

Lithonia Home With 35.8% Cash on Cash Return



5284 Salem Springs Place, Lithonia, GA 30038

| | |
|-------------------|--------------|
| Est. Market Value | \$103,000 |
| Purchase Price | \$86,900 |
| Bedrooms | 3 |
| Bath | 2 |
| Sq. Footage | 2,062 |
| Year Built | 1999 |
| Parking | 2 car garage |
| Basement | Slab |
| Rental Income | \$995 |
| Mortgage | \$384 |

Traditional 2 story home with 2 car garage. Home also has a family room with fireplace, open kitchen, breakfast nook, separate dining room, and a level yard.

VALUATION DATA

Comparable Sales

| Comparable Sales Within Proximity | BD/BA | Sq.Ft. | Last Sold | Sales Price |
|---|--------------|---------------|------------------|--------------------|
| 3519 Hunters Hill Drive | 3/3 | 2,369 | 1/31/2011 | 165,000 |
| 3897 Vine Stone Drive | 4/3 | 2,174 | 5/10/2011 | 100,000 |
| 5424 Mayfair Crossing Drive | 4/3 | 2,244 | 2/17/2011 | 105,000 |
| 3576 Salem Hills Drive | 4/2.5 | 2,309 | 8/15/2011 | 95,000 |
| 3745 Salem Springs Court | 4/2.5 | 2,210 | 2/14/2011 | 94,900 |
| Information herein believed to be accurate but not warranted | | | | |

FINANCIAL SUMMARY

Basic Purchase Information

| | | |
|--------------------------|----|---------|
| Estimated Property Value | \$ | 103,000 |
| Purchase Price | \$ | 86,900 |
| Down Payment (20%) | \$ | 17,380 |
| Equity at Purchase | \$ | 33,480 |

Cash at Closing

| | | |
|----------------------------------|----|--------|
| Loan Amount | \$ | 69,520 |
| Down Payment (20%) | \$ | 17,380 |
| Closing Costs (4.0%) | \$ | 2,781 |
| Total Cash Required at Closing * | \$ | 20,161 |

* This total does not include potential escrow reserves for taxes & insurance

Mortgage Calculations

Loan Amount: \$69,520, Loan Term: 30yrs, Interest Rate: 5.25%

| | | |
|---------------------------|----|-------|
| Mortgage Payment | \$ | 384 |
| Mortgage Payment (Yearly) | \$ | 4,607 |

Financial Performance Summary

| | | |
|------------------------------|----|--------|
| Cash on Cash Return (Year 1) | | 35.8% |
| Cap Rate (Year 1) | | 10.1% |
| Total Equity at Year 5 | \$ | 47,428 |

Assumptions for Calculations (Annual)

| | | |
|----------------------------------|-----|-------|
| Gross Scheduled Income (Monthly) | \$ | 1,050 |
| Mortgage Interest Rate | (%) | 5.25 |
| Mortgage Down Payment | (%) | 20 |
| Mortgage Loan Term (Fixed) | | 30 |
| Property Taxes | \$ | 2,087 |
| Insurance | \$ | 600 |
| Homeowners Association (Yearly) | \$ | 0 |
| Property Management Fee | (%) | 8.0 |
| Maintenance Reserve | (%) | 1.0 |
| Appreciation Rate | (%) | 2.0 |
| Vacancy Allowance | (%) | 6.0 |
| Rental Income Increase | (%) | 2.0 |
| Property Tax Increase | (%) | 2.0 |
| Closing Costs (Purchase) | (%) | 4.0 |
| Closing Costs (Sale) | (%) | 8.0 |

