



Waxahachie Apts.675M

Older Tenants
Quiet Neighborhood Setting
Low Tenant Vacancy
Easy to Manage
Tenants Move In & Stay

Presented by

JP Lumbley & Associates, LLC

Monte Self

214-707-3223

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Executive Summary



Waxahachie Apts.675M



Property Information

Financial Information

Type	Multi-Family	No. of Units	19
Purchase Price	\$ 675,000	Price Per Unit	\$ 35,526
Appreciation Rate	2.00%	Total Square Feet	13,806
Fair Market Value	\$ 675,000	Price Per Sq. Ft.	\$ 49

		<u>% of Asking</u>	<u>% of Cost</u>
Down Payment:	\$ 168,750	25.00%	25.00%
Initial Loan Balance:	\$ 506,250	75.00%	75.00%

<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>
\$ 506,250	6.75%	30	\$3,284

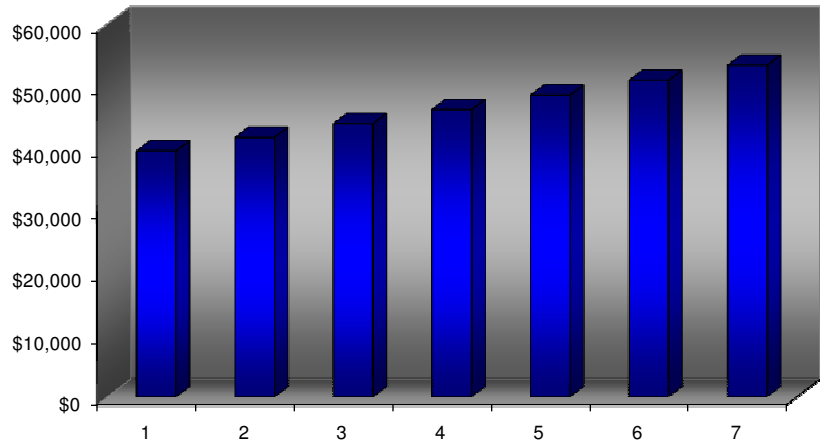
Income & Expenses

Projected Cash Flow Before Taxes

Monthly Rents:	\$ 12,115
Annual Rents:	\$ 145,380
Annual Vacancy:	\$ (7,269)
Annual Expenses:	\$ (59,078)
Annual Debt Service:	\$ (39,402)
Net Operating Income (NOI)	\$ 79,033

Assumptions:

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Appreciation Rate	2.00%
Marginal Tax Rate:	33.00%
Capital Gain Tax Rate:	20.00%



Financial Measurements	Year 1	Year 3	Year 7	Summary Description & Notes
Debt Coverage Ratio (DCR)	2.01	2.12	2.36	Notes...
Loan-to-Value Ratio (LVR)	72.7%	68.3%	59.3%	
Capitalization Rate Based on Cost	11.71%	12.36%	13.75%	
Capitalization Rate Based on Resale Price	11.48%	11.65%	11.97%	
Net Present Value (NPV) - B/ Taxe 5.00%	8,361	104,252	288,469	
Net Present Value (NPV) - A/Taxe: 3.00%	4,245	78,084	231,853	
Cash on Cash Return - Before Taxes	23.48%	26.09%	31.66%	
Cash on Cash Return - After Taxes	17.81%	20.12%	23.48%	
Internal Rate of Return - Before Taxes		26.97%	29.59%	
Internal Rate of Return - After Taxes		19.20%	22.50%	
Modified Internal Rate of Return - Before Taxes		23.92%	22.26%	
Modified Internal Rate of Return - After Taxes		17.75%	18.18%	

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. 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 investments.

Cash Flow Analysis

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Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 145,380	\$ 148,288	\$ 151,253	\$ 154,278	\$ 157,364
Less: Vacancy & Credit Losses	(7,269)	(7,414)	(7,563)	(7,714)	(7,868)
Less: Operating Expenses	(59,078)	(59,669)	(60,265)	(60,868)	(61,477)
Net Operating Income (NOI)	\$ 79,033	\$ 81,204	\$ 83,425	\$ 85,696	\$ 88,019
Less: Annual Debt Service	(39,402)	(39,402)	(39,402)	(39,402)	(39,402)
CASH FLOW Before Taxes	\$ 39,631	\$ 41,802	\$ 44,023	\$ 46,294	\$ 48,617
Income Taxes: Benefit (Expense)	(9,579)	(9,208)	(10,073)	(10,964)	(11,881)
CASH FLOW After Taxes	\$ 30,052	\$ 32,594	\$ 33,950	\$ 35,330	\$ 36,736

