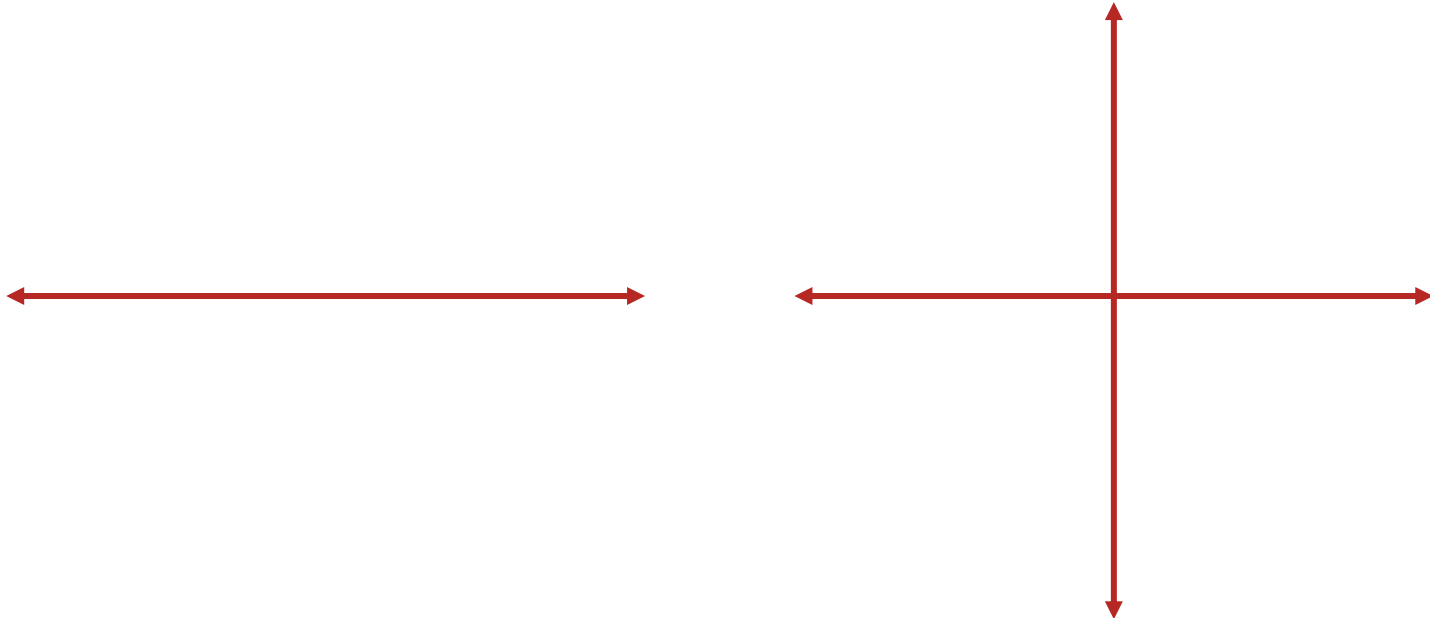
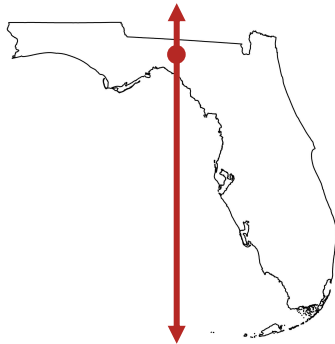


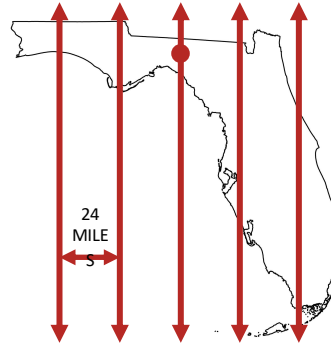
Government Survey System, Rectangular System, or Grid System



Naming Lines on the Grid



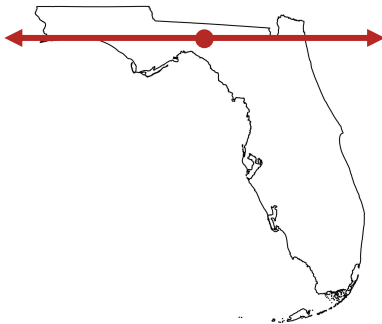
PRIME/PRINCIPAL MERIDIAN
Vertical line through Tallahassee



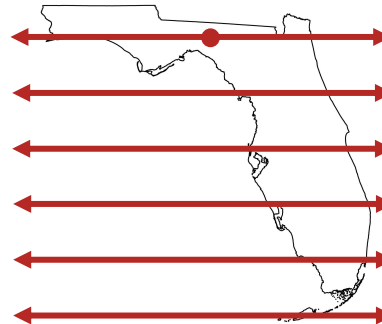
GUIDE MERIDIANS
Vertical lines 24 miles apart



