appreciation	+ 5.00 %
+ Return on Principal Paydown	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.68 %)
= Return on Initial Investment	= 9.37 %

ACCUMULATED INVESTMENT	\$5,000,000
Return on Cash Flow Before Tax	5.05 %
+ Return on Appreciation	+ 5.00 %
+ Return on Principal Paydown	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.68 %)
= Return on Accumulated Investment	= 9.37 %

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ROE (Return on Equity), Actual Data

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Multi family



Year 1

SALE PROCEEDS BEFORE TAX

Sale Price (EOY)	\$5,249,996
- Cost of Sale @ 7.00%	- \$367,500
- 1st Mortgage Loan Balance	- \$0
- 2nd Mortgage Loan Balance	- \$0
= Sale Proceeds before Tax	= \$4,882,496
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds before Tax	= \$4,882,496

GROSS EQUITY AT PURCHASE

Purchase Price	\$5,000,000
- Loan Amount	- \$0
= Gross Equity at Purchase	= \$5,000,000

GROSS EQUITY (EOY)

Gross Equity (BOY)	\$5,000,000
+ Appreciation Equity	+ \$249,996
+ Principal Paydown Equity	+ \$0
= Gross Equity (EOY)	= \$5,249,996

GROSS EQUITY PLUS RESERVES

Gross Equity (EOY)	\$5,249,996
+ Reserve Balance	+ \$0
= Total Gross Equity	= \$5,249,996

RETURN ON GROSS EQUITY (EOY)

Annual Cash Flow Before Tax	\$252,408
div Gross Equity (EOY)	\$5,249,996
= Return on Gross Equity	= 4.81 %

NET EQUITY (EOY)

Gross Equity (EOY)	\$5,249,996
- Total Cost of Sale	- \$367,500
= Net Equity (EOY)	= \$4,882,496

RETURN ON NET EQUITY (EOY)

Annual Cash Flow Before Tax	\$252,408
div Net Equity (EOY)	\$4,882,496
= Return on Net Equity	= 5.17 %

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Financing, Actual Data

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Multi family



Year 1

PRICE

Purchase Price	\$5,000,000
Escalated Price (BOY)	\$5,000,000
Escalated Price (EOY)	\$5,249,996
Price Escalator: Appreciation	5.00 %

INITIAL INVESTMENT 100% DOWN

Down Payment	\$5,000,000
+ Closing Costs	+ \$0
+ Other Costs	+ \$0
+ Rehab Costs	+ \$0
= Total Investment	= \$5,000,000

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Annual Cash Flow, Actual Data

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Multi family



Year 1

ANNUAL CASH FLOW BEFORE TAX

Gross Scheduled Income	\$375,840
- Vacancy	- \$18,792
= Effective Rental Income	= \$357,048
+ Other Income	+ \$3,528
= Gross Operating Income	= \$360,576
- Annual Operating Expenses	- \$108,168
= Net Operating Income	= \$252,408
- Annual Debt Service	- \$0
- Capital Additions	- \$0
= Annual Cash Flow Before Tax	= \$252,408

REAL ESTATE TAXABLE INCOME

Net Operating Income	\$252,408
- Interest 1st Mortgage	- \$0
- Interest 2nd Mortgage	- \$0
- Points Amortization	- \$0
- Cost Recovery (Improvements)	- \$130,682
- Cost Recovery (Personal)	- \$0
- Cost Recovery (Cap. Add.)	- \$0
= R.E. Taxable Income (Loss)	= \$121,726

PASSIVE LOSS EXEMPTION

Passive Loss Exemption Available	\$0
Passive Losses Allowed	\$0

ANNUAL SUSPENDED LOSSES

R.E. Taxable Income (Loss)	\$121,726
Passive Losses Allowed	\$0
Annual Suspended Losses	\$0

TAX LIABILITY (SAVINGS)

R.E. Taxable Income	\$121,726
- Suspended Losses Allowed	- \$0
= Adjusted R.E. Taxable Income	= \$121,726
Tax Liability (Savings) @ 28.00%	\$34,083

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$252,408
- Tax Liability (Savings) @ 28 %	- \$34,083
= Cash Flow After Tax	= \$218,325

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Annual Report Year 1, Proforma Data

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Multi family



Physical Data

Rentable Sq Ft	13200
Number of Units	16
Price Per Unit	\$312,500
Price Per Sq Ft	\$379
Year Built	1962
Buildings	1
Stories	2
Parking Spaces	25
Zoning	R\$
Land Area	20038
Roof	newer

