

Projected Financial Analysis Summary

WaMu Foreclosure

1212 Main St
Atlanta GA 30303

Darren Johnston

February 15, 2009

Presented by

Your Name Here
Your Company Name Here

1212 Main St
Atlanta GA 30303
866-290-4183
YourEmail@YourCompany.com



Disclaimer: All information presented is believed to be accurate.

The information, calculations & data presented in this report are believed to be accurate but are not guaranteed or warranted. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making any purchases of real estate.

Projected Financial Analysis Summary



Property Information

Type:	Single-Family
Total Cost:	\$ 110,000
Fair Market Value:	\$ 165,000
Number of Units:	1
Sq. Footage:	1,350
Appreciation Rate:	1.00%

Financial Information

		% of P. Price	% of Cost	% of FMV
Projected Down Payment/ Investment:	\$ 22,000	20.00%	20.00%	13.33%
Initial Loan Balance:	\$ 88,000	80.00%	80.00%	53.33%

	Amount	Rate	Term (Years)	Payment
Mortgage #1	\$ 88,000	8.00%	30	\$ 646

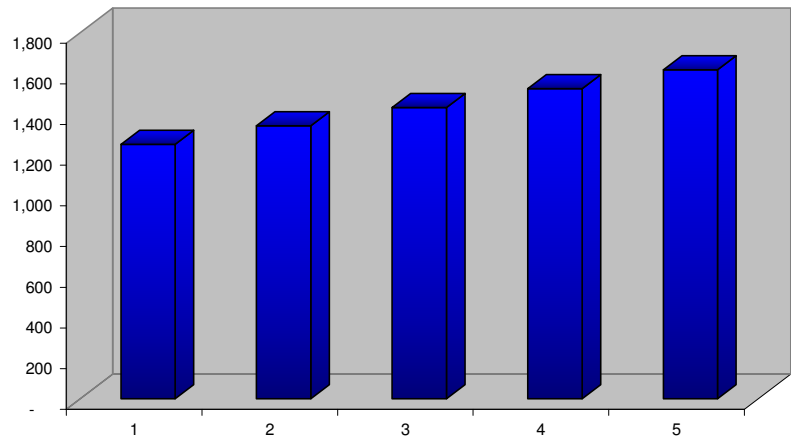
Rental Income & Expenses

Monthly Rents:	\$ 1,250
Annual Rents:	\$ 15,000
Other Annual Income:	\$
Annual Vacancy:	\$ (600)
Annual Expenses:	\$ (5,400)
Annual Reserves:	\$
Annual Debt Service:	\$ (7,749)

Assumptions:

Rental Growth Rate:	1.00%
Expense Growth Rate:	1.00%
Appreciation Rate:	1.00%
Marginal Tax Rate:	32.00%
Capital Gain Tax Rate:	19.00%

5 Year Projected Cash Flow Before Taxes



Financial Ratios & Return on Investment (ROI)

Debt Coverage Ratio (DCR)	
Loan to Value Ratio (LVR)	
Capitalization Rate Based on Cost	
Capitalization Rate Based on Resale Price	
Gross Rent Monthly Multiplier (GRM)	
Gross Rent Yearly Multiplier (GRM)	
Net Present Value (NPV) - Before Taxes @	13.50%
Net Present Value (NPV) - After Taxes @	10.00%
Cash on Cash Return - Before Taxes	
Cash on Cash Return - After Taxes	
Internal Rate of Return (IRR) - Before Taxes	
Internal Rate of Return (IRR) - After Taxes	
Modified Internal Rate of Return (MIRR) - Before Taxes	
Modified Internal Rate of Return (MIRR) - After Taxes	

	Year 1	Year 5
DCR	1.16	1.21
LVR	80.00%	49.31%
Cap Rate (Cost)	8.18%	8.51%
Cap Rate (Resale)	5.40%	5.40%
GRM (Monthly)	88.00	133.32
GRM (Yearly)	7.33	11.11
NPV (Before Taxes)	\$ 40,236	\$ 25,028
NPV (After Taxes)	\$ 33,494	\$ 24,451
Cash on Cash (Before Taxes)	5.69%	7.35%
Cash on Cash (After Taxes)	6.41%	8.19%
IRR (Before Taxes)	221.08%	33.32%
IRR (After Taxes)	177.47%	29.20%
MIRR (Before Taxes)	221.08%	31.59%
MIRR (After Taxes)	177.47%	27.24%

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Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 15,000	\$ 15,150	\$ 15,302	\$ 15,455	\$ 15,609
Less: Vacancy & Credit Losses	(600)	(606)	(612)	(618)	(624)
Less: Operating Expenses	(5,400)	(5,454)	(5,509)	(5,564)	(5,619)
Net Operating Income (NOI)	\$ 9,000	\$ 9,090	\$ 9,181	\$ 9,273	\$ 9,365
Less: Annual Debt Service	(7,749)	(7,749)	(7,749)	(7,749)	(7,749)
CASH FLOW Before Taxes	\$ 1,251	\$ 1,341	\$ 1,432	\$ 1,524	\$ 1,617
Income Taxes: Benefit (Expense)	159	342	292	239	185
CASH FLOW After Taxes	\$ 1,411	\$ 1,683	\$ 1,724	\$ 1,764	\$ 1,802