RANGE LINES
Vertical lines 6 miles apart



BASELINE
Horizontal line through Tallahassee

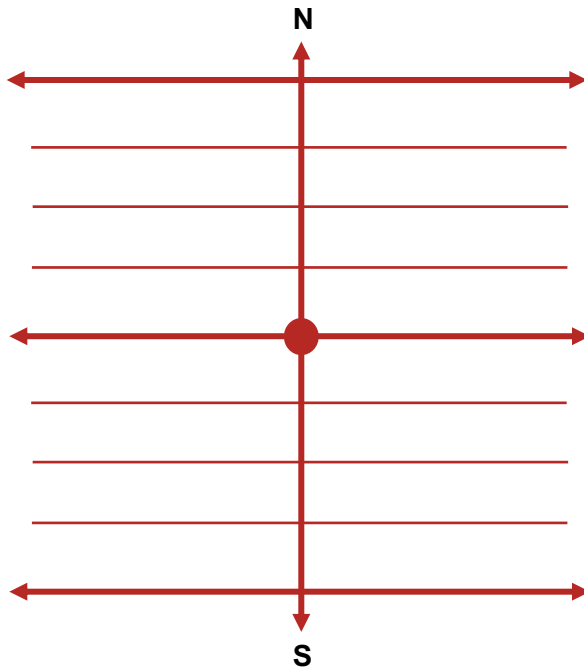


CORRECTIONS LINES
Horizontal lines 24 miles apart

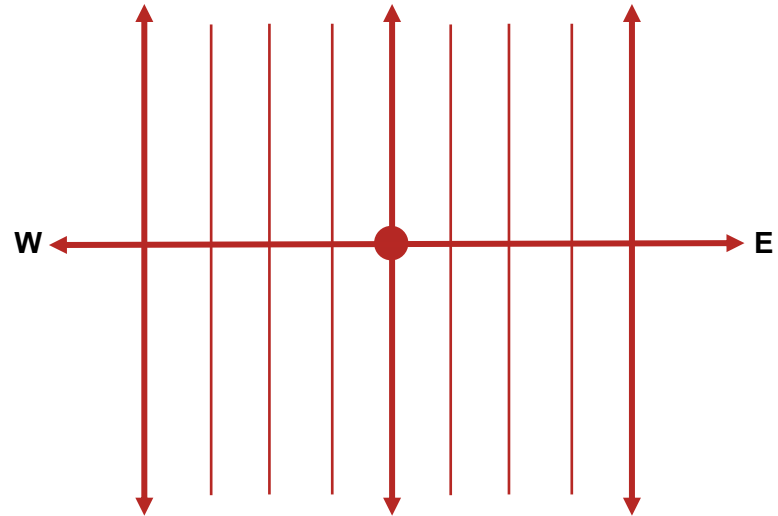


TOWNSHIP TIER LINES
Horizontal lines 6 miles apart

Numbering Lines on the Grid

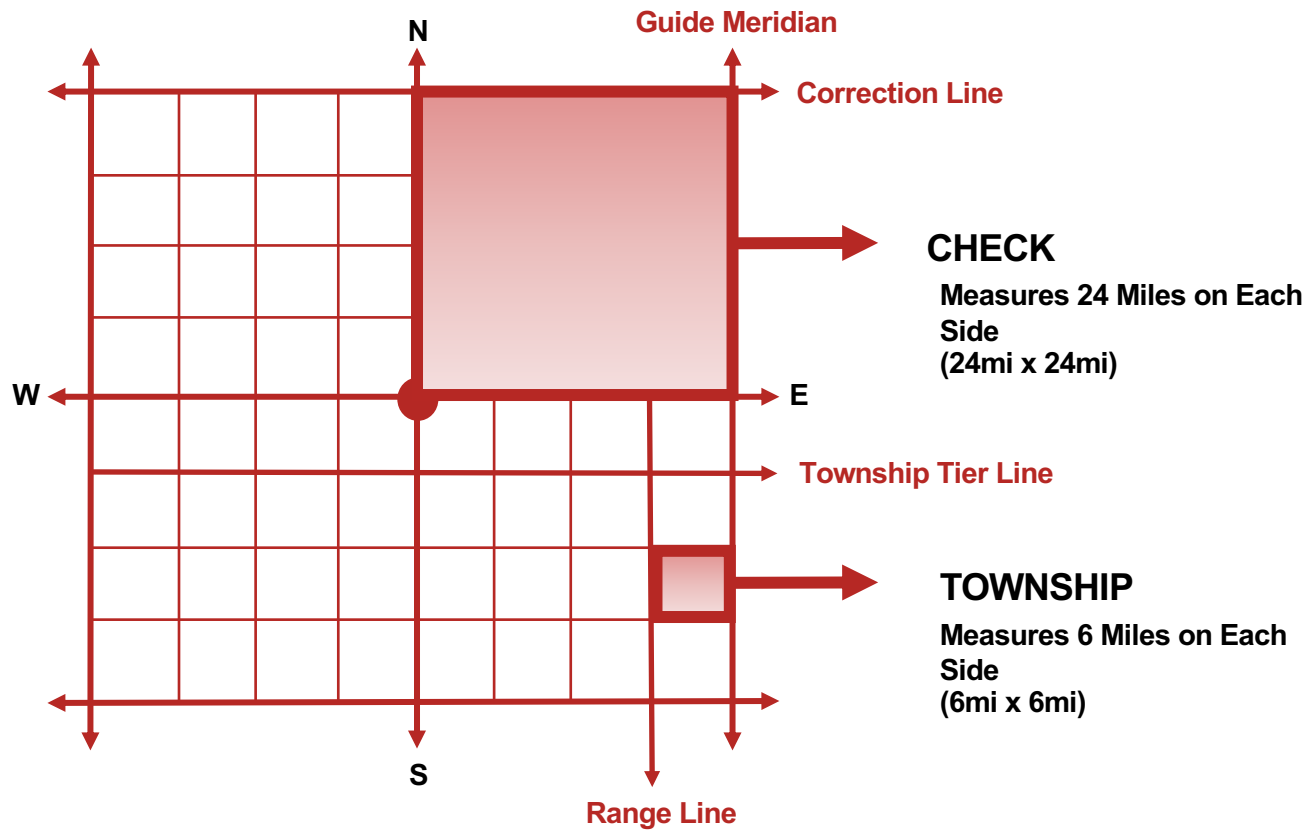


TOWNSHIP TIER LINES

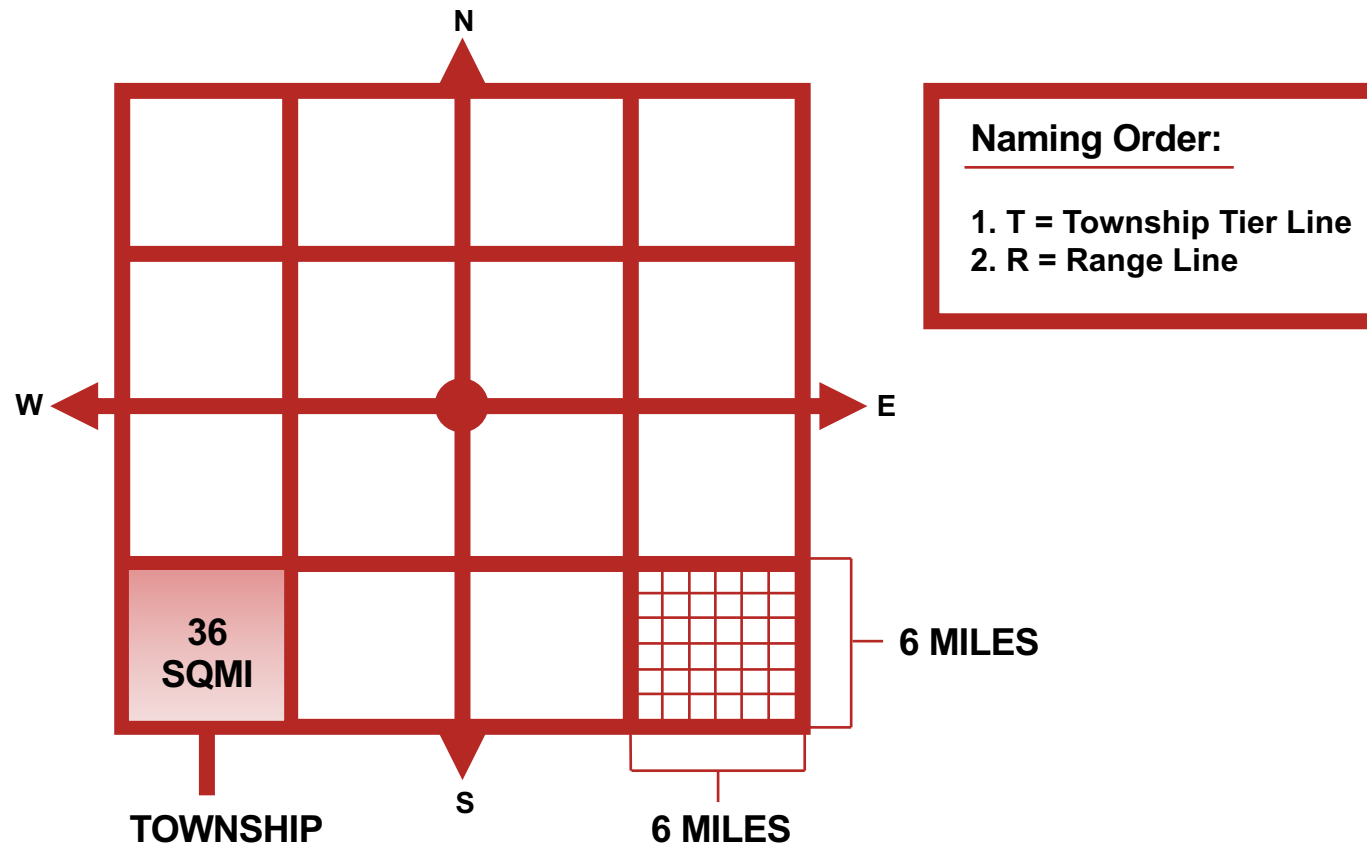


RANGE LINES

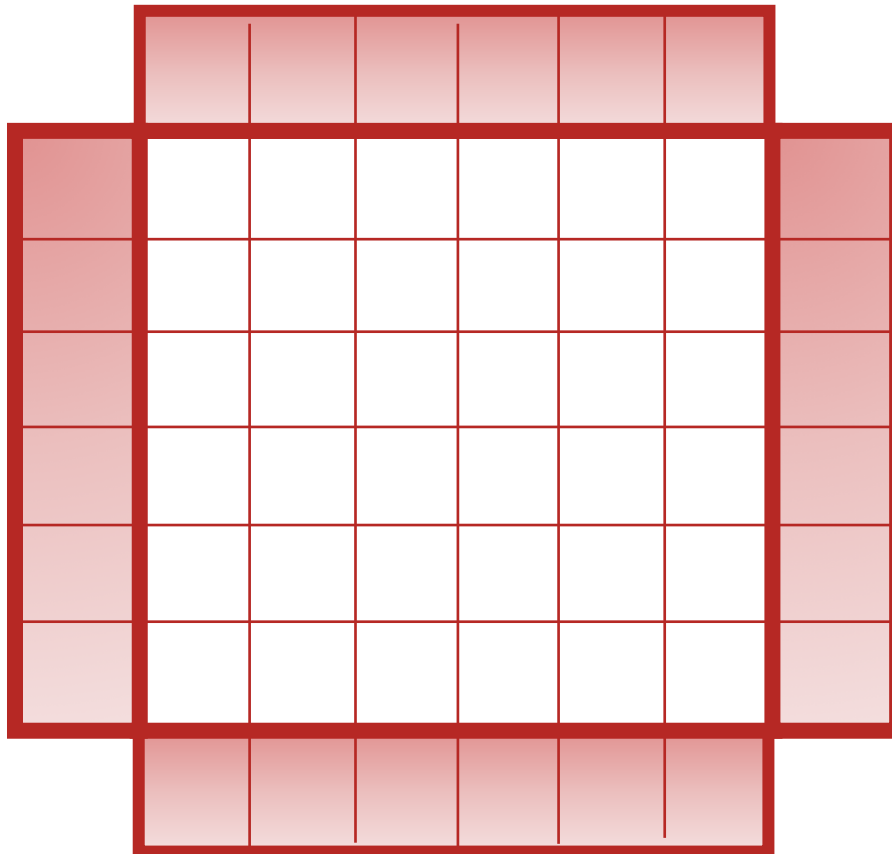
Naming Squares on the Grid



Labeling Townships



Numbering Sections in a Township



Understanding Sections:

Township = 6 miles x 6 miles
(36 square-miles)



Each Square-Mile = Section



Township = 36 Sections

Numbering Order:

Start by labeling Section #1 in the North-East (upper-right) corner of the Section and continue labeling in a snake-like fashion.

Dividing Sections & Calculating Acres

SECTION



Measurement Conversions

Section = 1 Square-Mile



