

**Vineyard Hills Business Properties  
Rent vs. Own Comparison**

Sample Unit Size 3,067 SF

**Rent**

**Lease**

Rent/SF/month	\$	1.00
Rent/month total	\$	3,067

**Start-up costs**

Prepaid rent and deposit	\$	9,201
Total start-up	\$	9,201

**Monthly costs**

	PSF	Total
Rent	\$ 1.00	\$ 3,067
Real Estate Taxes	Included	Included
NNN operating costs (2)	\$ 0.38	\$ 1,165
Utilities + HVAC maintenance	\$ 0.19	\$ 583
Total monthly	\$ 1.57	\$ 4,815

**Monthly ownership benefits**

Appreciation - unit	3.0% per year	\$ -	\$ 2,800
Building Depreciation	35% tax bracket	\$ -	\$ 639
Improvement Depreciation	35% tax bracket	\$ -	\$ 206
Average principal payment		\$ -	\$ 1,840 (5)
Total ownership benefits		\$ -	\$ 5,484

**Total effective monthly cost**

\$ 4,815 (4)

**Bonus depreciation - first year**

Non-shell building costs	\$	230,025
Solar power array	\$	35,892
	\$	265,917
Section 179 Depreciation Cap	\$	125,000
Excess Improvement depreciation	\$	140,917

**Own**

**Purchase**

Purchase price	\$	1,120,000
Loan amount	\$	1,008,000

Down payment	10%	\$	112,000
Loan fees	2%	\$	22,400
Total start-up		\$	134,400
Less Additional First Year Tax Savings (1)		\$	54,518
Net Total Start-up cost		\$	79,882

	PSF	Total
Mortgage	\$ 2.22	\$ 6,809
Real Estate Taxes	\$ 0.43	\$ 1,323
Owners' association (3)	\$ 0.23	\$ 705
Utilities + HVAC maintenance	\$ 0.15	\$ 460
Total monthly	\$ 3.03	\$ 9,297

**Notes**

(1) First Year Additional Tax Savings (Reduces Start-up Costs Above)  
30% ITC for Solar Array 10,768  
Sec 179 savings from depreciation (35% tax rate) 43,750  
54,518

(2) Building Insurance, Common Area Maintenance and Utilities

(3) Property Management, Building Insurance  
Common Area Maintenance, Reserves,  
and Utilities

(4) This does not reflect typical annual rent escalations

(5) Average in Year 1; Average over loan term is: \$3,733 per month

(6) Equity is property value less the outstanding loan balance plus down payment.

**Assumptions**

SBA - Interest Rate	5.63%
SBA - Amortization	20 years
SBA - Loan to Value Ratio	40%
Bank - Interest Rate	6.25%
Bank - Amortization	25 years
Bank - Loan to Value Ratio	50%
Shell Depreciation	39 years
Improvement Depreciation	20 years
Income tax rate	35%

Monthly Savings through Ownership \$ 1,002 20.80%

**Increase in Property Value and Owner's Equity (6)**

	Value	Loan Balance	Equity
<b>Year 5</b>	\$1,298,387	\$ 883,406	\$526,981
<b>Year 10</b>	\$1,505,186	\$ 716,148	\$901,038
<b>Year 15</b>	\$1,744,924	\$ 491,565	\$1,365,358
<b>Year 20</b>	\$2,022,845	\$ 189,938	\$1,944,907
<b>Year 25</b>	\$2,345,031	\$ -	\$2,345,031

**IMPORTANT: As required by United States Treasury Regulations governing tax practice, you are hereby advised that any written tax advice contained herein was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions. Consult a certified public accountant for tax advice and eligibility of tax related benefits.**

**The figures shown are based on industry averages, current interest rates and budgets prepared for the project. Therefore, while great care has been taken to insure accuracy of the numbers presented here, actual costs may vary.**