

# FINANCING

## Purchasing & Financing

Deal paid with cash?	Select here =	Private Lenders/Other/C	Closing cost with wholesaler (not lender), if any	Enter \$ here =	\$ -
Which month are you closing this deal?	Select here =	10	Rehab Cost, if any	Enter \$ here =	\$ 2,000
What is your 2018 marginal tax rate?	Select here =	25%	Number of month needed for Rehab	Select here =	3
Purchase Price	Enter \$ here =	\$ 100,000	Will house be rented while rehabbing?	Select here =	No

STEP 1

### IGNORE AS NO BANK FINANCING

Bank Financing	
Down Payment %	Enter \$ here = 20.0%
Down Payment \$	Enter \$ here = 20,000
Other Closing/Misc. Cost	Enter \$ here = 0,000
Reserve Requirement (Enter months =)	0
Total cash needed to get approved	
Principle and Interest Calculation	
Principle	Enter \$ here =
Cost adjustment	Enter \$ here =
Total principle	Enter \$ here =
Rate	Enter % here (page 4.5) =
Term of the Loan in year	Enter years here =
Months (Total number of payments)	36
Monthly Principle and Interest	

### Private Lenders/Other/Cash

Lenders	Loan amount	Interest rate	Monthly Interest
Private lender 1	\$ 15,000	10%	\$ 125
Private lender 2	\$ 15,000	10%	\$ 125
Private lender 3	\$ -	10%	\$ -
Private lender 4		0%	\$ -
Private lender 5		0%	\$ -
Private lender 6		0%	\$ -
Private lender 7	\$ -	0%	\$ -
Private lender 8	\$ -	0%	\$ -
Credit Cards	\$ -	0%	\$ -
Balance Transfer	\$ 20,000	0%	\$ -
<b>Total</b>	<b>\$ 50,000</b>		<b>\$ 250</b>

Any other fees related to private lender transaction ( e.g.: legal)	\$ -
Personal cash for the purchase and repair	\$ 52,000
<b>Total personal cash for the purchase and repair</b>	<b>\$ 52,000</b>

### IGNORE AS NO HARD MONEY LENDER

Lender closing costs (Cost (LTC) and Loan fees (LTF) ?)	Enter \$ here = 0
Lender's Loan to Cost (LTC)	Select here = 80%
Interest rate	Enter % here (page 4.5) = 10.00%
Adjustment to loan amount, if any	Enter \$ here = \$ -
Loan Amount	
Cash Needed at Closing for Loan Approval	
Lender's Fee / Points (Select here)	1% \$ -
Other fees (if food, credit report, and others)	Enter \$ here = \$ 500
Other fees	Enter \$ here = \$ -
Other closing cost with lender	Enter \$ here = \$ -
Cash reserve required by lender (Down Payment)	Enter % here = 20.0%
Months of interest reserve required by lender (Select here)	0
Other reserves required by the lender	Enter \$ here = \$ -
<b>Total cash for required for loan</b>	
Interest per month	

## Holding cost and total cash invested

Yearly Property Taxes	Enter \$ here =	\$ 1,000
Yearly Property Insurance	Enter \$ here =	\$ 700
Holding cost while Rehabbing		Cost
Principle and/or Interest		\$ 750
Taxes and Insurance		\$ 425
Utilities and other while rehabbing	Enter \$ here =	\$ -
Builder's Risk Insurance for entire project	Enter \$ here =	\$ -
Estimated Rehab overages If applicable	0%	\$ -
Other holding cost (Permits/Adv./Licenses)	Enter \$ here =	\$ -
<b>Total Holding cost while Rehabbing</b>		<b>\$ 1,175</b>
Total Cash Invested		
<b>Total personal cash invested</b>		<b>\$ 53,175</b>

STEP 2

## Cash Summary

Total cash required to get loan	<b>No loans</b>
Total Loan Amount	<b>\$ 50,000</b>
Total Personal Cash	<b>\$ 53,175</b>
Total Cash Invested Before Renting	<b>\$ 103,175</b>

