

EXAMPLE

1

Property Analysis Worksheet

Property Address: 123 White Oak
 Purchase Price: \$ 170,000 Down payment: \$ 34,000 (20%)
 Loan Amount: \$ 136,000 (80 LTV) Closing Costs: \$ 4,250
= \$ 38,250

- 1. Monthly Rental Income: \$ 1190.00 *2
- 2. Less Expenses
 - Taxes: 1.5% (-) \$ 210
 - Insurance: (-) \$ 35
 - HOA (-) \$ -
 - Property Management: 8% (-) \$ 95
 - Maintenance: subtotal (-) \$ 20
 - Other: = 360 (-) \$ - (30.25%)
- 3. Net Operating Income (=) \$ 830 *1
- 4. Less Debt Service (-) \$ 793 @ 7% I/O
(Principal and Interest)
ONLY
- 5. Before Tax Cash Flow (=) \$ + 37

Tax Impact (Annual)

- 6. Net Operating Income (Line 3 X12) \$ _____
- 7. Less Interest (-) \$ _____
- 8. Less Depreciation (-) \$ _____
- 9. Real Estate Taxable Income (=) \$ _____
- 10. Investor's Tax Bracket (x) % _____
- 11. Tax Liability or (Savings) (=) \$ _____

*1 D.S.C.R.

$$\frac{830}{793} = \underline{\underline{1.05}}$$

After-Tax Cash Flow

- 12. Before Tax Cash Flow (Line 5 x 12) \$ _____
- 13. Tax Liability or (Savings) (Line 11) (-) \$ _____
- 14. After Tax Cash Flow (=) \$ _____

*2 G.R.M.

$$1190 \times 12 = \$ 14,280$$

$$\frac{170,000}{14,280} = 11.90$$
 Annual

$$\frac{170,000}{1190} = 143$$
 -OR- Monthly

$$\frac{170,000}{1190} = 143$$
 -OR-

$$\downarrow$$

$$\$ 7/K$$

Total Benefit Summary

- 15. After Tax Cash Flow (Line 14) \$ _____
- 16. Annual Appreciation (7% or other) (+) \$ 11,900
- 17. Annual Principal Reduction (+) \$ _____
- 18. Total Annual Benefit (=) \$ 11,900
- 19. Annual Investment Return % 32.18%

EXAMPLE

2

Property Analysis Worksheet

Property Address: 123 White Oak
 Purchase Price: \$170,000 Down payment: \$17,000 (10%)
 Loan Amount: \$153,000 Closing Costs: \$2,250
(90LTV) = \$21,250

1. Monthly Rental Income: \$ 1190

2. Less Expenses
 Taxes: 1.5% (-) \$ 210
 Insurance: (-) \$ 35
 HOA (-) \$ -
 Property Management: 8% (-) \$ 95
 Maintenance: (-) \$ 20
 Other: (-) \$ -

\$360 = 30.25%

3. Net Operating Income (=) \$ 830

4. Less Debt Service (-) \$ 918
(Principal and Interest)

7% / 8%
(793 + 125)

5. Before Tax Cash Flow (=) \$ <88>

2ND
\$17,000

Tax Impact (Annual) *

6. Net Operating Income (Line 3 X12) \$ _____
 7. Less Interest (-) \$ _____
 8. Less Depreciation (-) \$ 4945

Depreciation

9. Real Estate Taxable Income (=) \$ _____
 10. Investor's Tax Bracket (x) % 28%

\$170,000
x 80%

11. Tax Liability or (Savings) (=) \$ 1385

\$136,000

* * * VS. TAX "CREDIT" After-Tax Cash Flow

12. Before Tax Cash Flow (Line 5 x 12) \$ <1056>
 13. Tax Liability or (Savings) (Line 11) (-) \$ _____

27.5 = 4945
(LINE 8)

14. After Tax Cash Flow (=) \$ _____

Total Benefit Summary

15. After Tax Cash Flow (Line 14) \$ _____
 16. Annual Appreciation (7% or other) (+) \$ 11,900
 17. Annual Principal Reduction (+) \$ _____
 18. Total Annual Benefit (=) \$ _____
 19. Annual Investment Return (%) 53.35%

\$21,250 (above)
1,056 (Line 12)
 \$22,306
 cash invested

Property Analysis Worksheet

Property Address: _____
 Purchase Price: _____ Down payment: _____
 Loan Amount: _____ Closing Costs: _____