Financing, Cash Purchase

Purchase Price	\$5,000,000
Cash Purchase	\$5,000,000

Initial Investment 100% Down

Down Payment	\$5,000,000
= Initial Investment	\$5,000,000

Gross Operating Income

Gross Scheduled Income	\$450,000
- Vacancy @ 5.0%	\$22,500
= Effective Rental Income	\$427,500
= Annual Gross Operating Income	\$431,100
= Monthly Gross Operating Income	\$35,925

Expenses

Estimated Annual Expenses	\$129,336
Estimated Monthly Expenses	\$10,778

Net Operating Income

Annual Gross Operating Income	\$431,100
- Annual Operating Expenses	\$129,336
= Annual Net Operating Income	\$301,764
= Monthly Net Operating Income	\$25,147

Cash Flow

Net Operating Income	\$301,764
= Annual Cash Flow Before Tax	\$301,764
= Monthly Cash Flow Before Tax	\$25,147
- Tax Liability (Savings) @ 28 %	\$47,903
= Annual Cash Flow After Tax	\$253,861
= Monthly Cash Flow After Tax	\$21,155

Financial Indicators

Cash on Cash (ROI)	6.04%
Cap Rate	6.04%
One Percent Rule	0.72
Fifty Percent Rule	30.00
Gross Rent Multiplier	11.11
Default Ratio (Break Even)	30.00

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Amortization Schedule

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Anaheim, CA.92802

Multi family



1st MTG - Fixed Fully Amortized (Multi family)

Loan Amount	\$0	Points	0.0%
	0.00%	Interest Rate	0.000%
Term (Due Date)	0.0 Years		

Amortization Table

Year	Payment	Principal	Interest	Total Paid	Loan Balance
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Property Details Year 1, Proforma Data

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Multi family



Future Value Escalator

Appreciation 5.00%

Vacancy Percent

Vacancy Percent 5.00%

Income Escalators

Gross Scheduled Income 2.00%

Other Income 2.00%

Expense Escalators

Expenses 0.00%

Cost Recovery Period

Improvements Years 27.5

Personal Property Years 5.0

Other Assumptions

Tax Bracket 28.00%

Cost to Sell Property 7.00%

NPV Discount Rate 7.00%

Investment Comparisons

Bank CD Rate 1.00%

Mutual Fund 5.00%

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Summary, Proforma Data

2071 So.Mountain View Ave
Anaheim, CA.92802
Multi family



Year 1

PRICE

Purchase Price	\$5,000,000
Escalated Price (BOY)	\$5,000,000
Escalated Price (EOY)	\$5,249,996

INITIAL INVESTMENT 100% DOWN

Total Investment	\$5,000,000
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NET OPERATING INCOME

Operating Income	\$431,100
- Operating Expenses	- \$129,336
= Net Operating Income	= \$301,764

ANNUAL CASH FLOW BEFORE TAX

Net Operating Income	\$301,764
- Annual Debt Service	- \$0
- Capital Additions	- \$0
= Annual Cash Flow Before Tax	= \$301,764

SALE PROCEEDS BEFORE TAX

Sale Price (EOY)	\$5,249,996
- Cost of Sale @ 7.00%	- \$367,500
- 1st Mortgage Loan Balance	- \$0
- 2nd Mortgage Loan Balance	- \$0
= Sale Proceeds before Tax	= \$4,882,496
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds before Tax	= \$4,882,496

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$301,764
- Tax Liability (Savings) @ 28 %	- \$47,903
= Cash Flow After Tax	= \$253,861

SALE PROCEEDS AFTER TAX

Sale Proceeds before Tax	\$4,882,496
- Tax (Savings) Ord. Inc. @ 28.00%	- \$0
- Cost Recovery Recapture @ 25.00%	- \$3,295
- Federal Tax on Gain @ 15.00%	- \$0
- State Tax on Gain @ %	- \$0
= Sale Proceeds after Tax	= \$4,879,201
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds after Tax	= \$4,879,201

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Indicators, Proforma Data

2071 So.Mountain View Ave

Anaheim, CA.92802

Multi family



Year 1

INDICATORS

Cash on Cash (ROI)	6.04 %
Cap Rate	6.04 %
One Percent Rule	0.72 %
Fifty Percent Rule	30.00 %
Gross Rent Multiplier	11.11
Debt Coverage Ratio	0.00
Modified DCR	0.00
Default Ratio (Break Even)	30.00 %
IRR Before Tax	3.69 %
IRR After Tax	2.66 %
NPV After Tax	(\$439,999)

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ROI (Return on Investment), Proforma Data

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Anaheim, CA.92802

Multi family



Year 1

RETURN ON INVESTMENT

Cash Flow Before Tax	\$301,764
+ Appreciation	+ \$249,996
+ Principal Paydown	+ \$0
+ Tax Liability/Savings	+ (\$47,903)
= Total Investment Return	= \$503,857

