

Real Estate Investment Analysis



Condo in San Diego, CA
6012 Rancho Mission
San Diego CA 92108

Report Prepared By

Your Home Sold
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ProWest Properties
2234 Third Ave.
San Diego, CA 92101
DRE# 01146839



George Lorimer, MBA
619-846-1244
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Annual Report, Year 1

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



Physical Data

Rentable Sq Ft	610
Year Built	1975
Land Area	Com
Parking Spaces	2
Roof	Com
Zoning	R

Proposed Financing

Purchase Price	\$300,000
Down Payment	\$60,000
Loan Balance	\$240,000
Annual Loan Payment	\$12,936
Monthly Loan Payment	\$1,078

Initial Investment

Down Payment	\$60,000
= Initial Investment	\$60,000

Income

Gross Scheduled Income	\$19,800
- Vacancy @ 5.0%	\$984
= Effective Rental Income	\$18,816
= Annual Gross Operating Income	\$18,816
= Monthly Gross Operating Income	\$1,568

Expenses

Taxes	\$3,000
+ Insurance	\$600
+ Property Management @ 6.0%	\$1,128
+ HOA Dues	\$3,360
= Annual Operating Expenses	\$8,088
= Monthly Operating Expenses	\$674

Net Operating Income

Annual Gross Operating Income	\$18,816
- Annual Operating Expenses	\$8,088
= Annual Net Operating Income	\$10,728
= Monthly Net Operating Income	\$894

Cash Flow

Net Operating Income	\$10,728
- Annual Debt Service	\$12,936
= Annual Cash Flow Before Tax	(\$2,208)
= Monthly Cash Flow Before Tax	(\$184)

Proceeds from Sale

End of Year Property Value	\$315,000	
Gross Equity Before Tax	\$79,609	
- 5.00 % Cost of Sale	\$15,750	
= Proceeds from Sale Before Tax	\$63,859	
Initial Investment	\$60,000	Return %
Cash Flow Before Tax	(\$2,208)	-3.68%
+ Appreciation @ 5.0%	\$15,000	25.00%
+ Principal Reduction	\$4,609	7.68%
= Total Return	\$17,401	29.00%

Financial Indicators

Cap Rate	3.58%
Gross Rent Multiplier	15.15
Cash on Cash	-3.68%
Debt Coverage Ratio	0.83
Default Ratio (Break Even)	111.73

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Annual Report, Year 5

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



Physical Data

Rentable Sq Ft	610
Year Built	1975
Land Area	Com
Parking Spaces	2
Roof	Com
Zoning	R

Proposed Financing

Purchase Price	\$300,000
Down Payment	\$60,000
Loan Balance	\$220,555
Annual Loan Payment	\$12,936
Monthly Loan Payment	\$1,078

Initial Investment

Down Payment	\$60,000
= Initial Investment	\$60,000

Income

Gross Scheduled Income	\$24,068
- Vacancy @ 5.0%	\$1,200
= Effective Rental Income	\$22,868
= Annual Gross Operating Income	\$22,868
= Monthly Gross Operating Income	\$1,906

Expenses

Taxes	\$3,000
+ Insurance	\$600
+ Property Management @ 0.0%	\$1,368
+ HOA Dues	\$3,360
= Annual Operating Expenses	\$8,328
= Monthly Operating Expenses	\$694

Net Operating Income

Annual Gross Operating Income	\$22,868
- Annual Operating Expenses	\$8,328
= Annual Net Operating Income	\$14,540
= Monthly Net Operating Income	\$1,212

Cash Flow

Net Operating Income	\$14,540
- Annual Debt Service	\$12,936
= Annual Cash Flow Before Tax	\$1,604
= Monthly Cash Flow Before Tax	\$134

Proceeds from Sale

End of Year Property Value	\$382,872	
Gross Equity Before Tax	\$167,349	
- 5.00 % Cost of Sale	\$19,144	
= Proceeds from Sale Before Tax	\$148,205	
Initial Investment	\$60,000	Return %
Cash Flow Before Tax	\$1,604	2.67%
+ Appreciation @ 5.0%	\$18,156	30.26%
+ Principal Reduction	\$5,301	8.84%
= Total Return	\$25,061	41.77%

