

Address: 1105-1107 Kirkwood DR. FTC

Prepared By: Kevin A. Bolin

Data SummaryPurchase Data

1	purchase price		\$545,000
2	allocation--		
3	land	20%	\$109,000
4	house	80%	\$436,000

Financing Data

7	down payment	25%	\$136,250
8	closing costs	2.00%	\$8,175
9	total initial investment		\$144,425
10			
11	loan amount		\$408,750
12	loan terms		
13	term	30	years
14	interest rate	3.500%	
15	monthly PI		\$1,835.47
16	total monthly payment		\$1,835.47
17			\$2,250.85
18	annual interest		\$13,293
19			(averaged over holding period)

Operating Data

21	rental increase per year		5.00%
22	monthly rent		\$3,400
23	average monthly rent		\$3,955
24	annual rent		\$40,800.00
25	average annual rent		\$47,456.28
26	vacancy allowance	5.0%	\$2,373
27			
28	Annual operating expenses		
29	Tax Increase per year		6%
30	current property taxes		\$3,077
31	average property taxes		\$3,690
32	Insurance Increase per year		6%
33	current insurance estimate		\$1,908
34	average insurance		\$2,287
35			
36	utilities	\$ -	\$0
37	maintenance	5%	\$2,373
38	management	10%	\$4,508
39	HOA	\$ 123.00	\$1,476
40	other	\$0.00	\$0

FYI Total Monthly payment and HOA **\$ 2,373.85**

total operating expenses \$14,334

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	\$47,456		
less vacancy allowance	\$2,373		
gross operating income	\$45,083		
less operating expenses	\$14,334		
net operating income	\$30,749		
less annual payments	\$22,026		
cash flow before taxes	<u>\$ 8,723.65</u>	per year	<b>\$726.97</b> per month averaged over hold
cost recovery (depreciation)	27.5	years	
annual recovery	\$15,855		
principal reduction	\$8,733	(NOT deductible)	
taxable income or (loss)	\$1,602	(cash flow before taxes less cost recovery)	
tax savings	(\$449)	(taxable loss times marginal tax bracket)	
cash flow after taxes	<u>\$8,275</u>	(cash flow before taxes plus tax savings)	

After Sale Proceeds

projected sales price	\$819,478	(from annual appreciation and holding period)
sale cost	\$49,169	(projected price times estimated cost of sale)
net sales price	\$770,310	
adjusted basis	\$442,193	(initial price plus closing costs less total annual cost recovery)
taxable gain on sale	\$328,117	
capital gains tax		
cost recovery	25%	\$27,745 (tax on gain from cost recovery)
non-cost recovery	15%	\$32,570 (tax on remainder of gain)
total tax due from sale		\$60,316
after tax proceeds		
net sales price	\$770,310	
mortgage balance	\$347,620	
taxes due	<u>\$60,316</u>	
net after tax proceeds	<u>\$362,374</u>	

Investment Performance Summary

cash flow after taxes	\$8,275	
net accumulation	0.72%	(after tax reinvestment rate)
amount accumulated	\$59,192	
wealth position	\$421,566	(net after tax proceeds plus accumulated cash flow)
yield factor	2.92	(ending wealth position divided by initial investment)

**16.54%**