

# REDMS - The BNIC Network Proof of Concept

Address	<b>1234 Sample St., Detroit, MI 48238</b>	
Total Rent	<b>\$1,000</b>	
Rehab Costs	<b>\$30,000</b>	<b>Full</b> Rehab Level
Rehab Time (months)	<b>3</b>	
Purchase Price	<b>\$12,250</b>	
Retail Investor Cap Rate	<b>10.00%</b>	
Price to Retail Investor	<b>\$90,602</b>	
Deal or No Deal?	<b>DEAL</b>	

## Our Buy & Hold Company Financial Analysis

\$	12,000	Annual Gross Rent
\$	(2,940)	Annual Cash Expenses before Taxes, Depreciation, Reserves and Finance Costs
\$	9,060	Net Operating Income (NOI)

**16.4%** Cap rate

Details	
Bedrooms	<b>3</b>
Bathrooms	<b>1.00</b>
Square Feet	<b>1,000</b>
Basement (Yes/No)	<b>Yes</b>
Lot Size	<b>4,000</b>
Year Built	<b>1943</b>
Stories	<b>1.50</b>

## REDMS - The BNIC Network Proof of Concept: Summary

<b>1234 Sample St., Detroit, MI 48238</b>		<b>\$ 90,602</b>	<b>Price to Retail Investor</b>				
<b>Acquisition and Redevelopment (Flip Company)</b>							
<b>Total Costs</b>							
	<b>Purchase Cost:</b>	\$ 12,250					
	<b>Rehab Cost:</b>	\$ 30,000					
	<b>Financing Costs:</b>	\$ 1,595					
	<b>Closing Costs:</b>	\$ 4,269					
	<b>Other Costs:</b>	\$ 5,586					
	<b>Total Costs:</b>	<b>\$ 53,700</b>					
<b>Funding Sources</b>			<b>LTV to purchase price</b>	<b>LTV to ARV</b>	<b>Cash</b>		
					<b>Per Month</b>	<b>End of Deal</b>	<b>Totals</b>
	<b>1st Mortgage (Promissory Notes, 1st position):</b>	\$ 8,575	70.00%	9.46%	\$ 64	\$ 285	\$ 543
	<b>2nd Mortgage (Promissory Notes, 2nd position):</b>	\$ 39,882	395.57%	53.48%	\$ 366	\$ 3,191	\$ 4,653
	<b>Cash Required to Purchase (Equity Flip Investor):</b>	\$ 5,243			\$ -	\$ 13,865	\$ 13,865
	<b>Total Funding Sources:</b>	<b>\$ 53,700</b>			\$ 430	\$ 17,341	\$ 19,060
					4	months	
<b>Min. Equity Flip Investor Cash on Cash ROI</b>		<b>\$ 1,311</b>	<b>25.00%</b>		<b>\$ 1,720</b>	<b>\$ 17,341</b>	<b>\$ 19,060</b>
<b>Long Term Capital Investment (Hold Company)</b>							
<b>Total Costs</b>							
	<b>Purchase Cost:</b>	\$ 55,302					
	<b>Financing Costs:</b>	\$ -					
	<b>Tenant Acquisition Costs:</b>	\$ -					
	<b>Reserves:</b>	\$ 1,827					
	<b>Assumption Costs:</b>	\$ -					
	<b>Total Costs:</b>	<b>\$ 57,129</b>					
<b>Funding Sources</b>			<b>LTV to purchase price</b>	<b>LTV to ARV</b>	<b>Cash</b>		
					<b>Per Month</b>	<b>End of 1st Year</b>	<b>Totals</b>
	<b>1st Mortgage (DT 1st position)</b>	\$ 8,575	15.51%	9.46%	\$ 64		\$ 1,158
	<b>2nd Mortgage (DT 2nd position)</b>	\$ 39,882	87.62%	53.48%	\$ 366		\$ 6,581
	<b>Cash Required to Purchase (Equity Buy and Hold Investor)</b>	\$ 9,672			\$ -	\$ 19,005	\$ 19,005
	<b>Total Costs:</b>	<b>\$ 58,129</b>			\$ 430	\$ 19,005	\$ 26,743
					18	months	\$ 26,743
<b>Net Operating Income (NOI) &amp; ROI</b>		<b>\$ 9,060</b>	<b>34.86%</b>		<b>\$ 7,738</b>	<b>\$ 19,005</b>	<b>\$ 26,743</b>
<b>Assumptions</b>							
- Price to Retail Investor based on 10% cap rate for Retail Investor							
- No rehab needed, existing tenant							
- Rent based on current tenant							
						<b>Total 18-month Return:</b>	<b>\$ 26,743</b>
						<b>Total Raised by Investment Club:</b>	<b>\$ 65,000</b>
						<b>Annualized ROI:</b>	<b>27.43%</b>