1 Square-Mile = 640 Acres



1 Acre = 43,560 Square-Feet

Legal Description Order:

1. S = Section
2. T = Township Tier Line
3. R = Range Line



Percentage and Variable Leases

(PERCENTAGE LEASE FORMULA)

STEP 1	CALCULATE THE BASE ANNUAL RENT					
	Base Monthly Rent		x	Months in the Year	=	Total Annual Base Rent
				12		
STEP 2	CALCULATE THE PERCENTAGE CHARGED ON GROSS SALES					
	Total Annual Sales	-	Allowable Sales Threshold	x	Percentage Charged	= Additional Rent Owed
STEP 3	ADD THE RESULTS FROM STEPS 1 AND 2					
	Total Annual Base Rent		+	Additional Rent Owed	=	Total Annual Rent

(VARIABLE LEASE FORMULA)

DIVIDE NEW INDEX BY ORIGINAL & MULTIPLY BY ORIG. RENT						
New Index	÷	Original Index	x	Original Rent	=	Adjusted Rental Rate



Suggested Sale Price for Net Listing

(NET LISTING SALE PRICE FORMULA)

STEP 1	DETERMINE SELLER'S DESIRED NET PROCEEDS				
	Required Net to Seller		Estimated Closing Costs	=	Total Needed by Seller
