

Hypothetical Costs & Projection on 3-4 Bedroom* Rental Property

Purchase Price	\$ 55,500.00
Title Insurance	\$ 550.00
Property Insurance (\$1.00 for every \$100.00 Mortgaged)	\$ 565.00
Recording & Notary	\$ 150.00
Reserve for Lead Paint	\$ 1,500.00
Transfer Tax	\$ 1,110.00
Photostat, Faxes, Etc.	\$ 35.00
Total Acquisition Costs	\$ 59,410.00
<i><u>Mortgage, Legal & Financing</u></i>	
Appraisal Fee	\$ 350.00
Review of Specifications, Building Estimates & Payment Schedule	\$ 175.00
Application Fee	\$ 150.00
Draw Inspections (2 at \$150 each)	\$ 300.00
Loan and Partnership Agreement	\$ 375.00
Note	\$ 175.00
Mortgage	\$ 175.00
Placement Fee (1-3%)	\$ 675.00
Review Title Report, Binder & Final Policy	\$ 100.00
Review Fire, Liability, or Builders Risk Policy	\$ 75.00
Review or Prepare Buyers Agreement of Sale & Addenda	\$ 150.00
Prepare for & Attend Settlement, Review Distr. Sheet, Escrows, & Title Questions, Etc.	\$ 200.00
Total Mortgage, Legal & Financing Costs	\$ 2,900.00
Total Acquisition, Legal & Financing Costs	\$ 62,310.00
Construction Costs	\$ 7,500.00
Total Purchase, Settlement & Construction	\$ 69,810.00
Carrying Costs 6 Mos. Taxes (R.E.)	\$ 600.00
Interest 3 Mos. At 1 1/4% a month	\$ 2,400.00
Electric, Water, & Sewer 6 Mos.	\$ 300.00
Cost of Signs & Advertising	\$ 180.00
Total Carrying Costs	\$ 3,480.00
Total Job Cost & Loan	\$ 73,290.00

* Can be 3 bedrooms converted to 4

Carried **\$ 73,290.00**

Refinance Costs

Application (Appraisal & Credit) \$ 335.00

Points 2% of 70,000 Mortgage \$ 1,400.00

Title Insurance \$ 500.00

Recording, Notary Fees, & Misc \$ 200.00

Total Refinance Costs **\$ 2,435.00**

Total Cash Expended **\$ 75,725.00**

Appraisal Value of Property \$ 90,000.00

1st Mortgage \$ (70,000.00)

Owners Equity \$ 20,000.00

Cash Flow Picture

Rent received (Monthly) \$ 1,150.00

R.E. Taxes \$ 100.00

Insurance \$ 50.00

Repairs \$ 60.00

Vacancy & Reserves \$ 70.00

Total Expenses \$ 280.00

Net Profit **\$ 870.00**

1st Mortgage (Principle & Interest) \$ 536.00

8% - 30 Years \$ 536.00

Net Cash Flow Partners/Month **\$ 334.00**

Additional Benefits:

Average monthly payoff principal on a 360 month mortgage of 70,000 \$ 195.00

Average monthly market value increase at 3% per year (\$2,700) \$ 225.00

Total monthly buildup of equity (tax deferred) **\$ 420.00**