

Sale of Real Estate - 456 Portland Way

456 Portland Way will close escrow on December 27, 2009.

This report details the pre-tax proceeds, tax, and after-tax proceeds on the sale of 456 Portland Way.

I. Calculating Pre-Tax Proceeds on Sale of 456 Portland Way:

1. Current Value of 456 Portland Way.	\$710,000
2. Less: First Mortgage Balance on Sale Date.	\$36,937
3. Less: Expense of Sale.	\$35,500
4. Equals: Equity After Mortgages and Expenses.	\$637,563
5. Percent of Equity to Clif	50.00%
6. Percent of Equity to Amy.	50.00%
7. Pre-tax proceeds on Sale, for Clif (line 4 * line 5)..	\$318,782
8. Pre-tax proceeds on Sale, for Amy (line 4 * line 6)..	\$318,782

II. Estimating Tax Payable on Sale of 456 Portland Way.

	<u>Clif</u>	<u>Amy</u>
1. Sale Price of 456 Portland Way.	\$355,000	\$355,000
2. Less: Expense of Sale.	\$17,750	\$17,750
3. Equals: Amount Realized.. . . .	\$337,250	\$337,250
4. Less: Adjusted Basis.. . . .	\$75,000	\$75,000
5. Equals: Potentially Taxable Gain (\$524,500 divided 50%/50%).. . . .	\$262,250	\$262,250
6. Less: Exclusion Amount.. . . .	\$250,000	\$250,000
7. Equals: Taxable Gain.. . . .	\$12,250	\$12,250
8. Estimated Federal Tax (at capital gains rate of 15%) (*).	\$1,838	\$1,838
9. Estimated State Tax (at a tax rate of 9.55% / 8.25%).	\$1,170	\$1,011

III. Estimating After-Tax Proceeds on Sale of 456 Portland Way.

	<u>Clif</u>	<u>Amy</u>
1. Pre-Tax Proceeds on Sale (from Sections I.7 and I.8 above).	\$318,782	\$318,782
2. Less: Estimated Incremental Tax (from Sec II.8 & 9 above).	\$3,008	\$2,849
3. Equals: Estimated After-Tax Proceeds on Sale.	\$315,774	\$315,933

(*) Actual taxes may increase because of the loss of the mortgage deduction as well as the gain on sale.