Cash Flow and Equity Accumulation

| CASH-FLOW | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 20 | YEAR 30 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Gross Scheduled Income | \$12,600 | \$12,852 | \$13,109 | \$13,371 | \$13,639 | \$15,058 | \$18,356 | \$22,376 |
| Vacancy Allowance | \$0 | \$771 | \$787 | \$802 | \$818 | \$903 | \$1,101 | \$1,343 |
| Total Operating Income | \$12,600 | \$12,852 | \$13,109 | \$13,371 | \$13,639 | \$15,058 | \$18,356 | \$22,376 |
| <i>Property Taxes</i> | \$2,087 | \$2,129 | \$2,171 | \$2,215 | \$2,259 | \$2,494 | \$3,040 | \$3,706 |
| <i>Insurance</i> | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 |
| <i>Homeowners Association</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <i>Maintenance Reserve</i> | \$126 | \$129 | \$131 | \$134 | \$136 | \$151 | \$184 | \$224 |
| <i>Property Management</i> | \$1,008 | \$1,028 | \$1,049 | \$1,070 | \$1,091 | \$1,205 | \$1,468 | \$1,790 |
| minus Total Operating Expenses | \$3,821 | \$3,885 | \$3,951 | \$4,018 | \$4,087 | \$4,449 | \$5,292 | \$6,320 |
| Net Operating Income | \$8,779 | \$8,967 | \$9,158 | \$9,353 | \$9,552 | \$10,609 | \$13,063 | \$16,056 |
| minus Mortgage Expense | \$4,607 | \$4,607 | \$4,607 | \$4,607 | \$4,607 | \$4,607 | \$4,607 | \$4,607 |
| GROSS CASH FLOW | \$4,172 | \$4,360 | \$4,551 | \$4,746 | \$4,945 | \$6,002 | \$8,457 | \$11,449 |
| <i>Plus Principle Paydown</i> | \$980 | \$1,033 | \$1,089 | \$1,147 | \$1,209 | \$1,571 | \$2,652 | \$4,478 |
| <i>Plus Yearly Appreciation</i> | \$2,060 | \$2,101 | \$2,143 | \$2,186 | \$2,230 | \$2,462 | \$3,001 | \$3,658 |
| EFFECTIVE NET CASH FLOW | \$7,212 | \$7,494 | \$7,783 | \$8,079 | \$8,384 | \$10,035 | \$14,110 | \$19,586 |
| | | | | | | | | |
| EQUITY ACCUMULATION | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 20 | YEAR 30 |
| <i>Property Value</i> | \$103,000 | \$105,060 | \$107,161 | \$109,304 | \$111,491 | \$123,095 | \$150,052 | \$182,912 |
| <i>(Mortgage Balance)</i> | \$68,540 | \$67,507 | \$66,418 | \$65,271 | \$64,062 | \$56,970 | \$35,780 | \$0 |
| EQUITY (WEALTH) | \$34,460 | \$37,553 | \$40,743 | \$44,033 | \$47,428 | \$66,124 | \$114,271 | \$182,912 |
| | | | | | | | | |
| TAX BENEFIT | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | YEAR 10 | YEAR 20 | YEAR 30 |
| <i>Depreciation</i> | \$3,160 | \$3,160 | \$3,160 | \$3,160 | \$3,160 | \$3,160 | \$3,160 | \$3,160 |
| <i>Mortgage Interest</i> | \$3,626 | \$3,574 | \$3,518 | \$3,460 | \$3,398 | \$3,036 | \$1,954 | \$128 |







The Purchase Process

- Step 1: Call us at (770) 924-5450 and let us know you would like to get prequalified. We will put you in touch with one of our local lenders.
- Step 2: Complete a purchase agreement to lock up the property and fax it back to us at (866) 341-0187.
- Step 3: Either overnight or wire the earnest money to our attorney. We will provide you with their name address and/or wiring instructions.
- Step 4: Work closely with lender for 3-5 weeks to complete financing. Be sure to return all signed disclosures and provide any requested documentation promptly.
- Step 5: Close on investment property! Upon closing, we will work with you to transition the property to one of our property managers and make sure you collect any pro-rated rents.

NOTE: Properties are sold on a first-come, first-served basis.

Call us today!

Please call or email us with any questions, or to request a purchase agreement.

 Phone: 770-924-5450

 Fax: (866) 341-0187

 Email: ken@gainvesting.com

OR

 Email: bruce@gainvesting.com

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 (F) 866.840.1977

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|--|
| Name / Address |
| 5284 Salem Springs Place Lithonia, GA 30038 |

Scope of Work

| Date | Estimate # |
|-----------|------------|
| 8/24/2011 | 1410 |

| Payment Terms | Estimated Start Date | REP |
|---------------|----------------------|-----|
| Bank Draw | 8/24/2011 | DE |

| Item | Description |
|---------------------------------|--|
| Handyman | Install 3 locks and 3 toilets Install blinds on front and rear bottom of house Install 2 smoke detectors and 1 carbon monoxide detector Inspect all electrical outlets...panels...switches...Install GFCI Install new outlet covers Replace hot water heater Inspect and repair all plumbing Install new front door Repair siding Install new counter tops Misc drywall repair Inspect roof for leaks Install vinyl flooring in baths Install new lights, fans, etc Misc repairs...Doors, trim, carpentry Estimated cost of materials needed for the items above. |
| Materials | |
| Paint- Walls Paint Materials | Interior walls, trims, ceilings and cabinet touch up This is an estimated amount of paint for the area specified above. This price will increase or decrease depending on the amount of paint that is actually used. |
| Paint - Trim Paint Materials | Paint exterior trim where needed This is an estimated amount of paint for the area specified above. This price will increase or decrease depending on the amount of paint that is actually used. |
| Carpet - Labor & Materials | Replace carpet This includes rip out of old and removal from house, a 7/16" pad installed, and a 28 ounce builder's grade carpet installed. |
| Landscaping | |
| Window Replacement | |
| HVAC - Service Unit | |
| Garage Door | Repair garage door |