

Address: 2609 Paddington Rd FTC

Prepared By: Kevin A. Bolin

Data SummaryPurchase Data

1	purchase price		\$499,900
2	allocation--		
3	land	20%	\$99,980
4	house	80%	\$399,920

Financing Data

7	down payment	25%	\$124,975
8	closing costs	2.50%	\$9,373
9	total initial investment		\$134,348
10			
11	loan amount		\$374,925
12	loan terms		
13	term	30	years
14	interest rate	3.250%	
15	monthly PI		\$1,631.70
16	total monthly payment		\$1,631.70
17			\$2,094.82
18	annual interest		\$11,289
19			(averaged over holding period)

Operating Data

21	rental increase per year		5.00%
22	monthly rent		\$2,200
23	average monthly rent		\$2,559
24	annual rent		\$26,400.00
25	average annual rent		\$30,707.00
26	vacancy allowance	5.0%	\$1,535
27			
28	Annual operating expenses		
29	Tax Increase per year		6%
30	current property taxes		\$2,683
31	average property taxes		\$3,217
32	Insurance Increase per year		6%
33	current insurance estimate		\$2,874
34	average insurance		\$3,447
35			
36	utilities	\$ -	\$0
37	maintenance	5%	\$1,535
38	management	10%	\$2,917
39	HOA	\$ 7.00	\$84
40	other	\$0.00	\$0

FYI Total Monthly payment and HOA **\$ 2,101.82**

total operating expenses \$11,201

Investment data

47	investor tax bracket	28%	
48	holding period	7	years
49	annual appreciation	6%	
50	cost of sale	6%	
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52	reinvestment rate	1%	(before taxes)

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Cash Flow

gross scheduled income	\$30,707		
less vacancy allowance	\$1,535		
gross operating income	\$29,172		
less operating expenses	\$11,201		
net operating income	\$17,971		
less annual payments	\$19,580		
cash flow before taxes	<u>\$ (1,609.25)</u>	per year	<b>(\$134.10)</b> per month averaged over hold
cost recovery (depreciation)	27.5	years	
annual recovery	\$14,543		
principal reduction	\$8,292	(NOT deductible)	
taxable income or (loss)	<b>(\$7,860)</b>	(cash flow before taxes less cost recovery)	
tax savings	\$2,201	(taxable loss times marginal tax bracket)	
cash flow after taxes	<u>\$592</u>	(cash flow before taxes plus tax savings)	

After Sale Proceeds

projected sales price	\$751,665	(from annual appreciation and holding period)
sale cost	\$45,100	(projected price times estimated cost of sale)
net sales price	\$706,565	
adjusted basis	\$407,475	(initial price plus closing costs less total annual cost recovery)
taxable gain on sale	\$299,090	
capital gains tax		
cost recovery	25%	\$25,449 (tax on gain from cost recovery)
non-cost recovery	15%	\$29,594 (tax on remainder of gain)
total tax due from sale		\$55,043
after tax proceeds		
net sales price	\$706,565	
mortgage balance	\$316,884	
taxes due	<u>\$55,043</u>	
net after tax proceeds	<u>\$334,638</u>	

Investment Performance Summary

cash flow after taxes	\$592	
net accumulation	0.72%	(after tax reinvestment rate)
amount accumulated	\$4,232	
wealth position	\$338,869	(net after tax proceeds plus accumulated cash flow)
yield factor	2.52	(ending wealth position divided by initial investment)

**14.13%**