Property Resale Analysis					
Projected Sales Price	\$ 166,650	\$ 168,317	\$ 170,000	\$ 171,700	\$ 173,417
Less: Selling Expenses	(9,999)	(10,099)	(10,200)	(10,302)	(10,405)
Adjusted Projected Sales Price	\$ 156,651	\$ 158,218	\$ 159,800	\$ 161,398	\$ 163,012
Less: Mortgage(s) Balance Payoff	(87,265)	(86,469)	(85,607)	(84,673)	(83,662)
SALE PROCEEDS Before Taxes	\$ 69,386	\$ 71,749	\$ 74,193	\$ 76,725	\$ 79,350
Income Taxes from Sale: Benefit (Expense)	(9,753)	(10,979)	(12,207)	(13,439)	(14,674)
SALE PROCEEDS After Taxes	\$ 59,633	\$ 60,770	\$ 61,986	\$ 63,286	\$ 64,676

Cash Position					
Cash Generated in Current Year	\$ 1,411	\$ 1,683	\$ 1,724	\$ 1,764	\$ 1,802
Cash Generated in Previous Years	n/a	1,411	3,094	4,818	6,581
Cash Generated from Property Sale	59,633	60,770	61,986	63,286	64,676
Original Initial Investment	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)
Total Potential CASH Generated	\$ 39,044	\$ 41,864	\$ 44,804	\$ 47,867	\$ 51,060

Financial Measures					
Debt Coverage Ratio (DCR)	1.16	1.17	1.18	1.20	1.21
Loan to Value Ratio (LVR)	80.0%	52.4%	51.4%	50.4%	49.3%
Cash on Cash Return with Equity Build-up	177.47%	4.62%	4.60%	4.59%	4.57%
Cash on Cash Return - Before Taxes	5.69%	6.10%	6.51%	6.93%	7.35%
Cash on Cash Return - After Taxes	6.41%	7.65%	7.84%	8.02%	8.19%
Internal Rate of Return (IRR) - Before Taxes	221.08%	85.14%	54.20%	40.78%	33.32%
Internal Rate of Return (IRR) - After Taxes	177.47%	71.72%	46.52%	35.41%	29.20%
Modified Internal Rate of Return (MIRR) - Before Taxes	221.08%	83.86%	52.68%	39.13%	31.59%
Modified Internal Rate of Return (MIRR) - After Taxes	177.47%	70.42%	44.87%	33.58%	27.24%

Tax Analysis - Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income (NOI) from Report	\$ 9,000	\$ 9,090	\$ 9,181	\$ 9,273	\$ 9,365
Tax Depreciation	(3,067)	(3,200)	(3,200)	(3,200)	(3,200)
Interest Expense - Mortgage #1	(6,431)	(6,958)	(6,892)	(6,821)	(6,744)
Operating Taxable Income (Loss)	\$ (498)	\$ (1,068)	\$ (911)	\$ (748)	\$ (579)
Federal & State Tax Rate	32.00%	32.00%	32.00%	32.00%	32.00%
Income Tax Benefit (Expense)	\$ 159	\$ 342	\$ 292	\$ 239	\$ 185

Subject to Suspended Loss Rules?

No

Tax Analysis - Property Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Adjusted Projected Sales Price	\$ 156,651	\$ 158,218	\$ 159,800	\$ 161,398	\$ 163,012
Original Cost of Property	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
Gain (Loss) on Property	\$ 46,651	\$ 48,218	\$ 49,800	\$ 51,398	\$ 53,012
Accumulated Depreciation/Amortization	3,067	6,267	9,467	12,667	15,867
Taxable Gain (Loss) on Property Sale	\$ 49,718	\$ 54,484	\$ 59,266	\$ 64,064	\$ 68,878
Capital Gain & State Rate on Sale	19.00%	19.00%	19.00%	19.00%	19.00%
Income Tax Benefit (Expense)	(9,446)	(10,352)	(11,261)	(12,172)	(13,087)
Recapture Tax	(307)	(627)	(947)	(1,267)	(1,587)
Income Tax Benefit (Expense)	\$ (9,753)	\$ (10,979)	\$ (12,207)	\$ (13,439)	\$ (14,674)

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Rent Roll Summary



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Unit Type	Number of Units	Percent of Total	Unit Sq Ft	Total Sq Ft	Rent Per Square Ft	Monthly Rent	Annual Rent
3 Bed, 2 Bath	1	100.00%	1,350	1,350	0.93	\$ 1,250	\$ 15,000
Totals	1	100.00%		1,350	0.93	\$ 1,250	\$ 15,000

