

### 1st Year Pro forma

|                    |                |
|--------------------|----------------|
| City, State        | Olathe, KS     |
| Street             | 113 N. Pine St |
| Property Type      | Single family  |
| Year Built         | 1890           |
| Living Area Sq Ft  | 1,056          |
| Bedrooms           | 2              |
| Baths              | 1              |
| Neighborhood Class | A              |

|              |                  |
|--------------|------------------|
| <b>Price</b> | <b>\$175,000</b> |
| Furnishings  | \$12,000         |
| Total Cost   | \$187,000        |



| <b>Income</b>                 | <b>Monthly</b> | <b>Annual</b>   |
|-------------------------------|----------------|-----------------|
| Gross Rent                    | \$3,750        | \$45,000        |
| Vacancy Losses                | \$1,313        | \$15,750        |
| <b>Gross Operating Income</b> | <b>\$2,438</b> | <b>\$29,250</b> |

| <b>Expenses</b>           | <b>Monthly</b> | <b>Annual</b>   |
|---------------------------|----------------|-----------------|
| Property Taxes            | \$149          | \$1,789         |
| Insurance                 | \$65           | \$780           |
| Management                | \$244          | \$2,925         |
| Gas, electric, water      | \$200          | \$2,400         |
| Cable/Internet            | \$75           | \$900           |
| Lawcare/Snow removal      | \$40           | \$480           |
| Maintenance               | \$150          | \$1,800         |
| <b>Operating Expenses</b> | <b>\$923</b>   | <b>\$11,074</b> |

| <b>Net Performance</b>                  | <b>Monthly</b> | <b>Annual</b>   |
|---|----------------|-----------------|
| Net Operating Income                    | \$1,515        | \$18,176        |
| Debt Service                            | \$908          | \$10,896        |
| Cash Flow                               | \$607          | \$7,280         |
| Principal Reduction                     | \$124          | \$1,492         |
| First Year Appreciation                 | \$438          | \$5,250         |
| <b>Total Income &amp; Equity Return</b> | <b>\$1,168</b> | <b>\$14,022</b> |

| <b>Financial Indicators</b>       |              |
|-----------------------------------|--------------|
| Debt Cover Ratio                  | 1.7          |
| Annual Gross Rent Multiplier      | 3.9          |
| Monthly Gross Rent Multiplier     | 47           |
| Rent ratio                        | 2.1%         |
| Capitalization Rate               | 10.4%        |
| Cash on Cash Return               | 15.5%        |
| <b>Total Return on Investment</b> | <b>29.8%</b> |

| <b>Assumptions</b>            |       |
|-------------------------------|-------|
| Real Estate Appreciation Rate | 3%    |
| Occupancy Rate                | 65%   |
| Management Fee                | 10%   |
| Maintenance Percentage        | 4%    |
| Annual Rental Increase        | 2.0%  |
| Daily Rate                    | \$125 |

| <b>Mortgage Information</b> |           |
|-----------------------------|-----------|
| Loan to Value               | 80.0%     |
| Downpayment & furnishing    | \$47,000  |
| Loan Amount                 | \$140,000 |
| Terms                       | 360       |
| Interest Rate*              | 6.750%    |
| Mortgage Payment            | \$908.04  |

These are projections only and performance is not guaranteed. All investments have risk and investors should do their own due diligence