Financial Indicators

Cap Rate	3.99%
Gross Rent Multiplier	15.15
Cash on Cash	2.67%
Debt Coverage Ratio	1.12
Default Ratio (Break Even)	92.99

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Annual Report, Year 10

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



Physical Data

Rentable Sq Ft	610
Year Built	1975
Land Area	Com
Parking Spaces	2
Roof	Com
Zoning	R

Proposed Financing

Purchase Price	\$300,000
Down Payment	\$60,000
Loan Balance	\$192,096
Annual Loan Payment	\$12,936
Monthly Loan Payment	\$1,078

Initial Investment

Down Payment	\$60,000
= Initial Investment	\$60,000

Income

Gross Scheduled Income	\$30,718
- Vacancy @ 5.0%	\$1,536
= Effective Rental Income	\$29,182
= Annual Gross Operating Income	\$29,182
= Monthly Gross Operating Income	\$2,432

Expenses

Taxes	\$3,000
+ Insurance	\$600
+ Property Management @ 0.0%	\$1,752
+ HOA Dues	\$3,360
= Annual Operating Expenses	\$8,712
= Monthly Operating Expenses	\$726

Net Operating Income

Annual Gross Operating Income	\$29,182
- Annual Operating Expenses	\$8,712
= Annual Net Operating Income	\$20,470
= Monthly Net Operating Income	\$1,706

Cash Flow

Net Operating Income	\$20,470
- Annual Debt Service	\$12,936
= Annual Cash Flow Before Tax	\$7,534
= Monthly Cash Flow Before Tax	\$628

Proceeds from Sale

End of Year Property Value	\$488,652	
Gross Equity Before Tax	\$302,180	
- 5.00 % Cost of Sale	\$24,433	
= Proceeds from Sale Before Tax	\$277,747	
Initial Investment	\$60,000	Return %
Cash Flow Before Tax	\$7,534	12.56%
+ Appreciation @ 5.0%	\$23,176	38.63%
+ Principal Reduction	\$6,313	10.52%
= Total Return	\$37,023	61.71%

Financial Indicators

Cap Rate	4.40%
Gross Rent Multiplier	15.15
Cash on Cash	12.56%
Debt Coverage Ratio	1.58
Default Ratio (Break Even)	74.18

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Annual Report, Year 15

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



Physical Data

Rentable Sq Ft	610
Year Built	1975
Land Area	Com
Parking Spaces	2
Roof	Com
Zoning	R

Proposed Financing

Purchase Price	\$300,000
Down Payment	\$60,000
Loan Balance	\$158,203
Annual Loan Payment	\$12,936
Monthly Loan Payment	\$1,078

Initial Investment

Down Payment	\$60,000
= Initial Investment	\$60,000

Income

Gross Scheduled Income	\$39,205
- Vacancy @ 5.0%	\$1,956
= Effective Rental Income	\$37,249
= Annual Gross Operating Income	\$37,249
= Monthly Gross Operating Income	\$3,104

Expenses

Taxes	\$3,000
+ Insurance	\$600
+ Property Management @ 0.0%	\$2,232
+ HOA Dues	\$3,360
= Annual Operating Expenses	\$9,192
= Monthly Operating Expenses	\$766

Net Operating Income

Annual Gross Operating Income	\$37,249
- Annual Operating Expenses	\$9,192
= Annual Net Operating Income	\$28,057
= Monthly Net Operating Income	\$2,338

Cash Flow

Net Operating Income	\$28,057
- Annual Debt Service	\$12,936
= Annual Cash Flow Before Tax	\$15,121
= Monthly Cash Flow Before Tax	\$1,260

Proceeds from Sale

End of Year Property Value	\$623,664	
Gross Equity Before Tax	\$471,755	
- 5.00 % Cost of Sale	\$31,183	
= Proceeds from Sale Before Tax	\$440,572	
Initial Investment	\$60,000	Return %
Cash Flow Before Tax	\$15,121	25.20%
+ Appreciation @ 5.0%	\$29,582	49.30%
+ Principal Reduction	\$7,519	12.53%
= Total Return	\$52,222	87.04%