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Annual Expenses



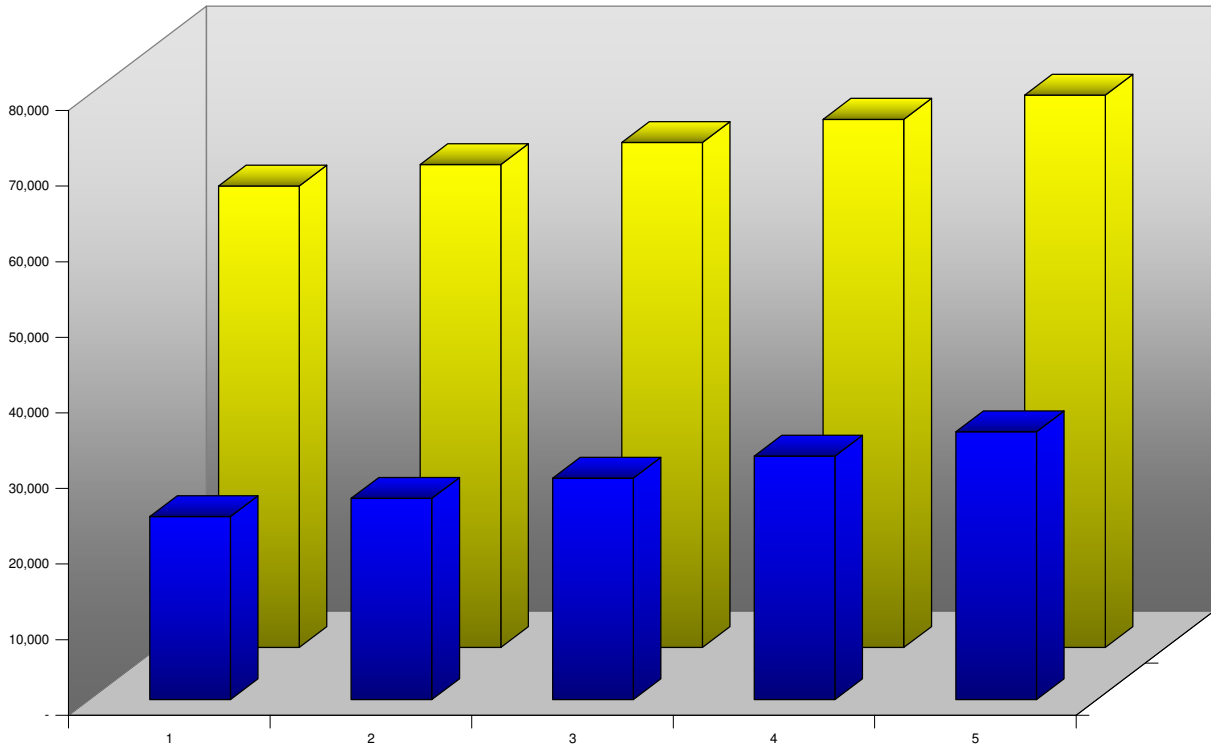
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Expense Description	Annual Amount	Annual Increase	% of Expenses	% of Revenue
Cleaning	500	1.0%	9.3%	3.3%
Insurance	750	1.0%	13.9%	5.0%
Landscaping	650	1.0%	12.0%	4.3%
Maintenance	1,250	1.0%	23.1%	8.3%
Pest Control	250	1.0%	4.6%	1.7%
Repairs	2,000	1.0%	37.0%	13.3%
Total Annual Operating Expenses	\$ 5,400		100.0%	36.0%

Alternative Investment Comparison



■ Alternative Investment
■ Subject Property - After Taxes



Alt Investment Return (after taxes)	Time Period	Alternative		Difference	Better Investment	Property		Difference	Better Investment
		Investment Value	Property After-Taxes Net Value			Before-Taxes Net Value			
10.00%	Initial Investment	\$ 22,000	\$ 22,000			\$ 22,000			
	Year 1	24,200	61,044	\$ 36,844	Property	70,638	\$ 46,438	Property	
	Year 2	26,620	63,864	37,244	Property	74,342	47,722	Property	
	Year 3	29,282	66,804	37,522	Property	78,218	48,936	Property	
	Year 4	32,210	69,867	37,657	Property	82,274	50,064	Property	
	Year 5	35,431	73,060	37,629	Property	86,516	51,085	Property	

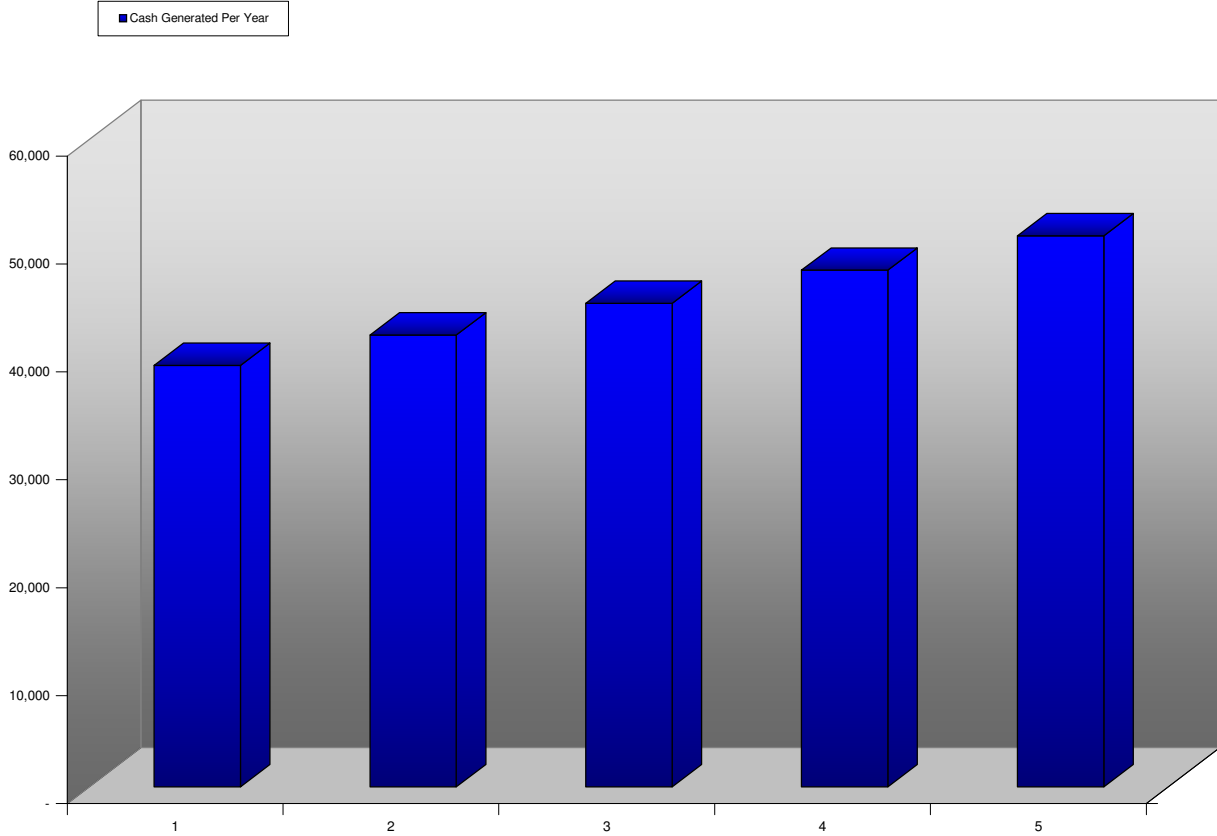
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Hold/Sell Analysis