# REDMS - The BNIC Network Proof of Concept: Capital Stack

<b>\$ 5,243</b>	<b>Flip SPV</b>	<b>10%</b>	Earns 25%+ cash-on-cash ROI over 3-6 month period
<b>\$ 39,882</b>	<b>2nd Mortgage by The BNIC</b>	<b>74%</b>	Earns 12% per year with a 30-year interest only fixed rate loan
<b>\$ 8,575</b>	<b>1st Mortgage by The BNIC</b>	<b>16%</b>	Earns 10% per year with a 30-year ammortized fixed rate loan

**\$ 53,700 Total Project**

<b>\$ 9,672</b>	<b>Buy and Hold SPV</b>	<b>17%</b>	Earns 10%+ cash-on-cash ROI after taxes annually
<b>\$ 39,882</b>	<b>2nd Mortgage by The BNIC</b>	<b>69%</b>	Earns 12% per year with a 30-year interest only fixed rate loan
<b>\$ 8,575</b>	<b>1st Mortgage by The BNIC</b>	<b>15%</b>	Earns 10% per year with a 30-year ammortized fixed rate loan

**\$ 58,129 Total Project**

**REDMS - The BNIC Network Proof of Concept: Purchase & Flip leveraged**

<b>Current After Repair Value (ARV):</b>	<b>\$ 90,602</b>	(\$40K Minimum)	<b>Property address:</b>	1234 Sample St., Detroit, MI 48238			
<b>Rehab Costs:</b>	<b>\$ 30,000</b>	<b>33.11%</b>	% of ARV	<b>Property Owner:</b>			
Maximum Purchase Price:	\$ 12,250	57%	Discount	<b>APN:</b>			
Current Offer Price:	\$ 12,250			<b>Use:</b>			
<b>Down Payment:</b>	<b>\$ 3,675</b>	<b>30.00%</b>		<b>Description:</b>	<b>Bedrooms</b>	<b>Bathrooms</b>	<b>Square feet</b>
<b>Wholesale Fee:</b>	<b>\$ -</b>	<b>0.00%</b>			3	1.00	1,000
1st Mortgage Loan Amount:	\$ 8,575	<b>Yes</b>		<b>Notes:</b>	4,000	1943	1.50
1st Mortgage Interest Rate:	10.00%	30 year amortized					
1st Mortgage Term (years):	30						
1st Mortgage PMI Points:	0.00%	N/A					
1st Mortgage Upfront Points:	<b>\$ 343</b>	<b>4.00%</b>					
Property Inspection:	\$ 500						
LLC Setup:	\$ 500						
Appraisal:	\$ 25						
<b>Upfront Out of Pocket Costs:</b>	<b>\$ 1,025</b>						
Title Insurance:	\$ 675						
Settlement Costs:	\$ 1,000						
Misc Fees:	\$ 2,000						
Management Fee:	\$ 1,000	<b>2%</b>	of Purchase Price				
Prepaid Insurance:	\$ 600	<b>1</b>	months				
Buyer's Property Taxes:	\$ 589	<b>\$ 1,333.91</b>	Current Year Taxes				
Prepaid Interest:	\$ -	<b>1</b>	Day of the month that we close				
<b>Closing Costs:</b>	<b>\$ 5,864</b>						
<b>1st Mortgage Payment (PI):</b>	<b>\$ 75</b>						
Annual Insurance:	\$ 845	\$ 70	<b>2.00%</b>	of initial property value + rehab cost			
Private Mortgage Insurance:	\$ -	\$ -	<b>0.00%</b>	of initial loan amount			
Annual Property Tax:	\$ 1,334	\$ 111	<b>10.89%</b>	of initial purchase price			
<b>2nd Mortgage Loan Amount:</b>	<b>\$ 39,882</b>	<b>Yes</b>		<b>Rehab Costs, Down Payment, Wholesale Fee and Closing Costs</b>			
<b>2nd Mortgage Upfront Points:</b>	<b>\$ 1,595</b>	<b>4.00%</b>					
2nd Mortgage Interest Rate:	<b>12.00%</b>	Interest Only					
2nd Mortgage Payment:	<b>\$ 399</b>						
Holding Costs:	<b>2,623</b>	<b>4</b>	# of months				
Tenant Acquisition Cost:	-						
<b>Total Investment:</b>	<b>\$ 5,243</b>	<b>10%</b>	of total investment cost				
<b>Total Costs:</b>	<b>\$ 53,700</b>						
Management/Realtor Sales Fee:	\$ 2,118	<b>4.00%</b>	Percent of Sale Price				
Preferred ROI:	\$ 1,311	<b>25.00%</b>	ROI as a % of Total Investment less PIC allocation				
Investor Referral Fee:	\$ 146	<b>11.11%</b>	Percent of Investor Profit				
PIC Allocation:	\$ 146	<b>10%</b>	Percent of Profit				
Early Loan Pay Off Cost:	\$ 3,762	<b>8</b>	Months of unpaid interest				
<b>Minimum Sales Price:</b>	<b>\$ 61,182</b>		<b>Green means good deal!</b>				
Target Sales Price	\$ 90,602						
- Less Total Costs:	\$ (53,700)						
Less Management/Realtor Sales Fee:	\$ (3,624)						
- Less early Loan Pay Off Cost:	\$ (3,762)						
- Less Investor Referral Fee:	\$ (1,541)						
- Less Profit Split over Preferred ROI:	\$ (14,111)						
<b>Total ROI:</b>	<b>\$ 13,865</b>						
<b>Cash-on-Cash ROI:</b>	<b>264.45%</b>						
Annualized ROI:	793.34%						
	\$ 29,516	Gross Profit					
	\$ (2,952)	10% to PIC					
	\$ (1,311)	Preferred ROI					
	\$ (146)	Initial Referral Fee					
	\$ 25,108	Profit to Split					
	\$ 12,554	50% to SPV					
	\$ 1,395	11.11% Referral Fee					
	\$ 11,159	50% to The BNIC Network LLC					
	<b>\$ 13,865</b>	<b>Total SPV Profit</b>					

