

Price Now:
Depreciate (%):
Down Payment:
Appreciation (%):
Property Tax:

Mo. Rental Income:
Rent Apprec. (%):
Marginal Tax Rate:

SL=1 ACRS=0

Total mo. PI:

=====

YEAR

=====

Total P&I
Rent Received
Prin Paid on loans
Property Tax
Interest
Cash Flow

Depreciation
Tax Savings
A/T Cash Flow

Sale Price
Commission (6%)
Loan I Balance
Loan II Balance
Loan III Balance
Excess Depn
Recapture ACRS

Sheet1

Cumul Cash Flow

Net Out:

Return (IRR):

Sale at Year:
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|    |        |
|----|--------|
|    | 0      |
| 1  | -11500 |
| 2  | -11500 |
| 3  | -11500 |
| 4  | -11500 |
| 5  | -11500 |
| 6  | -11500 |
| 7  | -11500 |
| 8  | -11500 |
| 9  | -11500 |
| 10 | -11500 |

-----  
1

|      |         |
|------|---------|
|      | 628.85% |
| 2.0  | -69.48% |
| 2.5  | -64.78% |
| 3.0  | -60.08% |
| 3.5  | -55.38% |
| 4.0  | -50.68% |
| 4.5  | -45.98% |
| 5.0  | -41.28% |
| 5.5  | -36.58% |
| 6.0  | -31.88% |
| 6.5  | -27.18% |
| 7.0  | -22.48% |
| 7.5  | -17.78% |
| 8.0  | -13.08% |
| 8.5  | -8.38%  |
| 9.0  | -3.68%  |
| 9.5  | 1.02%   |
| 10.0 | 5.72%   |

## Sheet1

1. This spread sheet was designed to analyze a real estate purchase.
2. It makes several assumptions:
  - a. Your marginal tax rate (tax bracket) remains constant.
  - b. You elect 15 yr straight line, 15 yr ACRS, or no depreciation.
  - c. Commission rate at time of sale is 6%.
3. It takes advantage of the LOTUS IRR function.
4. To use simply enter the appropriate information in cells A1-H20.
5. Due to a bug in LOTUS, do not use 0 for the years of a loan. Instead enter .0001 or some other small number. Otherwise you will get an error in the PI (Principal & Interest) cell.
6. A 10 year time horizon is used. {PAGE DOWN}
7. Type F9 to recalculate. The large amount of number crunching makes auto recalculating impracticable.
8. Type F8 to do a sensitivity analysis of the property's annual appreciation. Once this is calculated, you can see the results by typing F10. You will discover that the annual rate of appreciation is th most critical variable in the average real estate investment. You will also note there is an optimal holding period for a given real estate investment. That is the point where the rate of return peaks.
9. NOTE!!! Typing F8 sets off a long string of calculations. They take about 3-4 minutes to finish. Don't panic and reboot.
10. You can also do a rent-buy decision by using this template. Use 0% depreciation and enter the amount you would pay for rent as rental income.

Sheet1

ALT E for explanation

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115000	Loan I:
70	*Years:
11500	Annual Rate:
5	Monthly PI:
1500	
	Loan II:
800	*Years:
4	Annual Rate:
26	Monthly PI:
0	Loan III:
	*Years:
	Annual Rate:
\$1,144.92	Monthly PI:

*See note 4 below.

=====	=====	=====
	1	2
		3
=====	=====	=====

Pre Tax Cash Flow (Annual) -----

\$13,739.00	\$13,739.00	\$13,739.00
9600	9984	10383.36
\$103,500.02	-\$0.00	-\$0.00
1500	1575	1654
-\$89,761.02	\$13,739.00	\$13,739.00
-\$5,639.00	-\$5,330.00	-\$5,009.39

After Tax Cash Flow (Annual) -----

9660	8050	7245
-\$22,932.27	\$3,478.80	\$3,186.14
-\$28,571.26	-\$1,851.20	-\$1,823.25

Net Proceeds From Sale -----

120750	126788	133127
7245	7607	7988
-\$0.02	-\$0.02	-\$0.02
0	0	0
0	0	0
-4293.3333333333	-2683.3333333333	-1878.3333333333
-1116.2666666667	-1813.9333333333	-2302.3

Sheet1

-\$40,071.26	-\$41,922.46	-\$43,745.71
\$72,317.49	\$75,443.88	\$79,091.27
628.85%	116.19%	58.78%

Internal Rate of Return Analysis -----

Cash Flows

1	2	3
\$83,817.49	0	0
-\$28,571.26	\$115,515.14	0
-\$28,571.26	-\$1,851.20	\$121,013.74
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25
-\$28,571.26	-\$1,851.20	-\$1,823.25

Sensitivity Analysis - Assumed Annual Appreciation

2	3	4
116.19%	58.78%	39.42%
-44.58%	-30.62%	-21.56%
-37.40%	-23.28%	-14.79%
-30.86%	-16.93%	-9.11%
-24.80%	-11.29%	-4.17%
-19.13%	-6.19%	0.23%
-13.78%	-1.49%	4.22%
-8.70%	2.87%	7.89%
-3.84%	6.95%	11.29%
0.83%	10.80%	14.47%
5.32%	14.45%	17.47%
9.66%	17.93%	20.30%
13.86%	21.26%	23.00%
17.95%	24.45%	25.58%
21.92%	27.53%	28.05%
25.79%	30.50%	30.42%
29.57%	33.38%	32.71%
33.26%	36.17%	34.93%