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Required Return on Equity	Time Period	Cash Generated	Year over Year Change	Cash Change Percentage	Hold or Sell
15.00%	Initial Investment	\$ 22,000			
	Year 1	39,044	39,044	177.47%	Hold
	Year 2	41,864	2,820	7.22%	Hold
	Year 3	44,804	2,940	7.02%	Hold
	Year 4	47,867	3,064	6.84%	Hold
	Year 5	51,060	3,193	6.67%	Sell

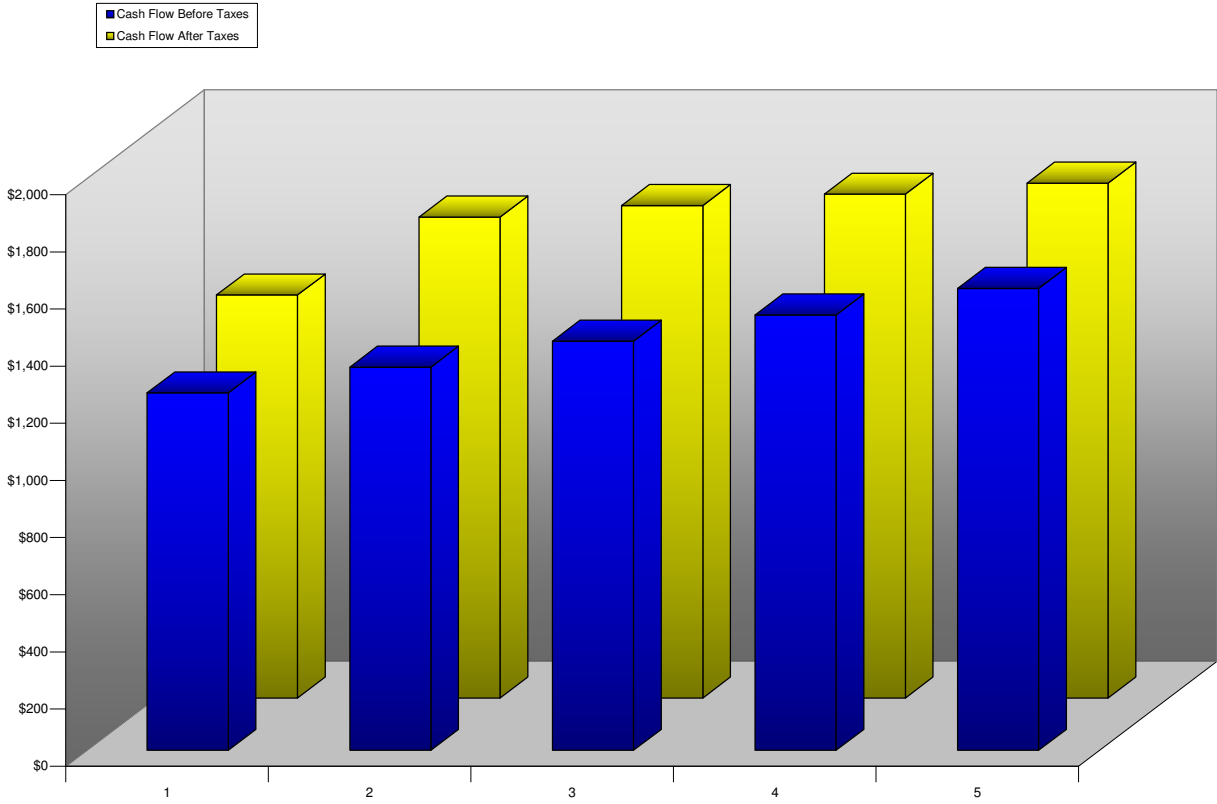
After Year 5

Cash Flow Projections



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<i>Time</i>	<i>Net Operating</i>	<i>Reserves</i>	<i>Debt</i>	<i>Cash Flow</i>	<i>Incomes</i>	<i>Cash Flow</i>
<i>Period</i>	<i>Income</i>	<i>& Improvements</i>	<i>Service</i>	<i>Before Tax</i>	<i>Taxes</i>	<i>After Tax</i>
Int Investment				\$ (22,000)		\$ (22,000)
Year 1	9,000	-	(7,749)	1,251	159	1,411
Year 2	9,090	-	(7,749)	1,341	342	1,683
Year 3	9,181	-	(7,749)	1,432	292	1,724
Year 4	9,273	-	(7,749)	1,524	239	1,764
Year 5	9,365	-	(7,749)	1,617	185	1,802