Property Resale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Sales Price	\$ 688,500	\$ 702,270	\$ 716,315	\$ 730,642	\$ 745,255
Less: Selling Expenses	(41,310)	(42,136)	(42,979)	(43,839)	(44,715)
Adjusted Projected Sales Price	\$ 647,190	\$ 660,134	\$ 673,336	\$ 686,803	\$ 700,539
Less: Mortgage(s) Balance Payoff	(500,855)	(495,084)	(488,911)	(482,308)	(475,246)
SALE PROCEEDS Before Taxes	\$ 146,335	\$ 165,050	\$ 184,426	\$ 204,495	\$ 225,294
Income Taxes from Sale: Benefit (Expense)	1,798	(5,897)	(14,107)	(21,792)	(29,449)
SALE PROCEEDS After Taxes	\$ 148,134	\$ 159,153	\$ 170,319	\$ 182,703	\$ 195,845

Cash Position	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Generated in Current Year	\$ 30,052	\$ 32,594	\$ 33,950	\$ 35,330	\$ 36,736
Cash Generated in Previous Years	n/a	30,052	62,645	96,595	131,925
Cash Generated from Property Sale	148,134	159,153	170,319	182,703	195,845
Original Initial Investment	(168,750)	(168,750)	(168,750)	(168,750)	(168,750)
Total Potential CASH Generated	\$ 9,435	\$ 53,048	\$ 98,164	\$ 145,878	\$ 195,756

Financial Measures	Year 1	Year 2	Year 3	Year 4	Year 5
Debt Coverage Ratio (DCR)	2.01	2.06	2.12	2.17	2.23
Loan-to-Value Ratio (LVR)	72.7%	70.5%	68.3%	66.0%	63.8%
Capitalization Rate Based on Cost	11.71%	12.03%	12.36%	12.70%	13.04%
Capitalization Rate Based on Resale Price	11.48%	11.56%	11.65%	11.73%	11.81%
Net Present Value (NPV) - Before Taxes	5.00%	8,361	56,615	104,252	151,263
Net Present Value (NPV) - After Taxes	3.00%	4,245	41,166	78,084	115,937
Cash-on-Cash Return with Equity	5.59%	29.44%	28.35%	28.01%	27.30%
Cash-on-Cash Return - Before Taxes	23.48%	24.77%	26.09%	27.43%	28.81%
Cash-on-Cash Return - After Taxes	17.81%	19.31%	20.12%	20.94%	21.77%
Internal Rate-of-Return (IRR) - Before Taxes	10.20%	23.08%	26.97%	28.53%	29.22%
Internal Rate-of-Return (IRR) - After Taxes	5.59%	15.87%	19.20%	20.83%	21.70%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	10.20%	21.73%	23.92%	24.06%	23.60%
Modified Internal Rate-of-Return (MIRR) - After Taxes	5.59%	15.34%	17.75%	18.49%	18.60%

