



Price Justification Worksheet 1

Indicated Value

Down Payment (40-60%) *percentage*:..... %

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	\$3,700
5	\$2,400
7	\$2,000



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 $((C / 2,400) \times 10,000)$

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	\$3,700
5	\$2,400
7	\$2,000