

Adrian Apartments II1212 Main St
Atlanta GA 30304**Income Tax Analysis**
- Self-Directed AccountJeffrey Sandford
404-555-1212

Tax Analysis - Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income (NOI) from Report	\$ 156,110	\$ 159,445	\$ 162,848	\$ 166,322	\$ 169,867
Expense Portion of Capital Reserve	(2,500)	(2,525)	(2,550)	(2,576)	(2,602)
Tax Depreciation	(49,746)	(51,997)	(52,090)	(52,183)	(52,278)
Interest Expense - Mortgage #1	(74,554)	(78,082)	(74,461)	(70,589)	(66,446)
Operating Taxable Income (Loss)	<u>\$ 29,310</u>	<u>\$ 26,841</u>	<u>\$ 33,747</u>	<u>\$ 40,974</u>	<u>\$ 48,542</u>
Unrelated Debt-Financed Income (UDIF) %	68.50%	67.57%	66.41%	64.94%	63.12%
Unrelated Debt-Financed Income (UDIF)	20,077	18,136	22,412	26,610	30,637
UBIT Deduction	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Unrelated Business Taxable Income (UBIT)	<u>\$ 19,077</u>	<u>\$ 17,136</u>	<u>\$ 21,412</u>	<u>\$ 25,610</u>	<u>\$ 29,637</u>
UBIT Expense	<u>\$ (6,798)</u>	<u>\$ (6,002)</u>	<u>\$ (7,755)</u>	<u>\$ (9,476)</u>	<u>\$ (11,128)</u>

Tax Analysis - Property Sale	Year 1	Year 2	Year 3	Year 4	Year 5
Adjusted Projected Sales Price	\$ 1,834,293	\$ 1,873,475	\$ 1,913,467	\$ 1,954,283	\$ 1,995,941
Original Cost of Property	(1,775,000)	(1,775,000)	(1,775,000)	(1,775,000)	(1,775,000)
Less: Funded Reserves	(2,500)	(5,025)	(7,575)	(10,151)	(12,753)
Gain (Loss) on Property	<u>\$ 56,793</u>	<u>\$ 93,450</u>	<u>\$ 130,891</u>	<u>\$ 169,132</u>	<u>\$ 208,189</u>
Accumulated Depreciation/Amortization	49,746	101,743	153,833	206,016	258,294
Taxable Gain (Loss) on Property Sale	<u>\$ 106,539</u>	<u>\$ 195,194</u>	<u>\$ 284,724</u>	<u>\$ 375,148</u>	<u>\$ 466,483</u>
Unrelated Debt-Financed Income (UDIF) %	69.89%	69.10%	68.11%	66.81%	65.18%
Unrelated Debt-Financed Income (UDIF)	74,463	134,888	193,913	250,652	304,073
Unrelated Business Taxable Income (UBIT)	<u>\$ 74,463</u>	<u>\$ 134,888</u>	<u>\$ 193,913</u>	<u>\$ 250,652</u>	<u>\$ 304,073</u>
Capital Gain & State Rate on Sale	21.00%	21.00%	21.00%	21.00%	21.00%
UBIT Tax	(15,637)	(28,326)	(40,722)	(52,637)	(63,855)
Unrecaptured Section 1250 Tax (if any)	(3,477)	(7,031)	(10,477)	(13,765)	(16,837)
UBIT Expense from Sale	<u>\$ (19,114)</u>	<u>\$ (35,357)</u>	<u>\$ (51,199)</u>	<u>\$ (66,402)</u>	<u>\$ (80,692)</u>

Adrian Apartments II1212 Main St
Atlanta GA 30304**Income Tax Analysis**
- Self-Directed AccountJeffrey Sandford
404-555-1212

Tax Analysis - Operations	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income (NOI) from Report	\$ 173,486	\$ 177,179	\$ 180,948	\$ 184,795	\$ 188,721
Expense Portion of Capital Reserve	(2,628)	(2,654)	(2,680)	(2,707)	(2,734)
Tax Depreciation	(52,373)	(52,470)	(52,567)	(52,666)	(52,765)
Interest Expense - Mortgage #1	(62,015)	(57,276)	(52,207)	(46,784)	(40,985)
Operating Taxable Income (Loss)	<u>\$ 56,469</u>	<u>\$ 64,779</u>	<u>\$ 73,494</u>	<u>\$ 82,637</u>	<u>\$ 92,237</u>
Unrelated Debt-Financed Income (UDIF) %	60.87%	58.15%	54.87%	50.94%	46.26%
Unrelated Debt-Financed Income (UDIF)	34,375	37,669	40,325	42,096	42,667
UBIT Deduction	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Unrelated Business Taxable Income (UBIT)	<u>\$ 33,375</u>	<u>\$ 36,669</u>	<u>\$ 39,325</u>	<u>\$ 41,096</u>	<u>\$ 41,667</u>
UBIT Expense	<u>\$ (12,660)</u>	<u>\$ (14,011)</u>	<u>\$ (15,100)</u>	<u>\$ (15,826)</u>	<u>\$ (16,060)</u>

Tax Analysis - Property Sale	Year 6	Year 7	Year 8	Year 9	Year 10
Adjusted Projected Sales Price	\$ 2,038,458	\$ 2,081,852	\$ 2,126,139	\$ 2,171,339	\$ 2,217,469
Original Cost of Property	(1,775,000)	(1,775,000)	(1,775,000)	(1,775,000)	(1,775,000)
Less: Funded Reserves	(15,380)	(18,034)	(20,714)	(23,421)	(26,156)
Gain (Loss) on Property	<u>\$ 248,078</u>	<u>\$ 288,818</u>	<u>\$ 330,425</u>	<u>\$ 372,918</u>	<u>\$ 416,314</u>
Accumulated Depreciation/Amortization	310,668	363,138	415,705	468,371	521,136
Taxable Gain (Loss) on Property Sale	<u>\$ 558,746</u>	<u>\$ 651,956</u>	<u>\$ 746,130</u>	<u>\$ 841,289</u>	<u>\$ 937,450</u>
Unrelated Debt-Financed Income (UDIF) %	63.16%	60.69%	57.68%	54.07%	49.74%
Unrelated Debt-Financed Income (UDIF)	352,918	395,652	430,399	454,872	466,270
Unrelated Business Taxable Income (UBIT)	<u>\$ 352,918</u>	<u>\$ 395,652</u>	<u>\$ 430,399</u>	<u>\$ 454,872</u>	<u>\$ 466,270</u>
Capital Gain & State Rate on Sale	21.00%	21.00%	21.00%	21.00%	21.00%
UBIT Tax	(74,113)	(83,087)	(90,384)	(95,523)	(97,917)
Unrecaptured Section 1250 Tax (if any)	(19,623)	(22,038)	(23,980)	(25,324)	(25,920)
UBIT Expense from Sale	<u>\$ (93,735)</u>	<u>\$ (105,125)</u>	<u>\$ (114,363)</u>	<u>\$ (120,847)</u>	<u>\$ (123,837)</u>