Jay Fradd
Smoky Mountain Real Estate Corporation
www.WearsValleyHomes.com
Cell: (865) 809-8600
Office: (865) 277-8115
239 East Parkway
Gatlinburg, TN 37738

Notes On Using This Spreadsheet:

The cells with a gray background and black border surrounding them are able to be adjusted. When they are adjusted, the other numbers are modified and end up changing the end result. There are a few cell fields where there are drop down menus for options. If you have any questions about how to operate or understand this spreadsheet please don't hesitate to contact me. There is another tab at the bottom for charts & other information.

Property Address: 208 Amet Way - Indoor Pool Cabin with Theater

Cash Flows

Year	**2016**	**2017**	**2018**
Gross Rental Income	$85,000.00	$86,700.00	$88,434.00
Rental Management Fee	$25,500.00	$26,010.00	$26,530.20
Gross Operations Income	$59,500.00	$60,690.00	$61,903.80
Operating Expenses	$26,175.12	$26,698.62	$27,232.59
Net Operating Income	$33,324.88	$33,991.38	$34,671.21
Annual Debt Service	$18,779.30	$18,779.30	$18,779.30
Cash Flow Before Taxes	$14,545.58	$15,212.07	$15,891.90
Accumulated Cash Flow	$14,545.58	$29,757.65	$45,649.55
Taxable Income			
Net Operating Income	$33,324.88	$33,991.38	$34,671.21
Interest - 1st Mortgage	$14,150.08	$13,925.34	$13,689.69
Cost Recovery (Depreciation)	$7,692.31	$7,692.31	$7,692.31
Real Estate Taxable Income	$11,482.49	$12,373.73	$13,289.21
Estimated Allowable Loss/Gain			
Taxes on Rental Income**	28%	28%	28%
Taxes Saved/Paid	**$3,215.10**	**$3,464.64**	**$3,720.98**
**Your Estimated Income Tax Bracket			
Combined Return Statement			
Cash Flow	$14,545.58	$15,212.07	$15,891.90
Tax Results	$3,215.10	$3,464.64	$3,720.98
Net Spendable income	**$11,330.48**	**$11,747.43**	**$12,170.92**
Total Combined Returns			
Principal Paid - (Equity)	$4,629	$4,854	$5,090
Principal Paid - Total		$9,483	$14,573
Principal Pd + Net Spend. Income	$15,960	$16,601	$17,261

Mortgage Data	**#Pmts**	**LTV**	**Interest Rate**	**Payment**	**Ann. Debt**	**Loan Amount**
1st Mortgage	360	80%	4.75%	$1,564.94	$18,779.30	$300,000
Based Upon A Purchase Price Of		$375,000				

Primary Mortgage	$300,000
Term in Years	30
Annual Interest Rate	4.75%
Original Payment	**$1,564.94**

Purchase Price		$375,000	
% Down (100% if all cash)		20%	
Interest Rate		4.750%	
15 or 30 Year Loan Amortization?		30	
Mortgage Payment		**$1,564.94**	
Down Payment		$75,000	
Closing costs	Seller Cont. 2%	$3,353	
Furnishings		$2,500.00	(Estimated)
Initial repairs/Improvements		$4,500.00	(Estimated)
Total Cash to Start		**$85,353**	

	2016	2017	2018
Cash return (cumul.)	$14,546	$29,758	$45,650
ROI/Cash on Cash	17.04%	17.82%	18.62%
Doesn't include tax advantages,depreciation or principle paid			
Overall Return	18.70%	19.45%	20.22%
(Includes Estimated Income Taxes, Principal Paid, & Depreciation)			

Rental Income Needed for Cash Flow Breakeven $64,220.61

(The cash flow breakeven is an estimate and fluctuates due to the credit card fee being dependent upon gross rental income)

Cap Rate at Purchase Price **8.89%**

(Cap rated based on NOI divided by Purchase Price - NOT INCLUDING Repairs, furnishings, and closing costs)

Notes on Repairs/Furnishings: I tried to estimate a very rough amount for various repairs and some new furniture.

Detailed Operating Expenses		
Credit Card Fees	$0.00	Included in ESR $75/mo Management Fee
Alarm	$0.00	
Gas/Propane	$0.00	Electric Fireplace
Electric	$1,012.66	Actual 2014 average for 208 Amet Way per listing agent
HOA Fee	$0.00	Cost per MLS
Home Owners Insurance	$32.00	Estimate
Long Term Repair Reserves	$300.00	(Estimate)
Maintenance Repairs	$300.00	(Estimate)
Management Fee	$75.00	Cost from ESR
Pest Control	$20.00	Cost from ESR
Phone,Internet,Cable TV	$225.00	Estimate for Cable/Internet/Phone
Sewer	$0.00	On Septic System Per MLS & Property Record
Taxes	$216.60	(Actual Property Taxes)
Water	$0.00	Utility Water Costs included w/electric from Newport Utilities
Monthly Total	**$2,181.26**	
12 Months	**$26,175**	
Annual Property Tax (& Personal P	$2,599.20	Value of $433,200 so $2,599.20 in property taxes for 2014
Home Owners Insurance	$3,200.00	Actual HOI for same floor plan cabin next door
Owners Portion	70%	Elk Springs Resort
Management portion	30%	
Rental Income Growth/Yr	2.00%	
Expense Growth/Yr	2.00%	
Purchase Date	Mar-16	

Notes: I estimated the gross rental income of $85,000. Andy with Elk Springs Resort estimates it to be $80k to $90k the first year based on other indoor pool cabins under their management. The $1,012.66 electric bill through Newport Utilities is the average monthly cost for the cabin at 204 Amet Way (next door) in 2014 per the listing agent. 204 Amet should be a little lower with the pool cover already installed. The fireplaces are electric in the property and none of the appliances are gas. So there is no gas cost for the property (other than perhaps a propane grill if someone wanted to add one instead of the park style charcoal grill currently at the cabin. The HOA fee is $73 in Maranatha Resort according to the MLS , but my experience in selling cabins in the development is the owners don't pay that high of an amount unless it has recently changed. I estimated the home owners insurance at $3,550 per year based on the cost of insurance for the owner next door at 208 Amet Way. I estimated the long term repair reserves for things such as repairing/replacing major items such as HVAC, roof, water heaters, furniture updates, staining the cabin, pool maintenance, etc. at $300/month. This allows for a build up for reserves in the future. I estimated the monthly estimated repairs to be $200/month. This is obviously a very difficult number to accurately predict, especially with an indoor pool, but I feel it should be within the range for most months on this size of cabin and its age. I have the cable/internet/phone estimated at $250/month based on similar properties. Property taxes are actual amount for 2014 based on an assessed value of $433,200. I estimated $7,000 in repairs/improvements for adding various furniture items and repairs you might want to do to the cabin that we discussed (such as replacing tile in two of the bathrooms, adding theater equipment, etc). I also assumed a $340,000 purchase price and an interest rate of 4.50% on a 30 year fixed rate INVESTMENT loan. PLEASE NOTE I DID INCLUDE 2% SELLER PAID CLOSING COSTS WHICH MAY BE ABLE TO BE OBTAINED/ASKED FOR.

**** DISCLAIMER: All numbers and figures are my attempt to be as accurate as possible, but do not reflect guaranteed results. Gross rental incomes into the future are estimates and will vary depending on the rental management company, personal management of the property, and several other market factors. Please consult a tax professional for details and accuracy.**