



**OWENS CONSULTING GROUP**

CERTIFIED PUBLIC ACCOUNTANTS | REAL ESTATE INVESTMENT CONSULTANTS | BUSINESS ADVISORS



**PROPERTIES**

## Buy and Hold Investment Example...



### PROPERTY DETAILS

Address	770 McNeil St., Memphis, TN
Area	Downtown / Midtown
Square Feet	1,894
Bed / Bath	4 / 3
Year Built	1927
Estimated Rents	\$1,000
Appraised Value	\$100,000
Purchase Price (80%)	\$80,000
Loan Balance (64%)	\$64,000

### COST ANALYSIS

Down Payment (20%)	\$16,000
Cash Purchase (75%)	\$75,000

### HOLD FOR CASHFLOW

#### CASH PURCHASE / FINANCED PURCHASE

Rent (\$1,000/ Month)	\$1,000
Vacancy Allowance (8%)	(\$80)
Property Mgmt (10%)	(\$92)
Insurance	(\$50)
Taxes	(\$125)
Repair Allowance	(\$50)
<b>Net Monthly Income</b>	<b>\$603</b>
<b>Net Yearly Income</b>	<b>\$7,236</b>

#### CASH PURCHASE RETURN ON INVESTMENT

Net Yearly Cash flow	\$7,236
Est. Tax Benefits (30% Tax Rate)	\$654
Cash on Cash Return	<b>10.52%</b>
Equity	\$25,000
<b>Total Return on Investment</b>	<b>43.85%</b>

#### 20% DOWN PURCHASE ROI

Yearly Debt Service (6.5% int rate)	\$4,854
Net Yearly Cash flow	\$2,382
Est. Tax Benefits (30% tax rate)	\$698
<b>Cash on Cash Return (Before Taxes)</b>	<b>19.25%</b>
Principal Reduction – Year 1	\$833
Initial Equity in Property Over Cost	\$20,000
<b>Total ROI</b>	<b>149.46%</b>