

HANDOUTS

Triple Play 2018

By Tom Lundstedt
www.tomlundstedt.com
920/854-7046

*"Does Your Rental Property
Still Measure Up"*

*"Capture Your Share
of the Real Estate Investor Market"*

*"Big League Hardball:
A Workshop for
Commercial-Investment Practitioners"*

<p>This material is designed to provide information in regard to the subject matter covered. It is offered with the understanding that the instructor is not engaged in rendering legal or accounting services. If legal or accounting advice is required, the services of a competent professional should be sought.</p>

Tom Lundstedt Seminars • Sister Bay, WI • 920/854-7046
www.tomlundstedt.com

• **Think of a rental property as a "money machine" with three main parts:**

- 1.
- 2.
- 3.

I. Analyzing a rental property before you buy:

A. There are four financial benefits of owning a rental property:

- 1.
- 2.
- 3.
- 4.

Depreciation rules:

Years

Land:

Personal property:

Residential rental building:

Non-residential rental building:

Land improvements:

Example:

	<u>Year 1</u>	<u>Year 2</u>
Personal property:	20%	32%
Residential building	3.48%	3.64%
Land improvements	5%	9.5%

Case study #1

You are in the process of purchasing a small apartment building, which has a cost of \$700,000. Your accountant has advised you to use the assessor's land/building ratio of 20% for land and 80% for building.

Calculate your depreciation for the first two years (assume a January purchase).

Before the closing you attend a webinar taught by some guy who talked about bifurcating. He really got your attention when he showed you how to depreciate personal property and land improvements.

Re-calculate the depreciation on your small apartment building by assuming the personal property value and land improvements are each 10% of your \$700,000 purchase cost. How much extra depreciation does this method provide? How much extra tax do you save (35% state and federal bracket)?

Case Study #2

You have a client who has owned a rental duplex for the past 16 years and believes it's a great investment. He plans to retire in another 15 years, or so, and use the duplex to provide a large part of his retirement income. You offer to do a "Return on Equity Analysis" for him. He's not quite sure what you're talking about but figures, what the heck, it's free! Here's what you learn:

Current value:	\$100,000
Current loans:	42,000 @ 9% @ 441 / month
Current annual rent:	14,400 / year
Vacancy:	About 6%
Operating expenses:	4900.00 (from schedule E)
This year's interest payments total:	3716.00
Total depreciation for this year:	2100.00 (from schedule E)
Transaction costs (if he were to sell)	8%
Tax bracket:	35%

- Please calculate your client's "net equity." (It's the amount he'd walk away from the closing with, if he sold.)
- Use the Investment Property Worksheet to calculate his return on equity.
- What suggestions would you make to him?

Case study #3

You are in the process of purchasing a small apartment building, which has a cost of \$500,000. Your accountant has advised you to use the assessor's land/building ratio of 20% for land and 80% for building.

Calculate your depreciation for the first two years (assume a January purchase).

Before the closing you attend a seminar taught by some guy who talked about bifurcating. He really got your attention when he showed you how to depreciate personal property and land improvements.

Re-calculate the depreciation on your small apartment building by assuming the personal property value and land improvements are each 10% of your \$500,000 purchase cost. How much extra depreciation does this method provide? How much extra tax do you save (35% state and federal bracket)? How long will it take you to get a new accountant?

Case Study #4

You receive a phone call from an investor who is interested in one of your listings. The investor says she will purchase the property if she can receive a 10% cash on cash return. Given the following information, what price will meet the investor's goal:

Property type:	Strip shopping center
Net operating income:	50,000
Available financing:	25% down, 10% interest, 15 year amortization

Case Study #5

You are considering the purchase of a rental house that generates a net operating income of \$7,000. Your banker says the available financing will require 20% down payment, 9% interest and will be amortized over 20 years. If you desire 10% cash on cash what price would you pay?

- What if the market was such that buyers were happy to merely break even (zero CFBT)?
- What if the market was so strong the buyers were willing to buy with negative CFBT of \$2000?

