

Address: 617 Joanne ST FTC

Prepared By: Kevin A. Bolin

Data SummaryPurchase Data

1	purchase price		\$375,000
2	allocation--		
3	land	20%	\$75,000
4	house	80%	\$300,000

Financing Data

7	down payment	25%	\$93,750
8	closing costs	2.00%	\$5,625
9	total initial investment		\$99,375
10			
11	loan amount		\$281,250
12	loan terms		
13	term	30	years
14	interest rate	3.500%	
15	monthly PI		\$1,262.94
16	total monthly payment		\$1,262.94
17			\$1,547.23
18	annual interest		\$9,146
19			(averaged over holding period)

Operating Data

21	rental increase per year		5.00%
22	monthly rent		\$1,900
23	average monthly rent		\$2,210
24	annual rent		\$22,800.00
25	average annual rent		\$26,519.68
26	vacancy allowance	5.0%	\$1,326
27			
28	Annual operating expenses		
29	Tax Increase per year		5%
30	current property taxes		\$2,099
31	average property taxes		\$2,441
32	Insurance Increase per year		5%
33	current insurance estimate		\$1,313
34	average insurance		\$1,527
35			
36	utilities	\$ -	\$0
37	maintenance	8%	\$2,122
38	management	10%	\$2,519
39	HOA	\$ 50.00	\$600
40	other	\$0.00	\$0

FYI Total Monthly payment and HOA **\$ 1,597.23**

total operating expenses \$9,209

Investment data

47	investor tax bracket	28%	
48	holding period	7	years
49	annual appreciation	5%	
50	cost of sale	6%	
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52	reinvestment rate	1%	(before taxes)

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Cash Flow

gross scheduled income	\$26,520		
less vacancy allowance	\$1,326		
gross operating income	\$25,194		
less operating expenses	\$9,209		
net operating income	\$15,985		
less annual payments	\$15,155		
cash flow before taxes	<u>\$ 829.43</u>	per year	\$69.12 per month averaged over hold
cost recovery (depreciation)	27.5	years	
annual recovery	\$10,909		
principal reduction	\$6,009	(NOT deductible)	
taxable income or (loss)	(\$4,071)	(cash flow before taxes less cost recovery)	
tax savings	\$1,140	(taxable loss times marginal tax bracket)	
cash flow after taxes	<u>\$1,969</u>	(cash flow before taxes plus tax savings)	

After Sale Proceeds

projected sales price	\$527,663	(from annual appreciation and holding period)
sale cost	\$31,660	(projected price times estimated cost of sale)
net sales price	\$496,003	
adjusted basis	\$304,261	(initial price plus closing costs less total annual cost recovery)
taxable gain on sale	\$191,742	
capital gains tax		
cost recovery	25%	\$19,091 (tax on gain from cost recovery)
non-cost recovery	15%	\$17,307 (tax on remainder of gain)
total tax due from sale		\$36,398
after tax proceeds		
net sales price	\$496,003	
mortgage balance	\$239,188	
taxes due	<u>\$36,398</u>	
net after tax proceeds	<u>\$220,417</u>	

Investment Performance Summary

cash flow after taxes	\$1,969	
net accumulation	0.72%	(after tax reinvestment rate)
amount accumulated	\$14,086	
wealth position	\$234,503	(net after tax proceeds plus accumulated cash flow)
yield factor	2.36	(ending wealth position divided by initial investment)

13.05%