

BECOME THE ULTIMATE INVESTMENT & COMMERCIAL REAL ESTATE CONSULTANT WITH THE ANALYZRE TOOLS!

Be able to answer your investors' questions in a matter of minutes instead of days! The AnalyzRE TOOLS will empower you as the go-to guru in handling your client's Investment & Commercial Real Estate concerns. Find the Maximum Value for a Parcel of Land, Compare Alternate Investments with your Subject Income Property, See the Necessary Cap Rate to Satisfy your Clients' Cash-on-Cash Expectations, and so much more! You can...

- * Compare 4 Economic Benefits of R.E. Ownership vs. Alternative Investments
- * Find the Maximum Value for a Parcel of Land (for Commercial & Residential)
- * Find the Loan Constant for any Loan, Amortization Period & Interest Rate
- * Find the Maximum Loan Obtainable Based on Debt Coverage Ratio (DCR)
- * Find the Internal Rate of Return (IRR) on any Series of Cash Flows
- * Find the Cap Rate Required for a Specific Cash-on-Cash Demand
- * Calculate the Tax Consequence on the Sale of an Investment Property
- * Loan Payment & Amortization Table Calculator
- * Variable Interest Loan Amortization Schedules
- * Loan Paydown Analysis

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Tax Consequence or Net Proceeds on Sale of an Investment Property

| | |
|----|---|
| 1 | \$1,000,000 Initial Purchase Price & 1% Basis |
| 2 | \$700,000 Current Adjusted Basis (and 8 improvements) |
| 3 | \$300,000 Federal Depreciation Respective Amount (Line 1 - Line 2) |
| 4 | \$1,400,000 Current Market Value of Sales Price |
| 5 | \$600,000 Current Cash Sales Proceeds |
| 6 | \$800,000 Gross Profit (Line 4 - Line 5) |
| 7 | \$450,000 Sales State Marginal Income Tax Burden |
| 8 | \$350,000 Net Federal Capital Gains Taxable |
| 9 | \$67,500 Net Federal Depreciation Recapture Rate |
| 10 | \$272,500 Net Proceeds before Tax (Line 6 - Line 7 - Line 8 - Line 9) |
| 11 | \$272,500 Total Taxes Due (Line 14 - Line 16 - Line 17) |
| 12 | \$45,425 Taxes as a percentage of total Gain (Line 18/Line 13) |
| 13 | \$227,075 Net Proceeds to Seller (Line 6 - Line 11 - Line 18) |
| 14 | \$227,075 Total Taxes Due (Line 14 - Line 16 - Line 17) |
| 15 | \$45,425 Taxes as a percentage of total Gain (Line 18/Line 13) |
| 16 | \$181,650 Net Proceeds to Seller (Line 6 - Line 11 - Line 18) |
| 17 | \$181,650 Net Proceeds to Seller (Line 6 - Line 11 - Line 18) |
| 18 | \$45,425 Taxes as a percentage of total Gain (Line 18/Line 13) |
| 19 | \$136,225 Net Proceeds to Seller (Line 6 - Line 11 - Line 18) |
| 20 | \$136,225 Net Proceeds to Seller (Line 6 - Line 11 - Line 18) |

Notes: Computations do not take into effect AMT Tax consequences. This analysis is not intended to be a substitute for consulting with your accountant. It is only designed to give you an approximate for comparison at best of sale.

Maximum Loan Amount for a Commercial Investment Property

The following real estate calculator can be used to calculate the maximum loan a lender would be willing to make when debt coverage ratio * factor controls the loan amount.

| | | |
|----------------|-----------------------------|-----------------------|
| Apartment | Property Type | 10.71 GCR |
| \$2,050,000 | Value of Property | |
| \$185,000 | Gross Schedule Income | |
| \$200% | Vacancy Factor | |
| \$185,000 | Gross Operating Income | |
| \$185,000 | Operating Expenses | |
| \$0 | Net Operating Income | |
| \$116,907 | Debt Coverage Ratio | |
| 1.2 | Annual Interest Rate | |
| 6.50% | Amortization Period (years) | |
| 30 | Monthly Loan Payment | |
| \$8,118.54 | Maximum Loan Amount | 0.137% of Sales Price |
| \$1,284,441.13 | Maximum Loan Amount | 0.137% of Sales Price |

* Debt coverage ratio varies depending on property type, quality of tenants, overall lender attitude and many other factors. A relative value range to use is 1.10 to 2.00. If you click on the following web link, you will find list of debt coverage ratios used by most lenders.

4 Economic Benefits of Income Producing Real Estate Vs Return on Alternative Investments

| | Income Property | Alternative Investment |
|--|-----------------|------------------------|
| Sales Price | \$2,895,000 | \$628,500 |
| 1st Loan | \$1,468,500 | \$628,500 |
| 2nd Loan | \$628,500 | \$628,500 |
| Down Payment or Alternative Investment | \$790,710 | \$628,500 |
| Gross Schedule Income (Annual) | \$181,175 | \$628,500 |
| Vacancy (% of GSI) | (\$2,744) | \$628,500 |
| Gross Operating Income | \$178,431 | \$628,500 |
| Operating Expenses (% of GSI) | (\$111,231) | \$628,500 |
| Net Operating Income | \$67,200 | \$628,500 |
| P & I 1st Loan | \$7,200 | \$628,500 |
| P & I 2nd Loan | \$7,200 | \$628,500 |
| Cash Flow before Income Taxes | \$52,800 | \$628,500 |
| Appreciation factor or all rate of return | 34.00% | 8.00% |
| Amount of property depreciable | \$7,200 | \$628,500 |
| Property depreciation schedule | \$18,391 | \$628,500 |
| Marginal income tax bracket | \$83,590 | \$628,500 |
| Cash Flow before taxes | \$117,890 | \$628,500 |
| Income Tax Savings (Taxes) Cash Flow Down by | \$50,289 | \$628,500 |
| Depreciation | \$117,890 | \$628,500 |
| Total Return | 18.72% | 8.00% |
| Rate of Return on Investment | 18.72% | 8.00% |