- | | | |
|--|-----|-----------------|
| 1. Monthly Rental Income: | | \$ _____ |
| 2. Less Expenses | | |
| Taxes: | (-) | \$ _____ |
| Insurance: | (-) | \$ _____ |
| HOA | (-) | \$ _____ |
| Property Management: | (-) | \$ _____ |
| Maintenance: | (-) | \$ _____ |
| Other: | (-) | \$ _____ |
| 3. Net Operating Income | (=) | \$ _____ |
| 4. Less Debt Service
(Principal and Interest) | (-) | \$ _____ |
| 5. Before Tax Cash Flow | (=) | \$ _____ |

Tax Impact (Annual)

- | | | |
|---------------------------------------|-----|-----------------|
| 6. Net Operating Income (Line 3 X12) | | \$ _____ |
| 7. Less Interest | (-) | \$ _____ |
| 8. Less Depreciation | (-) | \$ _____ |
| 9. Real Estate Taxable Income | (=) | \$ _____ |
| 10. Investor's Tax Bracket | (x) | % _____ |
| 11. Tax Liability or (Savings) | (=) | \$ _____ |

After-Tax Cash Flow

- | | | |
|--|-----|-----------------|
| 12. Before Tax Cash Flow (Line 5 x 12) | | \$ _____ |
| 13. Tax Liability or (Savings) (Line 11) (-) | (-) | \$ _____ |
| 14. After Tax Cash Flow | (=) | \$ _____ |

Total Benefit Summary

- | | | |
|---|-----|-----------------|
| 15. After Tax Cash Flow (Line 14) | | \$ _____ |
| 16. Annual Appreciation (7% or other) (+) | (+) | \$ _____ |
| 17. Annual Principal Reduction (+) | (+) | \$ _____ |
| 18. Total Annual Benefit | (=) | \$ _____ |
| 19. Annual Investment Return | | % _____ |

Property Analysis Worksheet Instructions

1. Monthly Rental Income: estimate of property rent using Property Manager input.
2. (-) Less Expenses:
 - Property Taxes: can be provided by Realtor or Lender
 - Homeowners Insurance: can be provided by Realtor, Lender or Insurance Company
 - Homeowner's Association (Condos or PUD's): can be provided by Realtor or Seller
 - Property Management: use actual figure or estimate from 5% to 10% (.05 X monthly rental income); do-it-yourself = none
 - Maintenance: can be provided by seller or estimated. We used the cost of home warranty premium coverage with A/C (\$350) plus 3 service calls at \$40 each. We usually recommend asking the seller to pay for the first years' premium. ($\$470 \div 12$)
3. (=) **Net Operating Income:** determined by deducting the above monthly expenses from the monthly rental income (Line 1 – Line 2 = Line 3)
4. (-) Less Debt Service: monthly principal and interest payment for new loan amount (lender)
5. (=) **Before Tax Cash Flow:** deduct monthly principal and interest payment from net operating income (Line 3 – Line 4 = Line 5)

Tax Impact (Annual)

6. Net Operating Income: monthly expenses deducted from monthly rental income expressed annually (Line 3 x 12)
7. (-) Less Interest: Principal and interest payments x 12 months, less principal pay down. Approximately 1% of your starting loan balance is applied to the principal in the first year. (Line 4 x 12 - .01 x loan amount)
8. (-) Less Depreciation: use tax rolls (or new appraisal) to figure what percent is applicable to building: (Improvement value divided by total assessed value = ____ % x purchase price divided by 27.5 years = annual depreciation). For a "ballpark" estimate, use 75% of the purchase price for the improved value. (Purchase price X .75 ÷ 27.5 = annual depreciation)
9. (=) **Real Estate Taxable Income:** net operating income, less interest, less depreciation equals real estate taxable income (Line 6 – Line 7 – Line 8 = Line 9)
10. (X) Investor's Tax Bracket: multiply by your tax bracket (Line 9 x 28%, e.g. as allowable).
11. (=) **Tax Liability or (Savings)** (Line 9 x Line 10 = Line 11)

After-Tax Cash Flow

12. Before Tax Cash Flow: expressed annually (Line 5 x 12)
13. (-) Tax Liability or (Savings): Line 11
14. (=) **After Tax Cash Flow** (Line 12 – Line 13 = Line 14)

Total Benefit Summary

15. After Tax Cash Flow: Line 14
16. (+) Annual Appreciation: using 7% as an example x purchase price (Purchase price x .07)
17. (+) Annual Principal Reduction: 1% of the loan balance (loan amount x .01, if applicable per loan terms).
18. (=) **Total Annual Benefit** (Line 15 + Line 16 + Line 17 = Line 18)
19. Annual Investment Return: total Annual Benefit divided by total investment, i.e. closing costs (3% of initial loan amount) plus down payment (Line 18 ÷ closing costs + down payment = Line 19)