		+		=	
STEP 2	SUBTRACT PERCENTAGE OF SALE COMMISSION				
	Total Seller's Net Percentage		Listing Commission %	=	Percentage for Seller's Net
	100%	-		=	
STEP 3	CALCULATE DESIRED SALE PRICE				
	Total Needed by Seller		Percentage for Seller's Net	=	Desired Sale Price
		÷		=	



Monthly Principal, Interest, Taxes, and Insurance (PITI)

(PITI FORMULA)

STEP 1	CALCULATE MONTHLY RESERVES FOR PROPERTY TAXES						
	Annual Property Taxes		Months in the Year		Monthly Reserve Property Taxes		
		÷	12	=			
STEP 2	CALCULATE MONTHLY RESERVES FOR HOME INSURANCE						
	Annual Insurance Premium		Months in the Year		Monthly Reserve Insurance		
		÷	12	=			
STEP 3	ADD MONTHLY MORTGAGE LOAN PAYMENT TO RESERVES						
	Monthly Principal and Interest	+	Monthly Reserve Property Taxes	+	Monthly Reserve Insurance	=	Monthly PITI



Loan-To-Value Ratio (LTV)

LTV REPRESENTS THE PERCENTAGE OF THE PURCHASE PRICE THAT THE LENDER IS WILLING TO FINANCE.