STEP 3

# CASHFLOW & OPERATION ANALYSIS

## STEP 1: Operation

Rental Income	Monthly	Yearly
Unit 1 Rent	\$ 1,250	\$ 15,000
Unit 2 Rent	\$ -	\$ -
Unit 3 Rent	\$ -	\$ -
Unit 4 Rent	\$ -	\$ -
Other Income	\$ -	\$ -
Adjustment to Income (e.g. One time leasing commission fee)	\$ -	\$ -
<b>Gross Scheduled Income</b>	<b>\$ 1,250</b>	<b>\$ 15,000</b>
Vacancy or Credit Losses	6%	\$ 75
<b>Gross Operating Income</b>	<b>\$ 1,175</b>	<b>\$ 14,100</b>

Operating Expense	Monthly	Yearly
<b>Fixed</b>		
Monthly Electricity	\$ -	\$ -
Monthly Water & Sewer	\$ -	\$ -
Monthly Garbage/Trash	\$ -	\$ -
Monthly Internet/ Cable	\$ -	\$ -
Monthly Gas	\$ -	\$ -
Monthly HOAs	\$ -	\$ -
Monthly PMI	\$ -	\$ -
Yearly Insurance	\$ 700	\$ 58
Yearly Property Taxes	\$ 1,000	\$ 83
Monthly Lawn Maintenance	\$ 15	\$ 15
Monthly Pest Control	\$ 25	\$ 25
Other Yearly expenses 1	\$ -	\$ -
Other Yearly expenses 2	\$ -	\$ -
Other Monthly expenses 1	\$ 10	\$ 10
Other Monthly expenses 2	\$ 20	\$ 20
<b>Total</b>	<b>\$ 212</b>	<b>\$ 2,540</b>

Variable Landlord Paid Expenses	Enter % below	Monthly	Yearly
Repairs & Maintenance (%)	5%	\$ 63	\$ 750
Property Management Fees (%)	0%	\$ -	\$ -
Legal/Accounting/Advertising/Supplies/Pest (%)	2%	\$ 25	\$ 300
Other variable Cost (%)	3%	\$ 38	\$ 450
<b>Total</b>		<b>\$ 125</b>	<b>\$ 1,500</b>

Total Operating Expense	\$ 337	\$ 4,040
<b>Net Operating Income/Loss</b>	<b>\$ 838</b>	<b>\$ 10,060</b>

## STEP 2: Taxes and Cash flow

Taxes/ Tax Saving	Yearly
<b>Taxable Income/Loss</b>	<b>Yearly</b>
Net Operating Income/Loss	\$ 10,060
Less: Depreciation (Full year)	\$ 2,641
Less: Depreciation Capital Improvements (Full year)	\$ -
Less: Amortization (Points and other closing cost)	\$ 89
Less: Interest Paid (Full year amount)	\$ 3,000
<b>Taxable income or Loss before 20% Qualified Income Deduction</b>	<b>\$ 4,330</b>
<b>Taxable income or Loss after 20% Qualified Income Deduction</b>	<b>\$ 3,464</b>
<b>Approximate Taxes</b>	<b>866</b>

Tax saving calculation if net tax loss	
Tax loss	No
Total tax saving, if any	Not Applicable

Cash flow before and after Taxes	Yearly
<b>Cashflow with vacancy reserve and capital expenditure</b>	
Cash flow before and after Taxes	Yearly
Net Operating Income	\$ 10,060
Less: Mortgage expense	\$ -
Capital Expenditures(%)	5% \$ 750
<b>Total Cashflow Before Taxes</b>	<b>\$ 9,310</b>
<b>Total Cashflow After Taxes</b>	<b>\$ 8,444</b>

