



Reference Guide - iAnalyzeREI for Real Estate Professionals

iAnalyzeREI is a specialized software that allows you to perform a detailed profitability analysis of a residential or commercial building. This guide shows, with a report, the type of information you can get and modify the settings to achieve the desired result. Happy reading!

REAL ESTATE INVESTMENT ANALYSIS	
	<p>PREPARE BY Marc-André Fontaine</p> <p>Magex Technologies inc. info@magextechnologies.com 20 King Ouest Suite 110 Sherbrooke, Qc, J1H 1N8</p>
<p>It is possible to change the text by clicking on Step 2 (<i>Data Gathering</i>), <i>Notes</i> (bottom right), and modify the text in the box: <i>Title</i>, as well as the box: <i>Information</i>.</p> <p>If you want ALL of your future documentation files to have the same title and information, click on Step 1 (<i>Start</i>), next on <i>Modify my User Preferences</i>, <i>General Notes</i>, and modify the text in the box: <i>Title</i>.</p>	
<p>Your picture can be inserted here if you wish. Click on Step 1 (<i>Start</i>), next on <i>Modify my Settings</i>, find: <i>My Picture</i> and click on <i>Browse</i>. Then, select the Picture's file.</p>	
<p>PREPARE FOR Geneviève Janelle</p>	
<p>It is important to personalize the report in the name of your customer. He will feel privileged. Click on Step 4 (<i>Reports</i>) and write the name of your customer.</p>	
	<p>Your logo can be inserted here, if you wish. Click on Step 1 (<i>Start</i>), next on <i>Modify my Settings</i>, find: <i>Logo</i> and click on <i>Browse</i>. Then, select the Logo's file.</p>



All pages of the report are not required. It is up to you to select the ones that interest you in Step 4 *Report*. This one, for example, can have the property in question to allow your client of contextualize your analysis with the general appearance of the property and the environment which surrounds it.



To choose the picture that appears here, click on Step 2 (*Data Gathering*), next on Pictures and click on Browse. Then, select the file containing the building's picture. Check the box: Use this picture on the cover page to indicate this is the picture you have selected to appear on the reports.

The valid files formats are: *.JPG, *.PNG, *.GIF

**795 Mountain Road
Stowe, Vermont, 05672**

In order to complete this information, click on Step 2 (*Data Gathering*), then on Address.



The summary is one of the most frequently used pages. It provides an overall picture of the profitability of the building.

To select the picture that appears here, click on Step 2, (*Data Gathering*) next on Photos and then click on (*Browse*) and select the file containing the picture of the building. Check the box Use this picture on the Cover Page to indicate that this is the picture you want to appear on the Report.

Executive Summary

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Acquisition Costs

Land	\$42,900.00
Building	\$243,100.00
Total	\$286,000.00
Market Value	\$299,000.00

To modify this information, click on Step 2, *Acquisition Fees*.

Please note that the Loan Insurance Premium, Premium tax, Compensation Tax and Fees are automatically calculated according to the Down Payment.

In order to voluntarily modify these amounts, uncheck the *Automatic Calculation* box in this window.

You can also choose to include the Acquisition cost in the performance review. Then go to step 2 *Data Input, Cost & Financing*, and tick the box *Include Acquisition Cost*.

Income and Expenses

Gross Op. Income	\$33,780.00
Vacancy and Credits	\$1,013.40
Expenses	\$12,405.00

Cash Flow

Net Operating Income	\$20,361.60
Debt Service	\$16,584.36
Cash Flow (Before Taxes)	\$3,777.24
Total of Equity (Principal Payment)	\$3,818.24
Cash Flow + Equity	\$7,595.48
Appreciation	\$18,980.00
Cash Flow + Cap. + Appreciation	\$26,575.48

Financial Ratios (according to Acquisition Cost)

Effective Gross Rent Multiplier (GRM)	8.87
Net Rent Multiplier (NRM)	14.25
Average Unit Price	\$48,620.00
Operating Expense Ratio (OER)	37.74 %
Loan to Value Ratio (LVR)	72.22 %
Debt Coverage Ratio (DCR)	1.23
Break Even Ratio	85.54 %
Capitalization Rate	7.02 %
Internal Rate of Return (year 5)	15.80 %
Annual Appreciation	2.00 %
Cash on Cash Return	
Before Equity	5.43 %
After Equity (Principal Payment)	10.77 %
After Equity and Appreciation	37.32 %

†Not considering non-financed acq. fees nor fixed expenses

Refer to Step 3 to learn the acceptable ratio values.

Down Payment and Financing

Down Payment	\$71,500.00
Mortgage # 1	\$214,500.00
Length	300 months
Interest Rate	6.00 %
Term	60 months
Payment	\$1,382.03

In order to have the numbers add-up, you must indicate the rent value that will be occupied by the owner by clicking on Step 2 (*Data Gathering*), next on *Homeowner*. Add the rent value of the space occupied by the owner in the box next to: *Rent*.

