

STATE OF NEW MEXICO REAL ESTATE COMMISSION
 5500 San Antonio Drive NE Suite B
 Albuquerque, NM 87109 (505) 222-9820

CONTINUING EDUCATION COURSE APPLICATION

Date 4-25-16

Title of Course:

AFTER TAX ANALYSIS OF INCOME PROPERTY

5

Fee \$70 (Upon Approval)

Approved Education Course [X]

Courses in:
Real estate law and practice; real estate financing including mortgages and other financing techniques; material specific to the regulatory, and ethical practice of real estate; and real estate related local, state and federal laws including but not limited to fair housing, the Americans with Disabilities Act (ADA), and lead-based paint disclosure.

Approved Training Course []

Courses in:
Personal and property protection for the broker and clients; using the computer, the internet, business calculators and other technologies to enhance the broker's service to the public; concerning professional development, customer relations skills, sales promotion including salesmanship, negotiation, marketing techniques, servicing the client, or similar courses.

Non-acceptable courses

Courses in:
Mechanical office and business skills such as typing; speed reading; memory improvement; language report writing; offerings concerning physical wellbeing or personal development such as personal motivation; stress management; time management; dress-for-success; or similar courses.

ENCLOSED WITH THIS APPLICATION ARE ONE COPY OF:

[X] student handouts (11 copies must be provided at ESC presentation)

COURSE TYPE

[X] Live lecture

List major reference materials used in the development of this course: CCIM 103 manual; 15 years as a commercial broker; 8 yrs managing a 45 person commercial company; 20 years of teaching this subject to over 800 times to 17,000 students, in 30 different cities, in 7 different states. I have had over 200 CPA's in my classes over the last 20 years vetting all of the information I have been teaching.

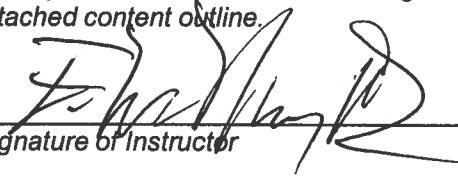
This course will be taught at the following locations (attach additional sheet if necessary):

Date TBD Location tdb

Date _____ Location _____

Describe the physical classroom facilities: classroom style; tables and chairs. Will vary with different venues.
The instructor(s) for the course will be: Frank W. Meyers III
Provide evidence of the instructor(s) New Mexico instructor certification, or attach instructor applications: application attached
How this course will serve to protect the public and increase the professional competence of the licensee: Approximately 30% of the CCIM curriculum is dedicated to after tax subjects. They, as well as I, feel that to do a complete, professional cash flow analysis for a prospective investor, the after tax aspects need to be part of that analysis. It is possible for property A to be the better deal on a pre tax basis, but for property B to be the better deal on an after tax basis. I have yet to meet an investor who is exempt from filing/paying taxes, I, therefore, feel compelled to include the after tax portion in any analysis I do for a prospective investor.

I certify that this course shall have significant intellectual and/or practical content and will be taught in accordance with the attached content outline.



 Signature of Instructor

4-25-16
 Date

Frank W. Meyers III

 Instructor

4-25-16
 Date

Course Title: **Insert**

Course Description: **Insert a few sentences which briefly describe your course.**

Learning Objectives (See attachment on Bloom's Taxonomy and Learning Levels)

Learning Level	Learning Objective
Insert Level (Words or Numbers)	Insert corresponding learning objective
See attached	

The following will be the means used in assessing whether the Learning Objectives have been met (Pre and post test, Q&A etc.)

Insert specific methods

Timed Outline: Describe in detail the components of the course by breaking it down into subject matter areas of no greater than 15 minutes. What will be the method of instruction or teaching technique used for each area (lecture, slides, group activities, videotape etc.)

Length in Time (15 min. increments)	Teaching Technique	Subject Matter Segment and Description
See attached		

AFTER TAX ANALYSIS OF INCOME PROPERTY

Course Description

This course explores federal tax law relative to the after tax analysis of investment real estate. The first chapter is on basic after tax calculations and cash flow calculations- both on a pre tax as well as an after tax basis.

Chapter two goes into detail regarding cost recovery/depreciation. It covers the history of cost recovery, and what the current laws are, regarding it, as well as how to calculate it, and input the results into cash flow analysis of investment properties, so as to arrive at an after tax cash flow. It also covers “at risk” limitations in the IRS code, and how they affect cash flow. There are both examples done by the students with the instructor, and then there is a case study, which the students do on their own.

Chapter Three covers “Passive Loss” restrictions. It goes into detail regarding the \$25,000 relief provision of the 1986 Tax Act, and what an investor must do in order to qualify for it. It discusses offsetting passive losses against passive gains. And again there are examples of how to calculate passive losses, and a case study for the students to do.