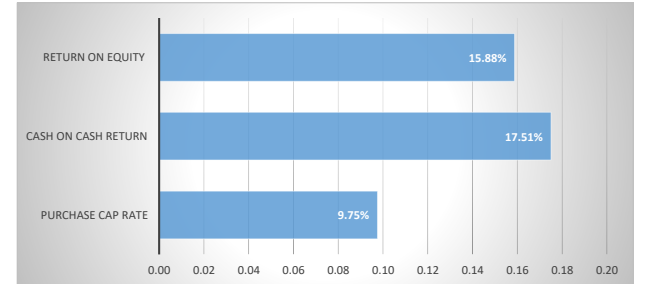
Monthly Cashflow	Before Tax	After Tax
Monthly Cashflow	\$ 776	\$ 704

True Cashflow before and after Taxes	Yearly
<b>Cashflow without vacancy reserve and capital expenditure</b>	
True Cashflow before and after Taxes	Yearly
Net Operating Income ignoring vacancy loss	\$ 10,960
Less: Mortgage expense	\$ -
<b>Total True Cashflow Before Taxes</b>	<b>\$ 10,960</b>
<b>Total True Cashflow After Taxes</b>	<b>\$ 10,094</b>

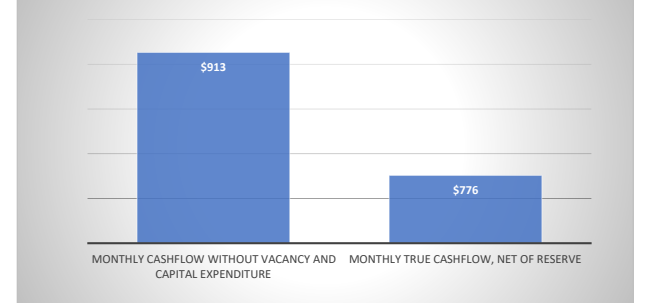
Monthly True Cashflow ignoring reserves	Before Tax	After Tax
Monthly True Cashflow	\$ 913	\$ 841

## ANALYSIS SUMMARY

Tax Saving	No tax Saving
1% Rule ?	1.21%
Purchase Cap Rate	9.75%
Cash on Cash Return	17.51%
Return on Equity	15.88%



Monthly cashflow without Vacancy and Capital Expenditure	\$ 913
Monthly true cashflow, net of reserve	\$ 776



Growth anticipated in Rent	3%
Growth anticipated in expenses	1%
Growth anticipated in housing market	6%
Sales Commission Percentage	6%

## FIVE YEAR PROJOTION

Income	2018	2019	2020	2021	2022
<b>Gross Scheduled Income</b>	15,000	15,450	15,914	16,391	16,883
Vacancy or Credit Losses	900	927.00	955	983	1,013
<b>Gross Operating Income</b>	14,100	14,523	14,959	15,408	15,870
<b>Operating Expense</b>					
Electricity	-	-	-	-	-
Water & Sewer	-	-	-	-	-
Garbage/Trash	-	-	-	-	-
Internet/ cable	-	-	-	-	-
Gas	-	-	-	-	-
HOA	-	-	-	-	-
PMI	-	-	-	-	-
Insurance	700	707	714	721	728
Property Taxes	1,000	1,010	1,020	1,030	1,040
Monthly Lawn Maintenance	180	182	184	186	188
Monthly Pest Control	300	303	306	309	312
Other Yearly expenses 1	-	-	-	-	-
Other Yearly expenses 2	-	-	-	-	-
Other Monthly expenses 1	120	121	122	123	124
Other Monthly expenses 2	240	242	244	246	248
<b>Total Fixed Expenses</b>	2,540	2,565	2,590	2,615	2,640
Repairs & Maintenance (%)	750	758	766	774	782
Property Management Fees (%)	-	-	-	-	-
Legal/Accounting/Advertising//Supplies	300	303	306	309	312
Other variable Cost (%)	450	455	460	465	470
<b>Total Variable Expenses</b>	1,050	1,061	1,072	1,083	1,094
<b>Total expenses</b>	3,590	3,626	3,662	3,698	3,734
<b>Net Operating Income</b>	10510	10897	11297	11710	12136
Less Mortgage expense	0	0	0	0	0
Capital Expenditures(%)	750	773	796	820	844
<b>Cash Flow before taxes</b>	9760	10125	10501	10890	11292