(LTV FORMULA)

DIVIDE LOAN BY VALUE

Loan Amount	÷	Property Value / Purchase Price	=	Loan-To-Value Ratio (LTV)

(ALTERNATIVE LTV FORMULA)

NOTE: THIS ALTERNATIVE IS USED WHEN WORKING BACKWARDS TO CALCULATE THE RESULT.

$$\text{PROPERTY VALUE / PURCHASE PRICE} \times \text{LOAN-TO-VALUE RATIO (LTV)} = \text{LOAN AMOUNT}$$

$$\frac{\text{(PRICE)}}{\text{(PRICE)}} \times \text{LTV} = \frac{\text{(LOAN)}}{\text{(PRICE)}}$$



Mortgage Discounting & Point Calculations

LENDER'S YIELD BY POINTS: EVERY POINT WILL INCREASE LENDER'S YIELD (INTEREST) BY 1/8%.

CONVERSION RULE OF THUMB: 1 POINT = 1/8% (OR .125% IN DECIMALS)

STEP 1	CONVERT THE POINTS TO LENDER'S YIELD (INTEREST)				
	Points	X	Conversion Rate	=	Increased Lender's Yield
			.125%		
STEP 2	ADD THE INCREASED YIELD TO THE EXISTING INTEREST RATE				
	True Interest Rate	+	Increased Lender's Yield	=	Adjusted Interest Rate

COST IN DOLLARS BY POINTS: EACH POINT IS EQUAL TO 1% OF THE LOAN (NOT THE SALE PRICE).

CONVERSION RULE OF THUMB: 1 POINT = 1% OF THE LOAN

MULTIPLY CONVERTED POINTS BY THE LOAN AMOUNT				
Loan Amount	X	Converted Points	=	Cost in Dollars of Points



Debt-To-Income Ratios (HER & TOR)

HOUSING EXPENSE RATIO (HER): USED TO CALCULATE BORROWER'S ABILITY TO PAY THE HOUSING DEBT.

DIVIDE MONTHLY HOUSING EXPENSES BY MONTHLY GROSS INCOME				
Monthly Housing Expenses (PITI + PMI)	÷	Monthly Gross Income	=	Housing Expense Ratio (HER)

TOTAL OBLIGATIONS RATIO (TOR): USED TO CALCULATE BORROWER'S ABILITY TO PAY ALL MONTHLY DEBTS.

DIVIDE TOTAL MONTHLY OBLIGATIONS BY MONTHLY GROSS INCOME				
Total Monthly Obligations (PITI + PMI + Long Term Obligations)	÷	Monthly Gross Income	=	Total Obligations Ratio (TOR)

QUALIFYING RATIOS: A BORROWER MUST BE BELOW THE FOLLOWING RATIO THRESHOLDS TO PRE-QUALIFY

	Housing Expense Ratio (HER)	Total Obligations Ratio (TOR)
Conventional Loans	28%	36%
FHA Loans	31%	43%
VA Loans	X	41%



Math Basics and ABC Formula

(SIMPLE CONVERSIONS)

$$\underline{\hspace{2cm}} = \underline{\hspace{2cm}} = \underline{\hspace{2cm}} = \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(A) TOTAL X (B) RATE = (C) RESULT/PART

Key Phrase: “Slide and Divide”



Sales Commission (Straight and Step)

$$\text{TOTAL SALE(S)} \times \text{RATE OF COMMISSION} = \text{SALE(S) COMMISSION}$$

(STRAIGHT COMMISSION)

STEP 1: TOTAL COMMISSION

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

STEP 2: SPLIT BETWEEN BROKERAGES (IF APPLICABLE)

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

STEP 3: SPLIT BETWEEN BROKERAGE AND ASSOCIATE

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(STEP COMMISSION)

1) $\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$

2) $\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$

3) $\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$

4) $\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$



Profit or Loss

CALCULATE THE RATE OF RETURN FROM SALE				
Total Cost	X	Rate of Return	=	Sale Price
				<div style="text-align: right;"> \div Total Cost </div>

RATE OF RETURN = _____ (EXPRESSED AS A PERCENTAGE)

(PROFIT CALCULATION)

SUBTRACT 100% FROM THE RATE OF RETURN				
Rate of Return	-	Breaking Even	=	Profit
		100%		

(LOSS CALCULATION)

