



Real Estate Analysis Example

Please see below for a summary of the investment return on your real estate:

1. Your Chicago rental produced negative cash flow of \$4,802 or -0.8% of the value of your real estate and your Atlanta rental produced a negative cash flow of \$892 or -0.3% of the value of your real estate.
2. You paid down \$10,972 of principal on your Chicago rental in 2016 or 1.8% of the value of your real estate and you paid down \$6,484 of principal on your Atlanta rental or 2.4% of the value of your real estate.
3. We have assumed no appreciation in the value of your property.
4. In 2016, your Chicago rental returned 1% on asset value and 3.9% of the equity and your Atlanta rental returned 2% of your asset value and 3.6% of your equity.

We recommend that you consider selling your real estate as it is not exceeding the return characteristics required by your financial plan. Please see the attached rental real estate analysis detail. You can always get real estate exposure through a diversified Real Estate Investment Trust. You may want to consider a 1031 like-kind exchange for income tax purposes.

Real Estate Return Analysis		
Property	Chicago Property	Atlanta Property
Gross Income	\$ 19,200	\$ 21,503
Advertising	\$ -	\$ -
Auto & Travel	\$ -	\$ 20
Cleaning & Maintenance	\$ -	\$ -
Commissions	\$ -	\$ 893
Insurance	\$ 565	\$ -
Legal & Professional Fees	\$ -	\$ -
Management Fees	\$ -	\$ 1,686
Mortgage Interest	\$ 6,266	\$ 6,514
Other Interest	\$ -	\$ -
Repairs	\$ 367	\$ 947
Supplies	\$ -	\$ 10
Taxes	\$ 3,295	\$ 4,181
Utilities	\$ -	\$ -
Depreciation	\$ 5,987	\$ 8,125
Other Expenses	\$ 2,537	\$ 1,660
Mortgage Principal Paid	\$ 10,972	\$ 6,484
Assets Placed in Service	\$ -	\$ -
Total Taxable Expenses	\$ 19,017	\$ 24,036
Total Cash Flow Expenses	\$ 24,002	\$ 22,395
Taxable Net Income	\$ 183	\$ (2,533)
Net Income from Cash Flow	\$ (4,802)	\$ (892)
Property Value 12/31/2015	\$ 625,000.00	\$ 275,000.00
Property Value 12/31/2016	\$ 625,000.00	\$ 275,000.00
Mortgage Balance 12/31/2016	\$ 466,000.00	\$ 120,000.00
Home Equity	\$ 159,000.00	\$ 155,000.00
Cash Flow Return	-0.8%	-0.3%
Principal Paydown Effect	1.8%	2.4%
Appreciation of Property	0%	0%
Return on Asset	1.0%	2.0%
Return on Equity	3.9%	3.6%

Monthly Mortgage Payment

\$2,419.00

\$837.00

These examples are for illustrative purposes only and should not be construed as individual advice.