**10 Year Performance Summary----Cash-flow & Equity**

|                                 | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   | Year 10  |
|---------------------------------|----------|----------|----------|----------|----------|----------|
| <b>INCOME</b>                   |          |          |          |          |          |          |
| Gross Rent                      | \$45,000 | \$45,900 | \$46,818 | \$47,754 | \$48,709 | \$53,779 |
| Vacancy                         | \$15,750 | \$16,065 | \$16,386 | \$16,714 | \$17,048 | \$18,823 |
| Operating Income                | \$29,250 | \$29,835 | \$30,432 | \$31,040 | \$31,661 | \$34,956 |
| <b>EXPENSES</b>                 |          |          |          |          |          |          |
| Property taxes                  | \$1,789  | \$1,825  | \$1,861  | \$1,899  | \$1,936  | \$2,138  |
| Insurance                       | \$780    | \$796    | \$812    | \$828    | \$844    | \$932    |
| Management                      | \$2,925  | \$2,984  | \$3,043  | \$3,104  | \$3,166  | \$3,496  |
| Maintenance                     | \$1,800  | \$1,836  | \$1,873  | \$1,910  | \$1,948  | \$2,151  |
| Water, electric, gas            | \$2,400  | \$2,448  | \$2,497  | \$2,547  | \$2,598  | \$2,868  |
| Lawn care/Snow removal          | \$480    | \$490    | \$499    | \$509    | \$520    | \$574    |
| Cable/Internet                  | \$900    | \$918    | \$936    | \$955    | \$974    | \$1,076  |
| <b>Total Operating Expenses</b> | \$11,074 | \$11,295 | \$11,521 | \$11,752 | \$11,987 | \$13,234 |

| <b>Income Analyses</b>     | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       | Year 10      |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Operating Income       | \$18,176     | \$18,540     | \$18,910     | \$19,289     | \$19,674     | \$21,722     |
| Debt Service               | \$10,896     | \$10,896     | \$10,896     | \$10,896     | \$10,896     | \$10,896     |
| Cash Flow                  | \$7,280      | \$7,643      | \$8,014      | \$8,392      | \$8,778      | \$10,826     |
| <b>Cash on Cash Return</b> | <b>15.5%</b> | <b>16.3%</b> | <b>17.1%</b> | <b>17.9%</b> | <b>18.7%</b> | <b>23.0%</b> |

| <b>Equity Analysis</b>     | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       | Year 10       |
|----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Principal Reduction        | \$1,492      | \$1,596      | \$1,707      | \$1,826      | \$1,953      | \$2,765       |
| Annual Appreciation        | \$5,250      | \$5,408      | \$5,570      | \$5,737      | \$5,909      | \$6,850       |
| Total Annual Equity Gain   | \$6,742      | \$7,003      | \$7,277      | \$7,563      | \$7,862      | \$9,615       |
| <b>Total Equity Gain %</b> | <b>14.3%</b> | <b>14.9%</b> | <b>15.5%</b> | <b>16.1%</b> | <b>16.7%</b> | <b>20.46%</b> |

| <b>Income &amp; Equity Analysis</b>    | Year 1          | Year 2          | Year 3          | Year 4          | Year 5          | Year 10         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Annual Income                    | \$7,280         | \$7,643         | \$8,014         | \$8,392         | \$8,778         | \$10,826        |
| Total Annual Equity                    | \$6,742         | \$7,003         | \$7,277         | \$7,563         | \$7,862         | \$9,615         |
| <b>Total Income &amp; Equity</b>       | <b>\$14,022</b> | <b>\$14,647</b> | <b>\$15,291</b> | <b>\$15,955</b> | <b>\$16,640</b> | <b>\$20,441</b> |
| <b>Return from Income &amp; Equity</b> | <b>29.8%</b>    | <b>31.2%</b>    | <b>32.5%</b>    | <b>33.9%</b>    | <b>35.4%</b>    | <b>43.5%</b>    |

|  | Year 1          | Year 2          | Year 3          | Year 4          | Year 5          | Year 10          |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Cummulative Cash flow                        | \$7,280         | \$14,923        | \$22,936        | \$31,329        | \$40,106        | \$90,058         |
| Cummulative Equity Gain                      | \$6,742         | \$13,745        | \$21,022        | \$28,585        | \$36,447        | \$80,795         |
| <b>Total Cummulative Income &amp; Equity</b> | <b>\$14,022</b> | <b>\$28,668</b> | <b>\$43,959</b> | <b>\$59,914</b> | <b>\$76,553</b> | <b>\$170,852</b> |

## 10 Year Cumulative Return

