

# PROPERTY AND INVESTOR DATA SUMMARY

FORM 1

Property Address \_\_\_\_\_  
 Prepared By William Doom, CMPS

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 Date 1/1/2009

PURCHASE PRICE \$ 150,000 (a) LAND ALLOCATION 10.00%  
 IMPROVEMENT ALLOCATION (%) x 0.00% %  
 IMPROVEMENT VALUE \$ 0 (b)

	Amount		Rate (%)		Annual Interest
1st Loan	\$ <u>120,000</u>	x	<u>6.50%</u>	=	\$ <u>7,800</u>
	+				+
2nd Loan	\$ _____	x	_____	=	\$ <u>0</u>
<b>TOTAL=</b>	<b>\$ <span style="border: 1px solid black; padding: 2px;">120,000</span></b> (c)			=	<b>\$ <span style="border: 1px solid black; padding: 2px;">7,800</span></b> (d)

Down Payment..... \$ 30,000

Closing Costs..... + \$ 4,200 (e)

Initial Investment..... = \$ 34,200 (f)

Gross Scheduled Income (monthly rent \$ 1,100 x 12) = \$ 13,200 (g)

Annual Vacancy Allowance ( 25.00% x (g) ) = \$ 3,300 (h)  
 %

**ANNUAL OPERATING EXPENSES**

Property Taxes	1,100
Insurance	780
Utilities	0
Maintenance	500
Other.....	_____
.....	_____
.....	_____
<b>TOTAL.....</b>	<b>\$ <span style="border: 1px solid black; padding: 2px;">2,380</span></b> (i)

Investor's Tax Bracket (%)..... 28.00% (j)

Holding Period..... 5 yrs. (k)

Annual Property  
 Appreciation Rate (%)..... 3.00% (l)

Projected Cost of Sale (%)..... 6.00% (m)

<b>Investor's Pre-Tax</b>	
Investment Rate (%).....	<u>6.50%</u>
1.00 minus <u>28.00%</u> (j)	= x <u>0.72</u>
tax bracket	
<b>Investor's After-Tax</b>	
Investment Rate.....	<u>4.68%</u> (n)

# CASH FLOW BEFORE TAXES

Gross Scheduled Income.....		\$	<u>13,200</u>	(g)
LESS: Vacancy Allowance.....	-	\$	<u>3,300</u>	(h)
<b><u>GROSS OPERATING INCOME</u></b> .....	=	\$	<b><u>9,900</u></b>	
LESS: Total Operating Expenses.....	-	\$	<u>2,380</u>	(i)
<b><u>NET OPERATING INCOME</u></b> .....	=	\$	<b><u>7,520</u></b>	
LESS: Annual Interest Payments.....	-		<u>7,800</u>	(d)
<b><u>CASH FLOW BEFORE TAXES</u></b> .....	=	\$	<b><u>-280</u></b>	

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# TAX DUE ON SALE

Purchase Price.....  
 Annual Appreciation Rate (%).  
 Holding Period.....

\$ 150,000 (a) PV  
3% (l) i  
5 yrs. (k) n

**PROJECTED SALES PRICE:** (Solve for FV).....  
**LESS: Projected Cost of Sale(%):** 5% ((m) x (o))  
**LESS: Adjusted Basis-**

\$ 173,891 (o) FV  
 - \$ 8,695 (p)

To Calculate Adjusted Basis:

Purchase Price..... \$ 150,000 (a)  
 PLUS: Closing Costs..... + 4,500 (e)  
 LESS: Total Cost Recovery:

\$ 5,445 (Annual Cost)  
 Recovery (Form 3)  
 x 5 Holding Period (k) - 27,225 (q)

Adjusted Basis..... \$ 127,275

- 127,275

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

= 37,922 (r)

To Calculate Recapture Tax:

Recapture Total Cost  
 Recovery Taken \$ 27,225 (q)  
 Tax Rate (%) x 25%  
 Tax Due from Recapture  
 of Cost Recovery = \$ 6,806

\$ 6,806

To Calculate Balance of Capital Gains Tax:

Total Taxable Gain \$ 37,922 (r)  
 Less: Total Cost of  
 Recovery Taken (Recapture) - 27,225 (q)  
 Balance of Capital Gain = 10,697  
 Times Capital Gains Tax Rate (%) x 15%  
 Balance of Capital Gains  
 Tax Due From Sale = \$ 1,604

+ 1,604

**TOTAL TAX DUE ON SALE** = \$ 8,411

# RESIDENTIAL INVESTMENT PERFORMANCE SUMMARY

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

= \$ 173,891 (o)

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

- \$ 4,500 (p)

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

- \$ 112,333 (c)

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

- \$ 8,411

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

= \$ 48,647 (s)

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

\$ 2,049

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

(n) 3.78%

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

(k) 2 yrs.

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

= 4,175 \* (T)

PMT  
i  
n  
SOLVE FOR  
FV

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

= \$ 52,822

FV

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

(f) \$ 34,200

PV

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

(k) 5 yrs.

n

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

= 9.08%

SOLVE FOR  
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.