Chapter Four covers Capital Gains Tax calculation. It discusses how adjustments to basis affect the capital gains taxes. It discusses recapture of cost recovery, as well as how different portions of a capital gain are taxed at different rates. Again there are an example and an in depth case study. This subject will be very time sensitive, because of what's happening in the congress regarding taxes.

After taking this class, an agent will have an excellent understanding of the after tax analysis of investment real estate, and how it affects cash flow and yield to an investor. If an agent is to do a truly professional job for their client, they must include the after tax portion of the investment.

AFTER TAX ANALYSIS OF INCOME PROPERTY

TIME LINE

- HOUR 1**
- 1ST 15 MINUTES** Basic cash flow calculation and after tax calculations are discussed. At the end of this section the student will know how the after tax calculations fit into overall cash flow analysis, and they will know the basic after tax calculations. Instructional techniques are lecture, Q and A, and Power Point.
- 2nd 15 MINUTES** Definition and history of cost recovery are discussed- mainly the 1981 and 1986 tax acts. They will know that probably 95% of the after tax calculations today were implemented via the 1986 tax act. Instructional techniques are lecture, and Q and A.
- 3rd 15 MINUTES** The various types of cost recovery are discussed. At the end of this session, they will know the 8 cost recovery classes for personal and real property. Instructional techniques are lecture and Q and A.
- 4th 15 MINUTES** At risk limitations, and CPA schedules for cost recovery are discussed. The students will learn that at risk limitations rarely are relevant, how to make the calculations when they are, and how to calculate cost recovery. Instructional techniques used are lecture and Q and A.
- HOUR 2**
- 1ST 15 MINUTES** Instructor goes over an example on cost recovery with students in their manual and on
2ND 15 MINUTES the power point. After this period the student will have the knowledge to calculate cost recovery amounts on any property, and they will learn how the amount of cost recovery deduction on a property can vary greatly from property to property depending upon type of property and land values. Instructional techniques used are lecture, Q and A, and Power Point.
- 3RD 15 MINUTES** Students do a case study in their groups on cost recovery. They will gain the knowledge
4TH 15 MINUTES and confidence to calculate cost recovery amounts, and how the cost recovery figure fits into the overall after tax equation. Instructional techniques used are lecture, Q and A, Power Point, and small group case study.
- HOUR 3**
- 1ST 15 MINUTES** The definition and history of passive loss restrictions are discussed, including the \$25,000 relief provision of the 1986 tax act. The students will learn how the 1986 tax act dramatically changed the after tax analysis of income properties, and the requirements needed to be able to use the \$25,000 relief provision. Instructional techniques used are lecture, and Q and A.
- 2ND 15 MINUTES** An example of calculating Passive Losses is conducted by instructor for students via Power Point. At the end of this period the students will have the knowledge to actually do a case study in calculating passive losses in the next period. Instructional techniques used are lecture, Q and A, and Power Point.
- 3RD 15 MINUTES** Students will actually do a case study on calculating passive losses and the ability or
4TH 15 MINUTES non ability to deduct them against other income. At the end of this section the students will have the confidence and knowledge to make passive loss calculations. Instructional techniques used are lecture, Q and A, small group case study, and Power Point.

- HOUR 4**
- 1ST 15 MINUTES** The subject of Suspended Losses is discussed relative to how they are calculated and when they can be utilized. At the end of this section the students will be crystal clear on how to deal with suspended losses. Instructional techniques used are lecture, Q and A, and Power Point.
- 2nd 15 MINUTES** The difference between gross equity and net equity is discussed- closing costs and capital gains taxes. The discussion of how to calculate capital gains is done via a very clear power point slide. The student will learn how to make adjustments to basis and to the ultimate sales price in calculating capital gain. Instructional techniques used are lecture, Q and A, examples done with students via Power Point.
- 3rd 15 MINUTES**
- 4th 15 MINUTES** The students will be taught about recapture of cost recovery and the various capital gains rates applicable in today's market. At the end of this section they will know what the capital gains rates are, how cost recovery recapture is taxed, and the dramatic effect the 1986 tax act had on capital gains rates. Instructional techniques used are lecture, Q and A, examples done with students via Power Point.
- HOUR 5**
- 1ST 15 MINUTES** Students will do a difficult case study in calculating capital gains taxes on a property.
- 2ND 15 MINUTES** At the end of this section they will have the knowledge to calculate capital gains taxes.
- 3RD 15 MINUTES** Instructional techniques used here are small group case study, and basically monitoring students' group activity, answering questions, and stimulating thought.
- 4th 15 MINUTES** Instructor goes over and explains the Capital Gains Tax case study. The students will learn that it is possible to sell a property for a price lower than they bought it for, and still owe capital gains taxes. They will learn how to calculate the taxes due in the above scenario. They will have the knowledge and confidence to do a capital gains tax calculation. Instructional techniques used are lecture, Q and Q, and Power Point.