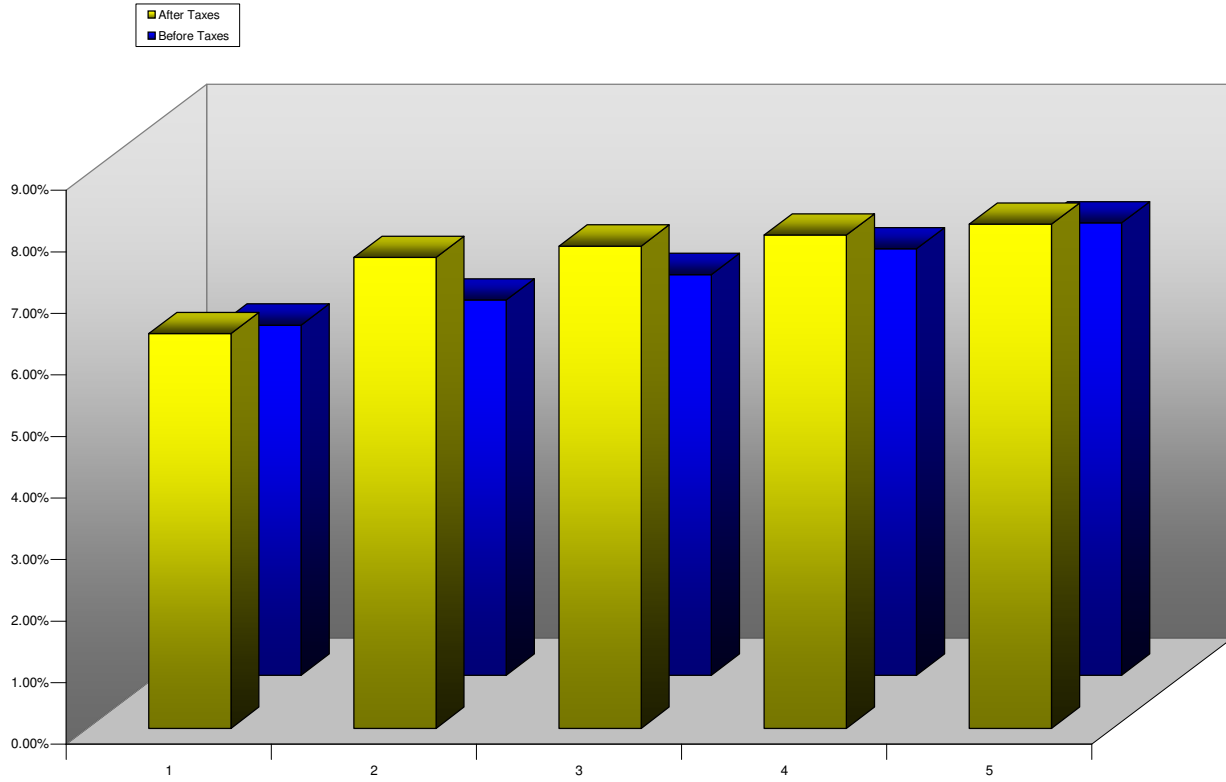
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Cash on Cash Return