Financial Indicators

Cap Rate	4.72%
Gross Rent Multiplier	15.15
Cash on Cash	25.20%
Debt Coverage Ratio	2.17
Default Ratio (Break Even)	59.41

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Investment Summary

6012 Rancho Mission, San Diego CA
 Condo in San Diego, CA



Year	Year 1	Year 5	Year 15
NET EQUITY (EOY)			
Gross Equity (EOY)	\$79,609	\$167,349	\$471,755
- Cost of Sale @ 5.00%	- \$15,750	- \$19,144	- \$31,183
= Net Equity (EOY)	= \$63,859	= \$148,205	= \$440,572
RETURN ON INVESTMENT			
Cash Flow Before Tax	(\$2,208)	\$1,604	\$15,121
+ Appreciation	+ \$15,000	+ \$18,156	+ \$29,582
+ Principal Paydown	+ \$4,609	+ \$5,301	+ \$7,519
= Total Investment Return	= \$17,401	= \$25,061	= \$52,222
ANNUAL CASH FLOW BEFORE TAX			
Net Operating Income	\$10,728	\$14,540	\$28,057
- Annual Debt Service	- \$12,936	- \$12,936	- \$12,936
- Capital Additions	- \$0	- \$0	- \$0
= Annual Cash Flow Before Tax	= (\$2,208)	= \$1,604	= \$15,121
INDICATORS			
Cap Rate	3.58 %	3.99 %	4.72 %
Gross Rent Multiplier	15.15	15.15	15.15
Cash on Cash	(3.68 %)	2.67 %	25.20 %
Debt Coverage Ratio	0.83	1.12	2.17
Modified DCR	0.83	1.12	2.17
Default Ratio (Break Even)	111.73 %	92.99 %	59.41 %
IRR Before Tax	2.75 %	19.01 %	16.17 %

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Annual Cash Flow Before Tax

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 Condo in San Diego, CA



Year	Year 1	Year 5	Year 15
ANNUAL INCOME			
Gross Scheduled Income	\$19,800	\$24,068	\$39,205
- Vacancy	- \$984	- \$1,200	- \$1,956
= Effective Rental Income	= \$18,816	= \$22,868	= \$37,249
+ Other Income	+ \$0	+ \$0	+ \$0
= Gross Operating Income	= \$18,816	= \$22,868	= \$37,249
ANNUAL OPERATING EXPENSES			
Taxes	\$3,000	\$3,000	\$3,000
+ Insurance	+ \$600	+ \$600	+ \$600
+ Property Management	+ \$1,128	+ \$1,368	+ \$2,232
+ Maintenance & Repair	+ \$0	+ \$0	+ \$0
+ Utilities	+ \$0	+ \$0	+ \$0
+ Services	+ \$0	+ \$0	+ \$0
+ Other Expenses	+ \$3,360	+ \$3,360	+ \$3,360
= Annual Operating Expenses	= \$8,088	= \$8,328	= \$9,192
NET OPERATING INCOME			
Gross Operating Income	\$18,816	\$22,868	\$37,249
- Annual Operating Expenses	- \$8,088	- \$8,328	- \$9,192
= Net Operating Income	= \$10,728	= \$14,540	= \$28,057
ANNUAL DEBT SERVICE			
Principal and Int. 1st Mortgage	\$12,936	\$12,936	\$12,936
ANNUAL CASH FLOW BEFORE TAX			
Net Operating Income	\$10,728	\$14,540	\$28,057
- Annual Debt Service	- \$12,936	- \$12,936	- \$12,936
- Capital Additions	- \$0	- \$0	- \$0
= Annual Cash Flow Before Tax	= (\$2,208)	= \$1,604	= \$15,121

