SAMPLE · A fictional deal and seller, to show what a Terms Packet looks like. Not an estimate for any real sale.

These Terms at a Glance

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

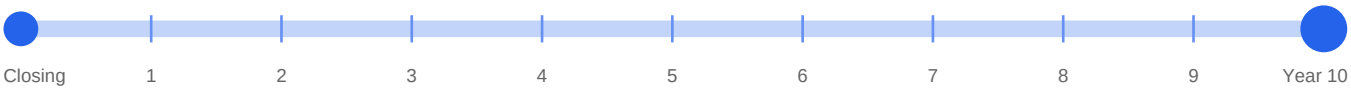
The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

How the Payments Come In

At closing	Each month, for 10 years	Then a lump sum, in year 10
$38,500	**$2,340**	**$270,916**



The Main Figures

Compared With Listing — 2

$75,100 to $84,800 more

than listing it, across the households the preparer assumed

Cash for the First Year's Tax — 4

$29,246 to $37,446

left after paying that year's tax

Ways to Get Cash Sooner — 5

$292,600

an example investor's price after 1 year

If the Payments Stop — 6

$44,221

the buyer's stake at the end of year 1

The Payments and Your Heirs — 10

$313,798

still owed after 5 years

When the Lump Sum Is Due — 11

$270,916

due in year 10 (month 120)

Estimated Tax Benefit of an Installment Sale — 12

$11,100 to $22,400

estimated, in today's dollars

What's in This Packet

2 Compared With Listing
4 Cash for the First Year's Tax
5 Ways to Get Cash Sooner
6 If the Payments Stop
7 Property Taxes, Insurance and Servicing
8 About the Buyer
9 A Summary for Family and Advisors
10 The Payments and Your Heirs
11 When the Lump Sum Is Due
12 Estimated Tax Benefit of an Installment Sale

This page sums up the estimates and information in this Packet. Each section explains its figures and what they assume. None of it is tax or legal advice.

SAMPLE · A fictional deal and seller, to show what a Terms Packet looks like. Not an estimate for any real sale.

Compared With Listing

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Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

Compared With Listing It

$75,100 to $84,800 more

Left after costs and taxes, in today's dollars, across the incomes and depreciation the preparer assumed.

What These Terms Pay

At closing	Each month	Then a lump sum	In total
$38,500	**$2,340**	**$268,600**	**$587,900**
Already in today's dollars	For 10 years: $280,800 in all, worth $229,500 today	After 10 years, worth $177,500 today	Worth $445,500 today

Each Way of Selling, After Costs and Taxes

In today's dollars, if your money earns 5% a year. Every line is on page 3. Shown for married filing jointly, $60,000 household income, no depreciation: the low end of the range.

	These terms	**Listing it** The preparer's estimate
Paid to you, worth today	**$445,500** $38,500 + $229,500 + $177,500	**$381,000** $385,000, paid in 3 months
Costs	–$5,800	–$40,500
Tax on the sale	–$14,100	–$18,400
Tax on the interest	–$28,400	none
What's left	**$397,200**	**$322,100** $75,100 less than these terms

What This Estimate Assumes

Your money could earn	5% a year if invested elsewhere. Chosen by the preparer; it significantly affects this estimate.
Listing it	The preparer's estimate: $385,000 in 3 months; 5.5% commission; 1.5% closing costs; $11,550 of repairs or credits; $802 a month while holding it
Costs of these terms	$5,775, your share of the closing costs, with an agent's commission only if the preparer added one (the preparer's estimate)
Your taxes	Married filing jointly, $60,000 to $100,000 household income (the preparer's estimate), 5% state income tax
The property	A rental, bought for $185,000 in 2011, plus about $15,000 of improvements (the preparer's estimate); depreciation not known, so shown at none, $44,000 and $89,000
Tax law	Stays as it is in 2026; your income keeps pace with inflation

Run Your Own Numbers

Not right for you? Scan to correct these facts or try your own earning rate in GoFlexi.
goflexi.app

This is an estimate, not tax advice. Please review it with a qualified tax professional before making any decision.

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How This Estimate Was Worked Out

Your Income and Way of Filing

How much more these terms leave than listing it, after costs and taxes, in today's dollars, for each household income, depreciation and way of filing. The outlined rows and columns are the preparer's. Page 1 works through married filing jointly, $60,000 household income, no depreciation.

