

## Resale and First-Year Pro Forma Operating Statement

### RESALE (by Developer)

Estimated selling price based on 9.0% cap rate	9,076,000
Less costs of sale	
Sales commissions	453,800
Escrow and legal costs, resale	90,760
Title insurance, resale	90,760
Less loan(s) outstanding	5,078,000
<b>Proceeds of Sale</b>	<b>\$ 3,362,680</b>

### RETURN ON EQUITY 7%

Estimated selling price	9,076,000
Less costs of sale	635,320
Less Total Project Costs Overall (including land)	8,234,200
<b>Net Gain or Loss</b>	<b>\$ 206,480</b>

### FIRST-YEAR PRO FORMA OPERATING STATEMENT

Purchase Price	9,076,000
Financing at @ 7.75%, 20 years	6,807,000
<b>Equity Investment</b>	<b>\$ 2,269,000</b>

### GROSS ANNUAL INCOME

Gross scheduled rent income	1,012,000
Miscellaneous first-year income	35,000
<b>Total Gross Income</b>	<b>\$ 1,047,000</b>
Less 3.00% Vacancy & Credit Loss Allowance	31,410
<b>Gross Operating Income</b>	<b>\$ 1,015,590</b>

### OPERATING EXPENSES

Taxes	72,000
Insurance	36,000
Maintenance	10,000
Management fee at 5.00% of GOI	50,780
Other expenses	30,000
<b>Total Operating Expenses</b>	<b>\$ 198,780</b>

**NET OPERATING INCOME (before debt service) \$ 816,811**

**ANNUAL DEBT SERVICE \$ 670,584**

### CASH FLOW

Cash flow (after debt service)	146,227
Cash flow (vacancy & management excluded)	228,416

Cap Rate to New Buyer: 9.00%	Debt Coverage Ratio: 1.22	Cash on Cash to New Buyer: 6.44%
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