

## Cash-Flow/ NOI/ & Tax Implications

For Property @ 123 Anywhere Street

Year:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
Gross Rent:	\$48,000	\$49,440	\$50,923	\$52,451	\$54,024	\$55,645	\$57,315	\$59,034	\$60,805	\$62,629	\$64,508	\$66,443	\$68,437	\$70,490
Vacancy/ Maintenance/ Utilities:	\$(15,840)	\$(16,315)	\$(16,805)	\$(17,309)	\$(17,828)	\$(18,363)	\$(18,914)	\$(19,481)	\$(20,066)	\$(20,668)	\$(21,288)	\$(21,926)	\$(22,584)	\$(23,262)
Property Tax:	\$(5,000)	\$(5,150)	\$(5,305)	\$(5,464)	\$(5,628)	\$(5,796)	\$(5,970)	\$(6,149)	\$(6,334)	\$(6,524)	\$(6,720)	\$(6,921)	\$(7,129)	\$(7,343)
HO/ Liability Insurance:	\$(1,200)	\$(1,236)	\$(1,273)	\$(1,311)	\$(1,351)	\$(1,391)	\$(1,433)	\$(1,476)	\$(1,520)	\$(1,566)	\$(1,613)	\$(1,661)	\$(1,711)	\$(1,762)
Management Fees:	\$(4,800)	\$(4,944)	\$(5,092)	\$(5,245)	\$(5,402)	\$(5,565)	\$(5,731)	\$(5,903)	\$(6,080)	\$(6,263)	\$(6,451)	\$(6,644)	\$(6,844)	\$(7,049)
Mortgage P & I:	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)
Other?:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Annual Cash-Flow:</b>	<b>\$(3,030.76)</b>	<b>\$(2,395.96)</b>	<b>\$(1,742.11)</b>	<b>\$(1,068.65)</b>	<b>\$(374.99)</b>	<b>\$339.48</b>	<b>\$1,075.39</b>	<b>\$1,833.37</b>	<b>\$2,614.10</b>	<b>\$3,418.24</b>	<b>\$4,246.51</b>	<b>\$5,099.63</b>	<b>\$5,978.34</b>	<b>\$6,883.42</b>
Mtg. Principal Reduction:	\$4,961.81	\$5,235.18	\$5,523.60	\$5,827.92	\$6,149.01	\$6,487.78	\$6,845.22	\$7,222.35	\$7,620.26	\$8,040.09	\$8,483.05	\$8,950.42	\$9,443.54	\$9,963.82
<b>Net Operating Income:</b>	<b>\$1,931</b>	<b>\$2,839</b>	<b>\$3,781</b>	<b>\$4,759</b>	<b>\$5,774</b>	<b>\$6,827</b>	<b>\$7,921</b>	<b>\$9,056</b>	<b>\$10,234</b>	<b>\$11,458</b>	<b>\$12,730</b>	<b>\$14,050</b>	<b>\$15,422</b>	<b>\$16,847</b>
Depreciation:	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)
<b>Taxable Gain (Loss)*:</b>	<b>\$(11,160)</b>	<b>\$(10,252)</b>	<b>\$(9,309)</b>	<b>\$(8,332)</b>	<b>\$(7,317)</b>	<b>\$(6,264)</b>	<b>\$(5,170)</b>	<b>\$(4,035)</b>	<b>\$(2,857)</b>	<b>\$(1,633)</b>	<b>\$(361)</b>	<b>\$959</b>	<b>\$2,331</b>	<b>\$3,756</b>

\*subject to passive activity loss rules, more than likely taxpayer will be limited to \$3,000 loss per year to offset earned income.

## Wealth Accumulation

Year:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
Property Value:	\$494,400	\$509,232	\$524,509	\$540,244	\$556,452	\$573,145	\$590,339	\$608,050	\$626,291	\$645,080	\$664,432	\$684,365	\$704,896	\$726,043
Mtg. Balance:	\$355,038	\$349,803	\$344,279	\$338,451	\$332,302	\$325,815	\$318,969	\$311,747	\$304,127	\$296,087	\$287,604	\$278,653	\$269,210	\$259,246
<b>Home Equity:</b>	<b>\$139,362</b>	<b>\$159,429</b>	<b>\$180,230</b>	<b>\$201,793</b>	<b>\$224,149</b>	<b>\$247,330</b>	<b>\$271,370</b>	<b>\$296,303</b>	<b>\$322,164</b>	<b>\$348,993</b>	<b>\$376,829</b>	<b>\$405,712</b>	<b>\$435,686</b>	<b>\$466,797</b>
Cash-Flow	\$(3,031)	\$(2,396)	\$(1,742)	\$(1,069)	\$(375)	\$339	\$1,075	\$1,833	\$2,614	\$3,418	\$4,247	\$5,100	\$5,978	\$6,883
Upfront Cash Commitment:	\$(131,800)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Wealth Impact (per yr):</b>	<b>\$4,531</b>	<b>\$17,671</b>	<b>\$19,058</b>	<b>\$20,495</b>	<b>\$21,981</b>	<b>\$23,521</b>	<b>\$25,115</b>	<b>\$26,766</b>	<b>\$28,476</b>	<b>\$30,247</b>	<b>\$32,082</b>	<b>\$33,983</b>	<b>\$35,953</b>	<b>\$37,994</b>
<b>Wealth Impact (cumulative):</b>	<b>\$4,531</b>	<b>\$22,202</b>	<b>\$41,261</b>	<b>\$61,755</b>	<b>\$83,737</b>	<b>\$107,257</b>	<b>\$132,372</b>	<b>\$159,138</b>	<b>\$187,614</b>	<b>\$217,861</b>	<b>\$249,943</b>	<b>\$283,926</b>	<b>\$319,879</b>	<b>\$357,873</b>