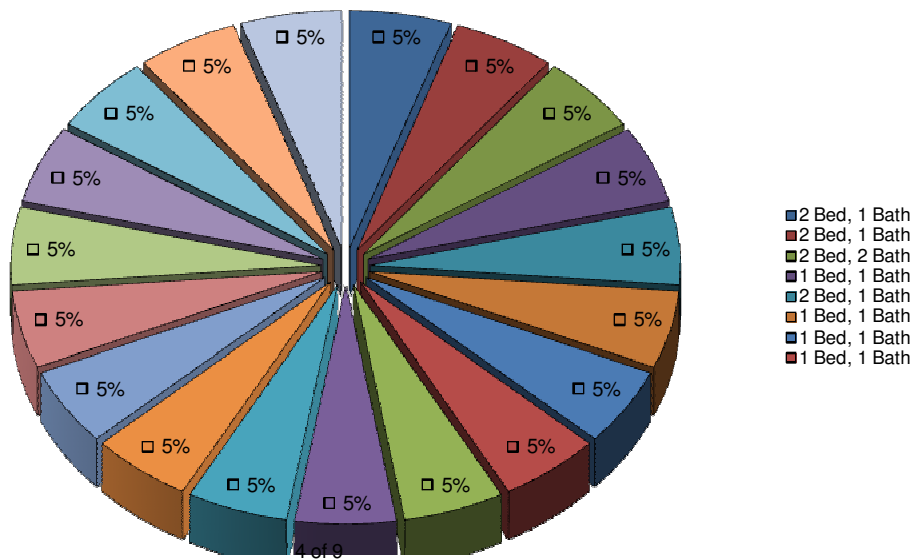
Rent Roll Summary

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Unit Description	Number of Units	Per unit Sq. Ft.	Total Sq. Ft.	Percent of Total	Annual Rev/Sq. Ft.	Rent Per Unit	Monthly Rent	Annual Rent
2 Bed, 1 Bath	1	767	767	5.56%	11.340	\$ 725	\$ 725	\$ 8,700
2 Bed, 1 Bath	1	767	767	5.56%	11.340	\$ 725	\$ 725	\$ 8,700
2 Bed, 2 Bath	1	767	767	5.56%	10.950	\$ 700	\$ 700	\$ 8,400
1 Bed, 1 Bath	1	767	767	5.56%	10.170	\$ 650	\$ 650	\$ 7,800
2 Bed, 1 Bath	1	767	767	5.56%	10.870	\$ 695	\$ 695	\$ 8,340
1 Bed, 1 Bath	1	767	767	5.56%	10.170	\$ 650	\$ 650	\$ 7,800
1 Bed, 1 Bath	1	767	767	5.56%	10.170	\$ 650	\$ 650	\$ 7,800
1 Bed, 1 Bath	1	767	767	5.56%	10.170	\$ 650	\$ 650	\$ 7,800
1 Bed, 1 Bath	1	767	767	5.56%	8.210	\$ 525	\$ 525	\$ 6,300
2 Bed, 1 Bath	1	767	767	5.56%	10.870	\$ 695	\$ 695	\$ 8,340
2 Bed, 1 Bath	1	767	767	5.56%	10.950	\$ 700	\$ 700	\$ 8,400
1 Bed, 1 Bath, Small	1	550	550	3.98%	12.550	\$ 575	\$ 575	\$ 6,900
1 Bed, 1 Bath, Eff.	1	217	217	1.57%	19.350	\$ 350	\$ 350	\$ 4,200
1 Bed, 1 Bath	1	767	767	5.56%	9.780	\$ 625	\$ 625	\$ 7,500
2 Bed, 1 Bath	1	767	767	5.56%	10.950	\$ 700	\$ 700	\$ 8,400
1 Bed, 1 Bath	1	767	767	5.56%	9.780	\$ 625	\$ 625	\$ 7,500
1 Bed, 1 Bath	1	767	767	5.56%	9.780	\$ 625	\$ 625	\$ 7,500
1 Bed, 1 Bath	1	767	767	5.56%	9.780	\$ 625	\$ 625	\$ 7,500
1 Bed, 1 Bath	1	767	767	5.56%	9.780	\$ 625	\$ 625	\$ 7,500

Totals	19	13,806	13,806	100.0%	10.530	12,115	\$ 12,115	\$ 145,380
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Unit Mix



Rent Roll Summary

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Unit Description	Number of Units	Per unit Sq. Ft.	Total Sq. Ft.	Percent of Total	Annual Rev/Sq. Ft.	Rent Per Unit	Monthly Rent	Annual Rent
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Annual Expenses

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Expense Description	Annual Amount	Annual Increase	Per Unit	Per Sq. Ft.	% of Expenses	% of Revenue
Accounting	1,110	1.0%	58.42	0.08	1.9%	0.8%
Advertising	242	1.0%	12.74	0.02	0.4%	0.2%
Bank Fees	127	1.0%	6.68	0.01	0.2%	0.1%
Contract Labor	93	1.0%	4.89	0.01	0.2%	0.1%
Insurance	5,133	1.0%	270.16	0.37	8.7%	3.7%
On-Site Management	8,400	1.0%	442.11	0.61	14.2%	6.1%
Repairs	3,396	1.0%	178.74	0.25	5.7%	2.5%
Supplies	548	1.0%	28.84	0.04	0.9%	0.4%
Property Taxes	8,685	1.0%	457.11	0.63	14.7%	6.3%
Trash Removal	2,015	1.0%	106.05	0.15	3.4%	1.5%
Telephone	751	1.0%	39.53	0.05	1.3%	0.5%
Total Utilities	27,955	1.0%	1,471.32	2.02	47.3%	20.2%
Miscellaneous	623	1.0%	32.79	0.05	1.1%	0.5%
Total Annual Operating Expenses	\$ 59,078		\$ 3,109	13,806	100.0%	42.8%

