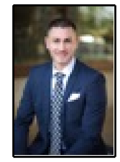
Real Estate Investment Analysis

Bella Vista Apartments
$2,350,000 / $ 180,769 per unit
13 Units (all 2 bed / 1bath)

Bella Vista Apartments
3507 N Paiute Way
Scottsdale AZ 85251

Report Prepared By



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Annual Report, Year 1

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Amenities and Features

Luxe Investment Team presents Welcome to Bella Vista surrounded by Old Town Scottsdale & Arcadia. Additional address is 3421 N Paiute Way. Included APN's are: # 130-06-127, # 130-06-128, and # 130-06-129. Located north of Osborn, on a cul-de-sac street, this community of 13 units are set back on 3 parcels with mature trees, and lush landscaping. Each unit is 2 bed/1 bath. 10 of 13 units have been remodeled with ceramic tile, newer appliances, and granite countertops. The roof and all windows have been replaced, including many of the A/C's. 2 onsite laundry rooms. Covered parking spaces and beautiful refinished pool. Current rents are well below market. Currently renting from $800-$900 monthly. Market rents are for $1200 and up. Drive by only. Do not disturb tenants. All facts and figures are approximate. Buyer to verify information.

Physical Data

Number of Units	13
Number Occupied	13
Price Per Unit	$180,769
Price Per Sq Ft	$258
Rentable Sq Ft	9100
Year Built	1969
Land Area	31675
Buildings	2
Electric Meters	15
Gas Meters	15
Parking Spaces	17
Roof	Comp
Zoning	R-5

Proposed Financing

Purchase Price	$2,350,000
Down Payment	$705,000

Proposed Financing Cont.

Loan Balance	$1,645,000
Annual Loan Payment	$112,704
Monthly Loan Payment	$9,392

Initial Investment

Down Payment	$705,000
+ Closing Costs	$11,750
+ Loan Points	$16,450
= Initial Investment	$733,200

Income

Gross Scheduled Income	$187,200
- Vacancy	$9,360
= Effective Rental Income	$177,840
= Annual Gross Operating Income	$179,040
= Monthly Gross Operating Income	$14,920

Expenses

Taxes	$4,506
+ Insurance	$3,500
+ Property Management	$5,232
+ Maintenance & Repair	$5,050
+ Gas	$1,200
+ Annual Trash Exp:	$3,000
+ Annual Wtr/Swr Exp:	$7,920
+ Electric	$2,400
+ Landscape	$1,800
+ Legal & Acctg:	$1,000
+ Capital Expenditure	$3,000
= Annual Operating Expenses	$38,608
= Monthly Operating Expenses	$3,217

Net Operating Income

Annual Gross Operating Income	$179,040
- Annual Operating Expenses	$38,608
= Annual Net Operating Income	$140,432

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Annual Report, Year 1 Cont.

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Net Operating Income Cont.

= Monthly Net Operating Income	$11,703

Cash Flow

Net Operating Income	$140,432
- Annual Debt Service	$112,704
= Annual Cash Flow Before Tax	$27,728
= Monthly Cash Flow Before Tax	$2,311

Common Indicators

Cap Rate	5.98%
Gross Rent Multiplier	12.55
Cash on Cash	3.78%
Debt Coverage Ratio	1.25
Default Ratio (Break Even)	84.51

Proceeds from Sale

End of Year Property Value	$2,467,504
Gross Equity Before Tax	$844,464
- 7.00 % Cost of Sale	$172,725
= Proceeds from Sale Before Tax	$671,739

Return on Initial Investment

Initial Investment	$733,200	Return %
Cash Flow Before Tax	$27,728	3.78%
+ Appreciation @ 5.0%	$117,504	16.03%
+ Principal Reduction	$21,960	3.00%
= Total Return	$167,192	22.80%

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Annual Report, Year 1 Cont.

