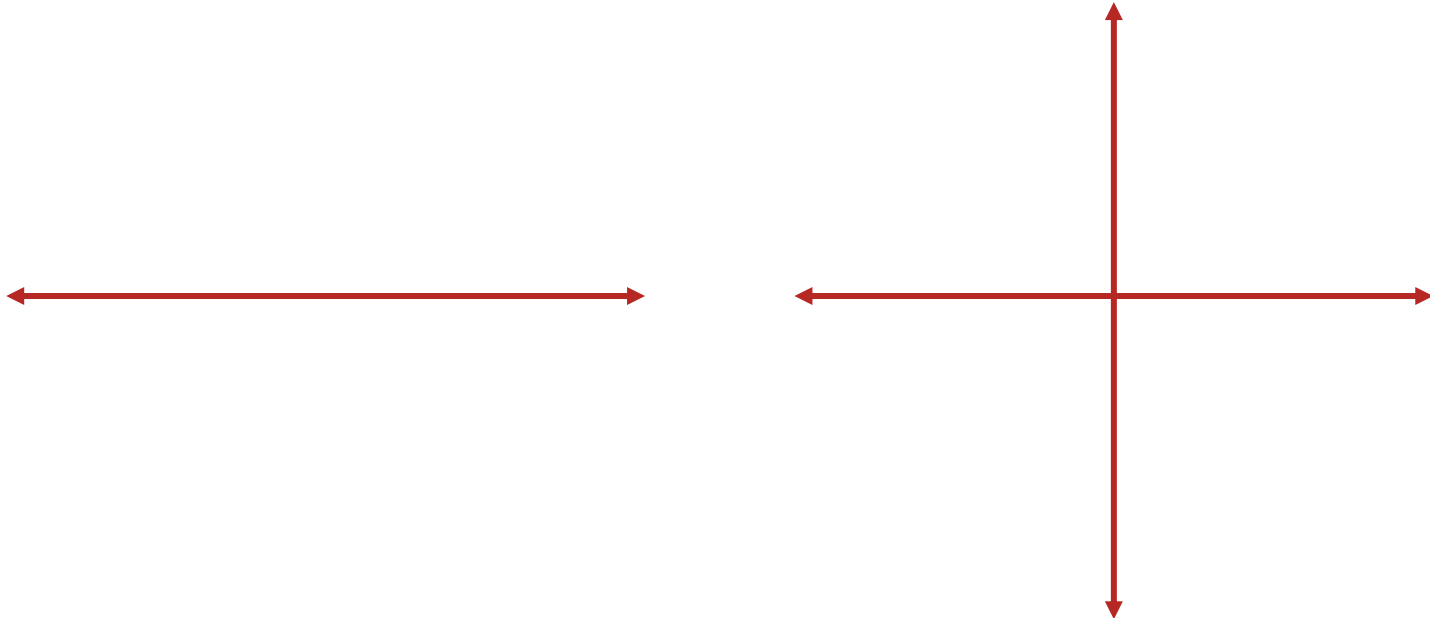


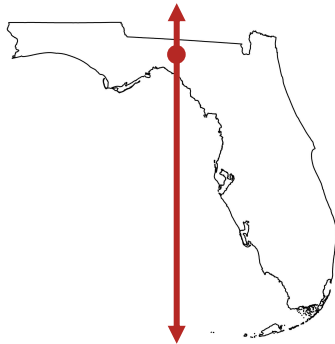
**Government Survey System, Rectangular System, or Grid System**

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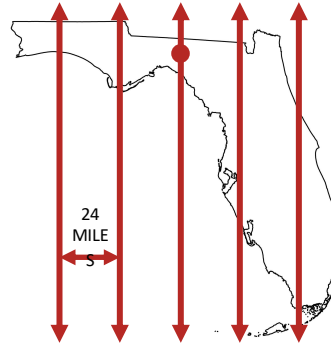


