



This property is brought to you by:
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PROPERTY INFORMATION

PROPERTY ADDRESS:		1020 HOUSTON	
Financing:	25% Down	25 Year Note	
Purchase Price:			= \$ 340,000
Down Payment:	25% of Purchase Price		= \$ 85,000
Amount Financed:			= \$ 255,000
Closing Costs:			= \$ 7,000
Initial Remodeling Cost:			= \$ -
Cash Invested:	Down Payment + Closing Costs + Remodeling)		= \$ 92,000
	Rate	Term (yrs)	
	4.500%	25	MONTHLY P&I: \$ 1,417

Depreciation: (First year, assumes 80%/20%)	Est. Value	Yearly Rate		
Land Value:	0 years	\$68,000	x	0% = \$ -
Personal Property Value:	5 years	\$20,000	x	20% = \$ 4,000
Building Value:	27.5 years	\$ 252,000.00	x	3.48% = \$ 8,770
Land Improvement Value:	15 years	\$0	x	5% = \$ -
	TOTAL DEPRECIATION:			\$ 12,770

Income:			
Annual Rent:		= \$	57,600
Less Expected Vacancy:	5% of annual rent	- \$	2,880
	GROSS OPERATING INCOME:		\$ 54,720

Expenses:			
Real Estate Tax:		= \$	5,000
Maintenance and Supplies:		= \$	10,000
Association Dues/HOA's:	\$ - per Month	= \$	-
Management:	10% of Collected Rents	= \$	5,472
Seller Paid Utilities:		= \$	4,800
Advertising:		= \$	-
Insurance:		= \$	2,400
	TOTAL EXPENSES:		\$ 27,672

THE FOUR BENEFITS

Cash Flow Before Tax:			
Gross Operating Income:		\$	54,720
Operating Expenses:		-	27,672
Net Operating Income:		\$	27,048
Annual Debt Service: (Monthly P&I x 12)		-	17,008
	CASH FLOW BEFORE TAX:		\$ 10,040

Principal Reduction:			
Annual Debt Service:		= \$	17,008

Interest (first year):		- \$	11,359
		PRINCIPAL REDUCTION:	\$ 5,649

Taxes Paid/Saved:

Net Operating Income:		= \$	27,048
Interest paid in first year:		- \$	11,359
Total Depreciation:		- \$	12,770
Taxable Income:		= \$	2,919
Tax Bracket:		x	25%
		TAXES SAVED:	\$ (730)

Appriciation:

Home Purchase Price:		\$	340,000
Expected End of Year Value:	3.0%	\$	350,200
		ESTIMATE OF APPRICIATION:	\$ 10,200

RATES OF RETURN

Return on Investment without Appriciation:

Cash Flow before Tax + Principal Reduction + Tax Saved:		= \$	14,959
Cash Invested:		÷ \$	92,000
		ROI W/O APPRICIATION:	16.3%

Capitalization Rate:

Net Operating Income:		= \$	27,048
Purchase Cost + Remodel Costs:		÷ \$	340,000
		CAPITALIZATION RATE:	8.0%

Cash on Cash:

Cash Flow before Tax:		= \$	10,040
Cash Invested:		÷ \$	92,000
		CASH ON CASH:	10.9%

Total Return on Investment:

Cash Flow before Tax + Principal Reduction + Taxes Saved + Projected Appriciation:		= \$	25,159
Cash Invested:		÷ \$	92,000
		TOTAL ROI:	27.3%