

How Paragon Works with Funding Sources

Here is some more information to assist in presenting our firm's cash flow enhancement services.

Cash Flow Enhancement

Lenders consider many factors, and near-term cash flow is certainly high on the list. To complement pro-forma evaluation of the ability to repay, our Tax Engineering consulting and Cost Segregation analysis assures increased cash flow in the 1st year from reduced income taxes. This is in addition to the cash flow projections of the project.

Other critical cash flow elements include property taxes and property/casualty insurance premiums. Our valuation services assure that these ongoing operating expenses are minimized to generate more cash flow available for loan repayment.

Application/Due Diligence/Post Funding Recommendations

Our proprietary models provide reasonable cash flow projections to assist borrowers and lenders during the application and due diligence phases. These prefunding projections are provided at no cost with the ultimate fees contingent upon successful funding and completion of services.

Our firm has significantly increased the ultimate cap rates and ROI of over \$100 Billion of acquisitions, new builds/expansions, and renovations/redevelopment projects. For last year, our clients saved over \$220 Million in Federal and State income taxes in the 1st year. These savings were substantially greater than the required principal and interest payments over that period.

New Construction Cash Flow for Loan Payments

These examples illustrate tax savings that could be applied to interest and principal payments in the early critical stages of the loan.



Data Center

Cost	Fed. Taxes Saved
\$150M	\$45,382,412



Retail Center

Cost	Fed. Taxes Saved
\$75M	\$10,038,268



Office Building

Cost	Fed. Taxes Saved
\$50M	\$6,692,343



Hotel

Cost	Fed. Taxes Saved
\$25M	\$2,677,133

These examples are based upon the Tax Cuts & Jobs Act of 2017.



It would be a pleasure to partner our services on potential financing opportunities for your clients/ applicants to your firm. We serve clients with all property types, i.e., renovations, leasehold improvements, office buildings, data centers, gas stations, manufacturing plants, medical buildings, warehouses & distribution centers, retail centers, hotels, golf resorts, newspapers, and TV/radio broadcasting—to name a few.

Other Cash Flow Generation

Additional services to support financing includes:

- Tax engineering consulting with design teams to suggest project choices that produce greater personal property accelerated depreciation deductions
- Mid-construction onsite inspections to create supplemental IRS audit documentation
- Cost segregation studies to optimize construction costs eligible for accelerated depreciation
- Insurance appraisals to determine current replacement costs of insurable components reflecting insurance exclusions
- Market value appraisals for property tax appeals
- Creation of fixed asset database for movable assets, building components, and land improvements in coded format for direct import into Sage FAS or other client software

Property Acquisitions

Purchase of existing properties offer special savings:

- Retroactive allocation of purchase price studies on past acquisitions to recover unclaimed depreciation from misclassified components (if any)
- Allocation of purchase price studies on new acquisitions

Renovations/Redevelopment Projects

After purchase, new owners can realize cash flow by:

- Retirement studies for renovations to determine remaining tax basis eligible for write off on disposed property components and FF&E for income tax and property tax reductions
- Cost segregation studies to optimize construction costs eligible for accelerated depreciation
- Update fixed asset records to reflect disposals and new additions



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ENHANCING FIXED ASSET MANAGEMENT

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