## Naming Lines on the Grid

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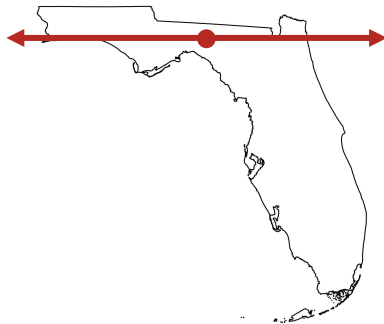
**PRIME/PRINCIPAL MERIDIAN**  
Vertical line through Tallahassee



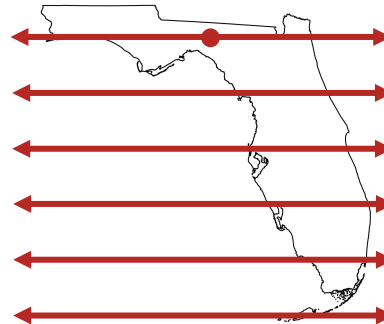
**GUIDE MERIDIANS**  
Vertical lines 24 miles apart



**RANGE LINES**  
Vertical lines 6 miles apart



**BASELINE**  
Horizontal line through Tallahassee



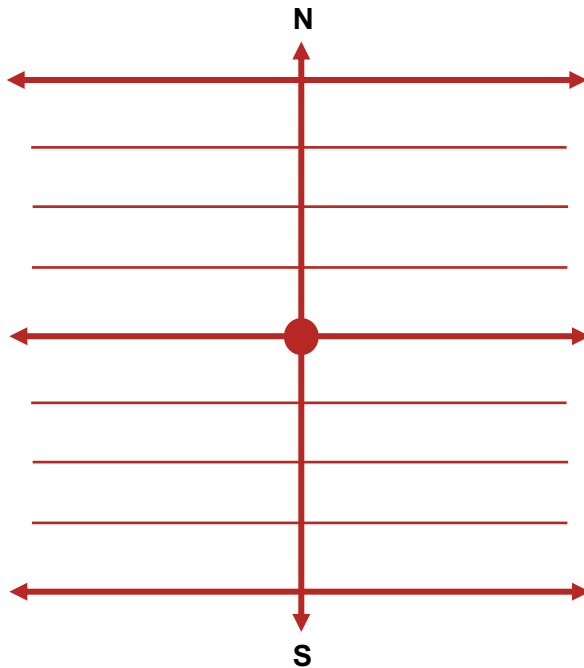
**CORRECTIONS LINES**  
Horizontal lines 24 miles apart



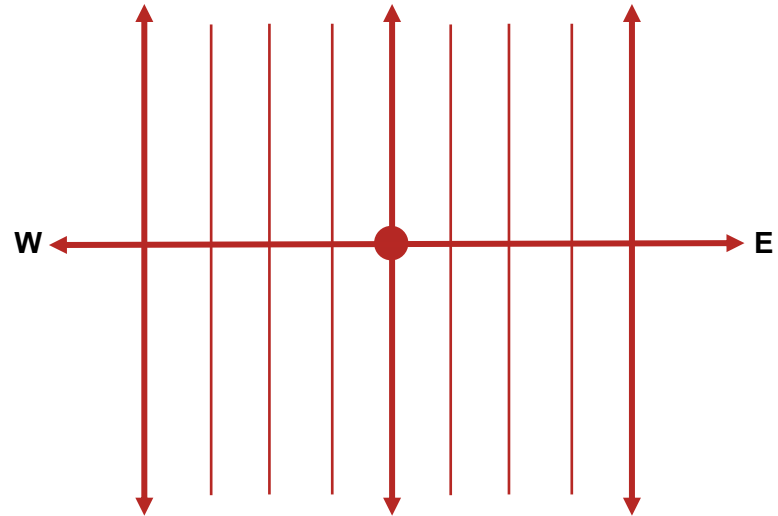
**TOWNSHIP TIER LINES**  
Horizontal lines 6 miles apart

