



**SAMPLE Return on Equity Analysis and Investment Options**

	(1) Property #1 (Current Scenario)	(2) Refinance Scenario (Rate & Term)	(3) Refinance Scenario (Max Cash Out)	(4) Refinance/Acquisition Property #2 acquisition	(5) Exchange Scenario
<b>Property Address</b>	12345 B Street	12345 B Street	12345 B Street	Property X	Property Y
<b>City, State</b>	Long Beach, CA. 90803	Long Beach, CA. 90803	Long Beach, CA. 90803		
Estimated Value (Real Estate Asset)	\$2,630,000	\$2,630,000	\$2,630,000	\$1,230,000	\$3,885,000
Existing Financing / Loan Amount	\$1,200,000	\$1,220,000	\$1,630,600	\$799,500	\$2,525,250
Cap Rate	5.48%	5.48%	5.48%	6.50%	6.50%
Loan to Value %	46%	46%	62%	65%	65%
<b>Gross Equity</b>	<b>\$1,430,000</b>	<b>\$1,410,000</b>	<b>\$999,400</b>	<b>\$430,500</b>	<b>\$1,359,750</b>
Cash Down Payment	N/A	N/A	N/A	\$430,500	\$1,359,750
<b>Available Capital for Re-Investment</b>	<b>\$1,430,000</b>	\$1,410,000	<b>\$999,400</b>	N/A	N/A
Closing Costs / Rehab	N/A	\$20,000	\$15,000	\$20,000	\$70,000
Available Capital for 1031 Exchange	\$1,430,000	\$1,410,000	\$999,400	N/A	N/A
Available Refinance Capital	\$999,400	\$999,400	N/A	N/A	N/A
Interest Rate	6.000%	6.000%	6.000%	6.000%	6.000%
Amortization	240	360	360	360	360
Net Operating Income	\$144,000	\$144,000	\$144,000	\$79,950	\$252,525
Debt Service	(\$103,166)	(\$87,774)	(\$117,315)	(\$57,521)	(\$181,682)
(a) Pre-Tax Cash Flow	\$40,834	\$56,226	\$26,685	\$22,429	\$70,843
<b>% ROE (cash on cash return)</b>	<b>2.86%</b>	<b>3.99%</b>	<b>2.67%</b>	<b>5.21%</b>	<b>5.21%</b>
<i>(b) Principal Reduction</i>	\$31,166	\$14,574	\$19,479	\$9,551	\$30,167
<i>(c) Depreciation</i>	\$24,000	\$24,000	\$24,000	\$29,073	\$67,827
<i>Taxable Income (a+b)-c</i>	\$48,000	\$46,800	\$22,164	\$2,907	\$33,183
<i>Estimated Tax Bracket</i>	33%	33%	33%	33%	33%
<i>Estimated Tax Liability</i>	\$15,840	\$15,444	\$7,314	\$959	\$10,950
<b>*After Tax Cash Flow</b>	<b>\$24,994</b>	<b>\$40,782</b>	<b>\$19,371</b>	<b>\$21,470</b>	<b>\$59,893</b>
<b>*After Tax Return on Equity</b>	<b>1.75%</b>	<b>2.89%</b>	<b>1.94%</b>	<b>4.99%</b>	<b>4.40%</b>

(1) Option #1: Current analysis with existing loan with low return on equity and depleted depreciation. Existing financing on 10 yr term of amortization with 20 yrs remaining.

(2) Option #2: Rate & term refinance to secure new amortization schedule with lower rate to improve cash flow.

(3) Option #3: Maximum cash out refinance to raise capital to acquire additional investment (property #2 acquisition). Total real estate assets increased.

(4) Option #4: Scenario of additional investment acquisition with proceeds from scenario #3. New depreciation schedule and leveraged equity.

(5) Option #5: Scenario for 1031 exchange to maximize equity and cash flow with increased depreciation schedule.

Note: Please consult with your tax professional for accurate estimates for after tax scenarios, depreciation basis estimates and your potential capital gain liability.