SUBTRACT THE RATE OF RETURN FROM 100%				
Breaking Even	-	Rate of Return	=	Loss
100%				



Prorating Unpaid Property Taxes

(UNPAID PROPERTY TAX PRORATION)

CALCULATE THE DAILY RATE					
STEP 1	Annual Property Taxes	÷	Days in the Year	=	Daily Rate of Property Taxes
			365		
Closing Date:			Day Belongs To:		
MULTIPLY DAILY RATE BY DAYS OWNED BY SELLER IN YEAR					
STEP 2	Daily Rate of Property Taxes	X	Days Seller Owned Property in Year (Jan. 1 to Closing Date)	=	Proration Amount (Credit Buyer, Debit Seller)

NOTE: CLOSING DISCLOSURE (CD) ONLY DISPLAYS MONEY EXCHANGED BETWEEN BUYER AND SELLER ON THE DAY OF CLOSING EXPRESSED AS A CREDIT OR DEBIT.

CREDIT = AWARDED AMOUNTS

DEBIT = DEDUCTED AMOUNTS

- Property taxes (items paid in arrears) "seller days" are used to calculate the proration.
- Unpaid property taxes appear as a **credit** to the buyer and as a **debit** to the seller.
- Prorations always have the same dollar amount entered for the **debit** and the **credit**.



Prorating Prepaid Monthly Rent

(PREPAID MONTHLY RENT PRORATION)

STEP 1	CALCULATE THE DAILY RATE				
	Monthly Rent	÷	Days in the Closing Month	=	Daily Rate of Monthly Rent
Closing Date:			Day Belongs To:		
STEP 2	MULTIPLY DAILY RATE BY DAYS OWNED BY BUYER IN MONTH				
	Daily Rate of Monthly Rent	x	Days Buyer Owned Property in Closing Month (Closing Date – End of Month)	=	Proration Amount (Credit Buyer, Debit Seller)

- When a prorated item is paid in advance, as is the case with rent, the "buyer days" are used to calculate the proration.
- Prepaid rent is entered as a **credit** to the buyer and a **debit** to the seller.



Prorating Interest on Assumed Mortgage

(ASSUMED MORTGAGE INTEREST PRORATION)

STEP 1	CALCULATE THE DAILY RATE						
	Loan Balance	X	Interest Rate	=	Annual Interest	÷ 365	Daily Interest Rate
Closing Date:				Day Belongs To:			
STEP 2	MULTIPLY DAILY RATE BY DAYS OWNED BY SELLER IN MONTH						
	Daily Interest Rate	X	Days Seller Owns Property in Closing Month (1 st of Month - Closing Date)	=	Rent Proration Amount (Credit Buyer, Debit Seller)		

- Interest on mortgage loans is paid in arrears.
- When prorating an item paid in arrears, use "seller days" to calculate the proration.
- Enter interest on an assumed mortgage as a **debit** to the seller and as a **credit** to the buyer.



Calculating Property Taxes

$$\text{ASSESSED PROPERTY VALUE} \times \text{TAX RATE (MILLS)} = \text{PROPERTY TAXES}$$

UNDERSTANDING MILLAGE RATES (MILLS): TAX RATES ARE EXPRESSED IN MILLS. A MILL IS ONE-THOUSANDTH OF A DOLLAR (EXPRESSED AS .001 IN DECIMALS). TO REMEMBER, MILL IS LATIN FOR THE NUMBER 1000.

(CONVERTING MILLS)

$$\text{MILLS} \div 1000 = \text{TAX RATE}$$

	Assessed Value		Tax Rate (Max: 10 Mills Per)		Taxes Owed
City		X		=	
County		X		=	+
School		X		=	+
			Sum of All Taxes	=	



State Taxes for Finance and Purchase

TAX TYPE X TAX RATE = TAXES OWED

(STATE TAX FORMULAS)

NEW LOANS (TAXED 2x)	X	2 MILLS (.002)	=	INTANGIBLE TAX
---------------------------------	----------	-----------------------	----------	-----------------------

ALL LOANS (NEW AND EXISTING)	X	3.5 MILLS (.0035)	=	DOCUMENTARY STAMP TAXES ON THE NOTE
---	----------	--------------------------	----------	--

PURCHASE PRICE	X	7 MILLS (.007)	=	DOCUMENTARY STAMP TAXES ON THE DEED
-----------------------	----------	-----------------------	----------	--

WHEN CALCULATING "STAMP" TAXES: BEFORE MULTIPLYING, ALL AMOUNTS LESS THAN \$100, MUST BE ROUNDED UP TO \$100.