INITIAL INVESTMENT 100% DOWN	\$5,000,000
Return on Cash Flow Before Tax	6.04 %
+ Return on Appreciation	+ 5.00 %
+ Return on Principal Paydown	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.96 %)
= Return on Initial Investment	= 10.08 %

ACCUMULATED INVESTMENT	\$5,000,000
Return on Cash Flow Before Tax	6.04 %
+ Return on Appreciation	+ 5.00 %
+ Return on Principal Paydown	+ 0.00 %
+ Return Tax Liability/Savings	+ (0.96 %)
= Return on Accumulated Investment	= 10.08 %

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ROE (Return on Equity), Proforma Data

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Multi family



Year 1

SALE PROCEEDS BEFORE TAX

Sale Price (EOY)	\$5,249,996
- Cost of Sale @ 7.00%	- \$367,500
- 1st Mortgage Loan Balance	- \$0
- 2nd Mortgage Loan Balance	- \$0
= Sale Proceeds before Tax	= \$4,882,496
+ Balance of Funded Reserves	+ \$0
= Sale Proceeds before Tax	= \$4,882,496

GROSS EQUITY AT PURCHASE

Purchase Price	\$5,000,000
- Loan Amount	- \$0
= Gross Equity at Purchase	= \$5,000,000

GROSS EQUITY (EOY)

Gross Equity (BOY)	\$5,000,000
+ Appreciation Equity	+ \$249,996
+ Principal Paydown Equity	+ \$0
= Gross Equity (EOY)	= \$5,249,996

GROSS EQUITY PLUS RESERVES

Gross Equity (EOY)	\$5,249,996
+ Reserve Balance	+ \$0
= Total Gross Equity	= \$5,249,996

RETURN ON GROSS EQUITY (EOY)

Annual Cash Flow Before Tax	\$301,764
div Gross Equity (EOY)	\$5,249,996
= Return on Gross Equity	= 5.75 %

NET EQUITY (EOY)

Gross Equity (EOY)	\$5,249,996
- Total Cost of Sale	- \$367,500
= Net Equity (EOY)	= \$4,882,496

RETURN ON NET EQUITY (EOY)

Annual Cash Flow Before Tax	\$301,764
div Net Equity (EOY)	\$4,882,496
= Return on Net Equity	= 6.18 %

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Financing, Proforma Data

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Year 1

PRICE

Purchase Price	\$5,000,000
Escalated Price (BOY)	\$5,000,000
Escalated Price (EOY)	\$5,249,996
Price Escalator: Appreciation	5.00 %

INITIAL INVESTMENT 100% DOWN

Down Payment	\$5,000,000
+ Closing Costs	+ \$0
+ Other Costs	+ \$0
+ Rehab Costs	+ \$0
= Total Investment	= \$5,000,000

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Annual Cash Flow, Proforma Data

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Multi family



Year 1

ANNUAL CASH FLOW BEFORE TAX

Gross Scheduled Income	\$450,000
- Vacancy	- \$22,500
= Effective Rental Income	= \$427,500
+ Other Income	+ \$3,600
= Gross Operating Income	= \$431,100
- Annual Operating Expenses	- \$129,336
= Net Operating Income	= \$301,764
- Annual Debt Service	- \$0
- Capital Additions	- \$0
= Annual Cash Flow Before Tax	= \$301,764

REAL ESTATE TAXABLE INCOME

Net Operating Income	\$301,764
- Interest 1st Mortgage	- \$0
- Interest 2nd Mortgage	- \$0
- Points Amortization	- \$0
- Cost Recovery (Improvements)	- \$130,682
- Cost Recovery (Personal)	- \$0
- Cost Recovery (Cap. Add.)	- \$0
= R.E. Taxable Income (Loss)	= \$171,082

PASSIVE LOSS EXEMPTION

Passive Loss Exemption Available	\$0
Passive Losses Allowed	\$0

ANNUAL SUSPENDED LOSSES

R.E. Taxable Income (Loss)	\$171,082
Passive Losses Allowed	\$0
Annual Suspended Losses	\$0

TAX LIABILITY (SAVINGS)

R.E. Taxable Income	\$171,082
- Suspended Losses Allowed	- \$0
= Adjusted R.E. Taxable Income	= \$171,082
Tax Liability (Savings) @ 28.00%	\$47,903

ANNUAL CASH FLOW AFTER TAX

Annual Cash Flow Before Tax	\$301,764
- Tax Liability (Savings) @ 28 %	- \$47,903
= Cash Flow After Tax	= \$253,861

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