

Cash flow from tax savings of 6-10% through Cost Segregation, Tangible Property Regulation compliance, and the new Tax Cuts and Jobs Act are available whether your clients own or lease commercial property. That's \$60K-\$100K for each \$1M in building costs! Let your clients know you are looking out for their bottom line.

**It's your client's money. Help them keep more of it.**

## What is Cost Segregation?

Cost Segregation is an application by which commercial property owners accelerate depreciation and reduce the amount of taxes owed. This savings generates substantial cash flow that owners often use to reinvest in business, purchase additional property, apply to their principal payment or pay down debt.

## How Does Cost Segregation Work?

Cost Segregation Services, Inc. (CSSI) an experienced and qualified company, performs an engineering-based cost segregation study on a property. The study accelerates the depreciation of a building/renovation components into shorter depreciation categories such as 5-, 7-, 15-year rather than the conventional 27.5- and 39-year schedules. Five- and 7-year items might include decorative building elements, specialty electrical for dedicated computer equipment and medical equipment, and carpet, tile, etc. Fifteen-year items might include site utilities, landscaping, and paving. This engineering-based cost segregation study results in a much higher depreciation expense and significantly reduced taxable income for the property owner. Best of all, tax code ruling states cost segregation can be applied to categories of buildings purchased or built since 1986, including renovations. There is no need to amend your tax returns.

### Actual Savings Generated by Cost Segregation Studies

Facility Type	Total Property Cost	First Year Cash Flow from Tax Savings	Five Year Cash Flow from Tax Savings
Funeral Home	\$562,550	\$19,699	\$37,239
Medical Facility	\$663,000	\$6,962	\$36,124
Leasehold Improvements	\$1,400,000	\$53,751	\$131,569
Office Park	\$1,712,000	\$98,222	\$125,471
Self Storage	\$2,730,000	\$41,418	\$219,450
Assisted Living	\$7,400,000	\$323,673	\$605,133
Hotel	\$8,389,000	\$692,183	\$973,836

### As a Commercial Lender are you interested in:

- ◆ Saving your clients' money and providing them opportunities for increased cash flow?
- ◆ Increasing client service and loyalty?
- ◆ Working with a firm that operates within all approved US tax codes and guidelines?
- ◆ Partnering with someone you can trust?
- ◆ Partnering with a company versed in all current tax law and regulations?

### Benefits to Your Bank:

- ◆ Value Added service to your clients.
- ◆ Client reduces amount of income taxes paid.
- ◆ Client has more cash available for:
  1. Debt Service Coverage
  2. Working Capital
  3. Capital Expenditures
  4. Paying down other Debt (new found money)
  5. Bank Deposits
- ◆ Enhancement to underwriting (pro-forma debt service coverage; liquidity).
- ◆ Cash Flow increased in the earlier riskier years of the loan.

### Client Qualifications:

1. Client must have a past or present tax liability.
2. Property acquisition or renovation cost basis greater than \$250K (without land).
3. Has owned or leased the property less than 15 years.
4. Plans to keep property at least 3 years.

For a no cost property analysis, please contact your CSSI Representative:

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