

34 Windswept Oaks The Woodlands, TX 77385**Proposed Subject Info**

Market Value	\$185,000	Sqft	2,278
Target Price	\$177,000	Bedrooms	3
Target Price/Value Ratio	96%	Year Built	2002
		Price Per Sq. Ft	\$77.70

Income & Expense Information

	income		expenses	
	monthly	annually	monthly	annually
Gross Rent	\$1,850	\$22,200	Taxes \$322	\$3,860
Vacancy Reduction at 0%	\$0	\$0	Insurance \$67	\$800
Leasing Commissions	\$0	\$0	HOA \$54	\$650
			Maintenance \$50	\$600
Adjusted Income	\$1,850	\$22,200	Total Fixed Expenses \$493	\$5,910

Projected Mortgage Options

	Fixed 80% LTV option	Fixed 80% LTV	Fixed 75% LTV option	Fixed 75% LTV
Loan Type				
Loan Term (years)		30		30
Loan-to-Value		80%		75%
Interest Rate		6.50%		6.25%
Down Payment		\$35,400		\$44,250
PMI		\$0		\$0
Monthly Debt Service		\$895		\$817
Total Monthly Expenses		\$1,388		\$1,310
Estimated Closing Costs		\$5,664		\$5,310
Estimated Repairs		\$0		\$0
Total Acquisition Costs		\$41,064		\$49,560

Performance

	monthly	annually
Net Operating Income	\$1,358	\$16,290
GRM		7.97
Capitalization Rate		9.20%

Cash Flow Return

	cash flow		cash-on-cash return		
	monthly	annually	12 months	24 months	36 months
Fixed 80% LTV option	\$462	\$5,550	14%	27%	41%
Fixed 75% LTV option	\$540	\$6,482	13%	26%	39%

Projected Appreciation

Year	percentage	market value	value growth	net equity	
				(Fixed 80% LTV option)	(Fixed 75% LTV option)
1	1%	\$186,850	\$1,850	\$5,769	\$6,096
2	1%	\$188,719	\$3,719	\$9,326	\$7,964
3	1%	\$190,606	\$5,606	\$13,015	\$9,851
4	1%	\$192,512	\$7,512	\$16,514	\$11,757
5	1%	\$194,437	\$9,437	\$20,294	\$22,178

Total Net Return Projections - Based on a 5% Resale Commission

Year	total net profit		total cash-on-cash return	
	(Fixed 80% LTV option)	(Fixed 75% LTV option)	(Fixed 80% LTV option)	(Fixed 75% LTV option)
1	\$1,976	\$3,235	5%	7%
2	\$10,990	\$11,491	27%	23%
3	\$20,134	\$19,766	49%	40%
4	\$29,088	\$28,058	71%	57%
5	\$38,322	\$44,865	93%	91%

Definitions

Total Net Profit	total net profit for the investment, determined as net follows: (net sale profit) + (aggregate cash flow)
Total Cash-on-Cash return	total net profit expressed as a percentage of the total acquisition costs
Net Equity	current net profit, determined as follows: (current market value) - (mortgage balance) - (acquisition costs)
GRM	gross rent multiplier, determined as follows: (purchase price) / (annual gross rent)
Capitalization Rate	ratio of annual net cash flow to acquisition costs
Net Operating Income	net income after operating expenses but not including debt service
Debt Service	financing expenses - principal, interest, and mortgage insurance (if applicable)

Tax Deductions

Year	1	2	3	4	5
Operating Expenses	\$5,910	\$5,910	\$5,910	\$5,910	\$5,910
Annual Depreciation	\$5,471	\$5,471	\$5,471	\$5,471	\$5,471
Capital Imp. Depreciation	\$0	\$0	\$0	\$0	\$0
Int. Paid Fixed 80% LTV	\$9,157	\$9,051	\$8,938	\$8,818	\$8,689
Int. Paid Fixed 75% LTV	\$8,253	\$8,153	\$8,046	\$7,933	\$7,812
Closing Costs Fixed 80% LTV	\$5,664	\$0	\$0	\$0	\$0
Closing Costs Fixed 75% LTV	\$5,310	\$0	\$0	\$0	\$0
Est. Tax Deduct. Fixed 80% LTV	\$26,202	\$20,432	\$20,319	\$20,199	\$20,070
Est. Tax Deduct. Fixed 75% LTV	\$24,944	\$19,534	\$19,427	\$19,314	\$19,193