

UNDERSTANDING REAL ESTATE FINANCE FUNDAMENTALS

INCOME TIER	AREA MEDIAN INCOME (4-PERSON HOUSEHOLD = \$98,500)						
	30%	50%	60%	80%	125%	150%	200%
MAXIMUM INCOME	\$29,500	\$49,250	\$59,100	\$69,700	\$123,125	\$147,750	\$197,000
MAXIMUM MONTHLY RENT @ 30% OF INCOME	\$738	\$1,231	\$1,478	\$1,743	\$3,078	\$3,694	\$4,925
ANNUAL RENT	\$8,850	\$14,775	\$17,730	\$20,910	\$36,938	\$44,325	\$59,100
ANNUAL OPERATING AND RR EXPENSES	\$7,000	\$7,000	\$7,000	\$7,000	\$8,500	\$8,500	\$8,500
ANNUAL NET OPERATING INCOME (NOI)	\$1,850	\$7,775	\$10,730	\$13,910	\$28,438	\$35,825	\$50,600
LOAN AMOUNT (5%/25 YEAR AMORT TERM) (1.25 DSCF)	\$21,098	\$88,667	\$122,366	\$158,632	\$324,305	\$408,553	\$577,049
TOTAL ASSET COST	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
EQUITY REQUIRED	\$478,902	\$411,333	\$377,634	\$341,368	\$175,695	\$91,447	(\$77,049)
CASH-ON-CASH RETURN	0.08%	0.38%	0.57%	0.81%	3.24%	7.84%	Infinite
CAP RATE	0.37%	1.56%	2.15%	2.78%	5.69%	7.17%	10.12%
VALUE AT 4.5% CAP RATE	\$41,111	\$172,778	\$238,444	\$309,111	\$631,944	\$796,111	\$1,124,444
VALUE CREATED	(\$458,889)	(\$327,222)	(\$261,556)	(\$190,889)	\$131,944	\$296,111	\$624,444

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INCOME TIER	AREA MEDIAN INCOME (4-PERSON HOUSEHOLD = \$98,500)						
	30%	50%	60%	80%	125%	150%	200%
MAXIMUM INCOME	\$29,500	\$49,250	\$59,100	\$69,700	\$123,125	\$147,750	\$197,000
MAXIMUM MONTHLY RENT @ 30% OF INCOME	\$738	\$1,231	\$1,478	\$1,743	\$3,078	\$3,694	\$4,925
ANNUAL RENT	\$8,850	\$14,775	\$17,730	\$20,910	\$36,938	\$44,325	\$59,100
ANNUAL OPERATING AND RR EXPENSES	\$7,000	\$7,000	\$7,000	\$7,000	\$8,500	\$8,500	\$8,500
ANNUAL NET OPERATING INCOME (NOI)	\$1,850	\$7,775	\$10,730	\$13,910	\$28,438	\$35,825	\$50,600
LOAN AMOUNT (5%/25 YEAR AMORT TERM) (1.25 DSCF)	\$21,098	\$88,667	\$122,366	\$158,632	\$324,305	\$408,553	\$577,049
TOTAL ASSET COST	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
EQUITY REQUIRED	\$378,902	\$311,333	\$277,634	\$241,368	\$75,695	(\$8,553)	(\$177,049)
CASH-ON-CASH RETURN	0.10%	0.50%	0.77%	1.15%	7.51%	Infinite	Infinite
CAP RATE	0.46%	1.94%	2.68%	3.48%	7.11%	8.96%	12.65%
VALUE AT 4.5% CAP RATE	\$41,111	\$172,778	\$238,444	\$309,111	\$631,944	\$796,111	\$1,124,444
VALUE CREATED	(\$358,889)	(\$227,222)	(\$161,556)	(\$90,889)	\$231,944	\$396,111	\$724,444

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INCOME TIER	AREA MEDIAN INCOME (4-PERSON HOUSEHOLD = \$98,500)						
	30%	50%	60%	80%	125%	150%	200%
MAXIMUM INCOME	\$29,500	\$49,250	\$59,100	\$69,700	\$123,125	\$147,750	\$197,000
MAXIMUM MONTHLY RENT @ 30% OF INCOME	\$738	\$1,231	\$1,478	\$1,743	\$3,078	\$3,694	\$4,925
ANNUAL RENT	\$8,850	\$14,775	\$17,730	\$20,910	\$36,938	\$44,325	\$59,100
ANNUAL OPERATING AND RR EXPENSES	\$7,000	\$7,000	\$7,000	\$7,000	\$8,500	\$8,500	\$8,500
ANNUAL NET OPERATING INCOME (NOI)	\$1,850	\$7,775	\$10,730	\$13,910	\$28,438	\$35,825	\$50,600
LOAN AMOUNT (5%/25 YEAR AMORT TERM) (1.25 DSCF)	\$21,098	\$88,667	\$122,366	\$158,632	\$324,305	\$408,553	\$577,049
TOTAL ASSET COST	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
EQUITY REQUIRED	\$328,902	\$261,333	\$227,634	\$191,368	\$25,695	(\$58,553)	(\$227,049)
CASH-ON-CASH RETURN	0.11%	0.60%	0.94%	1.45%	22.13%	Infinite	Infinite
CAP RATE	0.53%	2.22%	3.07%	3.97%	8.13%	10.24%	14.46%
VALUE AT 4.5% CAP RATE	\$41,111	\$172,778	\$238,444	\$309,111	\$631,944	\$796,111	\$1,124,444
VALUE CREATED	(\$308,889)	(\$177,222)	(\$111,556)	(\$40,889)	\$281,944	\$446,111	\$774,444