



Provided By: William 'Yon' Regan 303-548-3634 800-480-0741 yon.regan@comcast.net

### Loan Analysis/ROI Comparison

Project	Office Building
Size	20,000 Sq. Ft.
Project Value	\$2,200,000
Land Cost	\$300,000
Construction Cost	\$1,900,000
Cap Rate	6.6
Loan Terms	8% - 15 Year Amortization - 80% LTV
Loan Amount	\$1,760,000
Investment	\$440,000

		Year One		Year One	
		<u>39 Year Straight Line Depreciation</u>		<u>Cost Segregation Depreciation</u>	
			ROI		ROI
Rent	\$16 psf	\$320,000		\$320,000	
Operating Expenses	\$8 psf	(\$160,000)		(\$160,000)	
Vacancy	5.00%	(\$16,000)		(\$16,000)	
Net Operating Income		<u>\$144,000</u>		<u>\$144,000</u>	
Annual Debt Service		<u>\$118,000</u>		<u>\$118,000</u>	
Excess Cash Flow		\$26,000	<b>5.9</b>	\$26,000	5.9
Debt Service Coverage		1.22		1.22	
Depreciation		<u>\$48,717.95</u>		<u><b>\$203,731.00</b></u>	
Estimated tax rate		36%		36%	
Tax Savings Benefit		\$17,538.46		\$73,343.16	
After Tax and Debt Service Cash Flow		\$43,538.46	9.9	<b>\$99,343.16</b>	<b>22.6</b>
After Tax Debt Service Coverage		1.37		<b>1.84</b>	

The increased after-tax cash flow to the borrower in the first year is \$55,805.



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### Loan & Cash Flow Analysis

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			<b>ROI</b>
<b>Rent</b>	<b>\$16 psf</b>	<b>\$320,000</b>	
<b>Operating Expenses</b>	<b>\$8 psf</b>	<b>(\$160,000)</b>	
<b>Vacancy</b>	<b>5.00%</b>	<b>(\$16,000)</b>	
<b>Net Operating Income</b>		<b>\$144,000</b>	
<b>Annual Debt Service</b>		<b>\$118,000</b>	
<b>Excess Cash Flow</b>		<b>\$26,000</b>	<b>5.9</b>
<b>Debt Service Coverage</b>		<b>1.22</b>	

#### 39 Year Straight Line Depreciation

Depreciation	<u>\$48,717.95</u>	
Estimated tax rate	36%	
Tax Savings Benefit	\$17,538.46	
After Tax and Debt Service Cash Flow	\$43,538.46	9.9
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	Year One <u>39 Year Straight Line Depreciation</u>		Year One <u>Cost Segregation Depreciation</u>	
		ROI		ROI
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Operating Expenses \$8 psf	(\$160,000)		(\$160,000)	
Vacancy 5.00%	(\$16,000)		(\$16,000)	
Net Operating Income	<u>\$144,000</u>		<u>\$144,000</u>	
Annual Debt Service	<u>\$118,000</u>		<u>\$118,000</u>	
Excess Cash Flow	\$26,000	<b>5.9</b>	\$26,000	5.9
Debt Service Coverage	1.22		1.22	
Depreciation	<u>\$48,717.95</u>		<u><b>203,731</b></u>	
Estimated tax rate	36%		36%	
Tax Savings Benefit	\$17,538.46		73,343	
After Tax and Debt Service Cash Flow	\$43,538.46	9.9	<b>99,343</b>	<b>22.6</b>
After Tax Debt Service Coverage	1.37		<b>1.84</b>	

The increased after-tax cash flow to the borrower in the first year is \$55,805.