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Equity

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 Condo in San Diego, CA



Year	Year 1	Year 5	Year 15
SALE PROCEEDS BEFORE TAX			
Sale Price (EOY)	\$315,000	\$382,872	\$623,664
- Cost of Sale @ 5.00%	- \$15,750	- \$19,144	- \$31,183
- 1st Mortgage Loan Balance	- \$235,391	- \$215,254	- \$150,684
= Sale Proceeds before Tax	= \$63,859	= \$148,474	= \$441,797
GROSS EQUITY AT PURCHASE			
Purchase Price	\$300,000	\$300,000	\$300,000
- Loan Amount	- \$240,000	- \$240,000	- \$240,000
= Gross Equity at Purchase	= \$60,000	= \$60,000	= \$60,000
GROSS EQUITY (EOY)			
Gross Equity (BOY)	\$60,000	\$143,892	\$434,654
+ Appreciation Equity	+ \$15,000	+ \$18,156	+ \$29,582
+ Principal Paydown Equity	+ \$4,609	+ \$5,301	+ \$7,519
= Gross Equity (EOY)	= \$79,609	= \$167,349	= \$471,755
GROSS EQUITY PLUS RESERVES			
Gross Equity (EOY)	\$79,609	\$167,349	\$471,755
+ Reserve Balance	+ \$0	+ \$0	+ \$0
= Total Gross Equity	= \$79,609	= \$167,349	= \$471,755
RETURN ON GROSS EQUITY (EOY)			
Annual Cash Flow Before Tax	(\$2,208)	\$1,604	\$15,121
div Gross Equity (EOY)	\$79,609	\$167,349	\$471,755
= Return on Gross Equity	= (2.77 %)	= 0.96 %	= 3.21 %
NET EQUITY (EOY)			
Gross Equity (EOY)	\$79,609	\$167,349	\$471,755
- Cost of Sale @ 5.00%	- \$15,750	- \$19,144	- \$31,183
= Net Equity (EOY)	= \$63,859	= \$148,205	= \$440,572

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Return on Investment

6012 Rancho Mission, San Diego CA
 Condo in San Diego, CA



Year	Year 1	Year 5	Year 15
RETURN ON INVESTMENT			
Cash Flow Before Tax	(\$2,208)	\$1,604	\$15,121
+ Appreciation	+ \$15,000	+ \$18,156	+ \$29,582
+ Principal Paydown	+ \$4,609	+ \$5,301	+ \$7,519
= Total Investment Return	= \$17,401	= \$25,061	= \$52,222
INITIAL INVESTMENT	\$60,000	\$60,000	\$60,000
Return on Cash Flow Before Tax	(3.68 %)	2.67 %	25.20 %
+ Return on Appreciation	+ 25.00 %	+ 30.26 %	+ 49.30 %
+ Return on Principal Paydown	+ 7.68 %	+ 8.83 %	+ 12.53 %
= Return on Initial Investment	= 29.00 %	= 41.77 %	= 87.04 %
ACCUMULATED INVESTMENT	\$60,000	\$147,740	\$452,146
Return on Cash Flow Before Tax	(3.68 %)	1.09 %	3.34 %
+ Return on Appreciation	+ 25.00 %	+ 12.29 %	+ 6.54 %
+ Return on Principal Paydown	+ 7.68 %	+ 3.59 %	+ 1.66 %
= Return on Accumulated Investment	= 29.00 %	= 16.96 %	= 11.55 %

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Property Details, Year 1

6012 Rancho Mission, San Diego CA
 Condo in San Diego, CA



Future Value Escalator

Appreciation	5.00%
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Vacancy Percent

Vacancy Percent	5.00%
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Income Escalators

Gross Scheduled Income	5.00%
Other Income	

Expenses: Utilities -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
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Expenses: Services -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
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Expenses: Other -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
HOA Dues	\$3,360.00	\$3,360.00	\$3,360.00	\$3,360.00	\$3,360.00

Expense Escalators

Expenses	
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Cost Recovery Period

