

## CHECKLIST: Buying an income property?

Take these two fundamental steps to quickly determine how much interest you might have in buying an income property:

### 1. BASIC INFO

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Get this information about the property:

- A. Complete address (including the county the property is located in)
- B. Basic Property Description
- C. Owner's Name, Current Assessment, and Current Value
- D. Current Annual Income for the Property
- E. Current Operating Expenses and Current Taxes for the Property
- F. Purchase and Sale History of the Property
- G. Current Asking Price and Name of Listing Broker
- H. Cost of Immediate Improvements and/or Renovations Needed
- I. Other Special Contingencies

### 2. BASIC ANALYSIS

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Make these calculations:

- A. **Net Operating Income (NOI)**  
*REVENUE less OPERATING EXPENSES*
- B. **Capitalization Rate: (CAP RATE)**  
*NOI divided by PRICE*
- C. **Return on Investment (ROI)**  
*RETURN divided by COST*
- D. **Debt Servicing Ratio (DSR)**  
*NOI divided by ANNUAL DEBT*
- E. **Gross Rent Multiplier (GRM)**  
*VALUE divided by GROSS RENTS*

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