Down Payment

In order to modify this information, click on Step 2, *Cost and Financing* and then modify the information next to *Down payment*. You can choose to enter the Down Payment in as a percentage or monetary value by clicking on the little circle. For more details, consult the *Finance page*.

Mortgage

To modify this information, click on Step 2, *Cost and Financing* and modify the information under *Mortgages List*.

Click on the Mortgage (the amount of payments for example), then click on Save when the modifications are done.

To add an additional mortgage, click on *Add* in the *Cost and Financing* window next to: *Mortgages List*.

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The property detail is the descriptive card of the property. It may be that your source have omit to transmit certain information. Note that the items listed in this sheet is for guidance only and do not affect your analysis. This file is optional, although it provides useful information to the interlocutor.

Descriptive Card

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Stowe
05672

Pot. Gr. Income	Oper. Expenses	Net Op. Income
\$33,780.00	\$12,405.00	\$21,375.00

List Price	Payment Type	Balance
\$286,000.00		No

To modify these information, Click on Step 2 (*Data Gathering*), then on *Property Details*, and alter the information in the Listing part of this page.

Property Details

Year Built	1986
Property Type	
Total Units	6
Nb of Levels Above Ground	1
Nb of Basement Levels	1
Zoning Type	Residential

Reference Number
Registration Division
Lot
Certificate of Location

Building Dimensions	0.00 x 0.00
Building Area	0.00 sq. ft.
Lot Dimensions	0.00 x 0.00
Lot Area	0.00 sq. ft.

Municipal Assessment	2005	
Land		\$42,310.00
Improvement		\$204,624.00
Total		\$246,934.00

Owner Ryder Peirce

To modify these information, Click on Step 2 (*Data Gathering*), then on Property Details, and alter the information in the Legal part of this page.

To modify this information, Click on Step 2 (*Data Gathering*), then on *Property Details*, and alter the information in the Building part of this page..

To modify these information, Click on Step 2 (*Data Gathering*), then on *Property Details*, and alter the information in the Municipal Assessment part of this page.

Property Details

Foundation	concrete
Frame	
External Facing	shingle
Windows	double
Heating Paid By	Tenant
Floors	
Subfloors	
Walls	
Hot-Water Tank	Yes
Wash-/Dryer Outlets	No
Fire Protection	No
Laundry	No
Parking	0 Int. 8 Ext.
Outdoor Outlets	No
Water	Public
Conveniences	Television Cable
	Play Ground
Parking	Paving Stone
Site Influence	Dead-End
	Services Proximity

To modify these information, Click on Step 2 (*Data Gathering*), then on *Property Details*, and alter the text in the box: Information & Appointment in the Listing part of this page.

Registered Broker

The terms and conditions of leases are available only if you enter detailed leases. This section of the report provides clarify the different elements clearly identifying what apartments are more or less profitable than others.

If you analyze a commercial or semi-commercial building, be sure to specify it when creating the analysis. So you'll access to commercial parameters detailed in section leases as the cost per square foot.

To add a lease, click on Step 2 (*Data Gathering*), next on *Lease*. Click on *Add* for each new apartment.

To save time, you can create a lease for a specific category (e.g. 3^{1/2}, 4^{1/2} or 5^{1/2}), indicate the lease type then click on *Copy* to multiply it.

Leases Terms and Conditions

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Check the services included in the price of the rent (boxes to check below)

Apt	Rooms	Included Services								End of Lease	Seniority (month)	Vacant	Renewed Lease	Occ. Owner	Rent Increase	Tenant / Comment	Rent	
		Heating	Electricity	Hot Water	Water Tax	Laundry	Parking	Furnished	Half Furnished	Garage							Monthly	Yearly
1	2 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	-	2.00 %	Julie Brown	\$490,00	\$5 880,00
2	1 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	-	2.00 %	John Ricards	\$397,00	\$4 764,00
3	2 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	x	2.00 %	James Laceter	\$590,00	\$7 080,00
4	3 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	-	2.00 %	Roger Mackee	\$536,00	\$6 432,00
5	2 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	-	2.00 %	Benjamin Watson	\$402,00	\$4 824,00
6	3 br	-	-	-	-	x	-	-	-	-	01/01/1900	0	-	x	2.00 %	Alice Torres	\$350,00	\$4 200,00
																	\$2 765,00	\$33 180,00

Once the lease is created, you can specify its new features and parameters:

- Click on the lease to modify in the List of leases.
- Complete the requested information.
- Tick services that are included in the rent.

To enter the 1/2, click on Add 1/2, next to the box *Number of rooms* in the detailed lease form.