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
INDICATORS					
Cap Rate	5.98%	5.69%	5.42%	5.16%	4.92%
Gross Rent Multiplier	12.55	13.18	13.84	14.53	15.26
Cash On Cash	3.78%	3.78%	3.78%	3.78%	3.78%
IRR Before Tax	-4.60%	8.75%	12.64%	14.09%	14.62%
CASH FLOW					
Cash Flow Before Tax	$27,728	$27,728	$27,728	$27,728	$27,728
PROCEEDS FROM SALE					
Equity before Cost of Sale	$844,464	$990,556	$1,144,113	$1,305,521	$1,475,182
Proceeds after Cost of Sale	$671,739	$809,195	$953,684	$1,105,570	$1,265,234
ANNUAL RETURN ON INVESTMENT					
$ Return on Investment	$167,192	$173,820	$181,285	$189,136	$197,389
% Return on Initial Investment	22.80%	23.71%	24.73%	25.80%	26.92%

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Property Photos
Bella Vista Apartments, 3507 N Paiute Way

Main Property Photo

Pool

Garden 1

Garden 2

Living

Kitchen

Property Details, Year 1

3507 N Paiute Way, Scottsdale AZ

Future Value Escalator

Appreciation	5.00%

Vacancy Percent

Vacancy Percent	5.00%

Income Escalators

Gross Scheduled Income	
Other Income	

Expenses: Utilities – Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Gas	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00
Annual Trash Exp:	$3,000.00	$3,000.00	$3,000.00	$3,000.00	$3,000.00
Annual Wtr/Swr Exp:	$7,920.00	$7,920.00	$7,920.00	$7,920.00	$7,920.00
Electric	$2,400.00	$2,400.00	$2,400.00	$2,400.00	$2,400.00

Expenses: Services -- Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Landscape	$1,800.00	$1,800.00	$1,800.00	$1,800.00	$1,800.00
Legal & Acctg:	$1,000.00	$1,000.00	$1,000.00	$1,000.00	$1,000.00

Expenses: Other – Future years use year 5 data with a % annual escalator

	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Expenditure	$3,000.00	$3,000.00	$3,000.00	$3,000.00	$3,000.00

Expense Escalators

Expenses	

Cost Recovery Period

Improvements Years	27.5
Personal Property Years	5.0

Other Assumptions

Cost to Sell Property	7.00%
NPV Discount Rate	7.00%

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Property Details, Year 1

3507 N Paiute Way, Scottsdale AZ

Investment Comparisons

Bank CD Rate	1.00%
Mutual Fund	5.00%

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Amortization Schedule

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

1st MTG - Fxd, Fully Amortized

Loan Amount	$1,645,000	Points	1.0%
Loan to Value (LTV)	70.00%	Interest Rate	5.550%
Amortization Period	30.0 Years		
Term (Due Date)	10.0 Years		

Monthly Amortization Table with Yearly Total Paid and Loan Balance

Year	Payment	Principal	Interest	Total Paid	Loan Balance
1	$9,392	$1,830	$7,562	$112,704	$1,623,040
2	$9,392	$1,934	$7,458	$225,408	$1,599,831
3	$9,392	$2,044	$7,348	$338,112	$1,575,300
4	$9,392	$2,161	$7,231	$450,816	$1,549,372
5	$9,392	$2,284	$7,108	$563,520	$1,521,968
6	$9,392	$2,414	$6,978	$676,224	$1,493,004
7	$9,392	$2,551	$6,841	$788,928	$1,462,390
8	$9,392	$2,696	$6,696	$901,632	$1,430,034
9	$9,392	$2,850	$6,542	$1,014,336	$1,395,836
10	$9,392	$3,012	$6,380	$1,127,040	$0