Improvements Years	
Personal Property Years	

Other Assumptions

Cost to Sell Property	5.00%
NPV Discount Rate	10.00%

Investment Comparisons

Bank CD Rate	0.60%
Mutual Fund	7.00%

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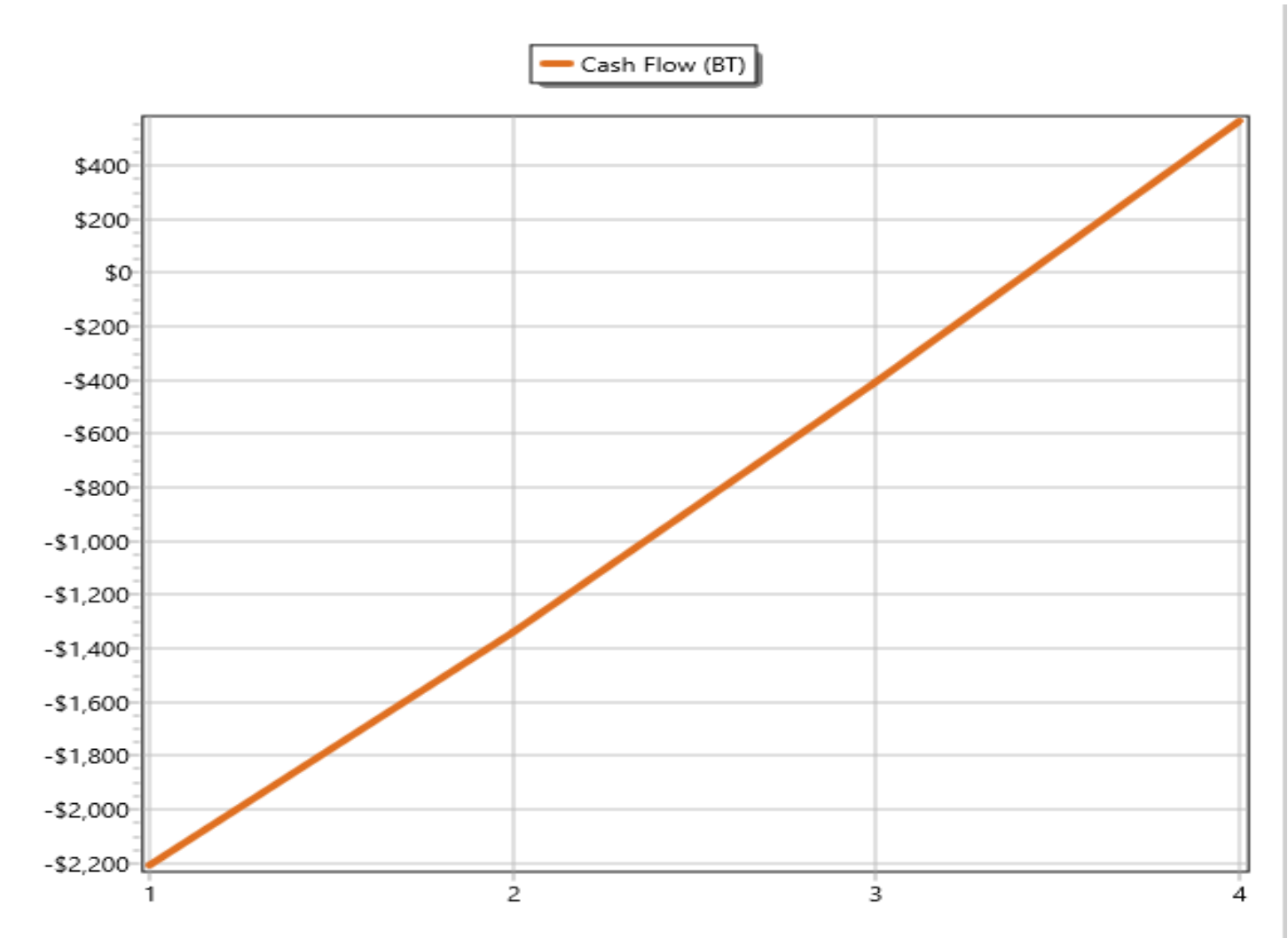
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Cash Flow Chart

