



Your Ultimate Guide to Investment Success: General Formulas

FORMULAS

CASH-ON-CASH RETURN:

$$\frac{\text{Annual Before Tax Cash Flow}}{\text{Total Cash Invested}}$$

RETURN ON INVESTMENT (ROI):

$$\frac{\text{Annual Net Cash Flow} + \text{Mortgage Paydown}}{\text{Total Cash Invested}}$$

DELUX ROI:

$$\frac{\text{Annual Net Cash Flow} + \text{Mortgage Paydown} + \text{Appreciation}}{\text{Total Cash Invested}}$$

DEBT COVERAGE RATIO:

$$\frac{\text{Net Operation Income}}{\text{Debt Service (Mortgage Payment)}}$$

GROSS EFFECTIVE OPERATING INCOME:

$$\text{Potential Rental Income} - \text{Vacancy and Credit Loss}$$

GROSS ANNUAL OPERATING INCOME:

$$\text{Gross Effective Operation Income} + \text{Other Income (e.g. parking, laundry)}$$

NET OPERATING INCOME:

$$\text{Gross Annual Operating Income} - \text{Total Operating Expenses}$$


CAP RATE:

$$\frac{\text{Net Operating Income}}{\text{Market Value of Property}}$$

Ready to take the next step in your real estate journey?

The Twin Waterfalls Team combines expert guidance, strategic insight, and a proven track record to help you build lasting wealth through smart property investment.

Whether you're a first-time buyer, seasoned investor, or exploring new opportunities, we're here to help you move forward with confidence.


 **Contact the Twin Waterfalls Team today** Let's turn your goals into reality—one property at a time.



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