Comprehensive Financial Report - Budget Residence Detailed Financial Analytics

In this case the investor intends to buy and use this property for the primary residence in lieu of renting a substitute property for «EQR» per month. Also, the investor plans to rent out «ROM» room short-term on platforms like Airbnb. Based on the investor’s input or/Zillmeter’s analytics the average income to rent a room of this property is «STRENT» and vacancy is estimated to be «STVR». Investment Horizon for this investment is «HP» Years.

The financial predictions of this investment are calculated by regarding the incurred expenses to rent the substitute property as the income of the investment. In other words, it is assumed that the money not spent to rent the property is going to contribute to the investment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Buy and Sell | | | | |
| Purchase Price | «PP» | Gross Sale Price | «GSP» | |
| Improvement Cost | «IC» | Selling Expenses | «SE» | |
| Purchase Expenses | «PE» | Net Sale Price | «NSE» | |
| Added Value due to Improvement | «ICAV» | Holding Period | «HP» years | |
| Expenses | | | | |
| Annual property Tax | «APT» | Annual Utilities | | «AU» |
| Annual Property Insurance | «API» | Annual Repair and Maintenance | | «ARM» |
| Annual Cleaning Fees | «ACF» | Total Ownership Annual Costs | | «AOE» |
| Annual HOA | «AHOA» |  | |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Expenses of the Substitute Rental Property (Avoided Costs) | | | |
| Equivalent Rent instead of Buying | «EQR» | Renter Security Deposit | «ASD» |
| |  | | --- | | Annual Utilities | | «AU» | Annual Renter's insurance | «ARI» |
| Rental Income | | | |
| Estimated rent for Airbnb a room | «STRENT» | Effective monthly income - Budget Use | «EMI» |
| Vacancy rate for Airbnb a room | «STVR» | Monthly Operation Expenses of Rented Room | «MOE» |
| Airbnb Commission Rate | «ACR» | Net Monthly Operating Income-Budget Use | «NMI» |

Comprehensive Financial Report - Budget Use Cash Flow Projection:

In the budget use scenario, avoided costs saved due to not renting a property for the primary residence is treated as an income. This income is not subjected to the income tax.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| To Rent a Substitute Home to live in and Invest Initial Cash in the Benchmark | | | | | | |
|  | **Year 0** | **«YR1»** | **«YR2»** | **«YR3»** | **«YR4»** | **«YR5»** |
| Rent Payment | - | «RP1» | «RP2» | «RP3» | «RP4» | «RP5» |
| Utility | - | «UT1» | «UT2» | «UT3» | «UT4» | «UT5» |
| Security Deposit | «SD» | - | - | - | - | - |
| Renter’s insurance | - | «RIN1» | «RIN2» | «RIN3» | «RIN4» | «RIN5» |
| Return on the Initial Cash Investment | - | - | - | - | - | «RCI» |
| **Before Tax Cash Flow** | **«SBT0»** | **«SBT1»** | **«SBT2»** | **«SBT3»** | **«SBT4»** | **«SBT5»** |
| Income Tax | - | - | - | - | - | «SIC» |
| **After Tax Cash Flow** | **«SAT0»** | **«SAT1»** | **«SAT2»** | **«SAT3»** | **«SAT4»** | **«SAT5»** |
| To Buy this Home to Live & Rent out Partially then Sell it after «HP» years | | | | | | |
| Initial Cash invested | «ICA» | - | - | - | - | - |
| Loan Repayment | - | «L1» | «L2» | «L3» | «L4» | «L5» |
| Effective Rental Income | - | «RI1» | «RI2» | «RI3» | «RI4» | «RI5» |
| Operating Expenses | - | «OE1» | «OE2» | «OE3» | «OE4» | «OE5» |
| Sale Proceed (before tax) | - | - | - | - | - | «BSP» |
| **Before Tax Cash Flow** | **«BT0»** | **«BT1»** | **«BT2»** | **«BT3»** | **«BT4»** | **«BT5»** |
| Income Tax | - | «IT1» | «IT2» | «IT3» | «IT4» | «IT5» |
| Tax Saving (if applicable) | **-** | «ITS1» | «ITS2» | «ITS3» | «ITS4» | «ITS5» |
| Tax Due on Sale | **-** | - | - | - | - | «TDS» |
| **After Tax Cash Flow** | **«AT0»** | **«AT1»** | **«AT2»** | **«AT3»** | **«AT4»** | **«AT5»** |
| Net Advantage of Budget Residence | | | | | | |
| **Before Tax Net Advantage** | **«BTA0»** | **«BTA1»** | **«BTA2»** | **«BTA3»** | **«BTA4»** | **«BTA5»** |
| **After Tax Net Advantage** | **«ATA0»** | **«ATA1»** | **«ATA2»** | **«ATA3»** | **«ATA4»** | **«ATA5»** |

|  |  |  |  |
| --- | --- | --- | --- |
| Annual Yield (Before Tax) | «BIR» | Annual Yield (After Tax) | «AIR» |
| Net Profit (Before Tax) | «BPV» | Net Profit (After Tax) | «ATV» |

**Cash Flow 1st Year**

Comprehensive Financial Report - Budget Use Tax Calculation:

|  |  |  |
| --- | --- | --- |
| Income Tax Calculation (1st year) | | |
| Airbnb Gross Income (1st year) | | «GI» |
| Operating Expenses of rented area | | «OE» |
| Net Operating Income | | «NOI» |
| Property Tax | | «PT» |
| Tax Depreciation of rented area | | «DEP» |
| Paid Interest | | «IN» |
| Taxable Income | | «TI» |
| Multiply by: Owner’s Tax Rate | | X «MTR» |
| **Tax Payable** | | **«TAX»** |
| **Tax Saving (if deductions are higher than income)** | | **«TAXS»** |
| Tax Due on Sale | | |
| Estimated Sale Price: | «ESP» | |
| Selling Expenses | «SEN» | |
| Net Sale price | «NSP» | |
|  |  | |
| Purchase Price | «PP» | |
| Purchase Expenses & Improvement Costs | «PPI» | |
| Accumulated Depreciation | «ACDP» | |
| Adjusted Basis of property at the time of sale | «AJB» | |
|  |  | |
| Net Sale Price | «NSP» | |
| Adjusted Basis of property | «AJBN» | |
| Gain Realized on sale | «GRS» | |
|  |  | |
| Gain Realized on sale | «GRS» | |
| Depreciation Recaptured | «DEPR» | |
| Gain Recognized on Sale | «GS» | |
|  |  | |
| Tax on Depreciation Recapture («DR» «ACCDP») | «TDRE» | |
| Tax on Capital Gain («CR» «GS») | «TCAP» | |
| **Total Tax Due on Sale** | **«TTX»** | |