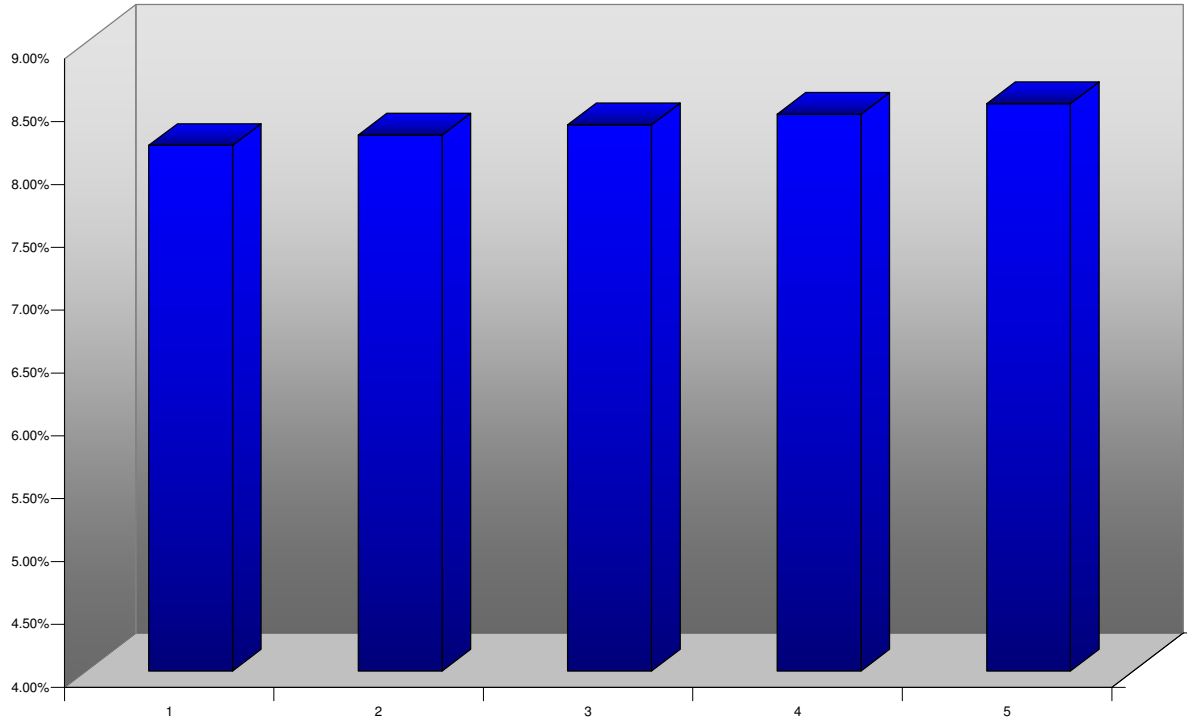


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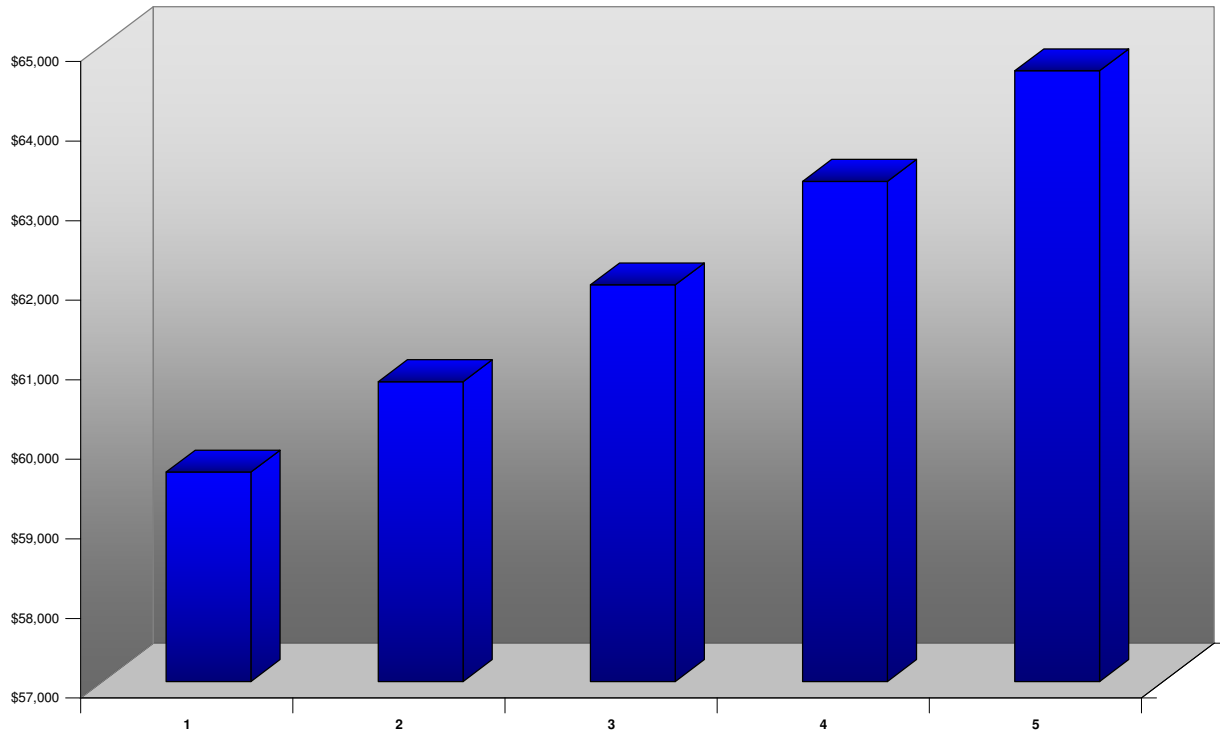
Time	Cash Flow	Cash on Cash	Income	Cash Flow	Cash on Cash
Period	Before Taxes	Before Taxes	Taxes	After Taxes	After Taxes
Year 1	\$ 1,251	5.69%	\$ 159	\$ 1,411	6.41%
Year 2	1,341	6.10%	342	1,683	7.65%
Year 3	1,432	6.51%	292	1,724	7.84%
Year 4	1,524	6.93%	239	1,764	8.02%
Year 5	1,617	7.35%	185	1,802	8.19%

Capitalization Rate



<i>Time</i>	<i>Net Operating</i>	<i>Cap Rate on Cost</i>	<i>Resale</i>
<i>Period</i>	<i>Income (NOI)</i>	<i>\$ 110,000</i>	<i>Value</i>
Year 1	\$ 9,000	8.18%	\$ 166,650
Year 2	9,090	8.26%	168,317
Year 3	9,181	8.35%	170,000
Year 4	9,273	8.43%	171,700
Year 5	9,365	8.51%	173,417

Property Equity Analysis



<i>Time Period</i>	<i>Projected Resale Value</i>	<i>Estimated Selling Expenses</i>	<i>Mortgage(s) Balance Payoff</i>	<i>Sale Proceeds Before Taxes</i>	<i>Income Taxes From Sale</i>	<i>Sale Proceeds After Taxes</i>	<i>Property Equity</i>	<i>Year / Year Equity Increase</i>	<i>Loan to Value Ratio</i>
Year 1	\$ 166,650	\$ (9,999)	\$ (87,265)	\$ 69,386	\$ (9,753)	\$ 59,633	\$ 59,633	\$ 37,633	52.4%
Year 2	168,317	(10,099)	(86,469)	71,749	(10,979)	60,770	60,770	1,137	51.4%
Year 3	170,000	(10,200)	(85,607)	74,193	(12,207)	61,986	61,986	1,216	50.4%
Year 4	171,700	(10,302)	(84,673)	76,725	(13,439)	63,286	63,286	1,300	49.3%
Year 5	173,417	(10,405)	(83,662)	79,350	(14,674)	64,676	64,676	1,391	48.2%