## Numbering Lines on the Grid

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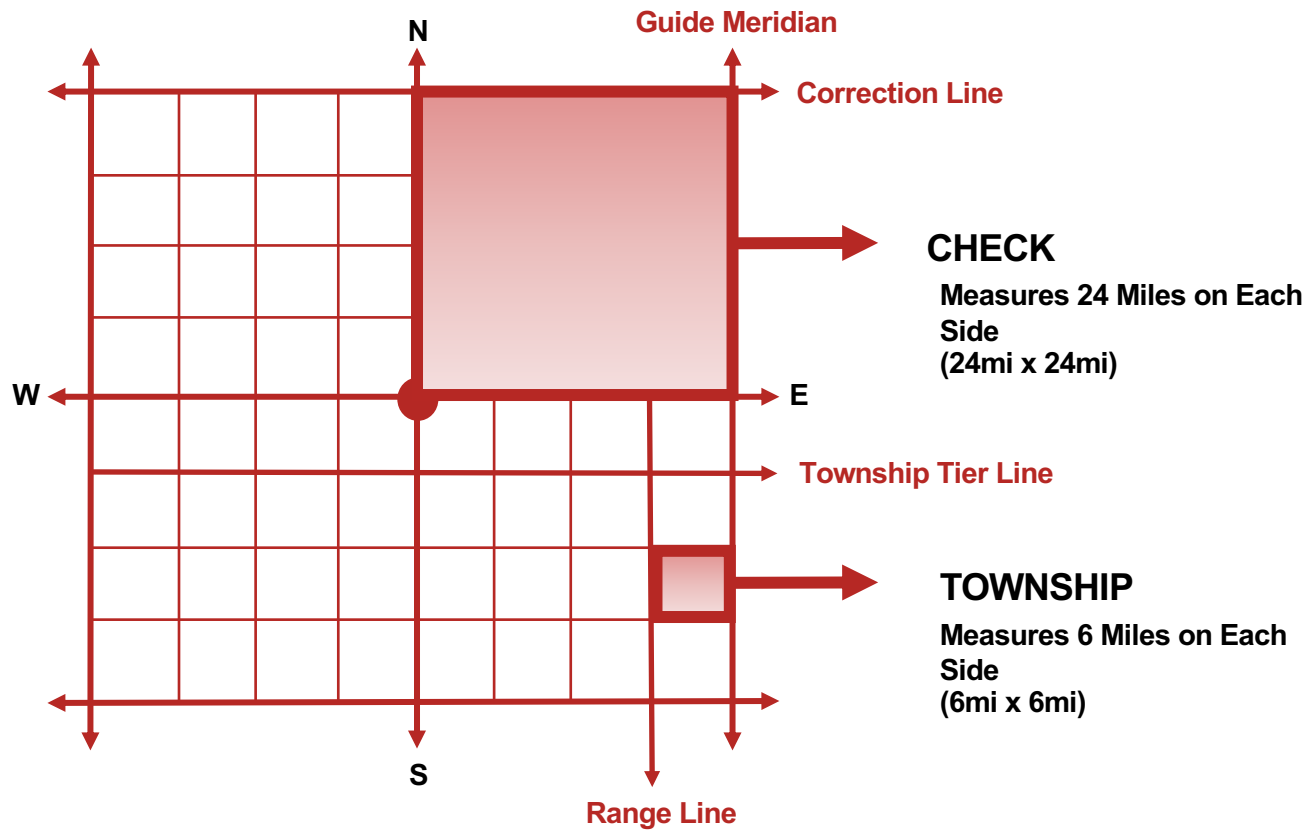
**TOWNSHIP TIER LINES**



