

Financial Analysis for Duplex Investment

Prepared for John Doe

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Property Description:	
Address:	123-125 Main St
Type:	Duplex
Lot Acres	0.3
Building Sq. Ft	2,074
Units:	2br, 2ba
Garage Spaces	2
Year Built	1980 <
Exterior and Condition	Frame and Brick/Average
Interior and Condition	Various Materials/Average
Common Elements	TBD

Monthly Cash Flow Statement

Monthly Expense Variables

Purchase Price	490,000
Down Payment	122,500
Loan Amount	367,500
Interest Rate	4.75%
First Monthly Mortgage	1,917
Second Mortgage for Down Payment	
Interest Rate	
Second Monthly Mortgage	0
Total Mortgage	1,917
Property Taxes	200
Insurance	92
Vacancy Rate \$ Impact	150
Routine Maintenance	25
Replacement Equipment	42
Utilities	25
Management Fees (Including Vac Rate)	285
Marketing/Advertising	0
HOA/Admin/Legal	0

Total Monthly Cost2,735

Monthly Revenue Variables

Unit 1 -	1,500
Unit 2 -	1,500
Unit 3 -	
Unit 4 -	
Unit 5 -	
Unit 6-	
Unit 7 -	
Unit 8 -	
Other/Laundry	

Total Monthly Revenue3,000

Monthly Cash Flow265

Cap Rate Valuation

		Cap Rate	Cap Rate	Cap Rate	Cap Rate
		5.0%	5.5%	6.0%	6.5%
Gross Annual Income	36,000				
Gross Annual Expenses	9,820				
Annual Net Operating Incorr	26,180	523,600	476,000	436,333	402,769

10 Year Return on Investment:

										Sale of Property	
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
Initial Investment/Equity	122,500										122,500
Annual Operating Expenses	32,825	32,825	32,825	32,825	32,825	32,825	32,825	32,825	32,825	32,825	328,246
Capital/Other Expenses	500	500	500	500	500	500	500	500	500	500	5,000
Start up Loss of Rent	0	0	0	0	0	0	0	0	0	0	0
Cost Appreciation			500	800	800	1,100	1,100	1,400	1,400	1,650	8,750
Total Funds Out	155,825	33,325	33,825	34,125	34,125	34,425	34,425	34,725	34,725	34,975	464,496
Annual Operating Revenue	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360,000
Rent Appreciation	0	0	1,800	1,800	1,800	3,690	3,690	3,690	5,675	5,675	27,819
Repair/Maint. Tax Deductions	75	75	75	75	75	75	75	75	75	75	750
Equity Paid by Tenants	5,671	5,946	6,235	6,537	6,855	7,188	7,537	7,934	8,286	8,688	70,876
1st Mortgage Interest Write-Off	4,333	4,265	4,192	4,117	4,037	3,954	3,867	3,768	3,680	3,579	39,793
2nd Mortgage Interest Write-Off	0	0	0	0	0	0	0	0	0	0	0
Equity Appreciation	19,600	20,384	21,199	22,047	22,929	23,846	24,800	25,792	26,824	27,897	235,320
Total Funds In	65,679	66,670	69,502	70,577	71,697	74,753	75,969	77,259	80,539	81,914	734,558
Net Cash Flow Stream	-90,145	33,345	35,677	36,452	37,572	40,329	41,544	42,534	45,815	169,439	392,561
IRR/ROI %	41.4%										515,061
Cash on Cash %	320.5%										392,561

Assumptions

Purchase Price	490,000
Percent Down	25.0%
Loan Amount	367,500
Interest Rate	4.75%
Mortgage Payment	1,917
Management Fee	10.0%
Insurance	1,100
Property Taxes	2,400
Maintenance	300
Utilities	300
Replacement Equipment	500
Equity Appreciation Rate	4.0%
Vacancy Rate	5.0%
Marketing/Advertising	0
HOA/Admin/Legal	0