



Montgomery Homes - Lot 1

7398 Maple Ave
Fontana , CA 92336

Overview

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Purchase Info

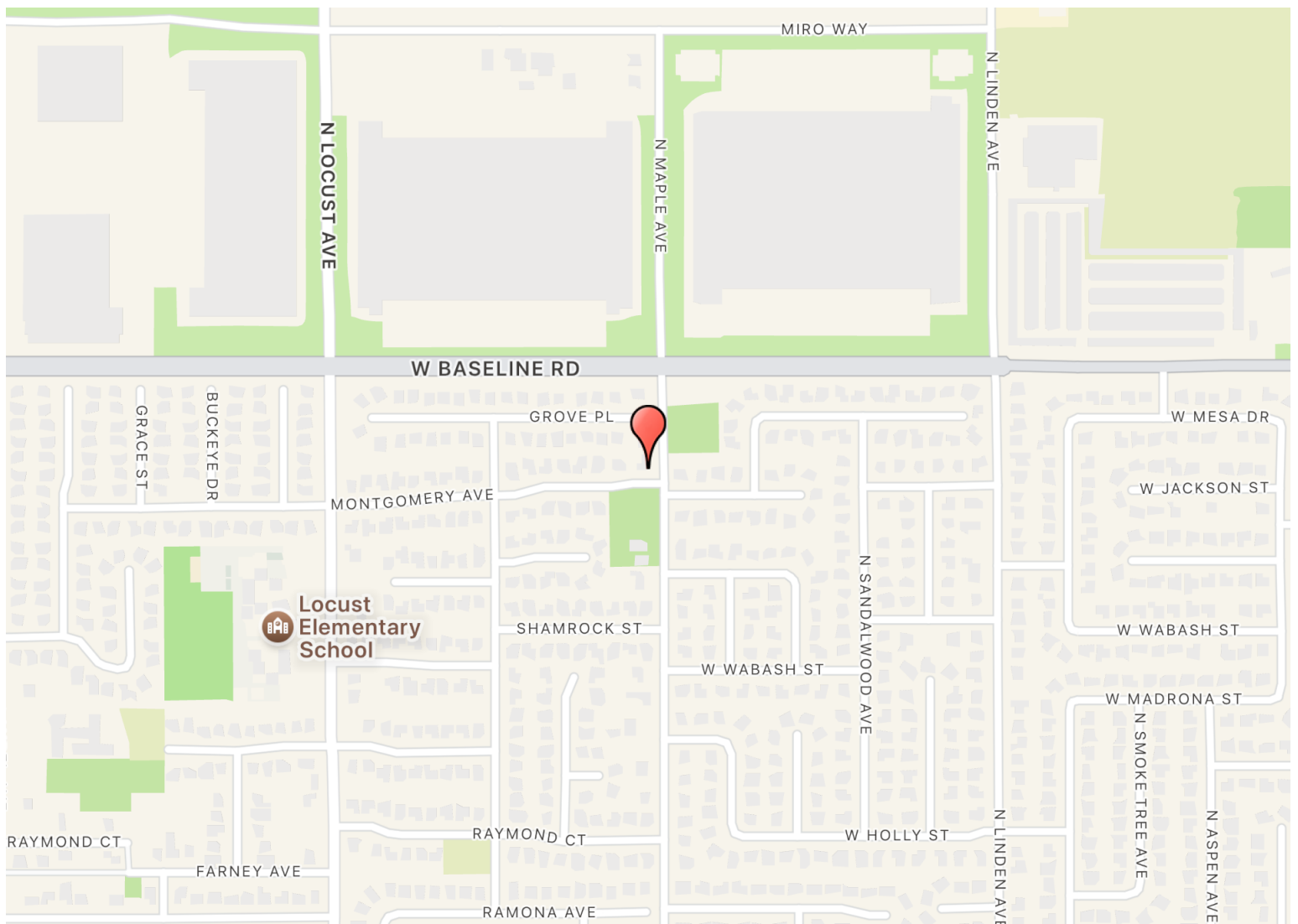
Square Feet (3 Units)	3,884
Purchase Price	\$1,375,000
Initial Cash Invested	\$275,000

Income Analysis

Income Analysis	Monthly	Annual
Net Operating Income	\$7,189	\$86,272
Cash Flow	\$237	\$2,839

Financial Metrics

Cap Rate (Purchase Price)	6.3%
Cash on Cash Return (Year 1)	1.0%
Internal Rate of Return (Year 10)	14.1%
Sale Price (Year 10)	\$1,847,885