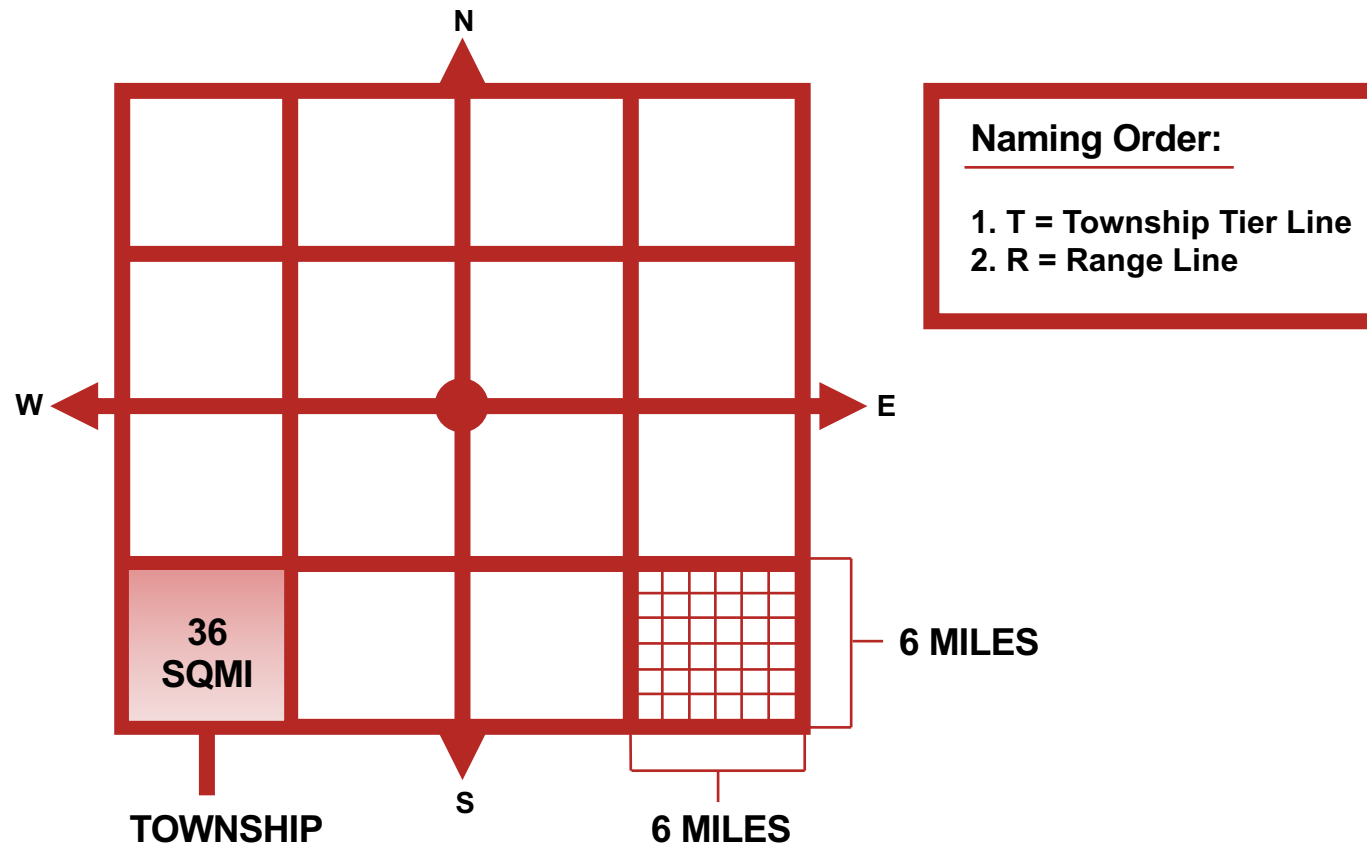
**RANGE LINES**

## Naming Squares on the Grid

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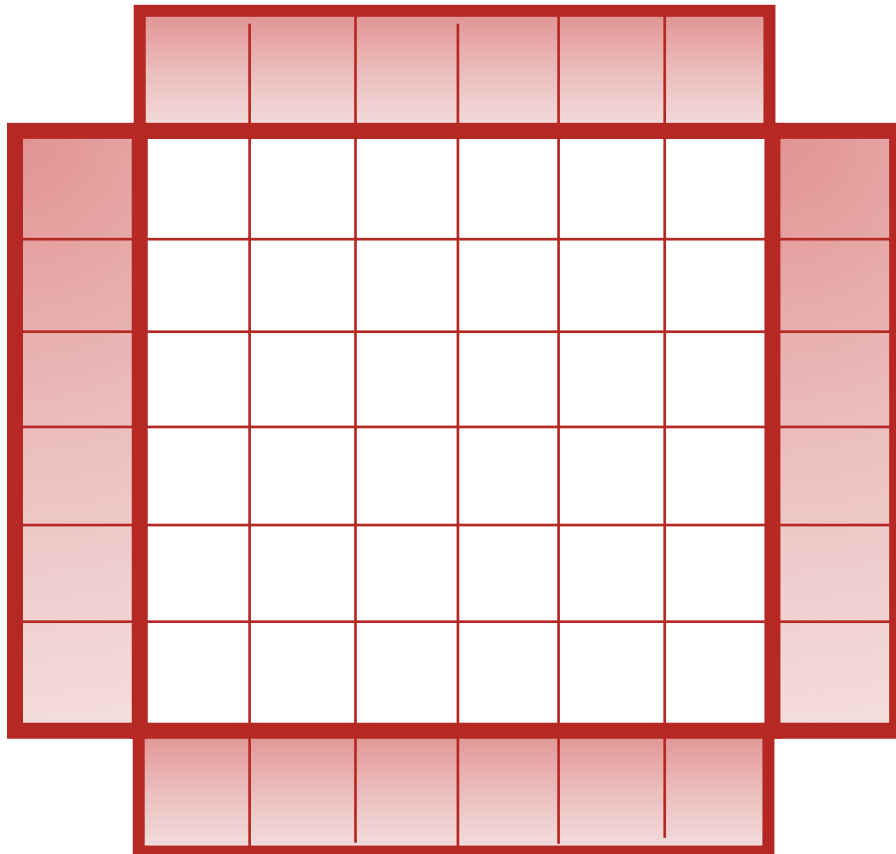


## Labeling Townships



## Numbering Sections in a Township

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### 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





# Percentage and Variable Leases

## (PERCENTAGE LEASE FORMULA)

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

## (VARIABLE LEASE FORMULA)

|  |   |                |   |               |   |                      |
|--|---|----------------|---|---------------|---|----------------------|
| <b>DIVIDE NEW INDEX BY ORIGINAL &amp; MULTIPLY BY ORIG. RENT</b> |   |                |   |               |   |                      |
| New Index  | ÷ | Original Index | x | Original Rent | = | Adjusted Rental Rate |
|  |   |                |   |               |   |                      |





# Suggested Sale Price for Net Listing

(NET LISTING SALE PRICE FORMULA)

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



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

(PITI FORMULA)

|               |  |   |                                |                    |                           |                                |              |
|---------------|--|---|--------------------------------|--------------------|---------------------------|--------------------------------|--------------|
| <b>STEP 1</b> | <b>CALCULATE MONTHLY RESERVES FOR PROPERTY TAXES</b> |   |                                |                    |                           |                                |              |
|               | Annual Property Taxes                                |   | ÷                              | Months in the Year | =                         | Monthly Reserve Property Taxes |              |
|               |  |   |                                | 12                 |                           |                                |              |
| <b>STEP 2</b> | <b>CALCULATE MONTHLY RESERVES FOR HOME INSURANCE</b> |   |                                |                    |                           |                                |              |
|               | Annual Insurance Premium                             |   | ÷                              | Months in the Year | =                         | Monthly Reserve Insurance      |              |
|               |  |   |                                | 12                 |                           |                                |              |
| <b>STEP 3</b> | <b>ADD MONTHLY MORTGAGE LOAN PAYMENT TO RESERVES</b> |   |                                |                    |                           |                                |              |
|               | 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.