II. Passive Loss Rules

A. Current rules (began in 1987):

B. Exception (began in 1994):

III. How to value a rental property or business

A. Gross multiplier

1. Formula:

2. Limitation: Does not take into account _____

B. Capitalization rate

1. Formula:

2. Limitation: Does not take into account _____

C. Cash on cash

1. Formula:

Case Study #6

Your dentist has told you he owns a great little office building across the street from his dental practice. He says he bought it about 12 years ago and it's been a wonderful investment - more than doubling in value.

You ask him if he knows his return on equity and he doesn't know what you're talking about. You agree to meet at your office in a couple days to explain but in the meantime you learn the following:

Current value:	\$1,000,000
Current loans:	280,000 @ 7% @
1,900 / month	
Current rent:	9,000 per month
Vacancy:	9%
Operating expenses:	37,800
Total depreciation for this year:	10,100
This year's interest	19,495
Transaction costs (if he were to sell)	8%
Tax bracket:	35%

- Please calculate his "net equity." (It's the amount he'd walk away from the closing with, if he sold.)
- Use the Investment Property Worksheet to calculate his return on equity.

Case Study #7

Last year you bought a furnished condo in Scottsdale, Arizona for \$220,000 to use as a rental unit. Your accountant advised you that your share of the land (common area) is probably about \$20,000 so the building would be \$200,000.

How much depreciation and tax savings (35% state and federal tax bracket) would you receive in the first two years?

But you are a lean, mean bifurcating machine and you know that you should separate the \$220,000 purchase cost into four items. Assume the personal property is \$30,000 and your share of the land improvements total \$18,000.

NOW, how much depreciation and tax savings (35% state and federal tax bracket) would you receive in the first two years?

IV. Calculating Your Taxable Gain

A. Adjusted basis = _____
 + _____
 - _____
 = Adjusted basis

B. Gain = _____
 - _____
 - _____
 = Gain

When selling an investment property it's very important for the Seller to _____. The best place to _____ is on the _____. Here's why:

V. Capital gain tax rates:

For sales of long-term capital assets held longer than _____ months the maximum capital gains tax-rate (federal) is now _____. However, any portion of the gain resulting from depreciation deductions on real property is taxed at a maximum rate of _____. Any portion of the gain resulting from depreciation deductions on personal property is taxed as ordinary income and could rise to a maximum rate of _____. Keep in mind these rates are for the federal tax only. The state tax would be in addition to these amounts!

Case Study #8

Several years ago you purchased a small strip shopping center for a cost of \$200,000.

After many years of ownership you sell the property for \$325,000. Your cost of sale is 8%, your mortgage balance is \$120,000 and you took a total of \$49,000 in depreciation over the years. Please calculate your adjusted basis, gain and tax. (assume you're in a 30% tax bracket (combined State and Federal)).

VI. "Exchanging" is really not a good description of the process. It should really be called _____.

Exchange Definitions

- A. Like kind property: Property held for _____ or use in a _____.
- B. Un-like kind property:
 - 1. Cash
 - 2. Boot: _____
 - 3. Net loan relief: When you owe _____ after the exchange than you did before the exchange.
- C. The net sale proceeds are placed in a _____ escrow.
- D. Delayed exchanges (Starker):
 - 1. There are two "time" requirements:
 - a. You have 45 days from the day of "sale" to _____ the replacement property.
 - b. You have 180 days from the day of "sale" to _____ the replacement property.
- E. Can you identify more than one property? _____
 - 1. You can identify _____ properties of any value, or
 - 2. You can identify any number of properties as long as their combined value is not greater than _____% of the sale price of your old property, or
 - 3. You can identify any number or value of properties as long as you actually acquire _____% of the combined value of the properties identified, or
 - 4. You can identify any number and value of properties as long as you acquire them within the _____ day deadline.

Case study #9

You are considering the purchase of the following apartment building but you know that you must analyze "the numbers" before you make your decision. Please calculate your first year benefits.