	No depreciation never rented		Depreciation $44,000 rented half the years since 2011		Depreciation $89,000 rented every year since 2011	
Household income	**Single**	**Married filing jointly**	**Single**	**Married filing jointly**	**Single**	**Married filing jointly**
$20,000	$76,600	$74,600	$81,500	$79,000	$82,800	$86,600
$40,000	$74,800	$74,700	$79,700	$79,200	$81,300	$86,900
$60,000	$69,800	**$75,100**	$73,800	**$79,600**	$77,800	**$84,800**
$80,000	$69,500	**$76,100**	$72,600	**$81,000**	$76,600	**$83,000**
$100,000	$69,600	**$75,200**	$72,800	**$80,300**	$76,700	**$81,500**
$125,000	$69,000	$70,200	$72,000	$74,300	$75,900	$78,400
$150,000	$69,300	$69,700	$72,400	$72,800	$76,000	$76,700
$200,000	$61,200	$70,200	$63,900	$73,300	$67,300	$77,200
$250,000	$57,900	$62,100	$60,400	$64,700	$63,400	$68,100
$300,000	$56,400	$62,100	$58,600	$64,700	$61,600	$68,100
$400,000	$56,400	$62,100	$59,400	$64,700	$63,400	$68,100
$500,000	$57,400	$57,900	$60,600	$61,300	$63,300	$65,500
$600,000	$56,600	$57,600	$59,200	$60,800	$62,200	$62,700
$750,000	$55,400	$56,600	$58,000	$59,200	$60,900	$62,200
$1,000,000 or more	$55,400	$55,400	$58,000	$58,000	$60,900	$60,900

An income between two rows can come out higher or lower than the rows either side of it: $75,100 to $84,800 more in all.

This sample leaves out the rest of this section. A real Terms Packet goes on with: Line by Line, for Married Filing Jointly, $60,000, no depreciation; Today's Dollars; Paying Tax Over Time; What This Leaves Out; Where the Starting Estimates Come From.

SAMPLE · A fictional deal and seller, to show what a Terms Packet looks like. Not an estimate for any real sale.

Cash for the First Year's Tax

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

Left After the First Year's Tax

$29,246 to $37,446

Cash from closing and the first year's payments toward the price, less that year's estimated tax on the profit.

At the low end of the range, for married filing jointly, $60,000 household income, $89,000 of depreciation:

Paid at closing	$38,500
Your share of the closing costs (the preparer's estimate)	–$5,775
Paid toward the price in the first 12 months	$5,721
Estimated tax on the first year's profit	–$9,200
Left after that tax	**$29,246**

The table on the next page shows it by household income, depreciation and way of filing: $28,046 to $37,446 left in all.

What This Estimate Assumes

The property	A rental, bought for $185,000 in 2011, plus about $15,000 of improvements (the preparer's estimate); depreciation not known, so shown at none, $44,000 and $89,000
Your taxes	Married filing jointly, $60,000 to $100,000 household income (the preparer's estimate), 5% state income tax; tax law stays as it is in 2026
Closing costs	Your share, the preparer's estimate. An agent's commission is in it only if the preparer added one
A loan payoff	Not counted. Paying off a loan on the property would come out of the money paid at closing
Interest paid to you	Not counted, nor its tax. It brings in more than its tax, so the cash would be more, not less
Property tax, bills	Not counted. They are split between you and the buyer at closing, and can add to the cash or take from it

This sample shows the start of this section. A real Terms Packet goes on with: Your Income, Depreciation and Way of Filing; What This Leaves Out; For a tax professional: how the first year is worked out.

This is an estimate, not tax advice. Please review it with a qualified tax professional before making any decision.

Ways to Get Cash Sooner

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

Selling Some or All of the Payments

You don't have to wait for every payment. An investor can buy some of the payments still to come for cash now, such as the next five years of them or a part of each one, and the rest stay yours. They can also buy all of them. Either way the buyer goes on paying the same amounts, to whoever is owed them.

An investor pays less than the payments add up to, since they wait for the payments and take the risk that the payments stop. What they pay depends mostly on the interest rate, the buyer's stake in the property, their record of payments, and the signed papers. The next page says more.

What an Investor Might Pay

After	Still owed	At a 9% return
1 year	$340,779	$292,600
2 years	$334,675	$290,800
3 years	$328,162	$288,800
5 years	$313,798	$284,200
7 years	$297,446	$278,800

The preparer's example, for all the payments still to come, at a 9% yearly return: not an offer from an investor. How it's worked out is on the next page.

Other Terms the Preparer Would Consider

The preparer would also consider proposing these terms with:

- $20,000 more at closing: $58,500 in all, with $326,500 paid over time.

In return, in the preparer's own words:

“A price of $380,000, since more of it would be paid at closing.”

It would change the figures in this Packet.

This sample shows the start of this section. A real Terms Packet goes on with: The Tax on a Sale; What an Investor Looks At; What the IRS Says About the Tax; How These Figures Are Worked Out.

This is general information, not legal or tax advice on this property or contract. A tax professional can say what selling payments would mean for you, and a real estate attorney what the signed papers allow.

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If the Payments Stop

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

The Buyer's Stake at the End of Year 1

$44,221

What the buyer has put in by then, paid at closing and paid toward the price: 11% of the price.