PROPERTY VALUE / PURCHASE PRICE X LOAN-TO-VALUE RATIO (LTV) = 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)**

|               |  |   |                          |   |                          |
|---------------|--|---|--------------------------|---|--------------------------|
| <b>STEP 1</b> | <b>CONVERT THE POINTS TO LENDER'S YIELD (INTEREST)</b>       |   |                          |   |                          |
|               | Points   | X | Conversion Rate          | = | Increased Lender's Yield |
|               |  |   | .125%                    |   |                          |
| <b>STEP 2</b> | <b>ADD THE INCREASED YIELD TO THE EXISTING INTEREST RATE</b> |   |                          |   |                          |
|               | 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**

|   |   |                  |   |                           |
|---|---|------------------|---|---------------------------|
| <b>MULTIPLY CONVERTED POINTS BY THE LOAN AMOUNT</b> |   |                  |   |                           |
| 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<br>(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<br>(HER) | Total Obligations Ratio<br>(TOR) |
|---------------------------|--------------------------------|----------------------------------|
| <b>Conventional Loans</b> | 28%                            | 36%                              |
| <b>FHA Loans</b>          | 31%                            | 43%                              |
| <b>VA Loans</b>           | 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;"> <math>\div</math> 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                            |                              |   |   |   |   |
|---|------------------------------|---|---|---|---|
| <b>STEP 1</b>                                       | Annual Property Taxes        | ÷ | Days in the Year  | = | Daily Rate of Property Taxes                  |
|   |                              |   | 365   |   |   |
| <b>Closing Date:</b>                                |                              |   | <b>Day Belongs To:</b>                                      |   |   |
| MULTIPLY DAILY RATE BY DAYS OWNED BY SELLER IN YEAR |                              |   |   |   |   |
| <b>STEP 2</b>                                       | 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)

|                      |  |   |  |   |   |
|----------------------|--|---|--|---|---|
| <b>STEP 1</b>        | <b>CALCULATE THE DAILY RATE</b>                            |   |  |   |   |
|                      | Monthly Rent   | ÷ | Days in the Closing Month  | = | Daily Rate of Monthly Rent                    |
|                      |  |   |  |   |   |
| <b>Closing Date:</b> |  |   | <b>Day Belongs To:</b>   |   |   |
| <b>STEP 2</b>        | <b>MULTIPLY DAILY RATE BY DAYS OWNED BY BUYER IN MONTH</b> |   |  |   |   |
|                      | 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<br>(1 <sup>st</sup> of Month - Closing Date) | =               | Rent Proration Amount<br>(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<br>(Max: 10 Mills Per) |          | Taxes Owed |
|-------------------------|----------------|----------|---------------------------------|----------|------------|
| <b>City</b>             |                | <b>X</b> |                                 | <b>=</b> |            |
| <b>County</b>           |                | <b>X</b> |                                 | <b>=</b> | <b>+</b>   |
| <b>School</b>           |                | <b>X</b> |                                 | <b>=</b> | <b>+</b>   |
| <b>Sum of All Taxes</b> |                |          |                                 |          | <b>=</b>   |



# State Taxes for Finance and Purchase

**TAX TYPE X TAX RATE = TAXES OWED**

(STATE TAX FORMULAS)

|                                 |          |                       |          |                       |
|---------------------------------|----------|-----------------------|----------|-----------------------|
| <b>NEW LOANS<br/>(TAXED 2x)</b> | <b>X</b> | <b>2 MILLS (.002)</b> | <b>=</b> | <b>INTANGIBLE TAX</b> |
|---------------------------------|----------|-----------------------|----------|-----------------------|

|   |          |                          |          |  |
|---|----------|--------------------------|----------|--|
| <b>ALL LOANS<br/>(NEW AND EXISTING)</b> | <b>X</b> | <b>3.5 MILLS (.0035)</b> | <b>=</b> | <b>DOCUMENTARY STAMP<br/>TAXES ON THE NOTE</b> |
|---|----------|--------------------------|----------|--|

|                       |          |                       |          |  |
|-----------------------|----------|-----------------------|----------|--|
| <b>PURCHASE PRICE</b> | <b>X</b> | <b>7 MILLS (.007)</b> | <b>=</b> | <b>DOCUMENTARY STAMP<br/>TAXES ON THE DEED</b> |
|-----------------------|----------|-----------------------|----------|--|