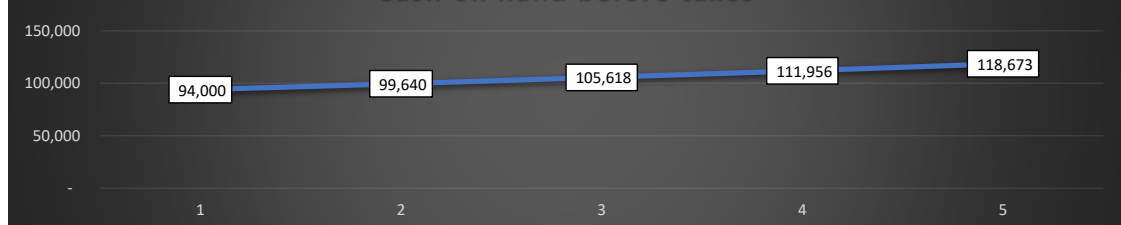
## TAXABLE GAIN AND TAXES CALCULATION

<b>Projected Selling Price</b>	100,000	106,000	112,360	119,102	126,248
Cost on sale: Commission on sale	6,000	6,360	6,742	7,146	7,575
LESS: Net Book Value of property	99,973	97,333	94,692	92,052	89,411
<b>Taxable Gain</b>	(5,973)	2,307	10,926	19,904	29,262
<b>Taxes</b> Long-term capital gain taxes	(896)	346	1,639	2,986	4,389

## CASH ON HAND AFTER SELLNG

Remaining Mortgage Payoff	-	-	-	-	-
Other expenses related to sale					
<b>Cash on hand before taxes</b>	94,000	99,640	105,618	111,956	118,673
<b>Cash on hand after taxes</b>	94,896	99,294	103,980	108,970	114,284

### Cash on hand before taxes



# DETERMINING DEPRECIABLE BASIS OF THE PROPERTY

Basis of the property	
Purchase price allocation to building	70%
Purchase price	\$ 100,000
Building value	\$ 70,000
Land value	\$ 30,000

Cost added to the basis of the property (Estimated Amount)	
Abstract fees	\$ 500
Legal Fees ( Title fees )	\$ 300
Recording fees	\$ 100
Surveys	
Appraisal done by you (not required by lender)	
Transfer tax	\$ 300
Title Insurance Binder	
Lender's Title insurance	
Title Search	\$ 600
Title Settlement Agent fee	
Seller owed back taxes	
Seller owed back interest	
Seller owed mortgages fees	
Seller owed repair or improvements	
Seller owed sales commissions	
Pest inspection fees	
Other Fees	
Other Fees	

Cost added to the basis of the property (Personal Expenses)	
Travel expenses to look at the property	\$ 200
Tax Consultation to look at the property	\$ 500
Other cost that were incurred after you identified the property	\$ -
<b>Adjusted Depreciable Basis of the Property</b>	<b>\$ 72,500</b>

Cost Deducted in a Year of the Purchase (Estimated Amount)	
Insurance Paid on closing	\$ 800
Utilities Paid on closing	
Property taxes paid on Closing	\$ 1,200
Prepaid Interest paid on closing	
HOA Capital Contribution	
HOA Dues paid on closing	
Home inspection	
Home warranty dee	
Other Cost 3	
<b>Total deductible Cost</b>	<b>\$ 2,000</b>

Cost of a loan that cannot be deducted in a year of purchase (Estimated Amount)	
Points (Loan Origination Fee, Loan Discount)	\$ 2,000
<b>Total Points</b>	<b>\$ 2,000</b>
Credit Report Fees	\$ 73
Appraisal fees Required by lender	\$ 500
Flood determination fee	\$ 100
Flood monitoring fee	
Tax Monitoring fee	
Tax Status Research fee	
Other loan Origination fees	
<b>Total Loan origination fees</b>	<b>\$ 2,673</b>
Amortization	
Yearly Term of the loan	\$ 30
<b>Approximate Yearly Amortization</b>	<b>\$ 89</b>