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



This chart shows cash flow on a \$60,000 investment in the property at 6012 Rancho Mission over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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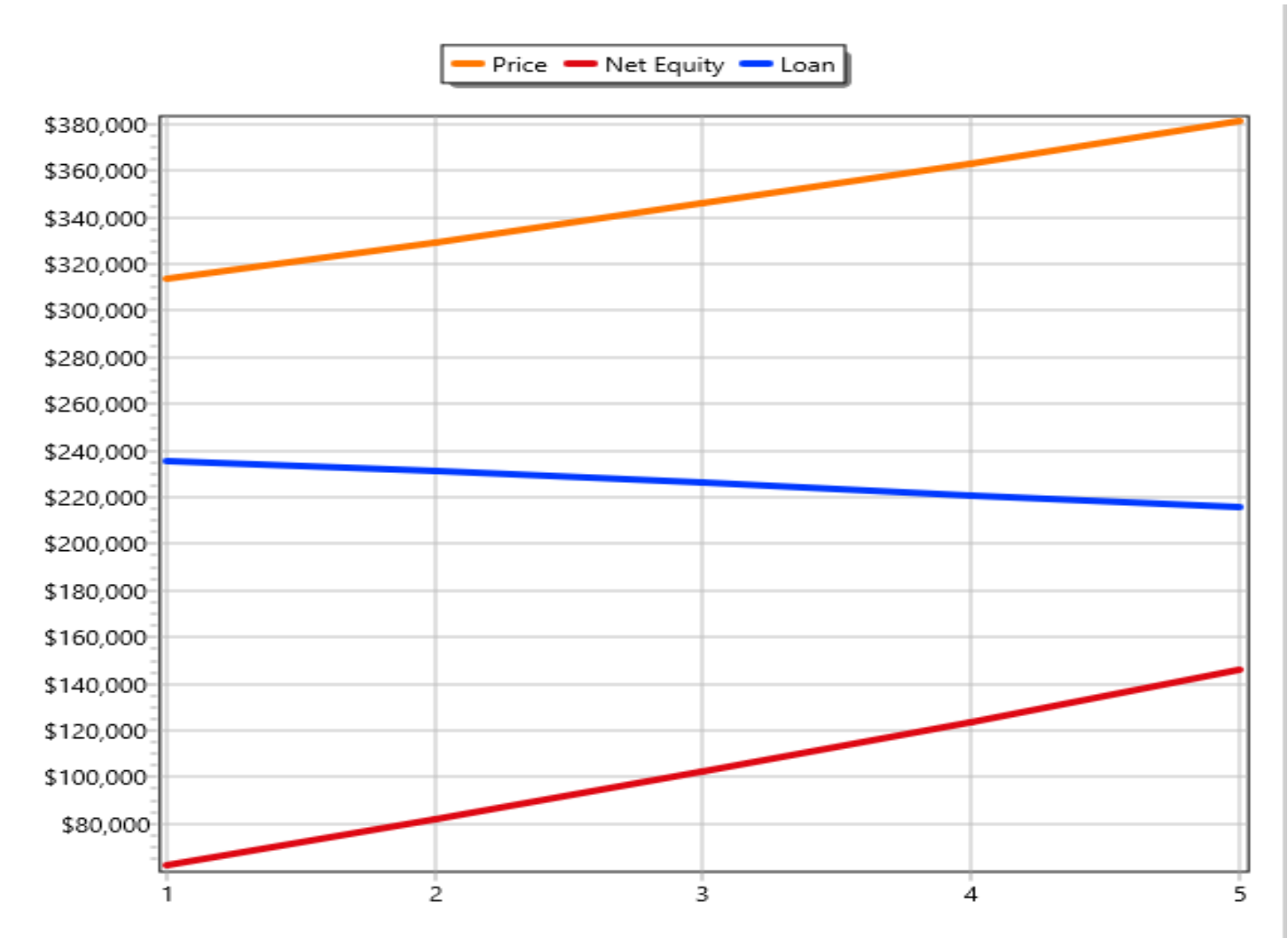
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Equity Values Chart