Purchase cost:	\$390,000
Cash invested:	\$84,000
Financing:	\$306,000 @ 7% @ \$2,036 per month P&I
Annual rent:	\$59,700
Vacancy rate:	5%
Tax bracket:	35% (combined State and Federal)
Land value:	15% of purchase cost
Personal property value:	10% of purchase cost
Building value:	65% of purchase cost
Land improvements:	10% of purchase cost
First year interest:	\$21,321
Purchase date:	January

Expenses:			
Insurance	\$1400	R. E. Tax:	\$8400
Repairs:	\$2200	Utilities:	\$6600
Advertising	\$800	Supplies	\$450
Paint/cleaning	\$1300	Caretaker	\$5500

Cash flow before tax =

Principal reduction =

Tax savings =

Case Study #10

Your Uncle Louie is a blowhard who considers himself to be a great real estate investor. At every Thanksgiving family gathering he's always bragging about what a genius he is when it comes to making money.

Last year Louie was telling anybody who would listen (even the dog tried to leave the room) about the great rental house he bought 30 years ago. It's paid for and produces "lots of cash flow."

You know it's going to be the same story at this year's family gathering but, this time, you're going to be ready for Uncle Louie. After talking with Louie's son you learn the following about the rental house:

Current value:	\$120,000
Current loans:	Zero
Current rent:	1,100 per month
Vacancy:	1 month rent
Operating expenses:	
Property tax	1,900
Repairs	800
Insurance	494
Water	160
Advertising	100
Supplies	200
Total depreciation for this year:	the property has been fully depreciated
Transaction costs (if he were to sell):	8%
Tax bracket:	35%

- Please calculate Louie's "net equity." (It's the amount he'd walk away from the closing with, if he sold.)
- Use the Investment Property Worksheet to calculate his return on equity.
- What suggestions would you make to him?

Warm up exercise #1:

Your brother says he found a beautiful, little apartment building. But he's not sure if it's a good deal or not. Please calculate the first year benefits and rate of return.

Purchase cost:	\$520,000
Cash invested:	\$72,000
Financing:	\$448,000 @ 9.5% @ \$3,780 per month
Annual rent:	\$86,640
Vacancy rate:	5%
Operating expenses:	\$31,248
Tax bracket:	35% (combined State and Federal)
Land value:	\$68,600
Personal property value:	\$45,000
Building value:	\$350,000
Land improvements:	\$56,400
First year interest:	\$42,435
Purchase date:	January

To calculate the annual loan factor for terms not shown determine the monthly payment for a \$1 mortgage and multiply by 12

ANNUAL LOAN FACTOR TABLE **(ASSUMING MONTHLY PAYMENTS)**

30 YEARS

RATE FACTOR

11.00	0.1142788
10.75	0.1120178
10.50	0.1097687
10.25	0.1075322
10.00	0.1053086
9.75	0.1030985
9.50	0.1009025
9.25	0.0987211
9.00	0.0965547
8.75	0.0944040
8.50	0.0922696
8.25	0.0901520
8.00	0.0880517
7.75	0.0859695
7.50	0.0839057
7.25	0.0818612
7.00	0.0798363

25 YEARS

RATE FACTOR

11.00	0.1176136
10.75	0.1154511
10.50	0.1133018
10.25	0.1111660
10.00	0.1090441
9.75	0.1069365
9.50	0.1048436
9.25	0.1027658
9.00	0.1007036
8.75	0.0986572
8.50	0.0966273
8.25	0.0946140
8.00	0.0926179
7.75	0.0906395
7.50	0.0886789
7.25	0.0867368
7.00	0.0848135

20 YEARS

RATE FACTOR

11.00	0.1238626
10.75	0.1218275
10.50	0.1198056
10.25	0.1177972
10.00	0.1158026
9.75	0.1138220
9.50	0.1118557
9.25	0.1099040
9.00	0.1079671
8.75	0.1060453
8.50	0.1041388
8.25	0.1022479
8.00	0.1003728
7.75	0.0985138
7.50	0.0966712
7.25	0.0948451
7.00	0.0930359

