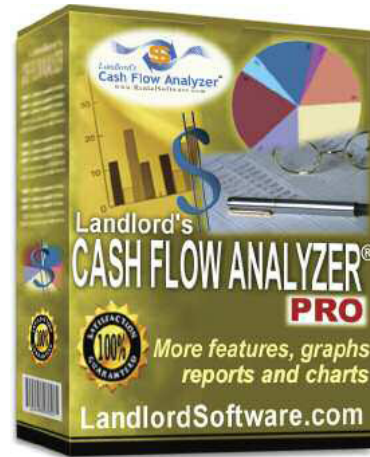


CASH FLOW ANALYZER



Cash flow analysis
for the serious
number cruncher.

Cash Flow Analyzer from LandlordSoftware.com does exactly what it says — allowing you to perform pretty much every type of cash flow analysis on your real estate transactions that you can imagine. And when we say “every type of cash flow analysis,” we mean it. The creators of CFA are accountants, and they have had 13 years — the first version of CFA was introduced in 1993 — to add whatever new ratio or report their customers have asked for.

CFA is not a software program, per se. It’s a combination of templates and macros built on top of Microsoft Excel. Even though CFA has “forms” for you to work with, if you are not experienced with spreadsheet programs, the user interface may take a little getting used to.

In this issue of Property Investor Magazine we drill home the importance of doing your homework up-front before investing in real estate... CFA is a great tool to assist in that endeavor. CFA can handle your needs whether you are investing in single family homes, apartments, commercial property, or just land. There is even a version of CFA available just for “Flippers” (this review was done using the “Landlord” version of the software).

Let’s be clear. CFA is a serious number crunching tool. It assumes you know how to work with the numbers involved in real estate investing, and you know what you are looking for. That said, LandlordSoftware — for a per-hour fee — offers a “Coaching & CPA Analysis Service” where they will review your rental property analysis with you over the phone or through email, explaining the significance of the calculations, financial ratios, and their respective purposes.

Executive Summary



Adrian Apartments II

1212 Main St
Atlanta GA 30304



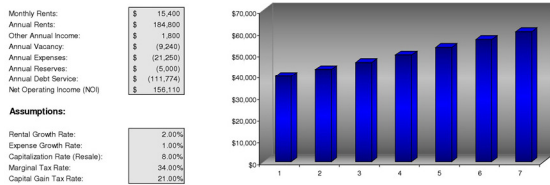
Property Information

Financial Information

Type	Single-Family	No. of Units	14	Down Payment:	\$ 462,250	% of Asking	38.10%	% of Cost	31.60%
Purchase Price	\$ 1,175,000	Price Per Unit	\$ 83,929	Initial Loan Balance:	\$ 1,225,000		70.00%		69.01%
Cap Rate (Cost)	8.79%	Total Square Feet	12,900	Loan Amount	\$ 1,225,000	Interest Rate	6.75%	Term	20
		Price Per Sq. Ft.	\$ 127	Payment					\$9,314

Income & Expenses

Projected Cash Flow Before Taxes



Financial Measurements	Year 1	Year 3	Year 7	Summary Description & Notes
Debt Coverage Ratio (DCR)	1.40	1.46	1.59	
Loan-to-Value Ratio (LVR)	61.2%	55.4%	43.5%	
Capitalization Rate Based on Cost	8.79%	9.17%	9.98%	Adrian Apartments II is a one, two and three bedroom garden style apartment complex with a total of 14 units.
Capitalization Rate Based on Reale Price	8.00%	8.00%	8.00%	The property is comprised of studio unit types. Complex amenities consist of laundry facilities and controlled vehicular access.
Net Present Value (NPV) - B-Taxes	35,664	73,746	105,974	An November 1, 2009 appraisal places the value of this property at \$2.5 million.
Net Present Value (NPV) - A-Taxes	23,224	54,888	98,318	
Cash on Cash Return - Before Taxes	7.00%	8.18%	10.69%	
Cash on Cash Return - After Taxes	5.29%	6.37%	7.40%	
Internal Rate of Return Before Taxes	18.35%	16.85%		
Internal Rate of Return After Taxes	13.64%	12.94%		
Modified Internal Rate of Return Before Taxes	17.33%	16.44%		
Modified Internal Rate of Return After Taxes	13.02%	11.47%		

Disclaimer: All information presented is believed to be accurate. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

CFA's biggest strengths are its thoroughness and its flexibility. Even if you are experienced at doing cash flow analysis on properties you are buying and/or renting, CFA's templates are a good way to make sure you are not forgetting anything in your calculations. And because CFA sits on top of Excel, experienced spreadsheet users can easily customize the data inputs to fit their needs. Thanks to LandlordSoftware's wise decision to allow users to "unlock" the spreadsheets, power Excel users can customize the program, and its outputs, even further. However, this is a double-edged sword, since modifying the program could also "break it" in ways where the results you get back are no longer correct.

Other nice features include:

- The form for estimating the various costs associated with rehab projects includes national averages to help guide you.
- Computes federal and state income taxes, including effects on your cash flow if your losses are limited by the passive activity rules.
- "Goal Seek" allows you to solve backwards to determine the purchase price, sales price, or the maximum rehab expenses you can incur to attain a desired return.