## DEPRECIABLE BASIS OF REHAB

Capital Improvement Basis	
Total Rehab done after purchase	\$ 2,000
Less: Repairs (cost that don't have to be capitalizable)	\$ 2,000
<b>Total Capital Improvement</b>	<b>\$ -</b>

# DEPRECIATION SCHEDULE

Property Information		<a href="#">Click here to go back to the analysis</a>
Land/building value allocation	\$ 72,500	
Select type of property	Residential Property	
Depreciable life	27.5	
Number used to calculate 1st year Dep	13	
First year depreciation total months	11.5	

Year	Net Book Value (Start of Year)	Annual Depreciation	Accumulated Depreciation	Net Book Value (End of Year)
1	72,500	2,527	2,527	69,973
2	69,973	2,641	5,167	67,333
3	67,333	2,641	7,808	64,692
4	64,692	2,641	10,448	62,052
5	62,052	2,641	13,089	59,411
6	59,411	2,641	15,729	56,771
7	56,771	2,641	18,370	54,130
8	54,130	2,641	21,010	51,490
9	51,490	2,641	23,651	48,849
10	48,849	2,641	26,291	46,209
11	46,209	2,641	28,932	43,568
12	43,568	2,641	31,572	40,928
13	40,928	2,641	34,213	38,287
14	38,287	2,641	36,853	35,647
15	35,647	2,641	39,494	33,006
16	33,006	2,641	42,134	30,366
17	30,366	2,641	44,775	27,725
18	27,725	2,641	47,415	25,085
19	25,085	2,641	50,056	22,444
20	22,444	2,641	52,696	19,804
21	19,804	2,641	55,337	17,163
22	17,163	2,641	57,977	14,523
23	14,523	2,641	60,618	11,882
24	11,882	2,641	63,258	9,242
25	9,242	2,641	65,899	6,601
26	6,601	2,641	68,539	3,961
27	3,961	2,641	71,180	1,320
28	1,320	1,320	72,500	-

# IMPROVEMENTS DEPRECIATION SCHEDULE

Property Information		<a href="#" style="color: #1a3d4d; text-decoration: underline;">Click here to go back to the analysis</a>
Improvements	\$ -	
Select type of property	Residential Property	
Depreciable life	27.5	
Number used to calculate 1st year Dep	13	
First year depreciation total months	11.5	

Year	Net Book Value (Start of Year)	Annual Depreciation	Accumulated Depreciation	Net Book Value (End of Year)
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	-	-	-	-
7	-	-	-	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	-	-	-	-
24	-	-	-	-
25	-	-	-	-
26	-	-	-	-
27	-	-	-	-
28	-	-	-	-

# ORIGINAL LOAN SCHEDULE

Loan Information	
Loan Balance:	\$ -
Loan terms in Years	30
Total Months:	360
Interest Rate	4.85
Loan Start Month	10
Loan Start year	2018
Monthly Payment	\$0

[Click here to go back to the analysis](#)

Number of payments	Months	Principle	Interest	Year End Balance
0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
1	October	0.00	0.00	0.00
2		0.00	0.00	0.00
3		0.00	0.00	0.00
	<b>Total 2018</b>	<b>0.00</b>	<b>0.00</b>	

Number of payments	Months	Principle	Interest	Year End Balance
4		0.00	0.00	0.00
5		0.00	0.00	0.00
6		0.00	0.00	0.00
7		0.00	0.00	0.00
8		0.00	0.00	0.00
9		0.00	0.00	0.00
10		0.00	0.00	0.00
11		0.00	0.00	0.00
12		0.00	0.00	0.00
13		0.00	0.00	0.00
14		0.00	0.00	0.00
15		0.00	0.00	0.00
	<b>Total 2019</b>	<b>0.00</b>	<b>0.00</b>	