## REDMS - The BNIC Network Proof of Concept: Sell to Our Buy - Hold Company

<b>Investment Rental Value (IRV):</b>	<b>\$ 90,602</b>			<b>Property address:</b>	1234 Sample St., Detroit, MI 48238					
<b>Rehab Costs:</b>	<b>\$ -</b>	<b>0.00%</b>	% of ARV	<b>Property Owner:</b>	1234 Sample St., Detroit, MI 48238 LLC					
Purchase Price:	\$ 55,302	39%	Discount	<b>APN:</b>	0					
Current Loan Balance:	\$ -			<b>Use:</b>	0					
<b>Down Payment:</b>	<b>\$ -</b>	<b>0.00%</b>		<b>Description:</b>	<b>Bedrooms</b>	<b>Bathrooms</b>	<b>Square feet</b>	<b>Lot Size</b>	<b>Stories</b>	<b>Year Built</b>
<b>Down Payment Grant:</b>	<b>\$ -</b>	<b>0.00%</b>			3	1.00	1,000	4,000	1.50	1943
1st Mortgage Loan Amount:	<b>\$ 8,575</b>	<b>Yes</b>	Yes or no			<b>9%</b>	<b>LTV of ARV</b>			
1st Mortgage Interest Rate:	10.00%	Amortized	Terms							
1st Mortgage Term (years):	30									
1st Mortgage Upfront Points:	\$ -	0.00%								
<b>1st Mortgage Payment (PITI) &amp; PM:</b>		<b>\$ 320</b>								
Annual Insurance:	\$ 845	\$ 70	2.00%	of initial property value + rehab cost						
HOA:	\$ -	\$ -	\$ -	per month						
Private Mortgage Insurance:	\$ -	\$ -	0.00%	of initial loan amount						
Property Management Fee:	\$ 1,320	\$ 110	<b>11.0%</b>	% of target rent						
Annual Property Tax:	\$ 775	\$ 65	10.89%	of initial purchase price						
<b>2nd Mortgage Loan Amount:</b>	<b>\$ 39,882</b>	<b>Yes</b>	Yes or no							
<b>2nd Mortgage Upfront Points:</b>	<b>\$ -</b>	<b>0.00%</b>								
2nd Mortgage Interest Rate:	12%		Terms			<b>53%</b>	<b>CLTV of ARV</b>			
2nd Mortgage Payment:		<b>\$ 399</b>								
Holding Costs:	\$ -	-	# of months							
Tenant Acquisition Cost:	\$ 1,000	1.00	# of months							
Reserves:	\$ 1,827	3	# of months							
<b>Purchase Investment:</b>	<b>\$ 9,672</b>									
Minimum Monthly Rental Income:	\$ 719	<b>\$ 1,000</b>	Target Rent							
Amount above/(under) minimum:	\$ 281	39.07%	% over monthly costs							
<b>Gross Monthly Payment</b>	<b>\$ 1,000</b>	<b>1.81%</b>	Monthly Rent to Purchase Price Ratio							
- Less Vacancy Rate Reserve:	\$ (25)	2.50%	Vacancy Rate							
- Less Maintenance and CAPEX Reserve:	\$ (25)	2.50%	Maintenance and CAPEX %							
<b>NET RENT</b>	<b>\$ 950</b>									
Annual Rent Increase:	5.00%					<b>1.59</b>	<b>DSRC</b>			
Annual Appreciation Rate:	3.80%					<b>34.9%</b>	ROI before Depreciation, Reserves, Taxes, and Profit Split			
Annual Depreciation Rate:	3.64%					<b>16.4%</b>	Cap rate (traditional calculation)			
Marginal Tax Bracket:	21.00%				\$ 12,000	Annual Gross Rent				
<b>Total Investment:</b>	<b>\$ 9,672</b>				\$ (2,940)	Annual Cash Expenses before Taxes, Depreciation, Reserves and Finance Costs				
					\$ 9,060	Net Operating Income (NOI)				

