

Price Justification Worksheet 1

Indicated Value		
Down Payment (40-60%)	-	
Amount financed	=	

Total Annual SDE		
Less allowance for:		
Debt Service **	-	
Reasonable Salary	-	
Capital Reinvestment/Tax	-	
Net Cash Return	(A) =	

Down Payment	+		
Working Capital Required	+		
Total Investment	(B) =		
Annual Return Cash on Cash $((A/B) \times 100)$			%

** NOTE: there are many amortization programs available online.
for a quick calculation of debt service the following will get you very close

Term in years	Annual payment per \$10,000 borrowed
3	3700
5	2400
7	2000

Price Justification Worksheet 2

Total Annual SDE

Less allowance for:

Reasonable Salary

Capital Reinvestment/Tax

Cash Available for Debt/ROI

Expected Down Payment (1)

ROI (20% of expected down)

Cash Avail. to Service Debt ** (C)

Maximum Financing Capacity ((C/2400)X10000)

Add

Expected Down Payment (1)

Indicated Value

(1) 125% of SDE as down payment (Average from comparables data)

** NOTE: there are many amortization programs available online.
 for a quick calculation of debt service the following will get you very close

Term in years	Annual payment per \$10,000 borrowed
3	3700
5	2400
7	2000