NEW LOANS	X	2 MILLS (.002)	=	INTANGIBLE TAX
ALL LOANS (NEW AND EXISTING)	X	3.5 MILLS (.0035)	=	DOCUMENTARY STAMP TAXES ON THE NOTE
PURCHASE PRICE	X	7 MILLS (.007)	=	DOCUMENTARY STAMP TAXES ON THE DEED



Occupancy Rate & Vacancy Rate

(OCCUPANCY RATE)

DIVIDE OCCUPIED UNITS BY TOTAL UNITS

Occupied Units	÷	Total Units	=	Occupancy Rate

(VACANCY RATE)

DIVIDE VACANT UNITS BY TOTAL UNITS

Vacant Units	÷	Total Units	=	Vacancy Rate



Sales Comparison Approach (Sales Method)

SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
3 BEDROOMS (\$48,000 PER)	3 BEDROOMS	3 BEDROOMS	4 BEDROOMS
2 BATHROOMS (\$26,000 PER)	2 BATHROOMS	2.5 BATHROOMS	3 BATHROOMS
POOL (\$25,000)	YES	NO POOL	YES
1,800 SQFT (\$175 PER SQFT)	1,600 SQFT	2,100 SQFT	2,650 SQFT
COMP 1 _____	SALE PRICE \$303,000	SALE PRICE \$395,000	SALE PRICE \$539,000
COMP 2 _____	_____	_____	_____
COMP 3 _____	_____	_____	_____
SUM = _____	_____	_____	_____
DIVIDE BY 3 = _____	_____	_____	_____
ESTIMATED VALUE	AGJUSTED SALE PRICE	AGJUSTED SALE PRICE	AGJUSTED SALE PRICE



Sales Method: Market Conditions Adjustment

STEP 1	CALCULATE MARKET CHANGE PER MONTH				
	Market Change (Over Past 6 Months)	÷	6 Months	=	Market Change Per Month
	+/-				+/-
STEP 2	MULTIPLY +/- MARKET CHANGE BY WHEN COMPARABLE SOLD				
	Market Change Each Month	X	When Comparable Sold (Months Ago)	=	Market Change Percentage
	+/-				+/-
STEP 3	MULTIPLY MARKET CHANGE % BY COMPARABLE SALE PRICE				
	Market Change Percentage	X	Comparable Sale Price	=	Market Change Adjustment
	+/-				+/-
STEP 4	ADD OR SUBTRACT THE MARKET ADJUSTMENT FROM COMP				
	Market Change Adjustment	+/-	Comparable Sale Price	=	Adjusted Sale Price



Reconciliation of Value

RECONCILIATION OF VALUE: PROVIDES A MORE ACCURATE ESTIMATE BY IDENTIFYING WHICH COMPARABLES HAVE THE GREATEST WEIGHT ON THE VALUE FOR THE SUBJECT PROPERTY. WEIGHTS ARE DETERMINED BY THE ESTIMATOR BASED ON HOW SIMILAR THE COMPARABLE IS TO THE SUBJECT PROPERTY.

NOTE: THE SUM OF ALL THREE WEIGHTS ASSIGNED MUST EQUAL 100%.

MULTIPLY ADJUSTED SALE PRICE BY WEIGHT AND ADD

Comparable Adjusted Sale Price		Weight Assigned		Reconciled Amounts
	X		=	
	X		=	+
	X		=	+
Reconciled Sum of Value			=	



Cost Depreciation Approach (Cost Method)

STEP 1	CALCULATE REPRODUCTION COST (AS IF BRAND NEW)					
	Structure Size (sqft)		X	Construction Cost (per sqft)	=	Reproduction Cost
STEP 2	CALCULATE ACCRUED DEPRECIATION					
	Effective Age (how old it looks)	÷		Total Economic Life (how long it will last)	X	Reproduction Cost
STEP 3	SUBTRACT ACCRUED DEPRECIATION					
	Reproduction Cost		-	Accrued Depreciation	=	Depreciated Structure Value
STEP 4	ADD LAND VALUE					
	Depreciated Structure Value		+	Land Value	=	Property Value



Income Capitalization Approach (Income Method)

Potential Gross Income (PGI)		
Vacancy / Collection Loss	-	
Other Income	+	
Effective Gross Income (EGI)	=	
Expenses	-	
Net Operating Income (NOI)	=	

$NOI \div \text{SALE PRICE} = \text{OVERALL CAPITALIZATION RATE (OAR)}$

Net Operating Income NOI	=	Overall Capitalization Rate OAR	x	Property Value Value



Gross Income Multiplier (GIM) and Gross Rent Multiplier (GRM)

GROSS INCOME MULTIPLIER (GIM): USED TO CALCULATE ESTIMATED PROPERTY VALUE OF A SUBJECT PROPERTY BASED ON ANNUAL INCOME OF COMPARABLE PROPERTY IN THE SURROUNDING AREA.

STEP 1	CALCULATE MARKET GIM FROM COMPARABLE PROPERTY				
	Sales Price	÷	Gross Annual Income	=	Gross Income Multiplier (GIM)
STEP 2	CALCULATE PROPOSED VALUE OF SUBJECT PROPERTY				
	Gross Annual Income	X	Gross Income Multiplier (GIM)	=	Estimated Value of Property

GROSS RENT MULTIPLIER (GRM): USED TO CALCULATE ESTIMATED PROPERTY VALUE OF A SUBJECT PROPERTY BASED ON MONTHLY RENTAL INCOME OF COMPARABLE PROPERTY IN THE SURROUNDING AREA.