Annual Property Operating Data

	Year 1	\$/Sq Ft	Year 2	\$/Sq Ft	Year 3	\$/Sq Ft
Potential Rental Income	\$ 145,380	10.53	\$ 148,288	10.74	\$ 151,253	10.96
Less: Vacancy & Credit Losses	(7,269)	-0.53	(7,414)	-0.54	(7,563)	-0.55
Effective Rental Income	<u>\$ 138,111</u>	10.00	<u>\$ 140,873</u>	10.20	<u>\$ 143,691</u>	10.41
Gross Operating Income	<u>\$ 138,111</u>	10.00	<u>\$ 140,873</u>	10.20	<u>\$ 143,691</u>	10.41
Operating Expenses						
Accounting	1,110	0.08	1,121	0.08	1,132	0.08
Advertising	242	0.02	244	0.02	247	0.02
Bank Fees	127	0.01	128	0.01	130	0.01
Contract Labor	93	0.01	94	0.01	95	0.01
Insurance	5,133	0.37	5,184	0.38	5,236	0.38
On-Site Management	8,400	0.61	8,484	0.61	8,569	0.62
Repairs	3,396	0.25	3,430	0.25	3,464	0.25
Supplies	548	0.04	553	0.04	559	0.04
Property Taxes	8,685	0.63	8,772	0.64	8,860	0.64
Trash Removal	2,015	0.15	2,035	0.15	2,056	0.15
Telephone	751	0.05	759	0.05	766	0.06
Total Utilities	27,955	2.02	28,235	2.05	28,517	2.07
Miscellaneous	623	0.05	629	0.05	636	0.05
Total Operating Expenses	<u>\$ 59,078</u>	4.28	<u>\$ 59,669</u>	4.32	<u>\$ 60,265</u>	4.37
Net Operating Income (NOI)	<u>\$ 79,033</u>	5.72	<u>\$ 81,204</u>	5.88	<u>\$ 83,425</u>	6.04
Less: Annual Debt Service	(39,402)	-2.85	(39,402)	-2.85	(39,402)	-2.85
Cash Flow Before Taxes	<u>\$ 39,631</u>	2.87	<u>\$ 41,802</u>	3.03	<u>\$ 44,023</u>	3.19

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Annual Property Operating Data

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	Year 4		Year 5	
	\$	\$/Sq Ft	\$	\$/Sq Ft
Potential Rental Income	\$ 154,278	11.17	\$ 157,364	11.40
Less: Vacancy & Credit Losses	(7,714)	-0.56	(7,868)	-0.57
Effective Rental Income	<u>\$ 146,564</u>	10.62	<u>\$ 149,496</u>	10.83
Gross Operating Income	<u>\$ 146,564</u>	10.62	<u>\$ 149,496</u>	10.83
Operating Expenses				
Accounting	1,144	0.08	1,155	0.08
Advertising	249	0.02	252	0.02
Bank Fees	131	0.01	132	0.01
Contract Labor	96	0.01	97	0.01
Insurance	5,289	0.38	5,341	0.39
On-Site Management	8,655	0.63	8,741	0.63
Repairs	3,499	0.25	3,534	0.26
Supplies	565	0.04	570	0.04
Property Taxes	8,948	0.65	9,038	0.65
Trash Removal	2,076	0.15	2,097	0.15
Telephone	774	0.06	781	0.06
Total Utilities	28,802	2.09	29,090	2.11
Miscellaneous	642	0.05	648	0.05
Total Operating Expenses	<u>\$ 60,868</u>	4.41	<u>\$ 61,477</u>	4.45
Net Operating Income (NOI)	<u>\$ 85,696</u>	6.21	<u>\$ 88,019</u>	6.38
Less: Annual Debt Service	(39,402)	-2.85	(39,402)	-2.85
Cash Flow Before Taxes	<u>\$ 46,294</u>	3.35	<u>\$ 48,617</u>	3.52

