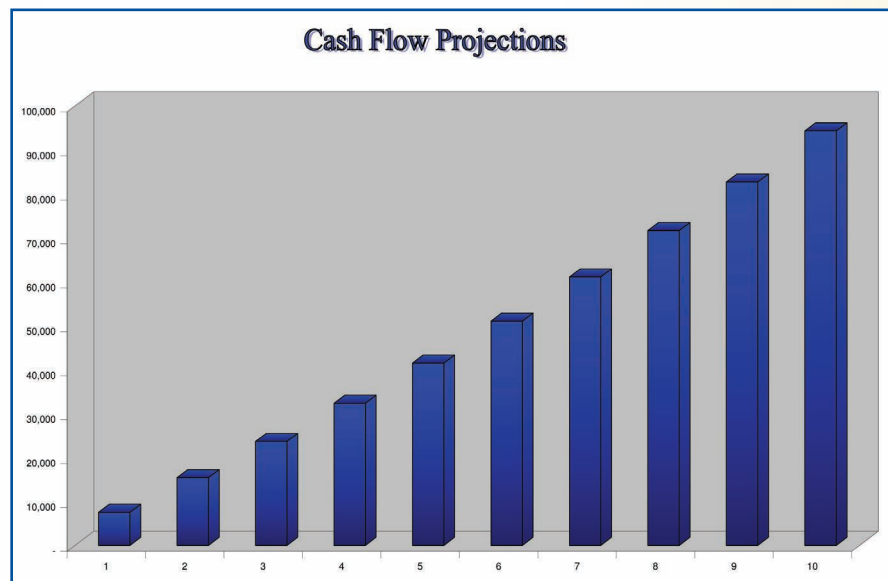




# Cash Flow Analyzer®


Take the guesswork out of evaluating properties with this essential tool.



INVEST Magazine has always stressed the importance of investors doing their homework before investing in real estate. Buying investment properties without running the numbers is a little like playing Russian roulette with a fully loaded gun; the question is not if you will get hurt (killed), but when. Understanding which properties to buy and which ones to avoid, and knowing the opportune time to buy or sell are essential to wealth creation and preservation. Real-estate investment software can help take some of the guesswork out of evaluating properties and is now an essential tool in real-estate investing, especially with lenders requiring better loan documentation. With that in mind, I chose Cash Flow Analyzer by RentalSoftware.com for this product review. I selected the product because of its affordability, flexibility, and popularity.

The Cash Flow Analyzer (CFA) software was first introduced in 1993 and was created by CPAs who are also real-estate investors. Landlord's Cash Flow Analyzer is used for long-term property analysis; the software allows you to analyze any type of investment


property: single-family homes, apartments, commercial properties, or raw land. The company also offers Flipper's & Rehabber's Cash Flow Analyzer for short-term investment property analysis.