15 YEARS

RATE FACTOR

11.00	0.1363916
10.75	0.1345138
10.50	0.1326479
10.25	0.1307941
10.00	0.1289526
9.75	0.1271235
9.50	0.1253070
9.25	0.1235031
9.00	0.1217120
8.75	0.1199338
8.50	0.1181687
8.25	0.1164168
8.00	0.1146783
7.75	0.1129531
7.50	0.1112415
7.25	0.1095435
7.00	0.1078594

Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost \$ 520,000
 Cash invested \$ 72,000
 Financing: Amount 448,000 Rate 9.5% P&I 3,780 per month $\times 12 = 45,360$
 Financing: Amount _____ Rate _____ P&I _____ per month

Land value \$ _____ Depreciation _____
 Personal property value \$ _____ \times _____ % = \$ _____
 Building value \$ _____ \times _____ % = \$ _____
 Land improvement value \$ _____ \times _____ % = \$ _____
 Total depreciation \$ 24,000
 Annual rent 86,640 Less vacancy 5% = Gross operating income 82,308

Annual operating expenses

Real estate tax	_____	Insurance	_____
Repairs	_____	Utilities	_____
Association dues	_____	Advertising	_____
Management	_____	Supplies	_____
Miscellaneous	_____	Miscellaneous	_____

Total operating expenses \$ 31,248

I. Gross operating income \$ 82,308
 Minus: operating expenses - \$ 31,248
 Equals: net operating income = \$ 51,060
 Minus: annual debt service (monthly P&I $\times 12$) - \$ 45,360
 Equals: cash flow before tax = \$ 5,700
 II. Annual debt service \$ 45,360
 Minus: interest - \$ 42,434
 Equals: principal reduction = \$ 2,926
 III. Net operating income \$ 51,060
 Minus: interest - \$ 42,434
 Minus: total depreciation - \$ 24,000
 Equals: taxable income = \$ (15,374)
 Multiplied by tax bracket \times 35%
 Equals: tax paid or saved = \$ 5,381
 IV. Appreciation (estimate) \$ 0

Return on investment with appreciation

Cash flow before tax + Principal reduction + Tax saved + Appreciation = _____ %

Cash invested

Return on investment without appreciation

Cash flow before tax + Principal reduction + Tax saved = $5,700 + 2,926 + 5,381 = 14,007$ %

Cash invested 72,000

Capitalization rate

Net operating income = _____ %

Purchase cost

Cash on cash

Cash flow before tax = _____ %

Cash invested

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost	\$ _____
Cash invested	\$ _____
Financing: Amount _____ Rate _____ P&I _____ per month	
Financing: Amount _____ Rate _____ P&I _____ per month	
Land value	\$ _____
Personal property value	\$ _____ x _____ % = \$ _____
Building value	\$ _____ x _____ % = \$ _____
Land improvement value	\$ _____ x _____ % = \$ _____
Total depreciation	\$ _____
Annual rent _____ Less vacancy _____ = Gross operating income _____	
Annual operating expenses	
Real estate tax _____	Insurance _____
Repairs _____	Utilities _____
Association dues _____	Advertising _____
Management _____	Supplies _____
Miscellaneous _____	Miscellaneous _____
Total operating expenses	\$ _____

I. Gross operating income	\$ _____
Minus: operating expenses	- \$ _____
Equals: net operating income	= \$ _____
Minus: annual debt service (monthly P&I x 12)	- \$ _____
Equals: cash flow before tax	= \$ _____
II. Annual debt service	\$ _____
Minus: interest	- \$ _____
Equals: principal reduction	= \$ _____
III. Net operating income	\$ _____
Minus: interest	- \$ _____
Minus: total depreciation	- \$ _____
Equals: taxable income	= \$ _____
Multiplied by tax bracket	x _____ %
Equals: tax paid or saved	= \$ _____
IV. Appreciation (estimate)	\$ _____