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Financing

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
PRICE					
Purchase Price	$2,350,000	$2,350,000	$2,350,000	$2,350,000	$2,350,000
Escalated Price (BOY)	$2,350,000	$2,467,504	$2,590,876	$2,720,416	$2,856,436
Escalated Price (EOY)	$2,467,504	$2,590,876	$2,720,416	$2,856,436	$2,999,260
Price Escalator: Appreciation	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
INITIAL INVESTMENT					
Down Payment	$705,000	$705,000	$705,000	$705,000	$705,000
+ Closing Costs	+ $11,750	+ $11,750	+ $11,750	+ $11,750	+ $11,750
+ Loan Points	+ $16,450	+ $16,450	+ $16,450	+ $16,450	+ $16,450
+ Other Costs	+ $0	+ $0	+ $0	+ $0	+ $0
+ Rehab Costs	+ $0	+ $0	+ $0	+ $0	+ $0
= Total Investment	= $733,200	= $733,200	= $733,200	= $733,200	= $733,200
1st MTG - Fxd, Fully Amortized					
Loan Amount	$1,645,000	$1,645,000	$1,645,000	$1,645,000	$1,645,000
Loan to Value (LTV)	70.00 %	70.00 %	70.00 %	70.00 %	70.00 %
Interest Rate	5.550 %	5.550 %	5.550 %	5.550 %	5.550 %
Amortization Period	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs	30.0 Yrs
Term (Due Date)	10.0 Yrs	10.0 Yrs	10.0 Yrs	10.0 Yrs	10.0 Yrs
Points	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Annual Principal	$21,960	$23,209	$24,531	$25,928	$27,404
+ Annual Interest	+ $90,744	+ $89,495	+ $88,173	+ $86,776	+ $85,300
= Annual Debt Service	= $112,704	= $112,704	= $112,704	= $112,704	= $112,704
Loan Balance (BOY)	$1,645,000	$1,623,040	$1,599,831	$1,575,300	$1,549,372
- Annual Principal	- $21,960	- $23,209	- $24,531	- $25,928	- $27,404
= Loan Balance (EOY)	= $1,623,040	= $1,599,831	= $1,575,300	= $1,549,372	= $1,521,968
PRINCIPAL TRACKING					
1st Mortgage Loan Amount	$1,645,000	$1,645,000	$1,645,000	$1,645,000	$1,645,000
- 1st Mortgage Loan Balance (EOY)	- $1,623,040	- $1,599,831	- $1,575,300	- $1,549,372	- $1,521,968
= Principal Paid (Interest Deferred)	= $21,960	= $45,169	= $69,700	= $95,628	= $123,032

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Annual Cash Flow Before Tax

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
ANNUAL INCOME					
Gross Scheduled Income	$187,200	$187,200	$187,200	$187,200	$187,200
- Vacancy	- $9,360	- $9,360	- $9,360	- $9,360	- $9,360
= Effective Rental Income	= $177,840	= $177,840	= $177,840	= $177,840	= $177,840
+ Other Income	+ $1,200	+ $1,200	+ $1,200	+ $1,200	+ $1,200
= Gross Operating Income	= $179,040	= $179,040	= $179,040	= $179,040	= $179,040
ANNUAL OPERATING EXPENSES					
Taxes	$4,506	$4,506	$4,506	$4,506	$4,506
+ Insurance	+ $3,500	+ $3,500	+ $3,500	+ $3,500	+ $3,500
+ Property Management	+ $5,232	+ $5,232	+ $5,232	+ $5,232	+ $5,232
+ Maintenance & Repair	+ $5,050	+ $5,050	+ $5,050	+ $5,050	+ $5,050
+ Utilities	+ $14,520	+ $14,520	+ $14,520	+ $14,520	+ $14,520
+ Services	+ $2,800	+ $2,800	+ $2,800	+ $2,800	+ $2,800
+ Other Expenses	+ $3,000	+ $3,000	+ $3,000	+ $3,000	+ $3,000
= Annual Operating Expenses	= $38,608	= $38,608	= $38,608	= $38,608	= $38,608
NET OPERATING INCOME					
Gross Operating Income	$179,040	$179,040	$179,040	$179,040	$179,040
- Annual Operating Expenses	- $38,608	- $38,608	- $38,608	- $38,608	- $38,608
= Net Operating Income	= $140,432	= $140,432	= $140,432	= $140,432	= $140,432
ANNUAL DEBT SERVICE					
Principal and Int. 1st Mortgage	$112,704	$112,704	$112,704	$112,704	$112,704
ANNUAL CASH FLOW BEFORE TAX					
Net Operating Income	$140,432	$140,432	$140,432	$140,432	$140,432
- Annual Debt Service	- $112,704	- $112,704	- $112,704	- $112,704	- $112,704
- Capital Additions	- $0	- $0	- $0	- $0	- $0
= Annual Cash Flow Before Tax	= $27,728	= $27,728	= $27,728	= $27,728	= $27,728

