

BulkHomeBuyers, LLC

ROI Pro Forma

2012



**Real Estate Investment Relationships
Coast to Coast
Building & Preserving Wealth**

BulkHomeBuyers, LLC

www.bulkhomebuyers.com

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BulkHomeBuyers, LLC

Investment Summary

ROI Performance Estimate

Average Calculations As Of 2011 – 2012

Real Estate Investments

Thank you for taking the time to consider BulkHomeBuyers, LLC (“BHB”) as an investment strategy for your portfolio. Over the past 4 to 5 years, real estate has been devalued due to the increased liquidation of bank and government real estate owned (“REO”) properties. Investment real estate is once again one of the greatest ways to build and preserve wealth. Due to the high volume of inventory being liquidated in some markets, it is now possible to achieve a higher return on investment (“ROI”) than ever before. Investors today are not to acquire properties at these low price points again in their lifetimes.

BulkHomeBuyers, LLC acquires and repairs rental income property with a total average cost basis of \$40,000 to \$80,000 (includes purchase, closing, repairs, and holding costs for first year until rented or sold). Properties produce monthly rental income of \$600 to \$1200 per property per month. That is an average gross return of 18% per year cash on cash invested. Calculation: Average Annual Rental Income \$10,800 divided by average cost of property \$60,000 = 18% gross cash on cash.

Now that we have calculated the Gross ROI, it is much better to consider an investment based on the Net ROI. Below is a sample of the Net ROI on cash on cash per year and a three projection on the investors share of equity on sale. Go to our website at www.bulkhomebuyers.com to see other sample net income calculations.

Sample A: SFD / 3 Bedroom / \$57,692

6.65% Investor Share of Income Overview:

Amount Invested

\$ 57,692.00 Total Property Cost

Gross Income Per Year

\$ 9,600.00 Annual Rent (800 / Month)

Less Annual Expenses

\$ -5,765.00

Investor Net Income Per Year

\$ 3,835.00 Net Cash Flow

6.65% ROI (Annual Net Cash on Cash)

Calculation: \$ 3,835 Net Cash Flow / (divided by) \$ 57,692 Property Cost = 6.65% ROI



17.42% Investor Share of Equity Overview:

Property Expected Value After Liquidation Period (3 Year Projection)

\$ 132,012.00 Property Value – 3 Year Projection

Less Amount Invested, BHB & Affiliates Equity Share, Sales & Closing Costs

\$ -90,350.00 Total Property Cost & Equity Deductions at Sale

Investor Equity

\$ 30,156.00 Investor Equity Share / 3 Year Projection

17.42% ROI (Net Potential Annual ROI on Equity)

Calculation: \$ 30,156.00 Equity / (divided by) \$57,692 Principal Cash Contribution = 52.27% / 3 Yrs = 17.42%

24.07% Net Annual ROI Pro Forma

06.65% / Year For Return On Income

17.42% / Year For Potential Return On Equity

24.07% Net ROI / Year

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Why BulkHomeBuyers, LLC

Most passive investors are looking for an investment which provides an income stream (cash on cash) and an asset which will grow in value during the investment period (growth of equity). Passive investors are not looking to be a landlord who deals with all the day to day tasks of managing real estate and tenant issues. This is why the passive investor has historically relied so heavily on the stock markets, mutual funds, annuities, treasury bills, etc... However, with bailouts, greed, and corruption running rampant, the tide is turning. Investors are losing confidence in the system and want some real peace of mind that their investments will be here tomorrow.

A hard asset, like bricks and mortar real estate, is tangible and offers direct security to preserve wealth. It provides income, equity, security, and proper positioning during inflationary times. The key is to buy it cheap and make sure there is a secure potential for cash flow during the years of ownership. This sounds great, but it takes work, and passive investors want to be just that, passive. They do not want to deal with the arduous process of researching markets and acquiring quality properties at affordable prices much less the day to day headaches of managing ongoing real estate and tenant issues.

