

PLEASE NOTE: This illustration shows only the first 5 years. The normal report is for 20-years.

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Office Building #3

\$2,900 per month scenario

123 Main Street

Stone Mountain, GA

Monthly Income

Monthly Expenses

Annual Expense Increase

Summary of Input

\$ 2,500

833

2.00%

Si

Purchase Price

Capital Improvements

FMV of Property

	Year 1		Year 2		Year 3		Year 4		Year 5	
		sq. ft.		sq. ft.		sq. ft.		sq. ft.		sq. ft.
Gross Rental Income	\$ 30,000	6.7	\$ 31,200	6.9	\$ 32,453	7.2	\$ 33,760	7.5	\$ 35,125	7.8
Vacancy & Credits	(1,740)	(0.4)	(1,797)	(0.4)	(1,856)	(0.4)	(1,917)	(0.4)	(1,981)	(0.4)
Operating Expenses	(10,000)	(2.2)	(10,200)	(2.3)	(10,404)	(2.3)	(10,612)	(2.4)	(10,824)	(2.4)
Net Operating Income	\$ 18,260	4.1	\$ 19,203	4.3	\$ 20,192	4.5	\$ 21,230	4.7	\$ 22,320	5.0
Tax Depreciation	(4,300)	(1.0)	(4,487)	(1.0)	(4,487)	(1.0)	(4,610)	(1.0)	(4,615)	(1.0)
Points Amortization	(32)	(0.0)	(33)	(0.0)	(33)	(0.0)	(33)	(0.0)	(33)	(0.0)
Interest Expense - 1st Mortgage	(6,840)	(1.5)	(7,372)	(1.6)	(7,272)	(1.6)	(7,165)	(1.6)	(7,053)	(1.6)
Interest Expense - 2nd Mortgage	(623)	(0.1)	(630)	(0.1)	(575)	(0.1)	(516)	(0.1)	(452)	(0.1)
Interest Expense - 3rd Mortgage	-	-	-	-	-	-	-	-	-	-
Total Interest Expense	(7,463)	(1.7)	(8,002)	(1.8)	(7,846)	(1.7)	(7,681)	(1.7)	(7,505)	(1.7)
Taxable Income	\$ 6,465	1.4	\$ 6,681	1.5	\$ 7,825	1.7	\$ 8,906	2.0	\$ 10,166	2.3
Net Operating Income	\$ 18,260	4.1	\$ 19,203	4.3	\$ 20,192	4.5	\$ 21,230	4.7	\$ 22,320	5.0
1st Mortgage Payments	(8,244)	(1.8)	(8,993)	(2.0)	(8,993)	(2.0)	(8,993)	(2.0)	(8,993)	(2.0)
2nd Mortgage Payments	(1,277)	(0.3)	(1,393)	(0.3)	(1,393)	(0.3)	(1,393)	(0.3)	(1,393)	(0.3)
3rd Mortgage Payments	-	-	-	-	-	-	-	-	-	-
Total Mortgage Payments	(9,521)	(2.1)	(10,387)	(2.3)	(10,387)	(2.3)	(10,387)	(2.3)	(10,387)	(2.3)
Capital Improvements	-	-	-	-	-	-	(5,000)	-	-	-
Income Taxes	(1,034)	(0.2)	(1,069)	(0.2)	(1,252)	(0.3)	(1,425)	(0.3)	(1,627)	(0.4)
NET CASH FLOW	\$ 7,705	1.7	\$ 7,748	1.7	\$ 8,554	1.9	\$ 4,419	1.0	\$ 10,306	2.3
Cash Flow to Debt Payment Ratio	1.81		1.75		1.82		1.43		1.99	
Cash on Cash Return b/f Taxes & Sale	15.40%		15.54%		17.28%		10.30%		21.03%	
Cash on Cash Return a/f Taxes & b/f Sale	13.58%		13.65%		15.07%		7.79%		18.16%	
PROPERTY SALE										
Projected Sales Price	\$ 198,900	44.2	\$ 202,878	45.1	\$ 206,936	46.0	\$ 211,074	46.9	\$ 215,296	47.8
Selling Expenses	(13,923)	(3.1)	(14,201)	(3.2)	(14,485)	(3.2)	(14,775)	(3.3)	(15,071)	(3.3)
Sale Proceeds before Debt Payoff	184,977	41.1	188,677	41.9	192,450	42.8	196,299	43.6	200,225	44.5
Original Cost of Property	190,750		190,750		190,750		190,750		190,750	
Improvements	-		-		-		5,000		5,000	
Amortization Points Paid	1,000		1,000		1,000		1,000		1,000	
Accum. Tax Deprec & Amort	(4,332)		(8,853)		(13,373)		(18,017)		(22,665)	
Adjusted Tax Basis in Property	187,418	41.6	182,897	40.6	178,377	39.6	178,733	39.7	174,085	38.7
Tax Gain (Loss) on Sale of Property	(2,441)	(0.5)	5,779	1.3	14,073	3.1	17,566	3.9	26,140	5.8
Income Tax Benefit (Cost) From Sale	513	0.1	(1,792)	(0.4)	(4,283)	(1.0)	(5,445)	(1.2)	(7,739)	(1.7)
1st Mortgage Payoff	(123,596)	(27.5)	(121,975)	(27.1)	(120,253)	(26.7)	(118,425)	(26.3)	(116,485)	(25.9)
2nd Mortgage Payoff	(9,346)	(2.1)	(8,582)	(1.9)	(7,764)	(1.7)	(6,886)	(1.5)	(5,945)	(1.3)
3rd Mortgage Payoff	-	-	-	-	-	-	-	-	-	-
Tax Benefit - Suspended Losses	-	-	-	-	-	-	-	-	-	-
Net Proceeds from Sale	\$ 52,548	11.7	\$ 56,328	12.5	\$ 60,150	13.4	\$ 65,542	14.6	\$ 70,055	15.6
Original Investment	\$ 56,750		\$ 56,750		\$ 56,750		\$ 56,750		\$ 56,750	
Total Net Cumulative Cash Generated	\$ 3,502	0.8	\$ 15,030	3.3	\$ 27,406	6.1	\$ 37,217	8.3	\$ 52,037	11.6
Cumulative Internal Rate of Return	6.17%		13.26%		15.74%		15.86%		16.92%	