Purchase Analysis

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Purchase Info	
Purchase Price	\$1,375,000
- First Mortgage	-\$1,100,000
- Second Mortgage	-\$0
= Downpayment	\$275,000
+ Buying Costs	\$0
+ Initial Improvements	\$0
= Initial Cash Invested	\$275,000
Square Feet (3 Units)	3,884
Cost per Square Foot	\$354
Monthly Rent per Square Foot	\$2.32
Cost per Unit	\$458,333
Average Monthly Rent per Unit	\$3,000

Mortgages	First	Second
Loan-To-Cost Ratio	80%	0%
Loan-To-Value Ratio	80%	0%
Loan Amount	\$1,100,000	\$0
Loan Type	Amortizing	
Term	30 Years	
Interest Rate	6.5%	
Payment	\$6,952.75	\$0.00

Financial Metrics (Year 1)	
Annual Gross Rent Multiplier	12.7
Operating Expense Ratio	17.6%
Debt Coverage Ratio	1.03
Cap Rate (Purchase Price)	6.3%
Cash on Cash Return	1.0%

Assumptions	
Appreciation Rate	3.0%
Vacancy Rate	3.0%
Income Inflation Rate	3.0%
Expense Inflation Rate	3.0%
LTV for Refinance	90.0%
Selling Costs	\$96,250

Income	Monthly	Annual
Gross Rent	\$9,000	\$108,000
Vacancy Loss	-\$270	-\$3,240
Operating Income	\$8,730	\$104,760

Expenses (% of Income)	Monthly	Annual
Insurance (2%)	-\$200	-\$2,400
Taxes (14%)	-\$1,210	-\$14,516
Gardner (1%)	-\$50	-\$600
Trash Service (1%)	-\$45	-\$535
Sewer Fee (0%)	-\$36	-\$437
Operating Expenses (18%)	-\$1,541	-\$18,488

Net Performance	Monthly	Annual
Net Operating Income	\$7,189	\$86,272
- Mortgage Payments	-\$6,953	-\$83,433
- Year 1 Improvements	-\$0	-\$0
= Cash Flow	\$237	\$2,839

Buy and Hold Projection

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Income	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Gross Rent	\$108,000	\$111,240	\$114,577	\$121,555	\$140,916	\$189,379	\$254,509
Vacancy Loss	-\$3,240	-\$3,337	-\$3,437	-\$3,647	-\$4,227	-\$5,681	-\$7,635
Operating Income	\$104,760	\$107,903	\$111,140	\$117,908	\$136,688	\$183,697	\$246,874

Expenses	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Insurance	-\$2,400	-\$2,472	-\$2,546	-\$2,701	-\$3,131	-\$4,208	-\$5,656
Taxes	-\$14,516	-\$14,951	-\$15,400	-\$16,338	-\$18,940	-\$25,454	-\$34,208
Gardner	-\$600	-\$618	-\$637	-\$675	-\$783	-\$1,052	-\$1,414
Trash Service	-\$535	-\$551	-\$568	-\$602	-\$698	-\$939	-\$1,261
Sewer Fee	-\$437	-\$450	-\$463	-\$492	-\$570	-\$766	-\$1,029
Operating Expenses	-\$18,488	-\$19,043	-\$19,614	-\$20,808	-\$24,123	-\$32,419	-\$43,568

Income Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Net Operating Income	\$86,272	\$88,860	\$91,526	\$97,100	\$112,565	\$151,278	\$203,306
- Mortgage Payments	-\$83,433	-\$83,433	-\$83,433	-\$83,433	-\$83,433	-\$83,433	-\$83,431
- Improvements	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
= Cash Flow	\$2,839	\$5,427	\$8,093	\$13,667	\$29,132	\$67,845	\$119,874
Cap Rate (Purchase Price)	6.3%	6.5%	6.7%	7.1%	8.2%	11.0%	14.8%
Cap Rate (Market Value)	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Cash on Cash Return	1.0%	2.0%	2.9%	5.0%	10.6%	24.7%	43.6%
Return on Equity	0.9%	1.4%	1.8%	2.4%	3.2%	3.6%	3.6%