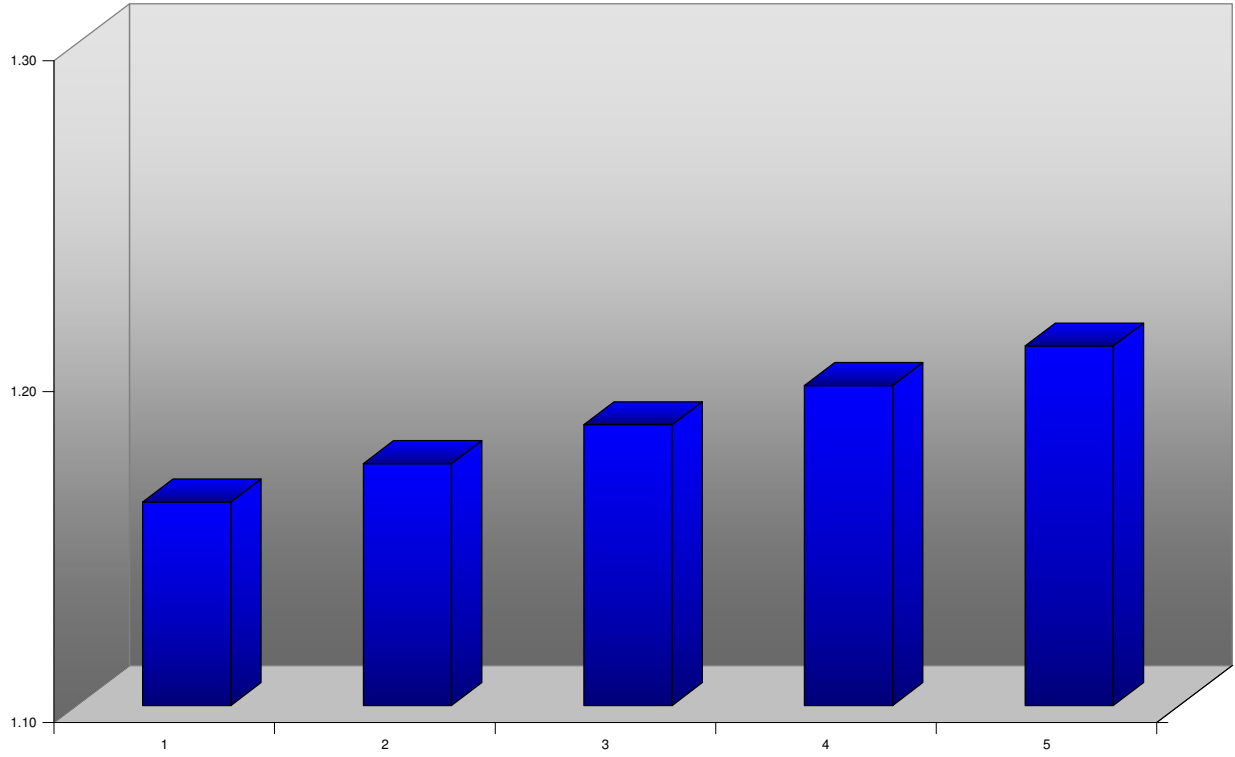
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Debt Coverage Ratio



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<i>Time</i>	<i>Net Operating</i>	<i>Mortgage</i>	<i>Debt Coverage</i>
<i>Period</i>	<i>Income</i>	<i>Payments</i>	<i>Before Taxes</i>
Year 1	\$ 9,000	\$ (7,749)	1.16
Year 2	9,090	(7,749)	1.17
Year 3	9,181	(7,749)	1.18
Year 4	9,273	(7,749)	1.20
Year 5	9,365	(7,749)	1.21

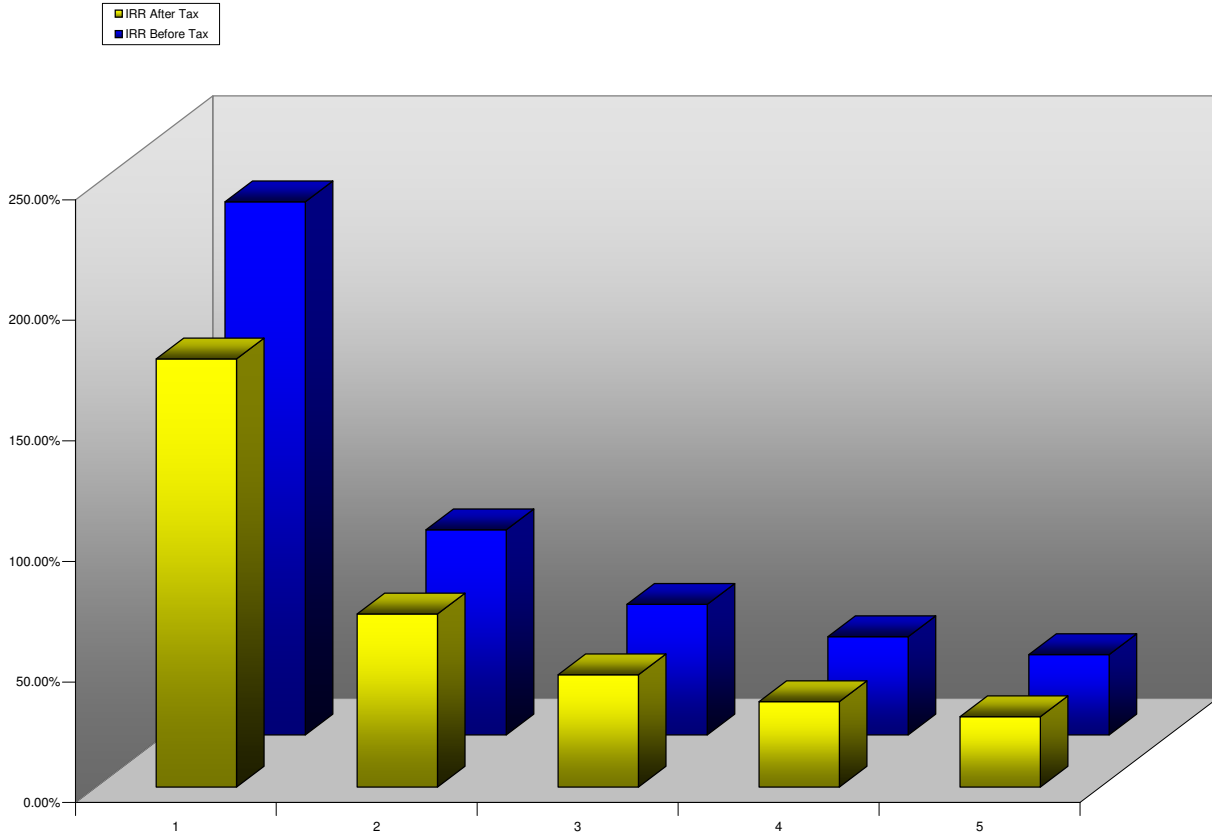
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Internal Rate of Return