<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>
\$72,604	\$74,782	\$77,026	\$79,337	\$81,717	\$84,168	\$86,693	\$89,294	\$91,973	\$94,732	\$97,574	\$100,501	\$103,516	\$106,622	\$109,821	\$113,115
\$(23,959)	\$(24,678)	\$(25,419)	\$(26,181)	\$(26,967)	\$(27,776)	\$(28,609)	\$(29,467)	\$(30,351)	\$(31,262)	\$(32,199)	\$(33,165)	\$(34,160)	\$(35,185)	\$(36,241)	\$(37,328)
\$(7,563)	\$(7,790)	\$(8,024)	\$(8,264)	\$(8,512)	\$(8,768)	\$(9,031)	\$(9,301)	\$(9,581)	\$(9,868)	\$(10,164)	\$(10,469)	\$(10,783)	\$(11,106)	\$(11,440)	\$(11,783)
\$(1,815)	\$(1,870)	\$(1,926)	\$(1,983)	\$(2,043)	\$(2,104)	\$(2,167)	\$(2,232)	\$(2,299)	\$(2,368)	\$(2,439)	\$(2,513)	\$(2,588)	\$(2,666)	\$(2,746)	\$(2,828)
\$(7,260)	\$(7,478)	\$(7,703)	\$(7,934)	\$(8,172)	\$(8,417)	\$(8,669)	\$(8,929)	\$(9,197)	\$(9,473)	\$(9,757)	\$(10,050)	\$(10,352)	\$(10,662)	\$(10,982)	\$(11,312)
\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)	\$(24,190.76)
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>\$7,815.64</b>	<b>\$8,775.83</b>	<b>\$9,764.83</b>	<b>\$10,783.50</b>	<b>\$11,832.73</b>	<b>\$12,913.43</b>	<b>\$14,026.56</b>	<b>\$15,173.08</b>	<b>\$16,353.99</b>	<b>\$17,570.33</b>	<b>\$18,823.17</b>	<b>\$20,113.58</b>	<b>\$21,442.71</b>	<b>\$22,811.72</b>	<b>\$24,221.79</b>	<b>\$25,674.17</b>
\$10,512.77	\$11,091.96	\$11,703.06	\$12,347.83	\$13,028.12	\$13,745.90	\$14,503.21	\$15,302.26	\$16,145.32	\$17,034.83	\$17,973.35	\$18,963.58	\$20,008.36	\$21,110.70	\$22,273.78	\$23,500.93
<b>\$18,328</b>	<b>\$19,868</b>	<b>\$21,468</b>	<b>\$23,131</b>	<b>\$24,861</b>	<b>\$26,659</b>	<b>\$28,530</b>	<b>\$30,475</b>	<b>\$32,499</b>	<b>\$34,605</b>	<b>\$36,797</b>	<b>\$39,077</b>	<b>\$41,451</b>	<b>\$43,922</b>	<b>\$46,496</b>	<b>\$49,175</b>
\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(13,091)	\$(6,545)	\$0	\$0
<b>\$5,237</b>	<b>\$6,777</b>	<b>\$8,377</b>	<b>\$10,040</b>	<b>\$11,770</b>	<b>\$13,568</b>	<b>\$15,439</b>	<b>\$17,384</b>	<b>\$19,408</b>	<b>\$21,514</b>	<b>\$23,706</b>	<b>\$25,986</b>	<b>\$28,360</b>	<b>\$37,377</b>	<b>\$46,496</b>	<b>\$49,175</b>

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\$747,824	\$770,259	\$793,367	\$817,168	\$841,683	\$866,933	\$892,941	\$919,730	\$947,322	\$975,741	\$1,005,013	\$1,035,164	\$1,066,219	\$1,098,205	\$1,131,151	\$1,165,086
\$248,733	\$237,641	\$225,938	\$213,590	\$200,562	\$186,816	\$172,313	\$157,011	\$140,866	\$123,831	\$105,857	\$86,894	\$66,885	\$45,775	\$23,501	\$0
<b>\$499,091</b>	<b>\$532,618</b>	<b>\$567,429</b>	<b>\$603,578</b>	<b>\$641,121</b>	<b>\$680,117</b>	<b>\$720,628</b>	<b>\$762,719</b>	<b>\$806,456</b>	<b>\$851,910</b>	<b>\$899,156</b>	<b>\$948,270</b>	<b>\$999,333</b>	<b>\$1,052,431</b>	<b>\$1,107,651</b>	<b>\$1,165,086</b>
\$7,816	\$8,776	\$9,765	\$10,783	\$11,833	\$12,913	\$14,027	\$15,173	\$16,354	\$17,570	\$18,823	\$20,114	\$21,443	\$22,812	\$24,222	\$25,674
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>\$40,110</b>	<b>\$42,303</b>	<b>\$44,576</b>	<b>\$46,932</b>	<b>\$49,376</b>	<b>\$51,910</b>	<b>\$54,538</b>	<b>\$57,264</b>	<b>\$60,091</b>	<b>\$63,025</b>	<b>\$66,069</b>	<b>\$69,228</b>	<b>\$72,506</b>	<b>\$75,909</b>	<b>\$79,442</b>	<b>\$83,110</b>
<b>\$397,983</b>	<b>\$440,285</b>	<b>\$484,861</b>	<b>\$531,793</b>	<b>\$581,169</b>	<b>\$633,079</b>	<b>\$687,617</b>	<b>\$744,880</b>	<b>\$804,972</b>	<b>\$867,996</b>	<b>\$934,065</b>	<b>\$1,003,293</b>	<b>\$1,075,799</b>	<b>\$1,151,708</b>	<b>\$1,231,149</b>	<b>\$1,314,259</b>