Seniority

It can be useful to show the seniority of the tenants in some cases, if you withhold the information. Example: If the tenants are stable, this can be an advantage because they are easier to manage. If there is a frequent change in tenants, this also can be an advantage because the price of the rent can be increased significantly.

Live-in Homeowner

Check the box Homeowner in the apartment where the buyer will be living if the owner wishes to reside in the building.

Increase

The increase will take effect as soon as the Lease end date has been reached. It will be visible in the financial forecast.



The financial analysis shows the data used for the calculation of profitability.

Financial Analysis

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Income		Monthly	Annually
1 x 1 br		\$397.00	\$4,764.00
3 x 2 br		\$1,482.00	\$17,784.00
2 x 3 br		\$886.00	\$10,632.00
Garage		\$50.00	\$600.00
Potential Gross Income (PGI)		\$2,815.00	\$33,780.00
Vacancy and Credits	% of PGI	Monthly	Annually
Vacancy Rate	1.00 %	\$28.15	\$337.80
Bad Debt	2.00 %	\$56.30	\$675.60
Effective Gross Income (EGI)		\$2,730.55	\$32,766.60
Expenses	% of EGI	Monthly	Annually
Municipal Tax	5.48 %	\$149.58	\$1,795.00
School Tax	3.05 %	\$83.17	\$998.00
Insurance	2.34 %	\$63.92	\$767.00
Electricity	5.33 %	\$145.42	\$1,745.00
Heating	7.63 %	\$208.33	\$2,500.00
Maintenance	2.29 %	\$62.50	\$750.00
Lawn - Snow Clearing	1.22 %	\$33.33	\$400.00
Maintenance - Repairs	4.43 %	\$120.83	\$1,450.00
Management	3.97 %	\$108.33	\$1,300.00
Others	1.07 %	\$29.17	\$350.00
Savings	1.07 %	\$29.17	\$350.00
Total of Expenses	37.86 %	\$1,033.75	\$12,405.00
Cash Flow			Annually
Net Operating Income			\$20,361.60
Debt Service		-	\$16,584.36
Cash Flow (Before Taxes)			\$3,777.24
Total of Equity (Principal Payment)		+	\$3,818.24
Cash Flow + Equity			\$7,595.48
Appreciation		+	\$18,980.00
Cash Flow + Cap. + Appreciation			\$26,575.48

Potential revenue

Represents the maximum revenue that may be generated for the building if all the tenants pay their rent on time and if there are no vacant units.

Even if the Building hasn't had a vacant unit in years, it is important to specify here a Vacancy Rate since the banker will consider it regardless.

We recommend you use the vacancy rates according to your building's sector. This way you will appear much more professional in the eyes of a banker.

In order to modify this information, click on Step 2, then on *Income*, and locate the section: *Vacancy and Credits*.

Net Revenue

Potential Revenue – Vacancies and Bad Debt – Expenses.

Debt Service

Total of mortgage payments paid during the first year (principle + interests)

Property Appreciation

The building gains value each year as time passes by, the owner never has to invest an additional amount.

Total of equity (Principal Payment)

