



**Ken Patterson – Realtor®**

**Keller Williams Realty**

**3001 Lava Ridge Court Suite 100**

**Roseville, CA 95661**

## **Ken's Property Post**

***YOUR Real Estate News from YOUR agent...***

Volume 7 • Issue 1

January 2009

### **A look at Investing in Real Estate**



#### **Investment Example for Consideration**

List Price - \$139,900

- Condo
- 2 bed/ 2 bath
- 1016 sqft
- HOA Dues - \$163

- Built 2003
- 1 Car Garage/ 1 Carport
- Exterior Maintained by Assoc.

## **My Perspective**

**By Ken Patterson**

#### **5 Simple Questions to ask yourself before deciding to invest in Real Estate:**

- Why invest?
- What is your strategy? (i.e. – Appreciation, cash flow, tax deduction, future home, etc...)
- Do you have the appetite to own a rental? – Think about the commitment to managing a property or property management company?
- What is your income and asset picture now? - Think about currently available resources
- What is your income picture moving forward? - Think about whether you can cover the mortgage payment on the investment if you borrow or if you may need asset liquidity

#### **5 Steps to consider after deciding to invest:**

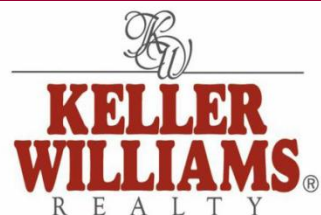
- Speak to your Realtor (Ken Patterson) – Market Review
- Contact a Lender/ Financial Advisor – Personal Financial Review
- Contact Property Management Companies – Costs & Rent Averages
- Analyze types of properties
- Project Costs, Return and Cash Flow position of target property

**Now let's take a look an example of the numbers for the above property...**

**Direct: 916-749-6396**

**Email: [kenpatterson@kw.com](mailto:kenpatterson@kw.com)**

**Web: [teampatterson.yourkwagent.com](http://teampatterson.yourkwagent.com)**





# Ken's Property Post

*YOUR Real Estate News from YOUR agent...*

**The Flip Side...**

## Could this be a Quality Investment?

1/20/2009		Asking Price: \$ 135,900.00	
		Address: 501 Gibson Dr, Roseville CA	
		Prev Sold Price 9/03 \$ 199,000.00	
Investment Property Cost/ Return Analysis			
<b>Avg Rent</b>	\$ 1,050.00		<b>Potential Rent</b>
<b>Gross Monthly Income</b>	\$ 1,050.00	<b>Gross Annual</b>	\$ 12,600.00
			Units 1 Current Rent \$ 1,050.00 Total Monthly Rent \$ 1,050.00
<b>Percent Vacancy</b>	2.5%	<b>Projected Monthly Lost - Vacancy</b>	\$ 26.25
<b>Additional Income</b>	\$ -	<b>Annual Add'l Income</b>	\$ -
<b>Ajusted Gross Monthly Income</b>	\$ 1,023.75	<b>Adjusted Gross Annual</b>	\$ 12,285.00
<b>*** Adjusted Gross Income is less Vacancy</b>			
		<b>Projected Annual Vac</b>	\$ 315.00
Expense Estimates:			
	Monthly	Percent Monthly Income	Annual
Projected Property Taxes	\$ 127.41	12.45%	\$ 1,528.88
Normal Maintainance	\$ 10.24	1.00%	\$ 122.85
Insurance	\$ 25.00	2.44%	\$ 300.00
Property Management Fee	\$ -	0.00%	\$ -
Utilities	\$ 40.00	3.91%	\$ 480.00
Unforeseen Costs	\$ 10.24	1.00%	\$ 122.85
Operating Expenses	\$ 163.00	15.92%	\$ 1,956.00
Vacant Unit Prep	\$ 10.00	0.98%	\$ 120.00
<b>Projected Total Expenses:</b>	<b>\$ 385.88</b>	<b>37.69%</b>	<b>\$ 4,630.58</b>
<b>Net Operating Income - Monthly</b>	<b>\$ 637.87</b>	<b>62.31%</b>	<b>\$ 7,654.43</b>
Mortgage Estimates:			
		<b>Annual Prop Tax Rate</b>	1.13%
<b>Purchase Price</b>	\$ 135,900.00	25% of Purchase	\$ 33,975.00
		<b>Term</b>	360
<b>Down Pymt</b>	\$ 33,975.00	(240=20yr;360=30yr)	
<b>Loan Amount</b>	\$ 101,925.00	<b>Int Rate</b>	6.50%
<b>Debt Service (Monthly Loan Payment)</b>	(\$640.76)	<b>Annual Debt Service</b>	(\$7,689.17)
<b>Net Income after Loan Payment - Monthly</b>	\$ (2.90)	<b>Net Annual</b>	\$ (34.75)

**\*\*\* Rent @ Market**

Total Investment Estimation - 1st Year	
Start-up Renovation	\$ 3,500.00
Down Pymt	\$ 33,975.00
Est. Closing Costs	\$ 2,400.00
Other	\$ -
<b>Gross Investment Total</b>	<b>\$ 39,875.00</b>
Total Return Estimation - 1st Year	
Projected Annual ROI	0%
<b>Cap Rate</b>	<b>5.63%</b>

**\*\*\* All Green Boxes Represent Variables Considered**

**\*\*\* Estimates to be verified by purchaser and are not a guarantee in any form**

**Please let me know what you think and call with any Questions...**

**Want to find out more? Want a free market analysis on a property? Are you or someone you know in the market to buy or sell? CALL KEN!!**

**Direct: 916-749-6396**

**Email: kenpatterson@kw.com**

**Web: teampatterson.yourkwagent.com**

