

## Five-Step Property Evaluation

*In good deals the numbers work. In bad deals, they don't.*

- 1 Verify property income
- 2 Verify expenses
- 3 Determine net operating income (NOI)
- 4 Find the capitalization rate and valuation
- 5 Calculate your loan payment and your profit or cash on cash

### Keep in mind...

- The seller's asking price is irrelevant
- You determine the property value – which becomes your offer.
- With multiple units, the property value is based on the current cash flow of the property.

*Source: Ken McElroy – Rich Dad's The ABC's of Real Estate Investing*