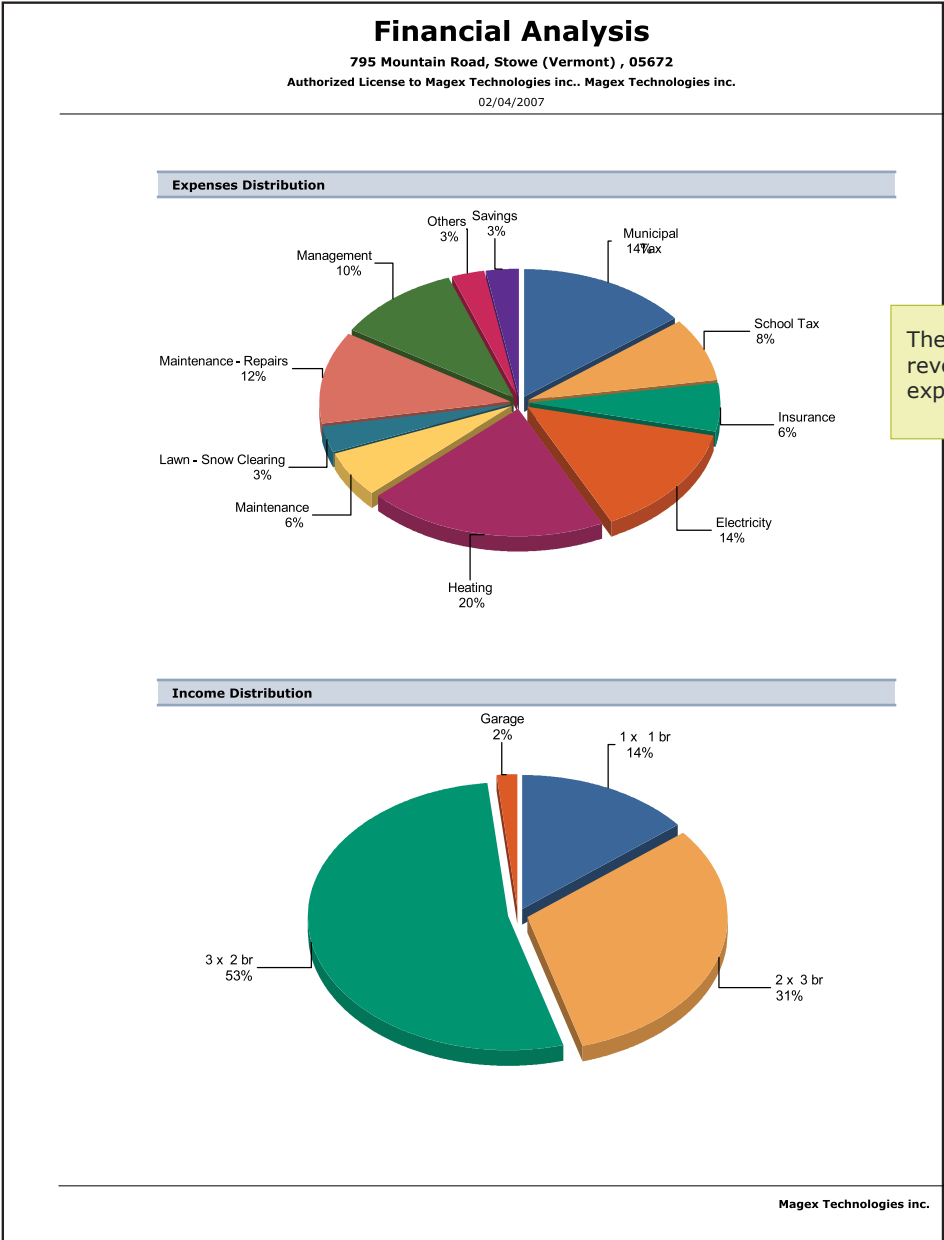
A total of mortgage payments paid in the first year considering only the equity. It is important to consider the equity because it is money that still belongs to the owner even if this amount has been paid to the bank. When the building is sold, the paid equity will be given back to the owner (supposing the building will be sold for the same price the owner once paid).

It's as though the owner was simply depositing money in a savings account with each mortgage payment. The owner is therefore accumulating assets.

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This page report represents financial data as graphs where the percentage refers to the portion of income of the building that used to pay the expense. The visual appearance and professional approach of this page are often appreciated.



Add dynamism to your presentations by offering to your customers a professional and synthesized information with graphs.

The % means that x % of the building's revenues is being used to pay this expense.



iAnalyzeREI allows you to test different funding scenarios based on the amount or percentage of down payment as well as whether or not to loan insurance from CMHC. For more details on how to compare scenarios, refer to the *Compare* page

Financing

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Acquisition Cost

Land	\$42,900.00
Building	\$243,100.00
Total	\$286,000.00

In order to modify this information, click on Step 2 (*Data Gathering*) and choose *Cost and Financing*. Then, modify the information in the price section. It is necessary to detail separately the building's price from the land's if you consider the taxes (which we strongly recommend). If you do not treat the taxes, uncheck the box: *Detailed Acquisition Fee*

Down Payment

\$71,500.00 (25.00 %) of Acquisition Cost

Mortgage # 1

\$214,500.00 (75.00 %) of Acquisition Cost

To modify this information, click on Step 2 (*Data Gathering*), choose *Cost and Financing* and modify the entered information.

Length	300 months
Interest Rate	6.00 %
Term	60 months
Payment Frequency	Monthly
Compound Interest	Monthly
Payment	\$1,382.03

To modify this information, click on Step 2 (*Data Gathering*), then *Cost and Financing* in the Down Payment section.

There is an advantage to modifying the frequency of remittance. Try it out a few times, and notice the impact this has on the yield.

Click on Step 2 (*Data Gathering*) next on *Cost and financing* in the *Mortgage* section.

If the owner doesn't live in his building, he usually needs to put a minimum down payment of 15 %. Try it out without changing the down payment, (Ex. 15 %, 20 %, 25 %) and notice the impact it has on the return.

If the owner will occupy the building, he can put a minimum down payment of 7.5 % for a duplex and of 10 % for a triplex or a quadruplex.

If the buyer puts part of his home in-warranty, indicate the amount here.

