B REDACTED — 6-unit, Midwest metro

$500,000 · 6 unit(s) · $83,333/unit

This one clears the bar.
On the numbers supplied, the deal holds up. Use the levers below to tighten it further before you commit.

CAP RATE	NOI	DSCR	CASH-ON-CASH
6.9%	**$34,475**	**1.15**	**3.2%**

5-YR IRR (HOLD + SALE)	110 METHOD
11.3%	**FULL**

Score breakdown — 74.59 / 100

Cash flow & yield	19.61 / 35
110 Method	20 / 20
Price basis	8.18 / 15
Risk	18.31 / 20
Upside	8.49 / 10

Verdict

Grade B (74.59/100). At a 6.89% cap and 3.24% cash-on-cash on $140,000 invested, this is a solid deal with a few levers to tighten.

WALK-AWAY PRICE (MAX TO STILL EARN A B)
$508,534
The most you could pay for this property and still earn at least a B — you're at $500,000, so you have room.

Top risks

- Thin debt coverage (DSCR 1.15) leaves little margin if income dips.
- High break-even occupancy (87.59%) — little vacancy cushion.

Rent analysis

The property is 6 unit(s) at $5,100/mo in place versus $5,700/mo at market — a 11.76% gap. Priced at $500,000 ($83,333/unit), the in-place rent puts the 1% rule at 1.02% and the gross rent multiplier at 8.17.

Risk analysis

Net operating income is $34,475 against an expense ratio of 40.70%. At current financing the deal runs a DSCR of 1.15 and breaks even at 87.59% occupancy. Thin debt coverage (DSCR 1.15) leaves little margin if income dips. High break-even occupancy (87.59%) — little vacancy cushion.

Exit scenarios (5-year)

PROJECTED VALUE	LOAN BALANCE	REFI CASH-OUT	SALE NET
$579,637	$352,993	$81,734	$191,865

Exit discussion

On the stated 5-year assumptions the property is projected at $579,637 with a loan balance of $352,993. A refinance could pull roughly $81,734; an outright sale nets about $191,865 after costs. Trapped equity today is estimated at $0.

What would change this grade

To move up a grade band, the smallest changes are: Lower the purchase price 4% (to $480,000) ’ B+; Raise rents 3% ’ B+; Secure financing 0.75 points lower ’ B+.

Schedule E — first-year tax summary

LINE	ITEM	AMOUNT
3	Rents received	$58,140
7	Cleaning and maintenance	$2,907
9	Insurance	$3,600
11	Management fees	$4,651
12	Mortgage interest (banks) (Year-1, amortized monthly)	$26,129
16	Taxes	$7,200
17	Utilities	$2,400
18	Depreciation (ESTIMATE — assumes 20% land, 27.5-yr straight line; your accountant sets the real basis)	$14,545
19	Other	$0
20	**Total expenses**	**$61,433**
21	**Income or (loss)**	**$-3,293**

Excluded — CapEx reserve $2,907: Not a Schedule E deduction — reserves are deductible only when actually spent

Hand this to your accountant — not tax advice. Depreciation is an estimate until an appraisal splits land from improvements.