## REDMS - The BNIC Network Proof of Concept: Sell to Our Buy - Hold Company

Year	Rental Income	Mortgage Payment	Property Costs	Mortgage Interest	Depreciation	Net Gain/(Loss)	Taxes	Net Cash before Taxes	Return on Investment	Reserves	Return on Equity	Property Value
1	\$ 12,000	\$ 5,689	\$ 2,940	\$ 5,641	\$ 1,508	\$ 1,911	\$ 401	\$ 3,371	34.9%	\$ (600)	8.0%	\$ 90,602
2	\$ 12,600	\$ 5,689	\$ 3,087	\$ 5,636	\$ 1,508	\$ 2,369	\$ 497	\$ 3,327	34.4%	\$ (630)	7.9%	\$ 94,045
3	\$ 13,230	\$ 5,689	\$ 3,241	\$ 5,631	\$ 1,508	\$ 2,850	\$ 598	\$ 3,702	38.3%	\$ (662)	8.7%	\$ 97,619
4	\$ 13,892	\$ 5,689	\$ 3,403	\$ 5,625	\$ 1,508	\$ 3,355	\$ 705	\$ 4,095	42.3%	\$ (695)	9.7%	\$ 101,328
5	\$ 14,586	\$ 5,689	\$ 3,573	\$ 5,618	\$ 1,508	\$ 3,887	\$ 816	\$ 4,508	46.6%	\$ (729)	10.6%	\$ 105,179
6	\$ 15,315	\$ 5,689	\$ 3,752	\$ 5,610	\$ 1,508	\$ 4,445	\$ 933	\$ 4,941	51.1%	\$ (766)	11.6%	\$ 109,176
7	\$ 16,081	\$ 5,689	\$ 3,940	\$ 5,602	\$ 1,508	\$ 5,031	\$ 1,057	\$ 5,396	55.8%	\$ (804)	12.7%	\$ 113,324
8	\$ 16,885	\$ 5,689	\$ 4,137	\$ 5,593	\$ 1,508	\$ 5,647	\$ 1,186	\$ 5,874	60.7%	\$ (844)	13.8%	\$ 117,631
9	\$ 17,729	\$ 5,689	\$ 4,343	\$ 5,583	\$ 1,508	\$ 6,295	\$ 1,322	\$ 6,375	65.9%	\$ (886)	14.9%	\$ 122,101
10	\$ 18,616	\$ 5,689	\$ 4,561	\$ 5,572	\$ 1,508	\$ 6,975	\$ 1,465	\$ 6,902	71.4%	\$ (931)	16.1%	\$ 126,740
11	\$ 19,547	\$ 5,689	\$ 4,789	\$ 5,560	\$ 1,508	\$ 7,690	\$ 1,615	\$ 7,454	77.1%	\$ (977)	17.3%	\$ 131,557
12	\$ 20,524	\$ 5,689	\$ 5,028	\$ 5,546	\$ 1,508	\$ 8,441	\$ 1,773	\$ 8,034	83.1%	\$ (1,026)	18.6%	\$ 136,556
13	\$ 21,550	\$ 5,689	\$ 5,279	\$ 5,531	\$ 1,508	\$ 9,231	\$ 1,939	\$ 8,643	89.4%	\$ (1,078)	19.9%	\$ 141,745
14	\$ 22,628	\$ 5,689	\$ 5,543	\$ 5,515	\$ 1,508	\$ 10,061	\$ 2,113	\$ 9,283	96.0%	\$ (1,131)	21.3%	\$ 147,131
15	\$ 23,759	\$ 5,689	\$ 5,821	\$ 5,497	\$ 1,508	\$ 10,934	\$ 2,296	\$ 9,954	102.9%	\$ (1,188)	22.8%	\$ 152,722
16	\$ 24,947	\$ 5,689	\$ 6,112	\$ 5,477	\$ 1,508	\$ 11,851	\$ 2,489	\$ 10,658	110.2%	\$ (1,247)	24.3%	\$ 158,526