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Here is the famous analysis of profitability. iAnalyzeREI considers over 15 different ratios, however, some are more used and more useful than others. In the software, you have access to the definition of ratios when you hover your mouse over Acronym left. You can also get the list of definitions in step 4 *Report*. Customize your reports by selecting the ratios that will be displayed by clicking on *Preferences* and select *Profitability Analysis*

Profitability Analysis

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Financial Ratios (After 1 year)	Acquisition Cost	Market Value
	\$286,000.00	\$299,000.00
Effective Gross Rent Multiplier (GRM)	8.87	9.28
Net Rent Multiplier (NRM)	14.25	14.90
Average Unit Price	\$48,620.00	\$50,830.00
Operating Expense Ratio (OER)	37.74 %	37.74 %
Loan to Value Ratio (LVR)	72.22 %	69.08 %
Debt Coverage Ratio (DCR)	1.23	1.23
Break Even Ratio	85.54 %	85.54 %
Capitalization Rate	7.02 %	6.71 %
Internal Rate of Return (year 5)	15.80 %	15.80 %
Cash on Cash Return		
Before Equity	5.43 %	5.43 %
After Equity (Principal Payment)	10.77 %	10.77 %
After Equity and Appreciation	37.32 %	37.32 %

Financial Ratios (At Year 0)	Acquisition Cost
Effective Gross Rent Multiplier (GRM)	8.73
Net Rent Multiplier (NRM)	14.05
Average Unit Price	\$47,666.67

The amount that appears in the *Cost and Financing* window in the box: Fair Market Value.

Normally, the Fair Market Value should be equal to the amount in *Acquisition Fee*, unless the buyer cuts a deal, and that the price he is about to pay is much lower than the actual building's value. In a case like this, insert the building's value in the box: Fair Market Value.

Please note that the calculations in this section were produced considering the building gains value during the first year (Appreciation) :
The building's value= acquisition fee + Appreciation

Refer to Step 3 to learn the acceptable ratio values.

These ratios do not consider the rent increase taking effect during the ongoing year, opposite from the ratios above.

This section calculates certain ratios without taking into consideration that the building will acquire value:
Building's value = Acquisition Fee

RATIOS

Loan to Value ratio: Part of the building belongs to creditors.

Break even ratio:
This ratio indicates the level of necessary occupation needed to face the financial and exploitation obligations. In this case, if the building is occupied above 75%, the owner will make a profit.

Cash on Cash Return of the down payment:
A portion of the Down Payment that the owner will get in return after the first year of exploitation.

Price per Unit:
Often called Rent, this amount indicates the average price per unit, (building's value after the first year of exploitation / number of units).

†Not

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Intelligent analysis in step 3 Revision can double check your analysis to ensure that the ratios and miscellaneous expenses are within normal values considered by financial institutions for a loan. You can choose whether to include this page in your report in step 4 *Report, Audit of the analysis*.






Property Analysis

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Ratios (Accord. to Market Value \$299,000.00)

Result		Margin	Value	Details
 Warning	Cash on Cash Return (ConC)	Around 10%	5.43%	Represents the down payment's output. (May be compared to the output of a stock or a mutual fund investment.)
 Excellent	Debt Coverage Ratio	Higher than 1.20	1.23	Indicates if the financing will be approved by a financial institution. The higher the ratio is than 1.20, the more the financing has chances of being accepted.
 Excellent	Loan to Value Ratio (LVR)	Between 75% and 100%	69.08%	Indicates the percentage of the property's cost that is financed by external creditors (after the first year.)
 Excellent	Operating Expenses Ratio (OER)	Between 37% and 45%	37.74%	Part of the income being used to pay the expenses. Note: The heating is at the charge of the tenant
 Excellent	Break Even Ratio (BER)	Lower than 100%	85.54%	The property must at least be occupied to this percentage in order for it to generate neither profit nor loss.

Operating Expenses

Result		Margin	Value	Details
 Warning	Municipal Tax - School Tax	Between 13% and 20%	8.53 %	Depends on the person in charge of the payment for the heating expenses (owner or tenant) May vary according to the state of the property, the age, etc. Make sure you enter service charges even if the property is managed by the owner himself (the banker will consider approx. 5%)
 Warning	Electricity	Between 12% and 23%	5.33 %	
 Warning	Heating - Others	Between 1 and 5 %	8.70 %	
 Excellent	Insurance	Between 2% and 4%	2.34 %	
 Excellent	Maintenance	Between 2% and 5%	2.29 %	
 Excellent	Maintenance - Repairs	Between 4% and 10%	4.43 %	
 Excellent	Management	Between 3% and 7%	4.00 %	
 Excellent	Lawn - Snow Clearing	Between 0.5% and 2%	1.22 %	

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To correct an amount, click on the term to modify. (Ex. Click on « management » to correct the amount inscribed in the Management fees expenses). Click on Step 3 (*Analysis verification*).

Use this report to verify if your building's analysis has been done properly and to see if it represents a good buy.