Capitalization Rate, Net Present Value, Cash on Cash Return and Internal Rate of Return are just a few of the ratios automatically generated for you. CFA also allows you to easily perform what-if calculations — just change one of your inputs to see what the effects would be on the bottom line. You can come at your analysis from any direction — bottoms-up, working with pre-determined ratios or working backwards from desired returns. CFA is perfect for comparing different potential investments against each other.

Adrian Apartments II

Cash Flow Analysis



1212 Main St
Atlanta GA 30304
Jeffrey Sandford
404-555-1212

Rental Activity Analysis	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income	\$ 194,000	\$ 188,496	\$ 192,266	\$ 196,111	\$ 200,033
Other Income	1,800	1,839	1,873	1,910	1,948
Less: Vacancy & Credit Losses	(9,240)	(9,425)	(9,613)	(9,806)	(10,002)
Less: Operating Expenses	(21,250)	(21,463)	(21,677)	(21,894)	(22,113)
Net Operating Income (NOI)	\$ 156,110	\$ 159,445	\$ 162,848	\$ 166,322	\$ 169,867
Less: Annual Debt Service	(111,774)	(111,774)	(111,774)	(111,774)	(111,774)
Less: Funded Reserves	(5,000)	(5,050)	(5,101)	(5,152)	(5,203)
CASH FLOW Before Taxes	\$ 39,336	\$ 42,621	\$ 45,974	\$ 49,397	\$ 52,891
Income Taxes: Benefit (Expense)	(9,002)	(8,313)	(10,185)	(12,134)	(14,163)
CASH FLOW After Taxes	\$ 29,734	\$ 34,309	\$ 35,789	\$ 37,263	\$ 38,728

Property Resale Analysis

Projected Sales Price	\$ 1,951,375	\$ 1,993,059	\$ 2,035,603	\$ 2,078,024	\$ 2,123,342
Less: Selling Expenses	(117,083)	(119,584)	(122,136)	(124,741)	(127,400)
Adjusted Projected Sales Price	\$ 1,834,293	\$ 1,873,475	\$ 1,913,467	\$ 1,953,283	\$ 1,995,941
Less: Mortgage(s) Balance Payoff	(1,194,997)	(1,162,905)	(1,128,579)	(1,091,862)	(1,052,589)
SALE PROCEEDS Before Taxes	\$ 639,296	\$ 710,570	\$ 784,888	\$ 862,421	\$ 943,352
Income Taxes from Sale: Benefit (Expense)	(24,899)	(48,844)	(72,983)	(97,319)	(121,856)
SALE PROCEEDS After Taxes	\$ 614,397	\$ 661,726	\$ 711,905	\$ 765,102	\$ 821,496

Cash Position

Cash Generated in Current Year	\$ 29,734	\$ 34,309	\$ 35,789	\$ 37,263	\$ 38,728
Cash Generated in Previous Years	n/a	29,734	64,043	99,831	137,094
Cash Generated from Property Sale	614,397	661,726	711,905	765,102	821,496
Original Initial Investment	(562,250)	(562,250)	(562,250)	(562,250)	(562,250)
Total Potential CASH Generated	\$ 81,881	\$ 163,518	\$ 249,486	\$ 339,946	\$ 435,068

Financial Measures

Debt Coverage Ratio (DCR)	1.40	1.43	1.46	1.49	1.52
Loan-to-Value Ratio (LVR)	61.2%	58.3%	55.4%	52.5%	49.6%
Capitalization Rate Based on Cost	8.79%	8.98%	9.17%	9.37%	9.57%
Value of Property Using this Cap Rate	7.75%	2,014,323	2,057,351	2,101,267	2,146,090
Net Present Value (NPV) - Before Taxes	35,664	57,081	73,746	96,382	125,617
Net Present Value (NPV) - After Taxes	10.00%	23,324	40,016	54,888	73,606
Cash-on-Cash Return on Equity	14.56%	13.29%	12.99%	12.71%	12.43%
Cash-on-Cash Return - Before Taxes	7.00%	7.58%	8.18%	8.79%	9.41%
Cash-on-Cash Return - After Taxes	5.29%	6.10%	6.37%	6.63%	6.89%
Internal Rate-of-Return (IRR) - Before Taxes	20.70%	18.29%	18.55%	18.00%	17.55%
Internal Rate-of-Return (IRR) - After Taxes	14.56%	13.94%	13.64%	13.42%	13.24%
Modified Internal Rate-of-Return (MIRR) - Before Taxes	20.70%	18.73%	17.53%	16.61%	15.86%
Modified Internal Rate-of-Return (MIRR) - After Taxes	14.56%	13.61%	13.02%	12.55%	12.18%

CFA comes with an eighty-nine page online manual which could use some beefing up. There is also a basic "slideshow" tutorial to help you get an overview of how the software works and what it can do for you.

For serious number crunchers who want no-frills functionality, CFA is a powerful tool. Sure you could build your own spreadsheet, but why would you? For only \$79.95 Landlord's Cash Flow Analyzer provides functionality that would take weeks to reproduce (note: Cash Flow Analyzer for Flipper's is an additional \$79.95).

For more information about Cash Flow Analyzer, visit www.landlordsoftware.com