17	\$ 26,194	\$ 5,689	\$ 6,417	\$ 5,454	\$ 1,508	\$ 12,815	\$ 2,691	\$ 11,397	117.8%	\$ (1,310)	25.8%	\$ 164,550
18	\$ 27,504	\$ 5,689	\$ 6,738	\$ 5,430	\$ 1,508	\$ 13,828	\$ 2,904	\$ 12,173	125.9%	\$ (1,375)	27.4%	\$ 170,802
19	\$ 28,879	\$ 5,689	\$ 7,075	\$ 5,403	\$ 1,508	\$ 14,894	\$ 3,128	\$ 12,988	134.3%	\$ (1,444)	29.0%	\$ 177,293
20	\$ 30,323	\$ 5,689	\$ 7,429	\$ 5,373	\$ 1,508	\$ 16,014	\$ 3,363	\$ 13,843	143.1%	\$ (1,516)	30.7%	\$ 184,030
21	\$ 31,840	\$ 5,689	\$ 7,800	\$ 5,340	\$ 1,508	\$ 17,192	\$ 3,610	\$ 14,740	152.4%	\$ (1,592)	32.5%	\$ 191,023
22	\$ 33,432	\$ 5,689	\$ 8,190	\$ 5,303	\$ 1,508	\$ 18,430	\$ 3,870	\$ 15,682	162.1%	\$ (1,672)	34.3%	\$ 198,282
23	\$ 35,103	\$ 5,689	\$ 8,600	\$ 5,263	\$ 1,508	\$ 19,733	\$ 4,144	\$ 16,671	172.4%	\$ (1,755)	36.1%	\$ 205,817
24	\$ 36,858	\$ 5,689	\$ 9,030	\$ 5,218	\$ 1,508	\$ 21,103	\$ 4,432	\$ 17,708	183.1%	\$ (1,843)	38.0%	\$ 213,638
25	\$ 38,701	\$ 5,689	\$ 9,481	\$ 5,169	\$ 1,508	\$ 22,543	\$ 4,734	\$ 18,797	194.3%	\$ (1,935)	39.8%	\$ 221,756
26	\$ 40,636	\$ 5,689	\$ 9,955	\$ 5,114	\$ 1,508	\$ 24,059	\$ 5,052	\$ 19,940	206.2%	\$ (2,032)	41.8%	\$ 230,183
27	\$ 42,668	\$ 5,689	\$ 10,453	\$ 5,054	\$ 1,508	\$ 25,653	\$ 5,387	\$ 21,139	218.6%	\$ (2,133)	43.7%	\$ 238,930
28	\$ 44,801	\$ 5,689	\$ 10,976	\$ 4,988	\$ 754	\$ 28,084	\$ 5,898	\$ 22,239	229.9%	\$ (2,240)	45.3%	\$ 248,009
29	\$ 47,042	\$ 5,689	\$ 11,524	\$ 4,914	\$ -	\$ 30,603	\$ 6,427	\$ 23,402	242.0%	\$ (2,352)	46.9%	\$ 257,433
30	\$ 49,394	\$ 5,689	\$ 12,101	\$ 4,833	\$ -	\$ 32,460	\$ 6,817	\$ 24,788	256.3%	\$ (2,470)	48.9%	\$ 267,216
<b>Grand Totals</b>	<b>\$ 797,266</b>	<b>\$ 170,666</b>	<b>\$ 195,315</b>	<b>\$ 162,091</b>	<b>\$ 41,477</b>	<b>\$ 398,383</b>	<b>\$ 83,660</b>	<b>\$ 348,025</b>	<b>3598.3%</b>	<b>\$ (39,863)</b>	<b>686.2%</b>	<b>\$ 267,216</b>
								Initial Investment:	\$ 9,672			
								ROI:	\$ 348,025			
								Total Investment:	\$ 9,672			
								Total Return in Investment:	3598%			
								<b>Average Annual Return:</b>	<b>119.94%</b>			