

# MADRONA

MEDICAL & PROFESSIONAL CENTER

## Conventional Loan: 5.75%, 20% Downpayment

### OWN vs. LEASE - 10 Year Comparison

	<u>PURCHASE</u>	<u>LEASE</u>
Sale Price	\$316,825.00	N/A
Build Out	\$33,350.00	
Total Project Cost	\$350,175.00	
Total Loan (80% + Loan Fees)	\$285,851.86	N/A
Downpayment (20%)	\$70,035.00	
Mortgage Payment (5.75%, 25 years, blended)	\$215,797.20	N/A
Lease Payments (\$2.75 NNN, 3% annual increases)	N/A	\$252,331.45
Cummulative Principal	\$69,294.27	N/A
Cummulative Interest	\$146,502.93	N/A
Mortgage Balance at 2018	\$216,557.59	N/A
<b>ESTIMATE AT END OF 10-YEAR PERIOD</b>		
<b>EQUITY:</b>		
<i>Estimated Building Value in 2018</i>	<b>518,344.54</b>	N/A
<i>(4% in appreciation)</i>		
Less: Loan Balance	(\$216,557.59)	N/A
<b>OWNER EQUITY VALUE</b>	<b>\$301,786.96</b>	<b>\$ 0</b>
<b>CASH OUTLAY TOTALS:</b>		
Mortgage Payments	\$215,797.20	N/A
Lease Payments	N/A	\$252,331.45
Property Tax	\$34,850.75	\$6,403.20
Insurance	\$18,000.00	\$18,000.00
Utilities	\$13,606.80	\$13,606.80
Owners Association Dues	\$15,127.56	N/A
<b>ADD BACK TAX BENEFITS (40% TAX BRACKET):</b>		
Depreciation	(\$23,345.00)	N/A
Property Tax	(\$13,940.30)	N/A
Mortgage Deduction	(\$58,601.17)	N/A
Lease Deduction	N/A	(\$100,932.58)
<b>NET 10-YEAR COST</b>	<b>\$201,495.84</b>	<b>\$189,408.87</b>
<b>ACCUMULATED EQUITY</b>	<b>\$301,786.96</b>	<b>\$ 0</b>
<b>ADVANTAGES OF OWNERSHIP</b>	<b>OWNERSHIP</b>	<b>LEASING</b>
Build Equity	YES	NO
Hedge Against Inflation	YES	NO
Improvements Add to Future Value	YES	NO
Real Estate Appreciation	YES	NO
Interest & Depreciation Deduction	YES	NO
Pride of Ownership	YES	NO
Controlled Occupancy Costs	YES	NO
Estate Planning Asset	YES	NO

NOTE: This is not nor can it be construed as a commitment to lend. Any and all terms and conditions subject to change. All facts and figures are estimates only and are not guaranteed to be accurate. Please consult with a certified public accountant to get an assessment of your own personal financial situation prior to making a decision to purchase.