

**Adrian Apartments II**555 Peachtree St  
Atlanta GA 30303**Income Tax Analysis  
- Self-Directed Account**Your Name Here  
404-555-1212

<b>Tax Analysis - Operations</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Net Operating Income (NOI) from Report</b>	\$ 42,040	\$ 43,045	\$ 44,071	\$ 45,120	\$ 46,191
Tax Depreciation	(11,458)	(12,628)	(12,769)	(12,914)	(13,061)
Interest Expense - Mortgage #1	(22,506)	(24,317)	(24,053)	(23,770)	(23,465)
<b>Operating Taxable Income (Loss)</b>	<u>\$ 8,076</u>	<u>\$ 6,101</u>	<u>\$ 7,249</u>	<u>\$ 8,437</u>	<u>\$ 9,665</u>
Unrelated Debt-Financed Income (UDIF) %	79.97%	81.45%	83.05%	84.69%	86.35%
Unrelated Debt-Financed Income (UDIF)	6,458	4,969	6,021	7,145	8,346
Net Operating Loss Deduction - (NOL)					
UBIT Deduction	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
<b>Unrelated Business Taxable Income (UBIT)</b>	<u>\$ 5,458</u>	<u>\$ 3,969</u>	<u>\$ 5,021</u>	<u>\$ 6,145</u>	<u>\$ 7,346</u>
<b>UBIT Expense</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<b>Tax Analysis - Property Sale</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Adjusted Projected Sales Price</b>	\$ 464,913	\$ 476,025	\$ 487,377	\$ 498,975	\$ 510,823
Original Cost of Property	(425,000)	(425,000)	(425,000)	(425,000)	(425,000)
Less: Funded Reserves	(3,750)	(7,575)	(11,477)	(15,456)	(19,515)
Loan Origination Points Paid					
Gain (Loss) on Property	<u>36,163</u>	<u>43,450</u>	<u>50,901</u>	<u>58,519</u>	<u>66,308</u>
Accumulated Depreciation/Amortization	11,458	24,086	36,855	49,769	62,830
<b>Taxable Gain (Loss) on Property Sale</b>	<u>\$ 47,621</u>	<u>\$ 67,536</u>	<u>\$ 87,756</u>	<u>\$ 108,287</u>	<u>\$ 129,137</u>
Unrelated Debt-Financed Income (UDIF) %	80.36%	81.88%	83.53%	85.22%	86.94%
Unrelated Debt-Financed Income (UDIF)	38,270	55,297	73,301	92,279	112,272
Net Operating Loss Deduction - (NOL)					
UBIT Deduction					
<b>Unrelated Business Taxable Income (UBIT)</b>	<u>\$ 38,270</u>	<u>\$ 55,297</u>	<u>\$ 73,301</u>	<u>\$ 92,279</u>	<u>\$ 112,272</u>
Capital Gain & State Rate on Sale	19.00%	19.00%	19.00%	19.00%	19.00%
UBIT Tax	(7,271)	(10,506)	(13,927)	(17,533)	(21,332)
Unrecaptured Section 1250 Tax (if any)	(921)	(1,972)	(3,078)	(4,241)	(5,462)
<b>UBIT Expense from Sale</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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<b>Tax Analysis - Operations</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Net Operating Income (NOI) from Report</b>	\$ 47,286	\$ 48,404	\$ 49,546	\$ 50,713	\$ 51,905
Tax Depreciation	(13,211)	(13,365)	(13,521)	(13,680)	(13,843)
Interest Expense - Mortgage #1	(23,138)	(22,786)	(22,408)	(22,001)	(21,564)
<b>Operating Taxable Income (Loss)</b>	<u>\$ 10,937</u>	<u>\$ 12,253</u>	<u>\$ 13,618</u>	<u>\$ 15,031</u>	<u>\$ 16,498</u>
Unrelated Debt-Financed Income (UDIF) %	88.04%	89.76%	91.49%	93.23%	94.97%
Unrelated Debt-Financed Income (UDIF)	9,629	10,998	12,458	14,013	15,668
Net Operating Loss Deduction - (NOL)					
UBIT Deduction	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
<b>Unrelated Business Taxable Income (UBIT)</b>	<u>\$ 8,629</u>	<u>\$ 9,998</u>	<u>\$ 11,458</u>	<u>\$ 13,013</u>	<u>\$ 14,668</u>
<b>UBIT Expense</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<b>Tax Analysis - Property Sale</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Adjusted Projected Sales Price</b>	\$ 522,927	\$ 535,291	\$ 547,922	\$ 560,825	\$ 574,006
Original Cost of Property	(425,000)	(425,000)	(425,000)	(425,000)	(425,000)
Less: Funded Reserves	(23,655)	(27,879)	(32,186)	(36,580)	(41,061)
Loan Origination Points Paid					
Gain (Loss) on Property	<u>74,271</u>	<u>82,413</u>	<u>90,736</u>	<u>99,245</u>	<u>107,944</u>
Accumulated Depreciation/Amortization	76,041	89,405	102,926	116,607	130,450
<b>Taxable Gain (Loss) on Property Sale</b>	<u>\$ 150,312</u>	<u>\$ 171,818</u>	<u>\$ 193,663</u>	<u>\$ 215,852</u>	<u>\$ 238,394</u>
Unrelated Debt-Financed Income (UDIF) %	88.70%	90.48%	92.30%	94.13%	95.98%
Unrelated Debt-Financed Income (UDIF)	133,322	155,467	178,743	203,181	228,805
Net Operating Loss Deduction - (NOL)					
UBIT Deduction					
<b>Unrelated Business Taxable Income (UBIT)</b>	<u>\$ 133,322</u>	<u>\$ 155,467</u>	<u>\$ 178,743</u>	<u>\$ 203,181</u>	<u>\$ 228,805</u>
Capital Gain & State Rate on Sale	19.00%	19.00%	19.00%	19.00%	19.00%
UBIT Tax	(25,331)	(29,539)	(33,961)	(38,604)	(43,473)
Unrecaptured Section 1250 Tax (if any)	(6,745)	(8,090)	(9,500)	(10,976)	(12,520)
<b>UBIT Expense from Sale</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>