Explanation of this Spread Sheet

{GOTO}A98~ ALT E

103500
30
13.00
\$1,144.92

0
0.0001
0.00
\$0.00

0
0.0001
0.00
\$0.00

=====	=====	=====	=====	=====
4	5	6	7	8
=====	=====	=====	=====	=====

\$13,739.00	\$13,739.00	\$13,739.00	\$13,739.00	\$13,739.00
10798.6944	11230.642176	11679.86786304	12147.0625775616	12632.9450806641
-\$0.00	-\$0.00	-\$0.00	-\$0.00	-\$0.00
1736	1823	1914	2010	2111
\$13,739.00	\$13,739.00	\$13,739.00	\$13,739.00	\$13,739.00
-\$4,676.74	-\$4,331.62	-\$3,973.55	-\$3,602.08	-\$3,216.70

6440	5635	4830	4830	4830
\$2,890.35	\$2,591.32	\$2,288.92	\$2,192.34	\$2,092.14
-\$1,786.39	-\$1,740.30	-\$1,684.63	-\$1,409.74	-\$1,124.56

139783	146772	154111	161817	169907
8387	8806	9247	9709	10194
-\$0.02	-\$0.02	-\$0.02	-\$0.02	-\$0.02
0	0	0	0	0
0	0	0	0	0
-1073.333333333333	-268.333333333334	536.666666666667	536.666666666667	536.666666666667
-2581.366666666667	-2651.133333333333	-2511.6	-2372.066666666667	-2232.533333333333

Sheet1

-\$45,532.10	-\$47,272.39	-\$48,957.02	-\$50,366.76	-\$51,491.32
\$83,282.78	\$88,042.53	\$93,395.74	\$99,368.75	\$105,989.10
39.42%	29.95%	24.41%	20.80%	18.29%

4	5	6	7	8
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
\$127,028.49	0	0	0	0
-\$1,786.39	\$133,574.63	0	0	0
-\$1,786.39	-\$1,740.30	\$140,668.13	0	0
-\$1,786.39	-\$1,740.30	-\$1,684.63	\$148,325.77	0
-\$1,786.39	-\$1,740.30	-\$1,684.63	-\$1,409.74	\$156,355.86
-\$1,786.39	-\$1,740.30	-\$1,684.63	-\$1,409.74	-\$1,124.56
-\$1,786.39	-\$1,740.30	-\$1,684.63	-\$1,409.74	-\$1,124.56

5	6	7	8	9
29.95%	24.41%	20.80%	18.29%	16.45%
-15.17%	-10.48%	-6.92%	-4.17%	-2.01%
-9.19%	-5.26%	-2.40%	-0.25%	1.41%
-4.23%	-0.96%	1.34%	3.01%	4.27%
0.05%	2.74%	4.56%	5.83%	6.75%
3.83%	6.01%	7.40%	8.32%	8.96%
7.23%	8.94%	9.95%	10.57%	10.95%
10.34%	11.61%	12.28%	12.62%	12.78%
13.22%	14.08%	14.43%	14.52%	14.47%
15.89%	16.38%	16.43%	16.29%	16.06%
18.41%	18.53%	18.31%	17.95%	17.55%
20.78%	20.57%	20.09%	19.53%	18.96%
23.03%	22.50%	21.77%	21.02%	20.30%
25.18%	24.34%	23.38%	22.45%	21.59%
27.24%	26.10%	24.92%	23.82%	22.83%
29.21%	27.79%	26.40%	25.14%	24.02%
31.12%	29.41%	27.83%	26.41%	25.17%
32.95%	30.99%	29.21%	27.64%	26.28%


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-Ty Hughes  
11/27/83

|       |       |
|-------|-------|
| ===== | ===== |
| 9     | 10    |
| ===== | ===== |

|                  |                  |
|------------------|------------------|
| -----            | -----            |
| \$13,739.00      | \$13,739.00      |
| 13138.2628838906 | 13663.7933992463 |
| -\$0.00          | -\$0.00          |
| 2216             | 2327             |
| \$13,739.00      | \$13,739.00      |
| -\$2,816.92      | -\$2,402.20      |

|            |            |
|------------|------------|
| -----      | -----      |
| 4830       | 4025       |
| \$1,988.20 | \$1,671.07 |
| -\$828.72  | -\$731.13  |

|                  |                   |
|------------------|-------------------|
| -----            | -----             |
| 178403           | 187323            |
| 10704            | 11239             |
| -\$0.02          | -\$0.02           |
| 0                | 0                 |
| 0                | 0                 |
| 536.666666666667 | 1341.66666666667  |
| -2093            | -1744.16666666667 |

|              |              |
|--------------|--------------|
| -\$52,320.04 | -\$53,051.17 |
| \$113,285.56 | \$121,288.19 |
| 16.45%       | 15.07%       |

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|              |              |
|--------------|--------------|
| 9            | 10           |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| 0            | 0            |
| \$164,776.88 | 0            |
| -\$828.72    | \$173,608.23 |

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- 10
- 15.07%
- 0.27%
- 2.72%
- 5.24%
- 7.45%
- 9.41%
- 11.19%
- 12.83%
- 14.36%
- 15.79%
- 17.13%
- 18.42%
- 19.64%
- 20.81%
- 21.94%
- 23.02%
- 24.08%
- 25.10%