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Using the "Wake-Up Money" Easy Investment Tool

(NOTE: All input should be on this page only.)

What is "WAKE UP" Money?

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1 . Enter the address for your example: and date:

Financing/Purchase Values

2 . Enter property purchase price here:

3 . Enter down payment amount here: loan amount is:
 Note: 20% of the purchase price is:

4 . Enter the closing costs (~2.5%)
 Note 2.5% of the purchase price is:

5 . Enter loan interest rate (ANNUAL):

6 . Enter the term of the loan (in YEARS):

7 . Enter estimated ANNUAL property appreciation: inflation rate

Operating Expenses

8 . Enter the MONTHLY HOA fees

9 . Enter any ANNUAL taxes and insurance:

10 . Enter ongoing MONTHLY expenses :
 maintenance and repair:
 property management:
 additional expenses:

Operating Income

11 . Enter the MONTHLY rents:

Wake-Up Money Example: 948 Pioneer

Here's your example of how "Wake-Up Money" may work for you!

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\$200,000.00	Price
\$40,000.00	20% Down Payment
\$45,000.00	Initial Investment (assumes 2.5% closing costs)
\$160,000.00	Loan @ 5.50% ; 30 year; fixed rate
(\$908.46)	Monthly principal and interest payments
(\$139.00)	Monthly taxes and insurance payments
\$0.00	Monthly HOA fees (if any)
(\$170.00)	Monthly maintenance, repairs, prop mgmt, utilities
\$1,400.00	Monthly rental income
(\$1,217.46)	Total monthly expenses
<u>\$182.54</u>	Monthly cash flow

Here are the 5 Major Benefits of owning this "Wake-Up Money" property.

1. Cash Flow:

\$2,190.45 per year Return on Investment: \$2,190.45 / \$45,000.00 = 4.87%

2. Leverage:

You own real estate worth: \$200,000.00
with a cash investment of: \$45,000.00

3. Debt Reduction:

\$2,155.34 in principal reduction the first year. In essence the tenant is buying you the property and giving it to you at the end of the loan.

Return on Investment: \$2,155.34 / \$45,000.00 = 4.79%

4. Tax Savings:

\$6,296.30 approximate depreciation per year (assume 85% depreciable and 27 year straight line depreciation). This means that your income from this property may not be subject to tax.

5. Appreciation:

If your property goes up 2.0% in value this year, it will increase \$4000.00

Return on Investment: \$4,000.00 / \$45,000.00 = 8.89%

Possible Total Return on Initial Investment (after first year):

4.87%	From Cash Flow
4.79%	From Principal Reduction
<u>8.89%</u>	From Appreciation
18.55%	Total Return on Investment

When this property is free and clear, you will have nearly \$16,800.00 a year in 'Wake-Up' money. Of course, by then the rents (and the "Wake-Up") money will probably be a lot higher, as will the property's value.

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