

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

Land value	\$ _____		Depreciation
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

Cash flow before tax + Principal reduction + Tax saved + Appreciation = _____ %

Cash invested

Return on investment without appreciation

Cash flow before tax + Principal reduction + Tax saved = _____ %

Cash invested

Capitalization rate

Net operating income = _____ %

Purchase cost

Cash on cash

Cash flow before tax = _____ %

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	=	_____	x	_____	=	_____
		(LTV)		(Loan factor)		
2. Buyer’s return	=	_____	x	_____	=	_____
		(Down payment)		(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 Property value _____ Less: loans _____ Equals: equity _____
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"B" _____ has Property value _____ a Less: loans _____ b Equals: equity _____ c
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II. Describe how equities will be balanced

III. Calculate "realized gain"

	<u>"A"</u>	<u>"B"</u>
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 lesser 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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Return on Equity Worksheet

	Your Property	Replacement Property
I. Net Equity		
Current Market Value (after selling expenses)	_____	_____
- Loan Balance(s)	- _____	- _____
= Net Equity	= _____	= _____
 II. Current Annual Benefits		
Cash Flow Before Tax	_____	_____
+ Principal Reduction	+ _____	+ _____
+ Tax Saved	+ _____	+ _____
OR		
- Tax Paid	- _____	- _____
= Total Annual Benefits (before appreciation)	= _____	= _____
 III. Rate of Return on Equity		
Total Annual Benefits (before appreciation)	_____	_____
Net Equity	_____	_____
Divide "Total Annual Benefits" by "Net Equity"		
= Rate of Return on Equity (before appreciation)	= _____%	= _____%

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