Return on investment with appreciation

Cash flow before tax + Principal reduction + Tax saved + Appreciation = _____ %

Cash invested

Return on investment without appreciation

Cash flow before tax + Principal reduction + Tax saved = _____ %

Cash invested

Capitalization rate

Net operating income = _____ %

Purchase cost

Cash on cash

Cash flow before tax = _____ %

Cash invested

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost \$ _____
 Cash invested \$ _____
 Financing: Amount _____ Rate _____ P&I _____ per month
 Financing: Amount _____ Rate _____ P&I _____ per month

Land value \$ _____ Depreciation
 Personal property value \$ _____ x _____ % = \$ _____
 Building value \$ _____ x _____ % = \$ _____
 Land improvement value \$ _____ x _____ % = \$ _____
 Total depreciation \$ _____

Annual rent _____ Less vacancy _____ = Gross operating income _____

Annual operating expenses

Real estate tax	_____	Insurance	_____
Repairs	_____	Utilities	_____
Association dues	_____	Advertising	_____
Management	_____	Supplies	_____
Miscellaneous	_____	Miscellaneous	_____

Total operating expenses \$ _____

I. Gross operating income \$ _____
 Minus: operating expenses - \$ _____
 Equals: net operating income = \$ _____
 Minus: annual debt service (monthly P&I x 12) - \$ _____
 Equals: cash flow before tax = \$ _____
 II. Annual debt service - \$ _____
 Minus: interest - \$ _____
 Equals: principal reduction = \$ _____
 III. Net operating income \$ _____
 Minus: interest - \$ _____
 Minus: total depreciation - \$ _____
 Equals: taxable income = \$ _____
 Multiplied by tax bracket x _____ %
 Equals: tax paid or saved = \$ _____
 IV. Appreciation (estimate) \$ _____

Return on investment with appreciation

Cash flow before tax + Principal reduction + Tax saved + Appreciation = _____ %

Cash invested

Return on investment without appreciation

Cash flow before tax + Principal reduction + Tax saved = _____ %

Cash invested

Capitalization rate

Net operating income = _____ %

Purchase cost

Cash on cash

Cash flow before tax = _____ %

Cash invested

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost	\$	390000	
Cash invested	\$	84000	
Financing:	Amount	306000	Rate 7% P&I 2036 per month
Financing:	Amount		Rate P&I per month
Land value	\$	58500	
Personal property value	\$	39000	x 20% = \$ 7800
Building value	\$	253500	x 3.48% = \$ 8823
Land improvement value	\$	39000	x 5% = \$ 1950
Total depreciation			\$ 18573
Annual rent	59700	Less vacancy 5%	= Gross operating income 56715
Annual operating expenses			
Real estate tax			
Repairs			
Association dues			
Management			
Miscellaneous			
Total operating expenses	\$	26650	
I. Gross operating income	\$	56715	
Minus: operating expenses	\$	26650	
Equals: net operating income	\$	30065	
Minus: annual debt service (monthly P&I x 12)	\$		
Equals: cash flow before tax	\$	24432	
II. Annual debt service	\$		
Minus: interest	\$		
Equals: principal reduction	\$	30065	
III. Net operating income	\$	21321	
Minus: interest	\$		
Minus: total depreciation	\$		
Equals: taxable income	\$		
Multiplied by tax bracket	x	35%	
Equals: tax paid or saved	\$		
IV. Appreciation (estimate)	\$		
Return on investment with appreciation			
Cash flow before tax + Principal reduction + Tax saved + Appreciation	=		%
Cash invested			
Return on investment without appreciation			
Cash flow before tax + Principal reduction + Tax saved	=		%
Cash invested			
Capitalization rate			
Net operating income	=		%
Purchase cost			
Cash on cash			
Cash flow before tax	=		%
Cash invested			

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Investment Property Worksheet

This form is designed to assist in estimating the first year benefits of a real estate investment. It does not consider the effect of selling or exchanging the property in the future. This form is not a substitute for legal or tax advice. Anyone contemplating the purchase of a real estate investment should seek the services of competent legal and tax advisors.

