

REIA Report[®] : Sorting Criteria

Data Complete- Amount of data provided to achieve a level of confidence. 1=Lowest confidence while 5= Highest confidence.

of Units- The number of rental units in a particular building or project. May have multiple units in multiple buildings.

Purchase Price- The actual amount paid to and accepted by a seller for a particular property.

Gross Annual Income (GAI)- Total yearly income from all sources before expenses are deducted for a given property.

Net Operating Income (NOI)- Income after deducting operating expenses but before deducting for income taxes and interest.

Cash Flow Before Taxes (CFBT)- Net Operating Income minus the yearly debt services (principal and interest payments).

Tax Benefits (Tax Ben)- The estimate of tax benefits a property may provide its owner at a given time. A negative number suggests a profit while a positive number suggests an income loss. Note: this loss may be a function of depreciation.

Cash Flow After Taxes (CFAT)- The amount of cash generated from an investment after taxes have been paid per year.

Appreciation (Apprec)- The increase in value of a property over a given period of time. Usually reported in a %.

Principal Reduction End Year 1 (Prin Red EY1)- The amount of principal that has been paid down at the end of year one.

Bank Equity End Year 1 (Bank Eqty EY1)- The amount of equity in the property as recognizable by a bank. This would include aggregated increases in Appreciation, Principal Reduction, and Down Payment for year one.

Total Equity End Year 1 (Tot Eqty EY1)- The amount of total equity in the property as recognized by the owner at the end of year one. This includes the Bank Equity plus Cash Flow After Taxes.

Capitalization Rate (Cap Rate)- An estimation of a property's rate of return by consideration of net annual income as a percentage of its investment cost. The higher the rate (in %), the better the property may perform.

Debt Service Coverage Ratio (DSCR)- A risk index used by lending institutions as to the properties ability to repay the debt service over time from cash flows. Preferred ratios are 1.2 or greater. A lower ratio may be accepted for a "strong" buyer.

Net Income Multiplier (NIM)- A measure for judging how effective a property is a generating income as compared to its market price. It is the direct inverse of Cap Rate. The lower the number, the better the property may perform.

Gross Rent Multiplier (GRM)- A ratio of a property's value by consideration of the sales price to total gross rents. GRM is limited to use as it does not factor in NOI nor Vacancy rates. The lower the number, the better the property may perform.

Mortgage Constant Factor (MCF)- A factor which expresses the cash cost of borrowing money. It is a ratio between the loan payment (principle and interest) and the loan amount of a specific property. Once calculated, this rate is presented as a %.

Cash on Cash Return- A ratio of the annual before-tax cash flow to the total amount of cash invested. It is presented as a %. It can be used by investors to evaluate the cash flow from an income-producing asset.

Payback of Cash to Close using Cash Flow After Taxes in Years- A ratio of the total amount of cash invested to the annual after-tax cash flow. It is the direct inverse of Cash on Cash Return. Provides the number of years it will take to recoup the total investment from after-tax cash flows only.

Payback of Cash to Close using Total Wealth Growth in Years- A ratio of the total amount of cash invested to the annual total wealth growth. Provides the number of years it will take to recoup the total investment based on the total yearly equity gain. No "return on investment" until held for this period of time.

Break Even Occupancy Rate- A ratio of the expenses and financing costs to the Gross Annual Income. This factor, presented as a %, reports the minimum occupancy rate required for the gross income to cover the debt service.

Supported Loan Value at DSCR of 1.XX (SLV/DSCR)- The maximum loan value of a property calculated by holding a typical lenders Debt Service Coverage Ratio of 1.XX as a constant.

Investment Advantage- This property is reporting a performance level that is above (a positive dollar amount), equal to (\$0 dollar amount) or below (a negative dollar amount) its asking price

Before Tax IRR: Sell @ Yr X- The before tax internal rate or return of the property if sold at year X. The year has been selected by analyzing projected performance for next 30 years. End of year X provides highest before-tax return.

After Tax IRR: Sell @ Yr X- The after tax internal rate or return of the property if sold at year X. The year has been selected by analyzing projected performance