

**RENTAL PROPERTY COST ANALYSIS "EXAMPLE"**

**PROPERTY** 2nd row Rental Home on Hilton Head

|                            |            |
|----------------------------|------------|
| Purchase Price             | \$979,900  |
| % Down Payment             | 25%        |
| Down Payment               | \$244,975  |
| Amount Financed            | \$734,925  |
| Term                       | 360 months |
| Interest Rate              | 4.50%      |
| Value of Furniture Package | \$50,000   |

| <b>I. ESTIMATED COST</b>    | <b>Per Month</b>  | <b>Per Year</b>      |
|-----------------------------|-------------------|----------------------|
| Principal and Interest      | \$3,723.76        | \$44,685.08          |
| Pool/Landscape/Trash/Pest   | \$300.00          | \$3,600.00           |
| Taxes                       | \$1,000.00        | \$12,000.00 estimate |
| Electricity                 | \$300.00          | \$3,600.00           |
| Insurance                   | \$640.00          | \$7,700.00           |
| Telephone and cable         | \$150.00          | \$1,800.00           |
| Singleton Assessment        | \$0.00            | \$0.00               |
| Sewer and Water             | \$140.00          | \$1,680.00           |
| <b>TOTAL ESTIMATED COST</b> | <b>\$6,253.76</b> | <b>\$75,065.08</b>   |

| <b>II. RENTAL INCOME</b>       |                 |                        |
|--------------------------------|-----------------|------------------------|
| Estimated Gross Rental Revenue | \$90,000        |                        |
| % to Rental Agency             | 30%             | Estimated without VRBO |
| <b>NET TO OWNER</b>            | <b>\$63,000</b> |                        |

\* Note: Neither the seller nor Dunes Marketing Group, Inc. engages in rental management.

Any rental projections are included for example purposes only.

You should discuss occupancy rates and potential income with a rental management company.

| <b>TAX DEDUCTIONS</b>                          | <b>Per Year</b>     |
|--|---------------------|
| Interest                                       | \$42,450.83         |
| <b>III. Taxes</b>                              | <b>\$12,000.00</b>  |
| Condo Fee (Regime)                             | \$3,600.00          |
| Electricity                                    | \$3,600.00          |
| Insurance (Contents)                           | \$7,700.00          |
| PDR Annual Assessment                          | \$0.00              |
| Phone  | \$1,800.00          |
| Structure Depreciation: 27.5 Yr. Straight Line | \$28,587.82         |
| Furniture Depreciation: 7 Yr. Straight Line    | \$7,142.86          |
| Appliance Depreciation: 7 Yr. Straight Line    | \$714.29            |
| Sewer and Water                                | \$1,680.00          |
| <b>TOTAL TAX DEDUCTIONS</b>                    | <b>\$109,275.79</b> |

| <b>TAX SAVINGS</b>             |                    |
|--------------------------------|--------------------|
| Total Tax Deductions           | \$109,275.79       |
| <b>IV. Minus Rental Income</b> | <b>\$63,000.00</b> |
| Net Tax Deductions             | \$46,275.79        |
| Tax Bracket %                  | 31%                |
| <b>TAX SAVINGS</b>             | <b>\$14,345.50</b> |

| <b>SUMMARY</b>             |                    |
|----------------------------|--------------------|
| Rental Income              | \$63,000.00        |
| <b>V. Plus Tax Savings</b> | <b>\$14,345.50</b> |
| Less Cost                  | \$75,065.08        |
| <b>NET</b>                 | <b>\$2,280.41</b>  |

The above cost analysis sheet is not intended to serve as a representation that the property discussed is an investment of any sort, or that you will derive any economic benefits from the ownership, sale or rental of the property. There is no mandatory rental program.

Rental services are offered through independent rental agencies on Hilton Head Island.

Rental rates and number of weeks of rental will vary.