

737 Pottsville St., Lykens, PA 17048

## Turnkey Rental Pro Forma

**Income and Expenses**

<b>Input:</b>	<b>Resale Price</b>	\$119,995.00		
	Down Payment	\$23,999.00	20%	Bank's Equity
	Mortgage Loan	\$95,996.00		
	<b>Mortgage Terms</b>	4.00%		30 Years
	Owner's Tax Bracket	30.0%		
	Cost Recovery	27.5	Years	
	Land Value	\$11,999.50	10%	Percent of Total Value
	Closing Costs	\$5,519.77	5%	

**Projected First-Year Operating Statement**

Potential Annual Gros	Current			\$14,340
		\$1,195.00	House	
Less: Estimated Vacancy Factor/Rental Loss		5.0%		-\$717
<b>Potential Annual Effective Gross Income</b>				<b>\$13,623</b>
Less: Annual Operating Expenses				
	Property Taxes	\$1,293		
	Insurance	425		
	Water & Sewer	0		
	Electric	0	tenant	
	trash	0		
	Registration	25		
	Municipal Rental License	50		
	Replacement/Reserves	717	5.0%	of annual effective income
	Management	1,434	10.0%	
	Total Expenses	\$3,944		
<b>ESTIMATED ANNUAL NET OPERATING INCOME</b>				<b>\$9,679</b>
Less: Annual Dept Service				-\$5,500
		\$458	Monthly mortgage payment	
<b>Cash Flow Before Taxes</b>				<b>\$4,179</b>
<b>Cash Flow Per Month</b>				<b>\$348</b>
<b>Add: Principal for year (Equity Build-up)</b>				<b>\$1,691</b>
<b>Debt to Credit Ratio</b>				1.759947764
<b>Taxable Income Before Cost Recovery</b>				<b>\$5,870</b>
Less: Cost Recovery	Tax deductible depreciation			-\$3,927
<b>TAXABLE INCOME</b>				<b>\$1,943</b>

<b>CAP Rate</b>		<i>(NOI/Purchase Price)</i>	8.07%
<b>Gross Rent Multiplier</b>		<i>(Purchase Price/Gross Income)</i>	8.37
<b>Cash on Cash Rate of Return</b>		<i>(Cash Before Taxes/Down Payment)</i>	14.2%
<b>Equity Yield Rate</b>		<i>(Assumes 3% Appreciation)</i>	37.03%
<b>Net Spendable Rate of Return</b>		<i>(Cash Flow &amp; Tax Savings)</i>	12.2%