

10 Year Performance Projection

PRE-LEASED Home - Long-Term Tenant & NO HOA

Birmingham, AL 35206

3bd | 1ba | Built: 1965 | Remodeled: 2022

| Projected Income | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Projected Rent | \$14,100 | \$14,664 | \$15,251 | \$15,861 | \$16,495 | \$17,155 | \$17,841 | \$18,555 | \$19,297 | \$20,069 |
| Vacancy Losses | -\$1,128 | -\$1,173 | -\$1,220 | -\$1,269 | -\$1,320 | -\$1,372 | -\$1,427 | -\$1,484 | -\$1,544 | -\$1,605 |
| Operating Income | \$12,972 | \$13,491 | \$14,031 | \$14,592 | \$15,175 | \$15,782 | \$16,414 | \$17,070 | \$17,753 | \$18,463 |

| Estimated Expenses | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property Taxes | -\$1,040 | -\$1,071 | -\$1,103 | -\$1,136 | -\$1,171 | -\$1,206 | -\$1,242 | -\$1,279 | -\$1,317 | -\$1,357 |
| Insurance | -\$672 | -\$692 | -\$713 | -\$734 | -\$756 | -\$779 | -\$802 | -\$826 | -\$851 | -\$877 |
| Management Fees | -\$1,032 | -\$1,073 | -\$1,116 | -\$1,161 | -\$1,207 | -\$1,256 | -\$1,306 | -\$1,358 | -\$1,412 | -\$1,469 |
| Leasing/Advertising Fees | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 |
| Association Fees | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 |
| Maintenance | -\$282 | -\$290 | -\$299 | -\$308 | -\$317 | -\$327 | -\$337 | -\$347 | -\$357 | -\$368 |
| Other | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 | -\$0 |
| Operating Expenses | -\$3,026 | -\$3,127 | -\$3,232 | -\$3,340 | -\$3,452 | -\$3,567 | -\$3,687 | -\$3,810 | -\$3,938 | -\$4,071 |

| Income Analysis | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Operating Income | \$9,946 | \$10,364 | \$10,799 | \$11,252 | \$11,724 | \$12,215 | \$12,727 | \$13,260 | \$13,815 | \$14,393 |
| - Mortgage Payments | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 | -\$7,500 |
| = Cash Flow | \$2,446 | \$2,864 | \$3,299 | \$3,752 | \$4,224 | \$4,715 | \$5,227 | \$5,760 | \$6,315 | \$6,893 |
| + Principal Reduction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| + Appreciation | \$9,600 | \$10,176 | \$10,787 | \$11,434 | \$12,120 | \$12,847 | \$13,618 | \$14,435 | \$15,301 | \$16,219 |
| = Gross Equity Income | \$12,046 | \$13,040 | \$14,085 | \$15,186 | \$16,344 | \$17,562 | \$18,845 | \$20,195 | \$21,616 | \$23,112 |
| Capitalization Rate | 5.9% | 5.8% | 5.7% | 5.6% | 5.5% | 5.4% | 5.3% | 5.2% | 5.1% | 5.0% |
| Cash on Cash Return | 5.3% | 6.2% | 7.1% | 8.1% | 9.1% | 10.2% | 11.3% | 12.4% | 13.6% | 14.9% |
| Return on Equity | 24.3% | 21.8% | 20.0% | 18.5% | 17.4% | 16.4% | 15.6% | 15.0% | 14.4% | 13.9% |

| Loan Analysis | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Market Value | \$169,600 | \$179,776 | \$190,563 | \$201,996 | \$214,116 | \$226,963 | \$240,581 | \$255,016 | \$270,317 | \$286,536 |
| - Loan Balance | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 | -\$120,000 |
| = Equity | \$49,600 | \$59,776 | \$70,563 | \$81,996 | \$94,116 | \$106,963 | \$120,581 | \$135,016 | \$150,317 | \$166,536 |
| Loan-to-Value Ratio | 70.8% | 66.7% | 63.0% | 59.4% | 56.0% | 52.9% | 49.9% | 47.1% | 44.4% | 41.9% |
| Potential Cash-Out Refi | \$15,680 | \$23,821 | \$32,450 | \$41,597 | \$51,293 | \$61,570 | \$72,465 | \$84,013 | \$96,253 | \$109,229 |

| Sale Analysis | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Equity | \$49,600 | \$59,776 | \$70,563 | \$81,996 | \$94,116 | \$106,963 | \$120,581 | \$135,016 | \$150,317 | \$166,536 |
| - Closing Costs | -\$11,872 | -\$12,584 | -\$13,339 | -\$14,140 | -\$14,988 | -\$15,887 | -\$16,841 | -\$17,851 | -\$18,922 | -\$20,057 |
| = Proceeds After Sale | \$37,728 | \$47,192 | \$57,223 | \$67,857 | \$79,128 | \$91,076 | \$103,740 | \$117,165 | \$131,394 | \$146,478 |
| + Cumulative Cash Flow | \$2,446 | \$5,310 | \$8,609 | \$12,361 | \$16,584 | \$21,300 | \$26,527 | \$32,287 | \$38,601 | \$45,494 |
| - Approximate Cash Invest | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 | -\$46,400 |
| = Net Profit | -\$6,226 | \$6,101 | \$19,432 | \$33,817 | \$49,312 | \$65,975 | \$83,867 | \$103,051 | \$123,596 | \$145,572 |
| Internal Rate of Return | -13.4% | 6.5% | 13.0% | 15.7% | 16.9% | 17.5% | 17.8% | 17.9% | 17.8% | 17.7% |
| Return on Investment | -13.4% | 13.1% | 41.9% | 72.9% | 106.3% | 142.2% | 180.7% | 222.1% | 266.4% | 313.7% |

*Information is not guaranteed and investors should do their own research, get professional advice and conduct due diligence prior to investing.

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