This part provides a brief ratio description which will help you distinguish different items. In order to include this page in your reports or not, refer to Step 4 (*Reports*) and check Revision

If there is some information in the report you'd rather not display, refer to the user *Preferences* and select *Financial Forecast*.

The Income and Expenses increase each year according to the Growth Rate specified in the *Analysis Parameters* and according to the rent increases specified in the *Leases* window

Financial Forecast

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The expenses include all acquisition fees in the first year.

	From Mar 01, 2007 To Feb 29, 2008	From Mar 01, 2008 To Feb 28, 2009	From Mar 01, 2009 To Feb 28, 2010	From Mar 01, 2010 To Feb 28, 2011	From Mar 01, 2011 To Feb 29, 2012
Income and Expenses					
Potential Gross Income	\$33,890.60	\$34,568.41	\$35,259.79	\$35,964.97	\$36,684.29
Effective Gross Income	\$32,873.88	\$33,531.36	\$34,202.00	\$34,886.03	\$35,583.76
Operating Expenses	\$12,405.00	\$12,653.10	\$12,906.16	\$13,164.29	\$13,427.57
Net Operating Income	\$20,468.88	\$20,878.26	\$21,295.83	\$21,721.74	\$22,156.19
Debt Service	\$16,584.36	\$16,584.36	\$16,584.36	\$16,584.36	\$16,584.36
Cash Flow (before Taxes)	\$3,884.52	\$4,293.90	\$4,711.47	\$5,137.38	\$5,571.83
Financing					
Principal Payment					\$4,851.01
Mortgage Interest					\$11,733.35
Mortgage Balance					\$192,904.07
Profitability (Accord. to Market Value)					
Gross Rent Multiplier (GRM)				9.28	9.28
Net Rent Multiplier (NRM)	14.90	14.90	14.90	14.90	14.90
Operating Expenses Ratio (OER)	37.74 %	37.74 %	37.74 %	37.74 %	37.74 %
Loan to Value Ratio (LVR)	69.08 %	66.42 %	63.76 %	61.10 %	58.43 %
Debt Coverage Ratio (DCR)	1.23	1.26	1.28	1.31	1.34
Break Even Ratio (BER)	85.54 %	84.58 %	83.64 %	82.72 %	81.81 %
Capitalization Rate (Cap Rate)	6.71 %	6.71 %	6.71 %	6.71 %	6.71 %
Market Value of Property per apartment	\$50,830.00	\$51,846.60	\$52,883.53	\$53,941.20	\$55,020.03
Property Value (Annual Appreciation 2.00%)	\$304,980.00	\$311,079.60	\$317,301.19	\$323,647.22	\$330,120.16
Net Present Value of the Cash Flow	\$3,735.12	\$3,969.95	\$4,188.48	\$4,391.45	\$4,579.64
Cash on Cash Return (before Eq.)	5.43 %	6.01 %	6.59 %	7.19 %	7.79 %
Cash on Cash Return (after Eq.)	10.77 %	11.68 %	12.61 %	13.58 %	14.58 %
Equity					
Property Appreciation (Cumulative)	\$18,980.00	\$25,079.60	\$31,301.19	\$37,647.22	\$44,120.16
Principal Payment (Cumulative)	\$3,818.24	\$7,871.97	\$12,175.73	\$16,744.92	\$21,595.93
Cash Flow (after Taxes, Cumulative)	\$3,884.52	\$8,178.42	\$12,889.89	\$18,027.27	\$23,599.10
Cumulative Equity	\$26,682.76	\$41,129.99	\$56,366.82	\$72,419.41	\$89,315.19
Cash on Cash Return (Appreciation)	37.32 %	57.52 %	78.83 %	101.29 %	124.92 %

You may deduct each year a 4% depreciation expense for the building you own, as if it was a disbursement. But remember that the first year, this depreciation expense will be only partly deductible, that is 2%.

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Indicates the part of the Down Payment that is returned to the investor after the indicated period, supposing the Annual Appreciation entered is correct. It is interesting to observe how much time it will take for the investor to recuperate the whole amount of the Down Payment he invested.



According to the data entered in Step 2 *Entering data, cost and financing, list of mortgages*, iAnalyzeREI calculate the share of principal and interest for future payments.