STEP 1	CALCULATE MARKET GRM FROM COMPARABLE PROPERTY				
	Sales Price	÷	Gross Monthly Income	=	Gross Rent Multiplier (GRM)
STEP 2	CALCULATE PROPOSED VALUE OF SUBJECT PROPERTY				
	Gross Monthly Income	X	Gross Rent Multiplier (GRM)	=	Estimated Value of Property



Florida Homestead Tax Exemptions

QUALIFIER	CITY EXEMPTION	COUNTY EXEMPTION	SCHOOL EXEMPTION
Assessed Value Under \$25,000	Up to Assessed Value	Up to Assessed Value	Up to Assessed Value
Assessed Value \$25,000 - \$50,000	Base \$25,000	Base \$25,000	Base \$25,000
Assessed Value Between \$50,000 - \$75,000	Base \$25,000 + Prorated Amount Up to \$25,000	Base \$25,000 + Prorated Amount Up to \$25,000	Base \$25,000
Assessed Value Over \$75,000	Base \$25,000 + Additional \$25,000 (\$50,000)	Base \$25,000 + Additional \$25,000 (\$50,000)	Base \$25,000
Un-Remarried Surviving Spouse	\$5,000	\$5,000	\$5,000
Legally Blind	\$5,000	\$5,000	\$5,000
Totally & Permanently Disabled Non-Veteran	\$5,000	\$5,000	\$5,000
Totally & Permanently Disabled Quadriplegic	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)
Totally Disabled First Responder & Spouses	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)
Veteran with 10% Service-Connected Disability	\$5000	\$5000	\$5000
Service-Connected Totally Disabled Veteran & Spouse	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)
Surviving Spouse of Veteran Deceased from Active Duty	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)	Exempt (No Property Taxes Owed)



Taxable Value, Tax Savings, & Special Assessments

TAXABLE VALUE: USED TO CALCULATE THE AMOUNT A HOMESTEAD PROPERTY OWNER WILL PAY TAXES ON.

SUBTRACT THE EXEMPTIONS FROM THE ASSESSED VALUE

Assessed Value	-	Homestead Exemptions	=	Taxable Value

TAX SAVINGS: USED TO CALCULATE HOW MUCH MONEY A PROPERTY OWNER WITH SAVE IN PROPERTY TAXES BASED ON QUALIFYING HOMESTEAD EXEMPTIONS.

MULTIPLY EXEMPTIONS BY MILLS

Homestead Tax Exemptions	X	Tax Rate (Mills)	=	Property Tax Savings

SPECIAL ASSESSMENTS: ADDITIONAL CHARGE TO PROPERTY TAXES FOR ANY WORK THE LOCAL GOVERNMENT COMPLETED IN THE YEAR THAT DIRECTLY OR INDIRECTLY IMPROVE THE PROPERTY.

STEP 1

CALCULATE TOTAL COST OF STREET PAVING

Front Feet	X	Cost Per Front Foot	=	Total Cost

STEP 2

CALCULATE OWNER'S PORTION OF TOTAL COST

Total Cost	X	% Paid By Owner	÷	Sides of the Street	=	Special Assessment
				2		



Taxable Capital Gains & Deductible Property Depreciation

CAPITAL GAINS: EARNED PROFIT FROM THE SALE OF PROPERTY REPORTED TO IRS AS TAXABLE INCOME.

STEP 1	CALCULATE ADJUSTED BASIS OF PROPERTY						
	Original Purchase Price		+	Capital Improvements	=	Adjusted Basis	
STEP 2	SUBTRACT THE ADJUSTED BASIS FROM THE SALE PRICE						
	Sale Price		-	Closing Expenses	-	Adjusted Basis	=

STRAIGHT-LINE DEPRECIATION METHOD: IRS ALLOWS AN ANNUAL DEDUCTION OF A PROPERTY'S DEPRECIATION AS A WAY TO REDUCE TAX LIABILITY AND STIMULATE THE ECONOMY.

STEP 1	SUBTRACT LAND VALUE FROM PROPERTY COST					
	Property's Acquisition Cost		-	Land Value	=	Depreciable Basis
STEP 2	MULTIPLY DEPRECIABLE BASIS BY USEFUL LIFE					
	Depreciable Basis		÷	Property's Useful Asset Life (27.5 or 39 Years)	=	Property's Annual Depreciation



Buildable Lots Per Acre

CALCULATE AVAILABLE SQFT PER ACRE					
STEP 1	Square-Feet Per Acre	X	% Available for Lots	=	Square-Feet Available Per Acre
	43,560				
MULTIPLY BY NUMBER OF ACRES					
STEP 2	Square-Feet Available Per Acre	X	Number of Acres in Tract	=	Total Available Square-Feet
MULTIPLY BY MINIMUM ALLOWABLE SQFT PER LOT					
STEP 3	Total Available Square-Feet	X	Minimum Sqft. Per Lot	=	Number of Buildable Lots in Tract