

Address: 608 S. Grant Ave FTC 80521

Prepared By: Kevin A. Bolin

Data SummaryPurchase Data

1	purchase price		\$650,000
2	allocation--		
3	land	20%	\$130,000
4	house	80%	\$520,000

Financing Data

7	down payment	25%	\$162,500
8	closing costs	2.00%	\$9,750
9	total initial investment		\$172,250
11	loan amount		\$487,500
12	loan terms		
13	term	30	years
14	interest rate	4.500%	
15	monthly PI		\$2,470.09
16	total monthly payment		\$2,470.09
18	annual interest		\$20,606 (averaged over holding period)

Operating Data

21	rental increase per year		5.00%
22	monthly rent		\$3,400
23	average monthly rent		\$3,955 (averaged over holding period)
24	annual rent		\$40,800.00 (gross scheduled income)
25	average annual rent		\$47,456.28 (gross scheduled income averaged over holding period)
26	vacancy allowance	3.0%	\$1,424

Annual operating expenses

29	Tax Increase per year		6%
30	current property taxes		\$2,803
31	average property taxes		\$3,361
32	Insurance Increase per year		6%
33	current insurance estimate		\$3,738
34	average insurance		\$4,482
36	utilities	\$ -	\$0
37	maintenance	7%	\$3,322 (percent of gross scheduled income)
38	management	10%	\$4,603 (percent of gross operating income)
39	HOA	\$ -	\$0
40	other	\$0.00	\$0

FYI Total Monthly payment and HOA **\$ 3,015.13**

total operating expenses \$15,768

Investment data

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

54				
55				
56	<u>Cash Flow</u>			
57	gross scheduled income		\$47,456	
58	less vacancy allowance		\$1,424	
59	gross operating income		\$46,033	
60	less operating expenses		\$15,768	
61	net operating income		\$30,265	
62	less annual payments		\$29,641	
63	cash flow before taxes		<u>\$ 623.46</u>	per year
64				
65	cost recovery (depreciation)		27.5	years
66	annual recovery		\$18,909	
67				
68	principal reduction		\$9,035	(NOT deductible)
69				
70	taxable income or (loss)		<b>(\$9,250)</b>	(cash flow before taxes less cost recovery)
71				
72	tax savings		\$2,590	(taxable loss times marginal tax bracket)
73				
74	cash flow after taxes		<u>\$3,214</u>	(cash flow before taxes plus tax savings)
75				
76	<u>After Sale Proceeds</u>			
77	projected sales price		\$977,360	(from annual appreciation and holding period)
78	sale cost		\$58,642	(projected price times estimated cost of sale)
79	net sales price		\$918,718	
80	adjusted basis		\$527,386	(initial price plus closing costs less total annual cost recovery)
81	taxable gain on sale		\$391,332	
82				
83	capital gains tax			
84	cost recovery	25%	\$33,091	(tax on gain from cost recovery)
85	non-cost recovery	15%	\$38,845	(tax on remainder of gain)
86	total tax due from sale		\$71,936	
87				
88	after tax proceeds			
89	net sales price		\$918,718	
90	mortgage balance		\$424,253	
91	taxes due		\$71,936	
92	net after tax proceeds		<u>\$422,529</u>	
93				
94	<u>Investment Performance Summary</u>			
95	cash flow after taxes		\$3,214	
96	net accumulation	0.72%		(after tax reinvestment rate)
97	amount accumulated		\$22,987	
98				
99	wealth position		\$445,516	(net after tax proceeds plus accumulated cash flow)
100				
101	yield factor		2.59	(ending wealth position divided by initial investment)
102				
103	<u>after</u> tax annual yield		<b>14.54%</b>	

Your broker has diligently attempted to present accurate calculations and realistic predictions. Please keep in mind that your broker is not a CPA. You are strongly urged to verify these figures with your accountant.