Mortgage Details

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Mortgage

Amount

\$214,500.00

Interest Rate

6.00 %

Length

300 months

Term

60 months

Payment Frequency

Monthly

	Date	Payment	Principal	Interest	Balance	Total Interest
0	01/02/2007	\$0.00	\$0.00	\$0.00	\$214,500.00	\$0.00
1	01/03/2007	\$1,382.03	\$309.53	\$1,072.50	\$214,190.47	\$1,072.50
2	01/04/2007	\$1,382.03	\$311.08	\$1,070.95	\$213,879.39	\$2,143.45
3	01/05/2007	\$1,382.03	\$312.63	\$1,069.40	\$213,566.76	\$3,212.85
4	01/06/2007	\$1,382.03	\$314.20	\$1,067.83	\$213,252.56	\$4,280.68
5	01/07/2007	\$1,382.03	\$315.77	\$1,066.26	\$212,936.79	\$5,346.94
6	01/08/2007	\$1,382.03	\$317.35	\$1,064.68	\$212,619.44	\$6,411.62
7	01/09/2007	\$1,382.03	\$318.93	\$1,063.10	\$212,300.51	\$7,474.72
8	01/10/2007	\$1,382.03	\$320.53	\$1,061.50	\$211,979.98	\$8,536.22
9	01/11/2007	\$1,382.03	\$322.13	\$1,059.90	\$211,657.85	\$9,596.12
10	01/12/2007	\$1,382.03	\$323.74	\$1,058.29	\$211,334.11	\$10,654.41
11	01/01/2008	\$1,382.03	\$325.36	\$1,056.67	\$211,008.75	\$11,711.08
12	01/02/2008	\$1,382.03	\$326.99	\$1,055.04	\$210,681.76	\$12,766.12
13	01/03/2008	\$1,382.03	\$328.62	\$1,053.41	\$210,353.14	\$13,819.53
14	01/04/2008	\$1,382.03	\$330.26	\$1,051.77	\$210,022.88	\$14,871.30
15	01/05/2008	\$1,382.03	\$331.92	\$1,050.11	\$209,690.96	\$15,921.41
16	01/06/2008	\$1,382.03	\$333.58	\$1,048.45	\$209,357.38	\$16,969.86
17	01/07/2008	\$1,382.03	\$335.24	\$1,046.79	\$209,022.14	\$18,016.65
18	01/08/2008	\$1,382.03	\$336.92	\$1,045.11	\$208,685.22	\$19,061.76
19	01/09/2008	\$1,382.03	\$338.60	\$1,043.43	\$208,346.62	\$20,105.19
20	01/10/2008	\$1,382.03	\$340.30	\$1,041.73	\$208,006.32	\$21,146.92
21	01/11/2008	\$1,382.03	\$342.00	\$1,040.03	\$207,664.32	\$22,186.95
22	01/12/2008	\$1,382.03	\$343.71	\$1,038.32	\$207,320.61	\$23,225.27
23	01/01/2009	\$1,382.03	\$345.43	\$1,036.60	\$206,975.18	\$24,261.87
24	01/02/2009	\$1,382.03	\$347.15	\$1,034.88	\$206,628.03	\$25,296.75
25	01/03/2009	\$1,382.03	\$348.89	\$1,033.14	\$206,279.14	\$26,329.89
26	01/04/2009	\$1,382.03	\$350.63	\$1,031.40	\$205,928.51	\$27,361.29
27	01/05/2009	\$1,382.03	\$352.39	\$1,029.64	\$205,576.12	\$28,390.93
28	01/06/2009	\$1,382.03	\$354.15	\$1,027.88	\$205,221.97	\$29,418.81
29	01/07/2009	\$1,382.03	\$355.92	\$1,026.11	\$204,866.05	\$30,444.92
30	01/08/2009	\$1,382.03	\$357.70	\$1,024.33	\$204,508.35	\$31,469.25

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It is important to check the current rate with a mortgage lender. This may have a huge impact on the profit earning and the building's value.

Try many types of payment frequencies. This may increase the yield simply by changing the payment frequency from weekly to monthly.

To add a Mortgage or to modify the details of a Mortgage (Interest Rate, Length...) refer to the *Finances* page in order to find out how to modify this information.



So far, the analysis determined the profitability based on the seller's asking price. So we know the price, but profitability is unknown. The evaluation of the selling price allows the opposite argument: we know the desired profitability by the investor, but it is not the price he would pay to get the building. This document may be useful in between other negotiations with the seller: an overvalued property offering no performance is likely to offer little interest for a potential buyer in addition to being denied funding.

Sale Price Evaluation

795 Mountain Road, Stowe (Vermont) , 05672
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02/04/2007

	Down Payment (Percentage)	Debt Coverage Ratio (DCR)	Debt Coverage Ratio (DCR) & Down Payment (Percentage)
Desired Rate of Return (Before Taxes and Equity)	10.00 %	10.00 %	4.64 %
Income	\$32,873.88	\$32,873.88	\$32,873.88
Expenses	\$12,405.00	\$12,405.00	\$12,405.00
Net Annual Income	\$20,468.88	\$20,468.88	\$20,468.88
Mortgage			
Total Mortgage	\$184,988.47	\$220,618.80	\$220,618.80
Interest Rate	6.00 %	6.00 %	6.00 %
Length	300 months	300 months	300 months
Payments	\$1,191.88	\$1,421.45	\$1,421.45
Evaluation			
Down Payment	\$61,662.82	\$34,114.82	\$73,539.60
Down Payment (Percentage)	25.00 %	13.39 %	25.00 %
Debt Coverage Ratio	1.43	1.20	1.20
Annual Profits	\$6,166.28	\$3,411.48	\$3,411.48
Sale's Price Evaluation	\$246,651.29	\$254,733.62	\$294,158.40
Sale's Price Average	\$265,181.10		

To obtain a higher Sale Price Evaluation, you can reduce the requested Cash on Cash Return rate, to a certain extent.

