5 Things to Know About Working with Real Estate Investors

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5-Benefits of Real Estate Investing
1. ___________________________
2. Tax _______________________
3. Leverage: _______ build-up, through loan paydown
4. ___________________________
5. Tangibility / _______________

The Language of Real Estate Investors

1. Gross Income: Total annual income before _______________________

2. Net Operating Income: __________ __________ minus expenses

Repaired = _______ months rent
3. **Capitalization (CAP) Rate:** The ________________ rate of return on the investment

\[
\text{CAP Rate} = \underline{\text{________________}}
\]

\[
\text{Value} = \underline{\text{____________}}
\]

\[
\text{Low Risk} + \text{Low CAP Rate} = \underline{\text{_______ Property Value}}
\]
\[
\text{High Risk} + \text{High CAP Rate} = \underline{\text{_______ Property Value}}
\]

4. **Cash on Cash Return:** Ratio of the annual cash flow, to the total amount of cash ______________, expressed as a percentage

5. **Pro Forma Statement:** A financial statement based on ____________ and ____________________
6. ___________ of a good ___________ -client

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