

Village Realty INVESTMENT ANALYSIS

Analysis period (months): 12 Property: **First Flight Retreat** Address: 815 S. Virginia Dare Tr.
 12 Bedrooms: 1 Baths: 1

Mortgage Table	
Sales Price:	\$399,950
Interest Rate:	4.000%
Term:	30
Loan to value:	80%
Down Payment:	\$79,990
Mortgage Amount:	\$319,960
Monthly Principal and Interest Payment:	\$1,528
First Year Interest Paid:	\$12,798
First Year Principal Paid:	\$5,532

Gross Rental Income		
	<u># Periods</u>	<u>Total/Season</u>
	0	Weeks W/Pool \$0
	28	Weeks WO/Pool \$42,634
	28	Total Rental Weeks/Units \$42,634

Expenses	<u>Annual</u>	<u>Monthly Average</u>
Interest:	\$12,798	
Property Owner Association Dues:	\$4,838	
Beach Club Dues & Assessments:	\$0	
Golf Club Dues:	\$0	
YMCA Dues:	\$0	
Estimated Insurance Annual Premium: <i>HO6 Policy</i>	\$300	
Property Taxes: <i>2015 rate equals: 0.7809%</i>	\$2,879	
Utilities:	\$1,200	
<u>Per Month:</u>		
<i>Power</i>	\$100.00	
<i>Cable</i>	\$0.00	
<i>Telephone</i>	\$0.00	
<i>Water</i>	\$0.00	
<i>Sewer</i>	\$0.00	
<i>Propane Gas</i>	\$0.00	
<i>Security System Monitoring</i>	\$0.00	
<i>Drinking Water Service</i>	\$0.00	
<i>Broadband Services</i>	\$0.00	
<i>total</i>	\$100.00	
Property Management Fee: <i>20%</i>	\$8,527	
Other Property Mgmt Fees:		
<i>Linen Fees</i>	\$0	
<i>Cleaning Fees</i>	\$0	
<i>Travel Agent Fees:</i>	\$0	
Landscape Maintenance:	\$0	
Weekly Hot Tub Service:	\$1,680	
Weekly Pool Service:	\$0	
Credit Card Fees: <i>(1% fee if reservation by credit card)</i>	\$426	
Estimated Maintenance Expense:	\$1,000	
Total Expenses.....	\$33,649	\$2,804
Net Gain/(Loss).....	\$8,985	\$749
Less: Principal paid on loan.....	-\$5,532	-\$461
Total cash in/(out) before taxes.....	\$3,453	\$288

This analysis is provided for informational purposes and is only an estimate.

Tax Effect

ESTIMATED VALUES FOR DEPRECIATION	
<u>Estimated Values:</u>	
Land	\$0
Building/Structure	\$399,950
Existing Furniture & Hot Tub	\$0
Total Estimated Value:	\$399,950
 <u>New/ Additional:</u>	
Furniture	\$0
Hot Tub	\$50
Swimming Pool, Decking & Equipment	\$0
Total Estimated Cost	\$0
Annual home depreciation (building value divided by 27 1/2 years)	\$14,544
Annual personal property depreciation (furniture value divided by 5 years)	\$10
Total Depreciation	\$14,554
Annual Cash Flow Before Tax	\$3,453
Mortgage Principal - First Year	\$5,532
Cash Flow Less Mortgage Principal Paid	\$8,985
Total Depreciation	(\$14,554)
Depreciation and Expense (First Year)	(\$5,568)
Federal Tax Write-Off (First Year @ 31%)	\$1,726
State Tax Write-Off (First Year @ 8%)	\$445
Total Tax Write-Off First Year	\$2,172
Cash Flow Less Mortgage Principal Paid	\$8,985
 Annual Gain (Loss)	 \$11,157
 Monthly Gain (Loss)	 \$930
<p>Note: In general, losses in any given year from "passive-rental real estate" are limited to the amount of passive income from other sources (such as gains from other rental properties). The IRS code does provide an exception. Losses up to \$25,000 can be deducted provided the tax payer satisfies the "active participation" test and adjusted gross income is less than \$100,000. The deduction is phased-out for adjusted gross incomes between \$100,000 and \$150,000. The tax code regarding passive real estate investments is a very complex matter.</p> <p style="text-align: center;">●●●●Consultation with your professional tax advisor is recommended.●●●●</p>	

CLOSING COST ESTIMATE

Closing Costs

Attorney's fee		\$1,000
Origination fee	1.00%	\$3,200
Appraisal fee		\$750
Survey		\$500
Recording fee		\$350
Credit Report fee		\$50
Title Insurance binder		\$1,350
Underwriting		\$500
Total closing costs		<u>\$7,700</u>

Prepaid Items

	2 months tax escrow	\$480
	2 months insurance escrow	\$50
Total prepaid items		<u>\$530</u>

Monthly Payment

Principal and Interest	\$1,528
Monthly Escrow for Taxes	\$240
Monthly Escrow for Insurance	\$25
Total Monthly Payment	<u>\$1,792</u>

Cash Needed at Closing

Down payment	\$79,990
Closing Cost Estimate	\$7,700
First annual insurance premium	\$300
Prepaid Items Estimate	\$530
New/ Additional Furnishings & Accessories	\$50
Village Realty Linen Program - Estimated Setup Fee	\$0
Other Fees/Dues	\$0
TOTAL	<u><u>\$88,569</u></u>

*The preceding projections are provided to assist in determining the potential cash flow and income tax ramifications of owning investment property on the Outer Banks. Projected revenues and expenses cover a twelve month period and are based on recent rental history of the referenced property or an average of similar properties. Financial and tax planning are complex and unique matters that should be reviewed by each individual taking into consideration both personal and financial objectives.

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