For example, if you work for the seller and you want to make a proposal with a slightly higher sale price, keep in mind that the building's yield must remain interesting for an eventual buyer. This will avoid working hard for nothing. Furthermore, an over evaluated building offering no yield has greater chances of not being approved or financed.

Every column represents a different calculation method. Each method uses 2 different elements (Down Payment, Down Payment %, DCR, GDR or Cash on Cash Return) to calculate the resale price. The methods used in the report are those that were checked in the *Evaluation* page of the Resale Price. Choose the method that suits your needs best.

We recommend you to rely on the Down Payment % method taking care however, to check if the Debt Coverage Ratio (DCR) is superior to 1,20.



iAnalyzeREI allows you to perform different types of comparison: the funding scenarios of the same building, profitability of various similar properties or the overall profitability of a real estate.

Comparison

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	Property 1	Property 2
	795 Mountain Road	5146 Main St. N.
	Stowe	Chicago
Scenario	Potential	Potentiel
Characteristics		
Total Acquisition Cost	\$286,000.00	\$380,000.00
Down Payment	\$71,500.00	\$57,000.00
Nb of Units	6	6
General Condition	Good	Good
Income and Expenses		
Potential Gross Income	\$33,890.60	\$54,420.00
Vacancy and Credits	\$1,016.72	\$1,632.60
Effective Gross Income	\$32,873.88	\$52,787.40
Operating Expenses	\$12,405.00	\$20,893.25
Net Operating Income	\$20,468.88	\$31,894.15
Cash Flow (Before Taxes)	\$3,884.52	\$11,766.85
Financing		
Mortgage #1	-	-
Mortgage Amount	\$214,500.00	\$323,000.00
Interest Rate	6.00 %	5.20 %
Term	60	60
Payment	1,382.03	2,012.73
Profitability (Accord. to Market Value)		
Gross Rent Multiplier (GRM)	9.28	8.12
Net Rent Multiplier (NRM)	14.90	13.43
Average Unit Price	\$50,830.00	\$71,400.00
Operating Expenses Ratio (OER)	37.74 %	39.58 %
Loan to Value Ratio (LVR)	69.08 %	77.48 %
Debt Coverage Ratio (DCR)	1.23	1.58
Break Even Ratio (BER)	85.54 %	75.38 %
Capitalization Rate (Cap Rate)	6.71 %	7.44 %
Internal Rate of Return (IRR)	15.80 %	26.70 %
Cash on Cash Return (before Eq.)	5.43 %	20.64 %
Cash on Cash Return (after Eq.)	10.77 %	30.48 %

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Compare various financing scenarios

First create an analysis report for each building.

To compare your Analyses, refer to Step 1 (*Start*), and select *Organize my Analyses*. Select the Analysis in question and click on Copy. Rename the 2nd Analysis by inscribing the changes you want.

Example: 1st Analysis: 15 % down payment, 2nd Analysis: 25 % down payment.

Then, you can choose from two options:

Obtain an Integrated Comparison page in the final report for one of the two buildings or obtain only the comparison.

Next, access the second analysis, modify the data and then, from *Start*, select *Compare Real Estate Investments*.

Now, choose the 2 analyses you wish to compare by checking the box on the left of the *Analysis*, then click on *Compare*.

Compare various buildings

First create an analysis report for each building.

Then, you can choose from two options:

Obtain an Integrated Comparison page in the final report for one of the two buildings or obtain only the comparison.

To include it to the final report, go to step 4 *Report*, tick the box *Compare* and select buildings to compare with the current building report.

To obtain comparison from the software, go in the left menu *Tools*, *Compare*, select the analysis and then click on *Compare*.

Get the overall profitability of a realty portfolio

First create an analysis for each building.

Then, you can choose from two options:

Obtain an Integrated Building Complex page in the final report for one of the buildings or view it separately.

To include it to the final report, go to step 4 *Report*, tick the box *Building Complex Analysis* and select buildings to compare with the current report.

To obtain the comparison from the software, go in the left menu, *Tools*, *Building Complex Analysis*, select the analyses and click on *Compare*.