Loan Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Market Value	\$1,416,250	\$1,458,738	\$1,502,500	\$1,594,002	\$1,847,885	\$2,483,403	\$3,337,486
- Loan Balance	-\$1,087,705	-\$1,074,587	-\$1,060,590	-\$1,029,721	-\$932,537	-\$612,317	-\$0
= Equity	\$328,545	\$384,151	\$441,910	\$564,281	\$915,348	\$1,871,086	\$3,337,486
Loan-to-Value Ratio	76.8%	73.7%	70.6%	64.6%	50.5%	24.7%	0.0%
Potential Cash-Out Refi	\$186,920	\$238,277	\$291,660	\$404,881	\$730,559	\$1,622,745	\$3,003,737

Sale Analysis	Year 1	Year 2	Year 3	Year 5	Year 10	Year 20	Year 30
Equity	\$328,545	\$384,151	\$441,910	\$564,281	\$915,348	\$1,871,086	\$3,337,486
- Selling Costs	-\$99,138	-\$102,112	-\$105,175	-\$111,580	-\$129,352	-\$173,838	-\$233,624
= Proceeds After Sale	\$229,407	\$282,039	\$336,735	\$452,701	\$785,996	\$1,697,247	\$3,103,862
+ Cumulative Cash Flow	\$2,839	\$8,266	\$16,359	\$40,865	\$154,682	\$649,501	\$1,601,438
- Initial Cash Invested	-\$275,000	-\$275,000	-\$275,000	-\$275,000	-\$275,000	-\$275,000	-\$275,000
= Net Profit	-\$42,753	\$15,305	\$78,094	\$218,566	\$665,678	\$2,071,748	\$4,430,300
Internal Rate of Return	-15.5%	2.8%	8.8%	12.8%	14.1%	13.4%	12.7%
Return on Investment	-16%	6%	28%	79%	242%	753%	1,611%