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Equity

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
SALE PROCEEDS BEFORE TAX					
Sale Price (EOY)	$2,467,504	$2,590,876	$2,720,416	$2,856,436	$2,999,260
- Cost of Sale @ 7.00%	- $172,725	- $181,361	- $190,429	- $199,951	- $209,948
- 1st Mortgage Loan Balance	- $1,623,040	- $1,599,831	- $1,575,300	- $1,549,372	- $1,521,968
= Sale Proceeds before Tax	= $671,739	= $809,684	= $954,687	= $1,107,113	= $1,267,344
GROSS EQUITY AT PURCHASE					
Purchase Price	$2,350,000	$2,350,000	$2,350,000	$2,350,000	$2,350,000
- Loan Amount	- $1,645,000	- $1,645,000	- $1,645,000	- $1,645,000	- $1,645,000
= Gross Equity at Purchase	= $705,000	= $705,000	= $705,000	= $705,000	= $705,000
GROSS EQUITY (EOY)					
Gross Equity (BOY)	$705,000	$844,464	$990,556	$1,144,113	$1,305,521
+ Appreciation Equity	+ $117,504	+ $122,883	+ $129,026	+ $135,480	+ $142,257
+ Principal Paydown Equity	+ $21,960	+ $23,209	+ $24,531	+ $25,928	+ $27,404
= Gross Equity (EOY)	= $844,464	= $990,556	= $1,144,113	= $1,305,521	= $1,475,182
GROSS EQUITY PLUS RESERVES					
Gross Equity (EOY)	$844,464	$990,556	$1,144,113	$1,305,521	$1,475,182
+ Reserve Balance	+ $0	+ $0	+ $0	+ $0	+ $0
= Total Gross Equity	= $844,464	= $990,556	= $1,144,113	= $1,305,521	= $1,475,182
RETURN ON GROSS EQUITY (EOY)					
Annual Cash Flow Before Tax	$27,728	$27,728	$27,728	$27,728	$27,728
div Gross Equity (EOY)	$844,464	$990,556	$1,144,113	$1,305,521	$1,475,182
= Return on Gross Equity	= 3.28 %	= 2.80 %	= 2.42 %	= 2.12 %	= 1.88 %
NET EQUITY (EOY)					
Gross Equity (EOY)	$844,464	$990,556	$1,144,113	$1,305,521	$1,475,182
- Cost of Sale @ 7.00%	- $172,725	- $181,361	- $190,429	- $199,951	- $209,948
= Net Equity (EOY)	= $671,739	= $809,195	= $953,684	= $1,105,570	= $1,265,234

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Indicators

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
INDICATORS					
Cap Rate	5.98 %	5.69 %	5.42 %	5.16 %	4.92 %
Gross Rent Multiplier	12.55	13.18	13.84	14.53	15.26
Cash on Cash	3.78 %	3.78 %	3.78 %	3.78 %	3.78 %
Debt Coverage Ratio	1.25	1.25	1.25	1.25	1.25
Modified DCR	1.25	1.25	1.25	1.25	1.25
Default Ratio (Break Even)	84.51 %	84.51 %	84.51 %	84.51 %	84.51 %
IRR Before Tax	(4.60 %)	8.75 %	12.64 %	14.09 %	14.62 %

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Return on Investment

3507 N Paiute Way, Scottsdale AZ
Bella Vista Apartments

Year	Year 1	Year 2	Year 3	Year 4	Year 5
RETURN ON INVESTMENT					
Cash Flow Before Tax	$27,728	$27,728	$27,728	$27,728	$27,728
+ Appreciation	+ $117,504	+ $122,883	+ $129,026	+ $135,480	+ $142,257
+ Principal Paydown	+ $21,960	+ $23,209	+ $24,531	+ $25,928	+ $27,404
= Total Investment Return	= $167,192	= $173,820	= $181,285	= $189,136	= $197,389
INITIAL INVESTMENT	$733,200	$733,200	$733,200	$733,200	$733,200
Return on Cash Flow Before Tax	3.78 %	3.78 %	3.78 %	3.78 %	3.78 %
+ Return on Appreciation	+ 16.03 %	+ 16.76 %	+ 17.60 %	+ 18.48 %	+ 19.40 %
+ Return on Principal Paydown	+ 3.00 %	+ 3.17 %	+ 3.35 %	+ 3.54 %	+ 3.74 %
= Return on Initial Investment	= 22.80 %	= 23.71 %	= 24.73 %	= 25.80 %	= 26.92 %
ACCUMULATED INVESTMENT	$733,200	$879,292	$1,032,849	$1,194,257	$1,363,918
Return on Cash Flow Before Tax	3.78 %	3.15 %	2.68 %	2.32 %	2.03 %
+ Return on Appreciation	+ 16.03 %	+ 13.98 %	+ 12.49 %	+ 11.34 %	+ 10.43 %
+ Return on Principal Paydown	+ 3.00 %	+ 2.64 %	+ 2.38 %	+ 2.17 %	+ 2.01 %
= Return on Accumulated Investment	= 22.80 %	= 19.77 %	= 17.55 %	= 15.84 %	= 14.47 %

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