This is where BHB brings value, we are not a property manager, nor are we a company who is just looking to wholesale properties to investors and leave them on their own to find an independent property manager who does not have a stake in the asset. BHB is a partner to the investor. It is in BHB's best interest to protect the investor's best interest. We are a real estate acquisition, management, and disposition company which will handle every aspect of the property until the day it is sold. In a partnership with BHB, the investor shares their income and equity, but receives a truly passive real estate investment experience and gains great value by partnering with an experienced company that knows how to protect capital and produce returns.

Consider the following alternative to investing with BHB, if an investor were to buy 1 to 5 rental properties on their own, they would own 100% of the equity and income stream. However, they are likely to pay 20% to 30% more for the properties than an experienced acquisition company would. In addition, the investor can easily under evaluate critical repairs by 20% to 40%, and will often times pay 15% to 25% more to repair contractors. In the end, the investor can end up stuck with additional costs and all the headaches of dealing with property management, tenants, and maintenance issues. This, along with countless hours of time, will likely add up to cost investors more than BHB's equity share and capital management fees.

BulkHomeBuyers, LLC offers an opportunity that secures capital against hard assets, delivers great returns, and provides a passive, hassle-free solution for investing in real estate.

Contact Your Representative Today For More Details!

www.bulkhomebuyers.com

Don't have a representative? No problem, just go to the contact page on the website address listed above and we will have an affiliate contact you. We look forward to hearing from you!

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Additional Information & Our Perspective of Real Estate Investing

Now that you have looked over our sample pro forma, you can see that we strive to show a final result that is as close as possible to true net earnings. Although the ROI will certainly change from year to year based on many market conditions, we believe that this investment will deliver low volatility, great security, and an overall high rate of return.

Projection Factors

All Projections are subject to a variety of value factors in our economy which are difficult to predict. However, sound value based thinking gives us some basis for these value projections. Our projections consider primary market factors such as rental income, liquidation of REO properties returning to 25 year averages, rental income conversion to ownership (cost to own), and inflation. These primary factors mentioned are just some of the important items considered in our assessments. There are many others factors one could consider. Such as, will the decision makers of the Federal Reserve keep interest rates low, will the government and banks once again allow flexible lending solutions, will there ever be a realistic loan modification plan, and what about the increasing Shadow Inventory assets held by the banks and government controlled institutions & agencies (go to www.investopedia.com for explanation of Shadow Inventory). Additionally, we should consider how long it will take for all the current market inventory and shadow inventory to be liquidated by the banks and government. In our sample, we look at a three year projection. The additional factors to consider could go on and on, but our company believes these additional factors will just increase the potential earnings of our assets portfolio. All of these value factors help to determine a reasonable value expectation for a property. We cannot give any guarantee to changes in the market and it is certain that the net ROI will adjust over the term of ownership, but those changes in the long run will likely result in an increased ROI as the liquidation levels of properties return to their long term averages. Until then, just hold on to the investment, benefit from the cash flow, and rest assure that your cash investment is protected and secured by real estate.

Investment Period & Projected Sales Price

First, a three year investment period is utilized in our sample pro forma. This is the projected time it will take for the foreclosure and REO properties to return back to average long term levels (25 year average). It would not be a surprise to see more than a three year period, but we look at it in this manner. Although it's not in anyone's best interest to have the housing problem delayed for years, it does on the other hand increase the opportunity timeline for us to acquire the assets and maximize our potential return. We do not wish for the problem to be dragged out or become even greater, but that is out of our control and was caused by others greed. All we can do is assess the opportunity to determine the best realistic projections. The above three year sample ROI projection could take longer, however, we each have to consider all the factors and make the best assumptions. Again, a longer period will most likely will result in a greater hedge on inflation and many other factors noted above, which will just increase our overall returns.

Second, all the factors mentioned above help us to determine the projected sales, but the one factor which gives us real peace of mind is the cost of ownership vs. the cost to rent. It is a conservative assumption knowing a future buyer will have a total monthly cost ownership (loan payment, tax, and insurance) which is equal to or lower than the cost to rent the property. As long as the projected sales price expectation is relative to this comparison, it is likely to achieve the target price.

Assuming the above market conditions are in place, this expectation of salability is a reasonable projection. As stated before, just hold on to the investment, benefit from the cash flow, and rest assure that your cash investment is protected and secured by real estate.