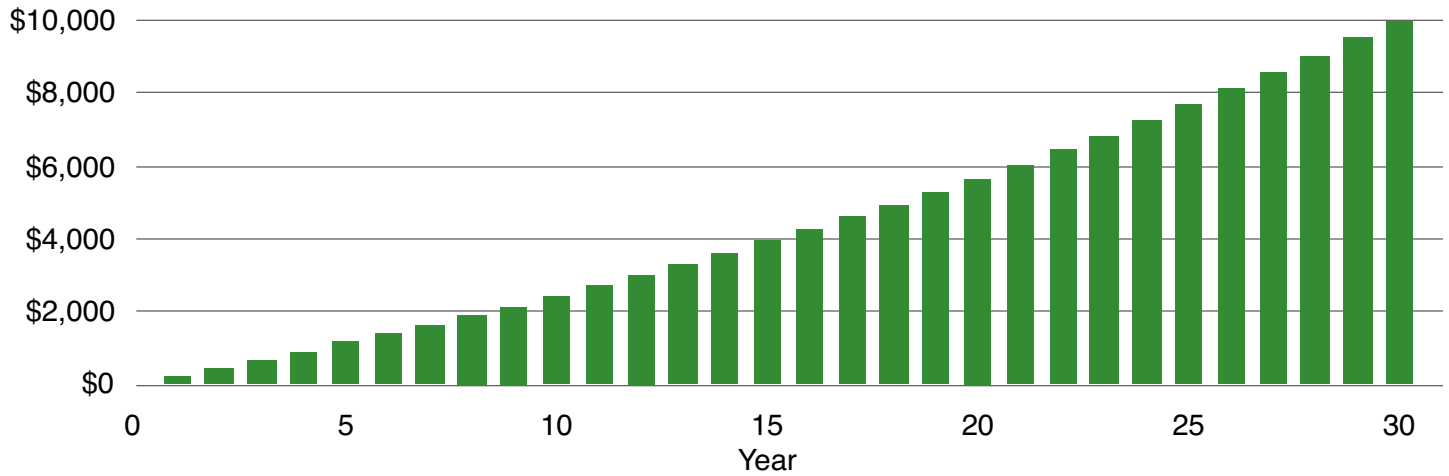
Graphs

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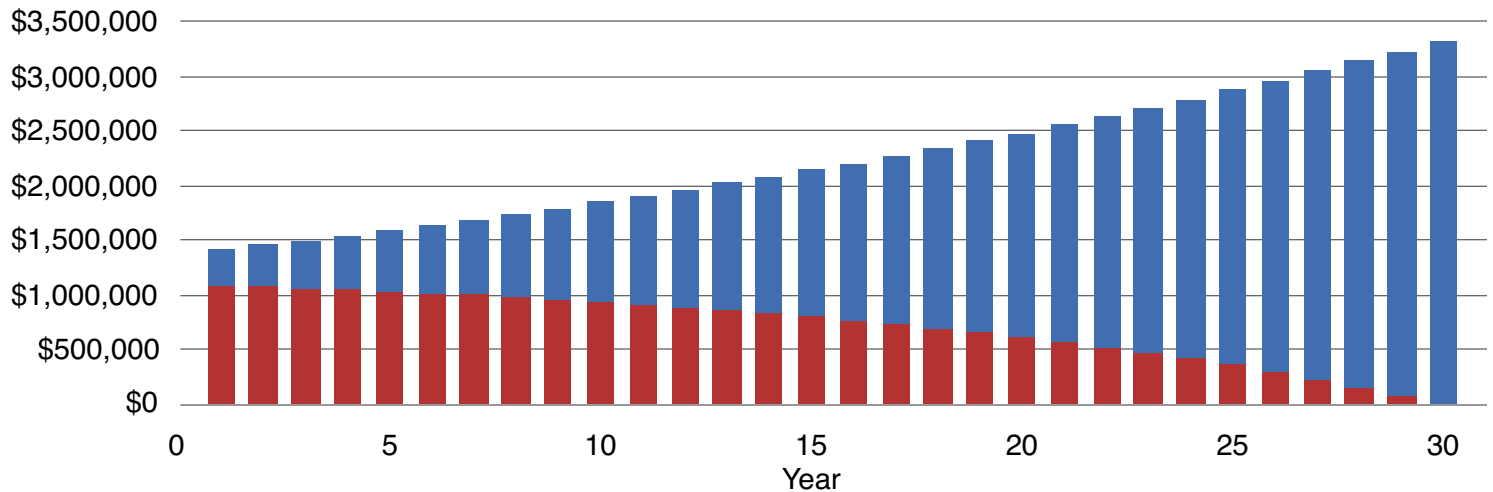
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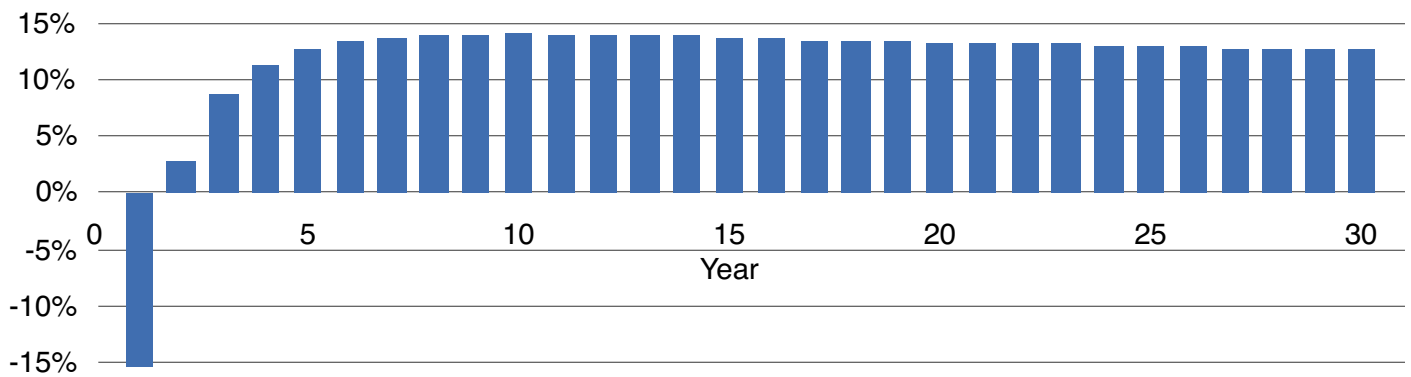
Monthly Cash Flow



■ Loan Balance + ■ Equity = Market Value



Internal Rate of Return (IRR)



Rent Roll

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Unit Description		Square Feet	Units of This Type	Rent (Per Unit)
7398 Maple, Unit 1,	4 Bed/ 3 Bath	2,219	1	\$3,750 Per Month
7398 Maple, Unit 2 (ADU)	3 Bed/2 Bath	1,170	1	\$3,250 Per Month
7398 Maple, Unit 3 (JADU)	1 Bed/ 1 Bath	495	1	\$2,000 Per Month
Totals for Year 1				
Total Number of Units				3
Total Area (Sum of Units)				3,884 Square Feet
Total Rent (Sum of Units)				\$9,000 Per Month, \$108,000 Per Year