<b>Adrian Apartments II</b> 1125 Main St Atlanta GA 30303		<b>Cash Flow Analysis</b>				 Mark Fielder 505-891-4663
<b>Rental Activity Analysis</b>		Year 1	Year 2	Year 3	Year 4	Year 5
Potential Rental Income		\$ 273,000	\$ 278,460	\$ 284,029	\$ 289,710	\$ 295,504
Other Income		3,600	3,672	3,745	3,820	3,897
Less: Vacancy & Credit Losses		(10,920)	(11,138)	(11,361)	(11,588)	(11,820)
Less: Operating Expenses		(134,615)	(136,098)	(137,598)	(139,116)	(140,652)
<b>Net Operating Income (NOI)</b>		<b>\$ 131,065</b>	<b>\$ 134,896</b>	<b>\$ 138,816</b>	<b>\$ 142,826</b>	<b>\$ 146,929</b>
Less: Annual Debt Service		(104,107)	(104,107)	(104,107)	(104,107)	(104,107)
Less: Funded Reserves		(5,000)	(5,100)	(5,202)	(5,306)	(5,412)
<b>CASH FLOW Before Taxes</b>		<b>\$ 21,958</b>	<b>\$ 25,689</b>	<b>\$ 29,507</b>	<b>\$ 33,413</b>	<b>\$ 37,410</b>
Income Taxes: Benefit (Expense)		(249)	1,343	(184)	(1,763)	(3,396)
<b>CASH FLOW After Taxes</b>		<b>\$ 21,709</b>	<b>\$ 27,033</b>	<b>\$ 29,323</b>	<b>\$ 31,650</b>	<b>\$ 34,014</b>
<b>Property Resale Analysis</b>						
Projected Sales Price		\$ 1,747,533	\$ 1,798,613	\$ 1,850,875	\$ 1,904,345	\$ 1,959,050
Less: Selling Expenses		(104,852)	(107,917)	(111,052)	(114,261)	(117,543)
<b>Adjusted Projected Sales Price</b>		<b>\$ 1,642,681</b>	<b>\$ 1,690,696</b>	<b>\$ 1,739,822</b>	<b>\$ 1,790,085</b>	<b>\$ 1,841,507</b>
Less: Mortgage(s) Balance Payoff		(1,290,754)	(1,276,550)	(1,261,320)	(1,244,988)	(1,227,476)
<b>SALE PROCEEDS Before Taxes</b>		<b>\$ 351,927</b>	<b>\$ 414,146</b>	<b>\$ 478,503</b>	<b>\$ 545,096</b>	<b>\$ 614,030</b>
Tax Benefit from Suspended Losses (if any)						
Income Taxes from Sale: Benefit (Expense)		(14,954)	(37,221)	(59,727)	(82,475)	(105,472)
<b>SALE PROCEEDS After Taxes</b>		<b>\$ 336,974</b>	<b>\$ 376,924</b>	<b>\$ 418,776</b>	<b>\$ 462,621</b>	<b>\$ 508,559</b>
<b>Cash Position</b>						
Cash Generated in Current Year		\$ 21,709	\$ 27,033	\$ 29,323	\$ 31,650	\$ 34,014
Cash Generated in Previous Years		n/a	21,709	48,742	78,065	109,715
Cash Generated from Property Sale		336,974	376,924	418,776	462,621	508,559
Cash Inflow (Outflow) from Refinancing						
Original Initial Investment		(326,000)	(326,000)	(326,000)	(326,000)	(326,000)
<b>Total Potential CASH Generated</b>		<b>\$ 32,683</b>	<b>\$ 99,667</b>	<b>\$ 170,841</b>	<b>\$ 246,336</b>	<b>\$ 326,288</b>
<b>Financial Measures</b>						
Debt Coverage Ratio (DCR)		1.26	1.30	1.33	1.37	1.41
Loan to Value Ratio (LVR)		73.9%	71.0%	68.1%	65.4%	62.7%
Capitalization Rate Based on Cost		8.04%	8.28%	8.52%	8.76%	9.01%
Capitalization Rate Based on Resale Price		7.50%	7.50%	7.50%	7.50%	7.50%
Value of Property Using this Cap Rate		7.75%	1,691,161	1,740,593	1,791,169	1,842,915
Gross Rent Monthly Multiplier (GRM)		76.81	77.51	78.20	78.88	79.55
Gross Rent Yearly Multiplier (GRYM)		6.40	6.46	6.52	6.57	6.63
Value of Property Using this GRM		7.00	1,911,000	1,949,220	1,988,204	2,027,968
Net Present Value (NPV) - Before Taxes		13.00%	4,872	37,888	65,627	88,811
Net Present Value (NPV) - After Taxes		9.50%	1,565	30,731	57,668	82,508
Cash on Cash Return with Equity Build-up		10.03%	18.67%	16.72%	15.20%	13.97%
Cash on Cash Return - Before Taxes		6.74%	7.88%	9.05%	10.25%	11.48%
Cash on Cash Return - After Taxes		6.66%	8.29%	8.99%	9.71%	10.43%
Internal Rate of Return (IRR) - Before Taxes		14.69%	19.57%	20.53%	20.62%	20.42%
Internal Rate of Return (IRR) - After Taxes		10.03%	14.70%	15.99%	16.44%	16.59%
Modified Internal Rate of Return (MIRR) - Before Taxes		14.69%	19.02%	19.45%	19.09%	18.51%
Modified Internal Rate of Return (MIRR) - After Taxes		10.03%	14.27%	15.08%	15.11%	14.88%

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CFA is an Excel-based program that can be used with either Windows or Mac. It does a complete investment analysis and calculates a rate of return for each year, up to a twenty-year holding period. Capitalization rate, net present value, cash-on-cash return, and internal rate of return are just a few of the many financial measures calculated for you. CFA also allows you to easily perform what-if calculations—simply change one input to see how that variable affects the bottom line. Another useful feature is the ability to solve backwards to determine the optimal offer price and more. CFA is impressive for comparing properties to determine which hold the most money-making potential. Additionally, the software does a complete tax analysis using federal and state income-tax laws. The program prints out the analysis in a colorful brochure form. The reports, graphs, and charts are easy to understand and make for a professional presentation to clients, investors, and lenders. The reports can also be output in PDF format for emailing and Web publishing. Real-estate agents and brokers can even use the logo insertion feature to create marketing materials.

