

# PROPERTY AND INVESTOR DATA SUMMARY

FORM 1

Property Address \_\_\_\_\_  
Prepared By Greg Swann

Investor \_\_\_\_\_  
Date 8/15/2005

PURCHASE PRICE \$ 225,000 (a) LAND ALLOCATION 20%  
IMPROVEMENT ALLOCATION (%) x 80% %  
IMPROVEMENT VALUE \$ 180,000 (b)

	Amount		Rate (%)		Annual Interest
1st Loan	\$ <u>112,500</u>	x	<u>6.50%</u>	=	\$ <u>7,313</u>
	+				+
2nd Loan	\$ _____	x	_____	=	\$ <u>0</u>

TOTAL= \$ 112,500 (c) = \$ 7,313 (d)

Down Payment..... \$ 112,500

Closing Costs..... + \$ 3,500 (e)

Initial Investment..... = \$ 116,000 (f)

Gross Scheduled Income (monthly rent \$ 1,050 x 12) = \$ 12,600 (g)

Annual Vacancy Allowance ( 10% x (g) ) = \$ 1,260 (h)  
%

## ANNUAL OPERATING EXPENSES

Property Taxes	<u>1,623</u>
Insurance	<u>600</u>
Utilities	<u>0</u>
Maintenance	<u>600</u>
Other.....	<u>460</u>
.....	<u>0</u>
.....	
TOTAL.....	\$ <u>3,283</u> (i)

Investor's Tax Bracket (%)..... 28% (j)

Holding Period..... 8 yrs. (k)

Annual Property

Appreciation Rate (%)..... 6.00% (l)

Projected Cost of Sale (%)..... 9.00% (m)

## Investor's Pre-Tax

Investment Rate (%)..... 2.00%  
1.00 minus 28% (j) = x 0.72  
tax bracket

## Investor's After-Tax

Investment Rate..... 1.44% (n)

## CASH FLOW BEFORE TAXES

Gross Scheduled Income.....		\$	<u>12,600</u>	(g)
LESS: Vacancy Allowance.....	-	\$	<u>1,260</u>	(h)
<b><u>GROSS OPERATING INCOME</u></b> .....	=	\$	<b>11,340</b>	
LESS: Total Operating Expenses.....	-	\$	<u>3,283</u>	(i)
<b><u>NET OPERATING INCOME</u></b> .....	=	\$	<b>8,057</b>	
LESS: Annual Interest Payments.....	-		<u>7,313</u>	(d)
<b><u>CASH FLOW BEFORE TAXES</u></b> .....	=	\$	<b>745</b>	

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# CASH FLOW AFTER TAXES

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

LESS: Annual Interest Payments.....

LESS: COST RECOVERY (Compute Below)

To Calculate Cost Recovery:

Improvement Value \$ 180,000 (b)

Divided by

Cost Recovery Period ÷ 27.5 yrs.

Annual Cost Recovery \$ 6,545

TAXABLE INCOME OR (LOSS).....

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

TAX SAVINGS (if negative)

or.....

TAX LIABILITY (if positive)

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

TAX SAVINGS OR LIABILITY.....

CASH FLOW AFTER TAXES.....

\$	8,057	
- \$	7,313	(d)
	6,545	
= \$	-5,801	

x 28% (j)

= \$ -1,624

CHANGE  
SIGN

\$ 745 \*

+ 1,624

= \$ 2,369

\* 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.....

\$ 225,000 (a) PV  
6.00% (l) i  
8 yrs. (k) n

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

**LESS: Projected Cost of Sale(%):** 9.00% (m) x (o)

**LESS: Adjusted Basis-**

To Calculate Adjusted Basis:

Purchase Price..... \$ 225,000 (a)

PLUS: Closing Costs..... + 3,500 (e)

**LESS: Total Cost Recovery:**

\$ 6,545 (Annual Cost)  
 Recovery (Form 3)  
 x 8 Holding Period (k) - 52,360 (q)

Adjusted Basis..... \$ 176,140

\$ 358,616 (o) FV  
 - \$ 32,275 (p)

- 176,140  
 = 150,200 (r)

**TOTAL TAXABLE GAIN ON SALE**.....

**To Calculate Recapture Tax:**

Recapture Total Cost  
 Recovery Taken \$ 52,360 (q)

Tax Rate (%) x 25%

Tax Due from Recapture  
 of Cost Recovery = \$ 13,090

\$ 13,090

**To Calculate Balance of Capital Gains Tax:**

Total Taxable Gain \$ 150,200 (r)

Less: Total Cost of  
 Recovery Taken (Recapture) - 52,360 (q)

Balance of Capital Gain = 97,840

Times Capital Gains Tax Rate (%) x 15%

Balance of Capital Gains  
 Tax Due From Sale = \$ 14,676

+ 14,676

**TOTAL TAX DUE ON SALE**

= \$ 27,766

# RESIDENTIAL INVESTMENT PERFORMANCE SUMMARY

**PROJECTED SALES PRICE:**.....

= \$ 358,616 (o)

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

- \$ 32,275 (p)

**Mortgage Balance Due:**.....

- \$ 112,500 (c)

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

- \$ 27,766

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

= \$ 186,074 (S)

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

\$ 2,369

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

(n) 1.44%

**Holding Period:**.....

(k) 8 yrs.

**AMOUNT ACCUMULATED:**.....

= 19,935 \* (T)

PMT

i

n

SOLVE  
FOR

FV

**TOTAL FUTURE WEALTH: ( (S) + (T) )**.....

= \$ 206,009

FV

**INITIAL INVESTMENT:**.....

(f) \$ 116,000

PV

**HOLDING PERIOD:**.....

(k) 8 yrs.

n

SOLVE  
FOR

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

= 7.44%

i

**\*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.