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Time Period	Internal Rate of Return (IRR)	
	Before Taxes	After Taxes
Year 1	221.08%	177.47%
Year 2	85.14%	71.72%
Year 3	54.20%	46.52%
Year 4	40.78%	35.41%
Year 5	33.32%	29.20%

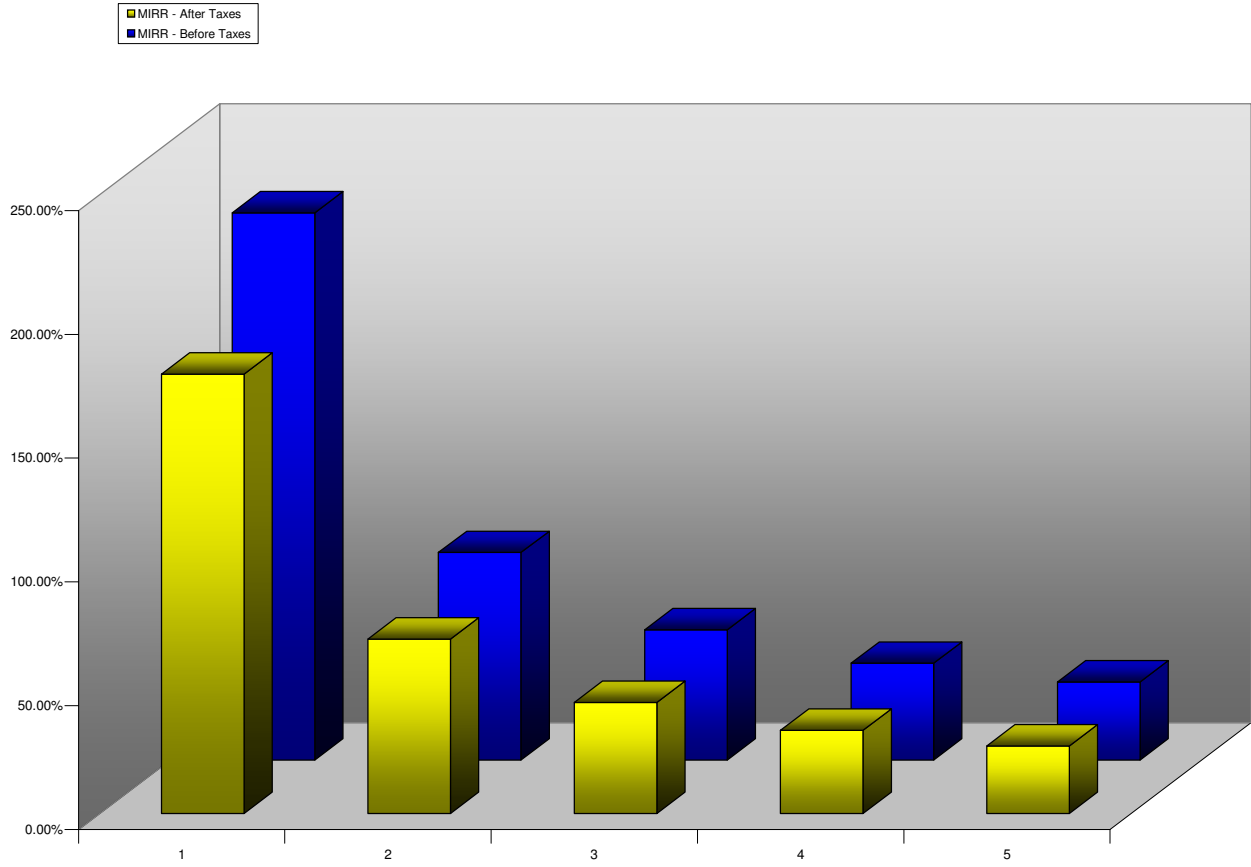
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Modified Internal Rate of Return



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<i>Time</i>	<i>Modified Internal Rate of Return</i>	
<i>Period</i>	<i>Before Taxes</i>	<i>After Taxes</i>
Year 1	221.08%	177.47%
Year 2	83.86%	70.42%
Year 3	52.68%	44.87%
Year 4	39.13%	33.58%
Year 5	31.59%	27.24%

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