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

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



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



# Sales Method: Market Conditions Adjustment

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

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



# Income Capitalization Approach (Income Method)

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

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

|   |   |  |   |                                       |
|---|---|--|---|---------------------------------------|
| <b>Net Operating Income</b><br><b>NOI</b> | = | <b>Overall Capitalization Rate</b><br><b>OAR</b> | x | <b>Property Value</b><br><b>Value</b> |
|   |   |  |   |                                       |



# 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.

|               |  |   |                               |   |                               |
|---------------|--|---|-------------------------------|---|-------------------------------|
| <b>STEP 1</b> | <b>CALCULATE MARKET GIM FROM COMPARABLE PROPERTY</b> |   |                               |   |                               |
|               | Sales Price  | ÷ | Gross Annual Income           | = | Gross Income Multiplier (GIM) |
| <b>STEP 2</b> | <b>CALCULATE PROPOSED VALUE OF SUBJECT PROPERTY</b>  |   |                               |   |                               |
|               | 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.

|               |  |   |                             |   |                             |
|---------------|--|---|-----------------------------|---|-----------------------------|
| <b>STEP 1</b> | <b>CALCULATE MARKET GRM FROM COMPARABLE PROPERTY</b> |   |                             |   |                             |
|               | Sales Price  | ÷ | Gross Monthly Income        | = | Gross Rent Multiplier (GRM) |
| <b>STEP 2</b> | <b>CALCULATE PROPOSED VALUE OF SUBJECT PROPERTY</b>  |   |                             |   |                             |
|               | 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                         | \$500  | \$500  | \$500                              |
| Legally Blind   | \$500  | \$500  | \$500                              |
| Totally & Permanently Disabled Non-Veteran            | \$500  | \$500  | \$500                              |
| Totally & Permanently Disabled Quadriplegic           | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed) |
| Totally Disabled First Responder & Spouses            | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed) |
| Veteran with 10% Service-Connected Disability         | \$5000   | \$5000   | \$5000                             |
| Service-Connected Totally Disabled Veteran & Spouse   | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed) |
| Surviving Spouse of Veteran Deceased from Active Duty | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(No Property Taxes Owed)             | Exempt<br>(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.

|               |  |   |                      |   |                |   |
|---------------|--|---|----------------------|---|----------------|---|
| <b>STEP 1</b> | <b>CALCULATE ADJUSTED BASIS OF PROPERTY</b>            |   |                      |   |                |   |
|               | Original Purchase Price                                | + | Capital Improvements | = | Adjusted Basis |   |
|               |  |   |                      |   |                |   |
| <b>STEP 2</b> | <b>SUBTRACT THE ADJUSTED BASIS FROM THE SALE PRICE</b> |   |                      |   |                |   |
|               | 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.

|               |  |   |   |   |                                |
|---------------|--|---|---|---|--------------------------------|
| <b>STEP 1</b> | <b>SUBTRACT LAND VALUE FROM PROPERTY COST</b>    |   |   |   |                                |
|               | Property's Acquisition Cost                      | - | Land Value                                      | = | Depreciable Basis              |
|               |  |   |   |   |                                |
| <b>STEP 2</b> | <b>MULTIPLY DEPRECIABLE BASIS BY USEFUL LIFE</b> |   |   |   |                                |
|               | 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          |                                |   |                          |   |                                   |
|--|--------------------------------|---|--------------------------|---|-----------------------------------|
| <b>STEP 1</b>                              | Square-Feet Per Acre           | X | % Available for Lots     | = | Square-Feet Available Per Acre    |
|  | 43,560                         |   |                          |   |                                   |
| MULTIPLY BY NUMBER OF ACRES                |                                |   |                          |   |                                   |
| <b>STEP 2</b>                              | Square-Feet Available Per Acre | X | Number of Acres in Tract | = | Total Available Square-Feet       |
|  |                                |   |                          |   |                                   |
| MULTIPLY BY MINIMUM ALLOWABLE SQFT PER LOT |                                |   |                          |   |                                   |
| <b>STEP 3</b>                              | Total Available Square-Feet    | X | Minimum Sqft. Per Lot    | = | Number of Buildable Lots in Tract |
|  |                                |   |                          |   |                                   |