

# Figuring How Much Monthly Payment This Property Will Support and Still Cash-Flow each Month

## "Formula to Determine the Payment Amount"

	\$	<b>Estimated Monthly Rental Income</b> for This Property
less	\$	1/12th of the Property <b>Annual Property Taxes</b>
less	\$	1/12th of the Property <b>Annual Property Insurance</b> Costs
less	\$	10% of the Monthly Rental Income for a <b>Maintenance Fund</b>
less	\$	5% of the Monthly Rental Income for a <b>Vacancy Factor</b>
less	\$	<b>Monthly Property Management - If Used</b>
less	\$	<b>Your Desired Monthly Cash-Flow You Want Each Month</b>
equals	\$	<b>How Much You Have Left Each Month to Make a Payment With</b>

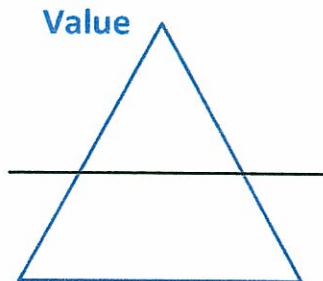
## When Paying Interest

### Example of Determining What You Can Pay

# of Months	Interest Rate	Solve for Present Value	Payment Amount	Future Value	Desired Monthly Cash- Flow
360	6%	\$106,747	\$640	0	\$200
of Months	Interest Rate	Solve for Present Value	Payment Amount	Future Value	
	%	\$	\$	0	

## What You Can Pay Without Paying Interest

\$  Whatever Price YOU Decide to Pay the Seller @ \$  for  mos.



Cap Rate

Net Operating Income

(Capitalization Rate is a calculation made to determine a rate of return of an investment)

Example:

**Value of the Property**

Cap Rate  Annual Net Operating Income

Example:

\$ 890,000 Value

10%  \$ 89,000 Net Operating Income

## Commercial Property Formula

## All Cash or Institutional Financing Buying Formula

	\$	The Property's Estimated <b>After Repaired Value</b> (ARV)
less	\$	1% to 2% of After Repaired Value for <b>Your Cost of Buying</b>
less	\$	1% to 1 1/2% of ARV Per Month for <b>Holding Costs</b>
less	\$	6% of ARV for <b>Your Cost of Selling</b> (a Realtor's commission)
less	\$	10% to 20% of ARV for <b>a Fair Desired Profit</b>
less	\$	A <b>Wholesale Fee</b> (if you plan to pass on a profitable deal to someone else)
less	\$	<b>Cost to Rehab</b> or Repair the Property
equals	\$	<b>The Most You Can Pay with All Cash or Bank Financing</b>

## Buying Formula When Borrowing Hard Money

	\$	The Property's Estimated <b>After Repaired Value</b> (ARV)
X	%	Hard Money <b>Lenders Required Loan-to-Value Ratio</b>
equals	\$	<b>The Maximum the Hard Money Lender will lend on that deal</b>
less	\$	<b>Buyers Costs of Closing Expenses</b> (points, fees and paperwork)
less	\$	Anticipated <b>Repair or Rehab Costs</b> of the Property
equals	\$	<b>Maximum You Can Pay Without Coming Out-of-Pocket</b>

## Split Fund Buying Formula

	\$	The Property's Estimated <b>After Repaired Value</b> (ARV)
less	\$	The <b>Existing Loan Balance</b> on the Subject Property
equals	\$	The <b>Sellers Estimated Equity</b>
less	\$	1% to 2% of After Repaired Value for Your <b>Cost of Buying</b>
less	\$	1% to 1 1/2% of ARV Per Month for <b>Holding Costs</b>
less	\$	6% of ARV for Your <b>Cost of Selling</b> (a Realtor's commission)
less	\$	Anticipated <b>Cost to Rehab Property</b> Adequate to Rent or Sell
equals	\$	The <b>Balance of Sellers Equity</b>
less	\$	The <b>Least Amount</b> You Need to <b>Give the Seller At Closing</b>
equals	\$	<b>The Balance Due in the Future when Refinanced or Sold</b>