Purchase cost \$
~~Cash invested~~ **NET EQUITY** \$ 50,000
 Financing: Amount 42,000 Rate 9 P&I 441 per month
 Financing: Amount Rate P&I per month

Land value \$ Depreciation
 Personal property value \$ x % = \$
 Building value \$ x % = \$
 Land improvement value \$ x % = \$
 Total depreciation \$

Annual rent 14,400 Less vacancy 864 = Gross operating income 13,536

Annual operating expenses

Real estate tax

Repairs

Association dues

Management

Miscellaneous

Insurance

Utilities

Advertising

Supplies

Miscellaneous

Total operating expenses

\$ 4,900

I. Gross operating income

Minus: operating expenses

Equals: net operating income

Minus: annual debt service (monthly P&I x 12)

Equals: cash flow before tax

\$ 13,536

- \$ 4,900

= \$ 8,636

- \$ 5,292

= \$ 3,344

II. Annual debt service

Minus: interest

Equals: principal reduction

\$ 3,716

- \$ 3,716

= \$

III. Net operating income

Minus: interest

Minus: total depreciation

Equals: taxable income

Multiplied by tax bracket

Equals: tax paid or saved

\$ 8,636

- \$

- \$ 2,100

= \$

x %

= \$

IV. Appreciation (estimate)

\$

Return on investment with appreciation

Cash flow before tax + Principal reduction + Tax saved + Appreciation = %

Cash invested

Return on investment without appreciation

Cash flow before tax + Principal reduction + Tax saved = %

Cash invested

Capitalization rate

Net operating income = %

Purchase cost

Cash on cash

Cash flow before tax = %

Cash invested

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

“Float and Desire” Formula

The five ingredients are:

Loan factor	=	
LTV	=	
Down payment	=	
Cash on cash	=	
NOI	=	

Four step “recipe”:

1. Lender's return	=		x		=	
		(LTV)		(Loan factor)		
2. Buyer's return	=		x		=	
		(Down payment)		(Cash on cash)		
3. Add 'em up	=		+		=	
		(Lender's return)		(Buyer's return)		Cap rate
4. Value	=		+		=	
		(NOI)		(Cap rate)		Investment value

Double check:

				Investment value
minus				Down payment
equals				Loan amount
				Down payment
times				Cash on cash
equals				Cash flow before tax
				NOI
minus				Cash flow before tax
equals				Debt service
divided by				Loan factor
equals				Loan amount (loan amounts should be equal)

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

“Float and Desire” Formula

The five ingredients are:

Loan factor	=	
LTV	=	
Down payment	=	
Cash on cash	=	
NOI	=	

Four step “recipe”:

1. Lender's return	=		x		=	
		(LTV)		(Loan factor)		
2. Buyer's return	=		x		=	
		(Down payment)		(Cash on cash)		
3. Add 'em up	=		+		=	
		(Lender's return)		(Buyer's return)		Cap rate
4. Value	=		÷		=	
		(NOI)		(Cap rate)		Investment value

Double check:

				Investment value
minus				Down payment
equals				Loan amount
times				Down payment
equals				Cash on cash
				Cash flow before tax
minus				NOI
equals				Cash flow before tax
divided by				Debt service
equals				Loan factor
				Loan amount (loan amounts should be equal)

This material is designed to provide information about the subject matter covered. The accuracy of the information is not guaranteed. This material is sold or offered with the understanding that the author and/or publisher are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

"I learned more about real estate investing from Tom than I did in four years of college... and I majored in real estate!"

"Real Estate Investing Made Simple, Profitable...and Fun!"

**A Four-Part, "on-demand" Investment Seminar
presented by Tom Lundstedt**

The Series consists of four, individual 90-minute videos each with a different emphasis. Plus a 45 page Study Guide with worksheets.

- "Working with Investor BUYERS"
- "Working with Investor SELLERS"
- "How to Value a Rental Property"
- "When, Why and How to Do a 1031 Real Estate Exchange"

Unlimited access, 24/7. Just log in at your convenience.

Yes! Sign me up: (Please print clearly!)

Your Name: _____

Your Email Address: _____

Credit Card Number: _____

Expiration Date: _____ Security Code: _____

Billing Address: _____

Billing Zip Code: _____ Phone Number: _____