

PROPERTY AND INVESTOR DATA SUMMARY

Property Address Investment Property A
 Prepared By Cindy Waltz

Investor TBD
 Date 5/24/21

Project Cost \$ 625,000 (a) LAND ALLOCATION 30%
 IMPROVEMENT ALLOCATION (%) x 70% %
 IMPROVEMENT VALUE \$ 437,500 (b)

	LTV	Amount	Rate	Term	Payment		First Year's Interest
1st Loan	75%	468,750	4.00%	30	\$2,237.88	=	\$ 18,125
	+					=	+
2nd Loan		0			\$0.00	=	\$ 0

TOTAL= \$ 468,750 (c) \$2,237.88 = \$ 18,125 (d)

Down Payment..... \$ 156,250

Loan Costs and improvements..... + \$ 12,500 (e)

Initial Investment..... = \$ 168,750 (f)

Gross Scheduled Income (monthly rent \$ 4,000 x 12) = \$ 48,000 (g)

Annual Vacancy Allowance (2% x (g)) = \$ 960 (h)

ANNUAL OPERATING EXPENSES

Property Taxes	4,752
Insurance	1,400
Snow Removal/Lawn	900
Garbage	1,664
Maintenance	6,250
Sewer/Storm/Water	982
TOTAL	\$ 15,948 (i)

Investor's Tax Bracket (10,15,25,28,33,35) 31.0% (j)

Holding Period..... 10 yrs. (k)

Annual Property
 Appreciation Rate (%)..... 3.00% (l)

Projected Cost of Sale (%)..... 7.00% (m)

Investor's Pre-Tax	
Investment Rate (%).....	<u>0.50%</u>
1.00 minus <u>0.310</u> (j)	= x <u>0.69</u>
tax bracket	complement
Investor's After-Tax	
Investment Rate.....	<u>0.35%</u> (n)

CASH FLOW BEFORE TAXES

Gross Scheduled Income.....		\$	48,000	(g)
LESS: Vacancy Allowance.....	-	\$	960	(h)
<u>GROSS OPERATING INCOME</u>	=	\$	47,040	
LESS: Total Operating Expenses.....	-	\$	15,948	(i)
<u>NET OPERATING INCOME</u>	=	\$	31,092	
LESS: Annual Debt Service.....	-		26,855	(d)
<u>CASH FLOW BEFORE TAXES</u>	=	\$	4,237	353.1158

Capitalization Rate

4.97%

The preparer accepts no expressed or implied liability due to the contents of this report. Although all facts, figured and projections have been obtained from sources deemed reliable and are believed to be correct, no guarantee or liability is assumed by its author. These forms assist in the analysis of real estate investments and are not intended to comprehensively analyze the tax ramifications for an individual investor. As with any investment, your personal tax counsel should be contacted.

CASH FLOW AFTER TAXES

NET OPERATING INCOME (Form 2).....

LESS: First Year's Interest

1st ##### 2nd \$ -

LESS: COST RECOVERY (Compute Below)

To Calculate Cost Recovery:

Improvement Value	\$	437,500	(b)
Divided by			
Cost Recovery Period	÷	27.5 yrs.	
Annual Cost Recovery	\$	15,909	

	\$	31,092		
	-	18,125		(d)
		15,909		
	= \$	-2,942		

TAXABLE INCOME OR (LOSS).....

TIMES: Investor's Tax Bracket (%).....

x 31.0% (j)

TAX SAVINGS (if negative)

or.....

= \$ -912

TAX LIABILITY (if positive)

CHANGE SIGN

CASH FLOW BEFORE TAXES (Form 2).....

\$ 4,237 *

TAX SAVINGS OR LIABILITY.....

+ 912 ←

CASH FLOW AFTER TAXES.....

= \$ 5,149

- * If CFBT is negative: A tax savings will reduce the negative cash flow.
A tax liability will increase the negative cash flow.
- * If CFBT is positive: A tax savings will increase the positive cash flow.
A tax liability will reduce the positive cash flow.

TAX DUE ON SALE

Purchase Price.....
 Annual Appreciation Rate (%).....
 Holding Period.....

\$ 625,000 a +/-
3.00% l
10 yrs. k

PV
i
n

PROJECTED SALES PRICE: (Solve for FV).....

LESS: Projected Cost of Sale(%): 7.00% (m) x (o)

\$ 839,948 o
 - \$ 58,796 p

FV

LESS: Adjusted Basis-

To Calculate Adjusted Basis:

Purchase Price..... \$ 625,000 a
 PLUS: Closing Costs..... + 12,500 e

LESS: Total Cost Recovery:

\$ <u>15,909</u> (Annual Cost)				
Recovery (Form 3)				
x <u>10</u> Holding Period k		-	<u>159,090</u> q	

Adjusted Basis..... \$ 478,410

- 478,410

TOTAL TAXABLE GAIN ON SALE.....

= 302,741 r

To Calculate Recapture Tax:

Recapture Total Cost
 Recovery Taken \$ 159,090 q
 Recapture Tax Rate (%) x 25%
 Tax Due from Recapture
 of Cost Recovery = \$ 39,773

\$ 39,773

To Calculate Balance of Capital Gains Tax:

Total Taxable Gain \$ 302,741 r
 Less: Total Cost of
 Recovery Taken (Recapture) - 159,090 q
 Balance of Capital Gain = 143,651
 Times Capital Gains Tax Rate (%) x 15%
 Balance of Capital Gains
 Tax Due From Sale = \$ 21,548

+ 21,548

TOTAL TAX DUE ON SALE

= \$ 61,321

RESIDENTIAL INVESTMENT PERFORMANCE SUMMARY

PROJECTED SALES PRICE:.....

= \$ 839,948 (o)

LESS: Projected Cost of Sale:.....

- \$ 58,796 (p)

Mortgage Balance Due:.....

- \$ 369,300 (c)

Tax Due on Sale (Form 4):.....

- \$ 61,321

= \$ 350,531 (s)

AFTER-TAX PROCEEDS FROM SALE:.....

CASH FLOW AFTER TAX (Form 3):.....

Investor After-Tax Rate of Return (%):.....

Holding Period:.....

\$ 5,149

(n) 0.35%

(k) 10 yrs.

+/- **PMT**
i
n
SOLVE FOR
FV

AMOUNT ACCUMULATED:.....

= 52,297 * (T)

TOTAL FUTURE WEALTH: ((s)) (T)

= \$ 402,828 (FV)

INITIAL INVESTMENT:.....

(f) \$ 168,750

HOLDING PERIOD:.....

(k) 10 yrs.

+/- **PV**
n
SOLVE FOR
i

AFTER-TAX RATE OF RETURN/YIELD (%):.....

= 9.09%

COMPARABLE BEFORE TAX RATE OF RETURN

= 13.17%

***Note:** If CFAT is positive, the amount accumulated will also be positive and represents the amount that annual cash flows would earn if invested in a relatively safe and liquid type investment during the holding period.

If CFAT is negative, the amount accumulated will also be negative, and represents the after-tax lost opportunity cost of using investment capital to meet the annual deficit for the duration of the holding period.

Amortization After One Year

	Holding Period	Balance
Unpaid Balance on First Mortgage at EOY	10	\$369,299.81
Unpaid Balance on Second Mortgage at EOY	10	\$0.00
Total Unpaid Balance		\$369,299.81

1st year's interest is constant throughout the holding period