

# Financial Analysis for Duplex Investment

Velocity Real Estate & Investments, Inc.

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Prepared for John Doe

## Property Description:

Address: 101 -103 Cherry Lane  
Type: Duplex  
Lot Acres: 0.2  
Building Sq. Ft: 2,029  
Units: 2br, 1ba  
Garage Spaces: 1 Car Attached  
Year Built: 1971  
Exterior and Condition: Frame and Brick/Average  
Interior and Condition: Various Materials/Average  
Common Elements: NA

## Monthly Cash Flow Statement

### Monthly Expense Variables

Purchase Price: 195,000  
Down Payment: 52,650  
  
Loan Amount: 142,350  
Interest Rate: 6.13%  
  
First Monthly Mortgage: 865  
  
Second Mortgage for Down Payment  
Interest Rate:  
  
Second Monthly Mortgage: 0  
  
Total Mortgage: 865  
  
Property Taxes: 107  
Insurance: 37  
Vacancy Rate \$ Impact: 75  
Routine Maintenance: 25  
Replacement Equipment: 25  
Utilities: 38  
Management Fees (Including Vac Rate): 0  
Marketing/Advertising: 0  
HOA/Admin/Legal: 0

**Total Monthly Cost: 1,171**

### Monthly Revenue Variables

Unit 1 - 2br: 750  
Unit 2 - 2br: 750  
Unit 3 - 2br:  
Unit 4 - 2br:  
Unit 5 - 2br:  
Unit 6 - 2br:  
Unit 7 - 2br:  
Unit 8 - 2br:  
Other/Laundry:

**Total Monthly Revenue: 1,500**

**Monthly Cash Flow: 329**

## Cap Rate Valuation

		Cap Rate	Cap Rate	Cap Rate	Cap Rate
		5.5%	6.0%	6.5%	7.0%
Gross Annual Income	18,000				
Gross Annual Expenses	3,676				
Annual Net Operating Income	14,324	260,436	238,733	220,369	204,629

## 10 Year Return on Investment:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Initial Investment/Equity	52,650										52,650
Annual Operating Expenses	14,055	14,055	14,055	14,055	14,055	14,055	14,055	14,055	14,055	14,055	140,552
Capital/Other Expenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
Start up Loss of Rent	0										0
Cost Appreciation			500	800	800	1,100	1,100	1,400	1,400	1,650	8,750
<b>Total Cash Out</b>	<b>67,705</b>	<b>15,055</b>	<b>15,555</b>	<b>15,855</b>	<b>15,855</b>	<b>16,155</b>	<b>16,155</b>	<b>16,455</b>	<b>16,455</b>	<b>16,705</b>	<b>211,952</b>
Annual Operating Revenue	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	180,000
Rent Appreciation	0	0	900	900	900	1,845	1,845	1,845	2,837	2,837	13,910
Repair/Maint. Tax Deductions	66	66	66	66	66	66	66	66	66	66	660
Equity Paid by Tenants	1,708	1,815	1,930	2,051	2,180	2,318	2,464	2,632	2,784	2,959	22,841
1st Mortgage Interest Write-Off	1,908	1,884	1,859	1,832	1,804	1,774	1,741	1,704	1,671	1,632	17,809
2nd Mortgage Interest Write-Off	0	0	0	0	0	0	0	0	0	0	0
Equity Appreciation	9,750	10,238	10,749	11,287	11,851	12,444	13,066	13,719	14,405	15,125	122,634
<b>Total Cash In</b>	<b>31,431</b>	<b>32,003</b>	<b>33,504</b>	<b>34,136</b>	<b>34,801</b>	<b>36,446</b>	<b>37,182</b>	<b>37,967</b>	<b>39,763</b>	<b>40,620</b>	<b>357,855</b>
<b>Cash Flow</b>	<b>-36,274</b>	<b>16,948</b>	<b>17,949</b>	<b>18,281</b>	<b>18,946</b>	<b>20,291</b>	<b>21,027</b>	<b>21,512</b>	<b>23,308</b>	<b>25,122</b>	<b>198,552</b>
<b>IRR/ROI %</b>	<b>51.1%</b>										
<b>Cash on Cash %</b>	<b>377.1%</b>										
							<b>Net Gain Including Initial Investment</b>				<b>251,202</b>
							<b>Net Gain without Initial Investment</b>				<b>198,552</b>

## Assumptions

Purchase Price: 195,000  
Percent Down: 27.0%  
Loan Amount: 142,350  
Interest Rate: 6.13%  
Mortgage Payment: 865  
Management Fee: 0.0%  
Insurance: 440  
Property Taxes: 1,286  
Maintenance: 300  
Utilities: 450  
Replacement Equipment: 300  
Equity Appreciation Rate: 5.0%  
Vacancy Rate: 5.0%  
Marketing/Advertising: 0  
HOA/Admin/Legal: 0