

## 3 Month Purchase, Hold and Resell

3br, 2ba top floor condominium at the Gates of McLean, McLean VA

Purchase price was \$350,000 for 3br/2ba; 10% initial deposit required.

\$8000 credit given at closing for using approved lender.

FINAL PHASE of a condominium conversion.

**Past performance is no guarantee for future returns. Reselling properties is a high-risk activity!**

### Transaction History

Date	Description	Subtotal
A	3/1/2004 Sign contract with builder for purchase	\$ (35,000.00)
B	4/1/2004 Get possession - settlement cost	\$ (28,500.00)
	4/15/2004 Builder sells last unit, waiting list of purchaser	
	5/1/2004 Sign Sales contract for \$397,000 with help of Realtor	
C	6/1/2004 Go to settlement, surrender possession	\$ 90,150.00
D	6/1/2004 Pre-pay short term capital gains tax	\$ (6,762.00)
Total Net Profit		<b>\$ 19,888.00</b>

### Transaction Calculations

#### A. Sign Contract with Builder

Initial 10% Deposit to builder	\$ (35,000.00)
--------------------------------	----------------

#### B. Go to Settlement

Closing Cost	\$ (5,000.00)
"Their lender" Credit from builder	\$ 8,000.00
1% Cashback from Realtor	\$ 3,500.00
Additional 10% for 20% total for downpayment	\$ (35,000.00)
Settlement Cost	<b>\$ (28,500.00)</b>

Total Cash Outlay at this point (A+B) : \$ (63,500.00)

Outstanding Loan is \$ (280,000.00)

#### C. Resale Settlement Calculation

<i>Includes closing and carrying cost</i>	
Sales Price	\$ 397,000.00
Closing Cost	\$ (3,000.00)
Realtor Fees(5%)	\$ (19,850.00)
Payoff Outstanding Loan	\$ (280,000.00)
Carrying Cost	\$ (4,000.00)
Cash From Closing	<b>\$ 90,150.00</b>

#### D. Short Term Capital Gain

Subtotal

Sales Price		\$	397,000.00
Initial Purchase Price		\$	(350,000.00)
Closing Cost Deductibles		\$	(22,850.00)
Taxable Income		\$	24,150.00
Short Term Gain Tax	\$24,150 x 28% tax rate	\$	<b>(6,762.00)</b>

So, in this sample an appreciation of 14% - \$49,900, gave a profit of \$19,888.

---

**Disclaimer:**

*Assumptions and simplifications have been made for calculations above. Calculations are believed to be correct but no guarantees are made as to the accuracy. The above may not apply to your particular situation I am a Realtor only - always check with other professionals as CPA's and tax consultants before taking any action based on information or ideas in this spreadsheet or on my website <http://andresenrealty.com>.*