

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

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

SL=1 ACRS=0

Total mo. PI:

=====

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

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Depreciation  
Tax Savings  
A/T Cash Flow

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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

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	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                  |
| -4293.333333333333 | -2683.333333333333 | -1878.333333333333 |
| -1116.266666666667 | -1813.933333333333 | -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

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{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
=====	=====

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\$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

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

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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%