

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
Proceeds of Sale	\$ 3,362,680

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
Net Gain or Loss	\$ 206,480

STABILIZED PRO FORMA OPERATING STATEMENT

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

GROSS ANNUAL INCOME

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

OPERATING EXPENSES

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

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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