Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost $ _____
Cash invested $ _____
Financing: Amount _____ Rate _____ P&I _____ per month
Financing: Amount _____ Rate _____ P&I _____ per month

				Depreciation
Land value	$ _____			
Personal property value	$ _____	x _____ %	=	$ _____
Building value	$ _____	x _____ %	=	$ _____
Land improvement value	$ _____	x _____ %	=	$ _____
Total depreciation				$ _____

Annual rent _____ Less vacancy _____ = Gross operating income _____

Annual operating expenses

Real estate tax	_____	Insurance	_____
Repairs	_____	Utilities	_____
Association dues	_____	Advertising	_____
Management	_____	Supplies	_____
Miscellaneous	_____	Miscellaneous	_____

Total operating expenses $ _____

I.	Gross operating income		$ _____	
	Minus: operating expenses	-	$ _____	
	Equals: net operating income	=	$ _____	
	Minus: annual debt service (monthly P&I x 12)	-	$ _____	
	Equals: cash flow before tax	=		$ _____
II.	Annual debt service		$ _____	
	Minus: interest	-	$ _____	
	Equals: principal reduction	=		$ _____
III.	Net operating income		$ _____	
	Minus: interest	-	$ _____	
	Minus: total depreciation	-	$ _____	
	Equals: taxable income	=	$ _____	
	Multiplied by tax bracket	x	_____ %	
	Equals: tax paid or saved	=		$ _____
IV.	Appreciation (estimate)			$ _____

Return on investment with appreciation

$\frac{\text{Cash flow before tax + Principal reduction + Tax saved + Appreciation}}{\text{Cash invested}}$ = _____ %

Return on investment without appreciation

$\frac{\text{Cash flow before tax + Principal reduction + Tax saved}}{\text{Cash invested}}$ = _____ %

Capitalization rate

$\frac{\text{Net operating income}}{\text{Purchase cost}}$ = _____ %

Cash on cash

$\frac{\text{Cash flow before tax}}{\text{Cash invested}}$ = _____ %

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"Float and Desire" Formula

The five ingredients are:

Loan factor	=	_____
LTV	=	_____
Down payment	=	_____
Cash on cash	=	_____
NOI	=	_____

Four step "recipe":

1. Lender's return	=	_____ (LTV)	x	_____ (Loan factor)	=	_____
2. Buyer's return	=	_____ (Down payment)	x	_____ (Cash on cash)	=	_____
3. Add 'em up	=	_____ (Lender's return)	+	_____ (Buyer's return)	=	_____ Cap rate
4. Value	=	_____ (NOI)	÷	_____ (Cap rate)	=	_____ Investment value

Double check:

	_____	Investment value
minus	_____	Down payment
equals	_____	Loan amount
	_____	Down payment
times	_____	Cash on cash
equals	_____	Cash flow before tax
	_____	NOI
minus	_____	Cash flow before tax
equals	_____	Debt service
divided by	_____	Loan factor
equals	_____	Loan amount (loan amounts should be equal)

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Exchange Worksheet

This worksheet is designed to assist in estimating the effect of exchanging real estate. It is not a substitute for legal or tax advice. Anyone contemplating a real estate exchange should seek the services of competent legal and tax advisors. The worksheet assumes there is a realized gain on each property.

I. Inventory properties

"A" _____ has		"B" _____ has	
Property value	_____	Property value	_____ a
Less: loans	_____	Less: loans	_____ b
Equals: equity	_____	Equals: equity	_____ c

II. Describe how equities will be balanced

_____

_____

III. Calculate "realized gain"

		"A"	"B"
Fair market value of "like kind property" given		$_____	_____ d
Less: Disposition costs	-	$_____	_____ e
Less: Basis of "like kind property" given	-	$_____	_____ f
Equals: Realized gain	=	$_____	_____ g

IV. Calculate "recognized gain" (Sum of Unlike Property)

Cash received:		$_____	_____ h
Plus: Boot received	+	$_____	_____ i
Plus: Net loan relief	+	$_____	_____ j
Less: Cash given	-	$_____	_____ k
Equals: Unlike property received (not less than zero)	=	$_____	_____ l
Recognized gain is the lessor of line "g" or line "l"		$_____	_____ m

V. Calculating "unrecognized gain"

Realized gain (line "g")		$_____	_____ n
Less: Recognized gain (line "m")	-	$_____	_____ o
Equals: Unrecognized gain	=	$_____	_____ p

VI. Calculating "basis after the exchange"

Fair market value of "like kind property" received		$_____	_____ q
Less: Unrecognized gain (line "p")	-	$_____	_____ r
Plus: Acquisition costs	+	$_____	_____ s
Equals: Basis after the exchange	=	$_____	_____ t

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