The CFA software comes with a ninety-two-page manual (complete with financial definitions and screen-by-screen assistance) and tutorials to give

<b>Adrian Apartments II</b> 1125 Main St Atlanta GA 30303		<b>Cash Flow Analysis</b>				 Mark Fielder 505-891-4663
<b>Rental Activity Analysis</b>		Year 6	Year 7	Year 8	Year 9	Year 10
<b>Potential Rental Income</b>		\$ 301,414	\$ 307,442	\$ 313,591	\$ 319,863	\$ 326,260
Other Income		3,975	4,054	4,135	4,218	4,302
Less: Vacancy & Credit Losses		(12,057)	(12,298)	(12,544)	(12,795)	(13,050)
Less: Operating Expenses		(142,206)	(143,779)	(145,370)	(146,981)	(148,611)
<b>Net Operating Income (NOI)</b>		\$ 151,126	\$ 155,420	\$ 159,812	\$ 164,306	\$ 168,902
Less: Annual Debt Service		(104,107)	(104,107)	(104,107)	(104,107)	(104,107)
Less: Funded Reserves		(5,520)	(5,631)	(5,743)	(5,858)	(5,975)
<b>CASH FLOW Before Taxes</b>		\$ 41,499	\$ 45,683	\$ 49,962	\$ 54,341	\$ 58,820
Income Taxes: Benefit (Expense)		(5,085)	(6,833)	(8,643)	(10,517)	(12,458)
<b>CASH FLOW After Taxes</b>		\$ 36,414	\$ 38,849	\$ 41,320	\$ 43,824	\$ 46,361
<b>Property Resale Analysis</b>						
<b>Projected Sales Price</b>		\$ 2,015,014	\$ 2,072,266	\$ 2,130,832	\$ 2,190,741	\$ 2,252,021
Less: Selling Expenses		(120,901)	(124,336)	(127,850)	(131,444)	(135,121)
<b>Adjusted Projected Sales Price</b>		\$ 1,894,113	\$ 1,947,930	\$ 2,002,982	\$ 2,059,296	\$ 2,116,899
Less: Mortgage(s) Balance Payoff		(1,208,698)	(1,188,563)	(1,166,972)	(1,143,820)	(1,118,994)
<b>SALE PROCEEDS Before Taxes</b>		\$ 685,415	\$ 759,367	\$ 836,010	\$ 915,476	\$ 997,905
Tax Benefit from Suspended Losses (if any)						
Income Taxes from Sale: Benefit (Expense)		(128,721)	(152,230)	(176,002)	(200,044)	(224,362)
<b>SALE PROCEEDS After Taxes</b>		\$ 556,694	\$ 607,137	\$ 660,008	\$ 715,432	\$ 773,543
<b>Cash Position</b>						
Cash Generated in Current Year		\$ 36,414	\$ 38,849	\$ 41,320	\$ 43,824	\$ 46,361
Cash Generated in Previous Years		143,729	180,143	218,993	260,312	304,136
Cash Generated from Property Sale		556,694	607,137	660,008	715,432	773,543
Cash Inflow (Outflow) from Refinancing						
Original Initial Investment		(326,000)	(326,000)	(326,000)	(326,000)	(326,000)
<b>Total Potential CASH Generated</b>		\$ 410,837	\$ 500,130	\$ 594,320	\$ 693,568	\$ 798,040
<b>Financial Measures</b>						
Debt Coverage Ratio (DCR)		1.45	1.49	1.54	1.58	1.62
Loan to Value Ratio (LVR)		60.0%	57.4%	54.8%	52.2%	49.7%
Capitalization Rate Based on Cost		9.27%	9.53%	9.80%	10.08%	10.36%
Capitalization Rate Based on Resale Price		7.50%	7.50%	7.50%	7.50%	7.50%
Value of Property Using this Cap Rate		1,950,014	2,005,418	2,062,095	2,120,072	2,179,375
Gross Rent Monthly Multiplier (GRM)		80.22	80.88	81.54	82.19	82.83
Gross Rent Yearly Multiplier (GRM)		6.69	6.74	6.79	6.85	6.90
Value of Property Using this GRM		2,109,898	2,152,096	2,195,138	2,239,041	2,283,822
Net Present Value (NPV) - Before Taxes		123,949	136,926	147,416	155,780	162,331
Net Present Value (NPV) - After Taxes		126,399	145,687	163,352	179,501	194,231
<b>Cash on Cash Return</b> with Equity Build-up		12.96%	12.12%	11.40%	10.78%	10.25%
<b>Cash on Cash Return</b> - Before Taxes		12.73%	14.01%	15.33%	16.67%	18.04%
<b>Cash on Cash Return</b> - After Taxes		11.17%	11.92%	12.67%	13.44%	14.22%
<b>Internal Rate of Return (IRR)</b> - Before Taxes		20.13%	19.81%	19.49%	19.19%	18.90%
<b>Internal Rate of Return (IRR)</b> - After Taxes		16.59%	16.53%	16.43%	16.31%	16.18%
<b>Modified Internal Rate of Return (MIRR)</b> - Before Taxes		17.88%	17.27%	16.70%	16.16%	15.66%
<b>Modified Internal Rate of Return (MIRR)</b> - After Taxes		14.56%	14.21%	13.85%	13.51%	13.18%

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you an overview of the software. The company offers a ninety-day money-back guarantee, a toll-free phone number, and free technical support. Simply put, CFA is a powerful forecasting tool. Its \$79.95 price tag makes it a

“no-brainer” for any real-estate investor, agent, or broker.

For more information about Cash Flow Analyzer, visit [www.RentalSoftware.com](http://www.RentalSoftware.com) or call the company at 866-290-4183. ♦