6012 Rancho Mission, San Diego CA
Condo in San Diego, CA



This chart shows the Price, Net Equity, and Loan values for the property at 6012 Rancho Mission over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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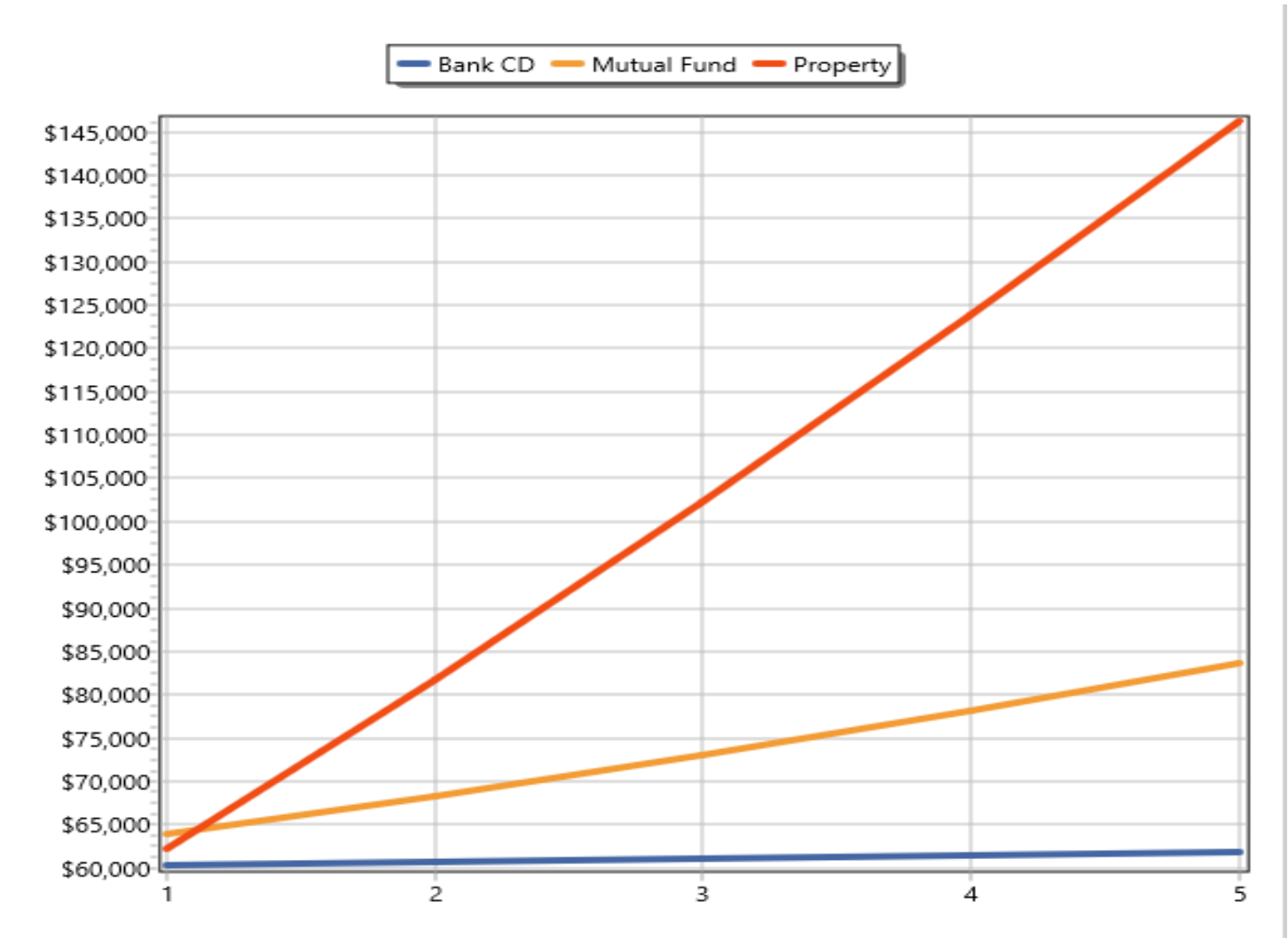
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Investment Comparison

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Condo in San Diego, CA



This chart compares the return on a \$60,000 investment in the property at 6012 Rancho Mission with a Bank CD at 0.6% and a Mutual Fund at 7.0% over a period of 5 years.



The lower chart axis is years.
Future assumptions have been factored in.
See the spreadsheet for raw data.

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