If the buyer stops paying and you foreclose, their stake is what they stand to lose: the $38,500 paid at closing plus what they've paid toward the price since. You keep everything they've paid, and you typically get the property back for what's still owed.

What's Still Owed, and the Buyer's Stake

When	Still owed to you	The buyer's stake	Their stake, as a share of the price
End of year 1	$340,779	$44,221	11%
End of year 2	$334,675	$50,325	13%
End of year 3	$328,162	$56,838	15%
End of year 5	$313,798	$71,202	18%
Lump sum due, month 120 (year 10)	$269,457	$115,543	30%

At every date the two add up to the $385,000 price. The last payment is what's still owed then plus that month's interest: $270,916.

This sample shows the start of this section. A real Terms Packet goes on with: What This Estimate Assumes; What Can Happen Then; How These Figures Are Worked Out.

This is an estimate and general information, not legal advice on this property or contract. A real estate attorney in the property's state can say what applies.

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Property Taxes, Insurance and Servicing

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

This page is about the property tax charged on the property each year, and the insurance on it, not about any tax on your sale.

What These Terms Propose

The payments	Collected by a licensed loan servicer, who sends them on to you with a statement, keeps a record of every payment, and issues the year-end interest statements. The buyer pays the servicer's fee.
Property tax and insurance	Paid through escrow: each monthly payment adds a twelfth of the year's property tax and insurance, and the servicer pays those bills when they're due.
Your name on the insurance	The buyer's insurance policy names you, the way a lender is named (a mortgagee clause). The insurer then tells you before the policy lapses, and a payment for damage to the property includes you.
Proof each year	That the year's property tax is paid and the insurance is in force, sent to you by the servicer.

Each of these would be written into the signed papers, where it becomes part of the deal rather than a promise made in passing.

This sample shows the start of this section. A real Terms Packet goes on with: If a Bill Goes Unpaid; Who Sets Each One Up.

This is general information about how these are usually set up, not legal advice on this property or contract. The signed papers decide what applies, and a real estate attorney can say how.

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About the Buyer

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

In Their Own Words

“We're a small local business that buys rental homes, keeps them and looks after them ourselves. Paying over time lets us pay the price you asked for.”

The Buyer

How they'll use the property	To rent out
Experience buying property	9 years
Properties they own now	14
Bought before with the seller financing it	3 properties, every payment to those sellers made on time

Available to You on Request

- Proof of the money for the payment at closing.
- References from sellers or lenders they've paid before.

Everything on this page is the preparer's own statement about the buyer. No one else has checked it.

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A Summary for Family and Advisors

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

Not an offer. Nothing is agreed until both sides sign a written contract.

Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

How This Sale Works

In this sale the seller is paid the way a bank would be: part at closing, and the rest over time, with interest. The buyer signs a promise to pay, and the property serves as collateral for it, as it would for a bank's loan. This is often called seller financing.

The Payments

$38,500 at closing, then $346,500 at 6.5% interest. The monthly payments are worked out over 25 years. The rest is paid as a lump sum after 10 years. The first monthly payment is $2,340.

Who Can Check It

A tax professional	The tax on the sale, paid over time and paid in full at closing, and how it's reported each year.
A real estate attorney in the property's state	The signed papers: the promise to pay, the mortgage or deed of trust that makes the property its collateral, the title and the closing.

From the Preparer

The preparer offers to meet with the seller's family or advisors, or to answer their questions in writing.

In the preparer's own words:

“We know this is a big decision for the whole family. We'd be glad to go through these terms with any of you, or with your attorney or accountant, and to put any answer in writing.”

This sample shows the start of this section. A real Terms Packet goes on with: Questions a Family May Ask.

This is a summary and general information, not legal or tax advice on this property or contract. A real estate attorney and a tax professional can say what applies.

SAMPLE · A fictional deal and seller, to show what a Terms Packet looks like. Not an estimate for any real sale.

The Payments and Your Heirs

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

The Proposed Terms

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Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

If You Die Before It's Paid

What the buyer still owes you is yours, like the rest of what you own, and it usually passes the same way: to your estate, then to whoever inherits it. The buyer goes on making the same payments, on the same terms, to whoever is owed them.

What Would Still Be Owed

After	Still owed
1 year	$340,779
2 years	$334,675
3 years	$328,162
5 years	$313,798
7 years	$297,446

The payments after each of these carry interest as well, so together they come to more.

The Tax on the Payments Still to Come

According to the IRS (as of November 2026), whoever receives the payments is taxed on them the same way you would have been, and your death doesn't make the profit still in them taxable all at once. The IRS says otherwise if what's owed is forgiven or goes to the buyer: the next page gives its words.

This sample shows the start of this section. A real Terms Packet goes on with: How It Usually Works; What the IRS Says About the Tax; How These Figures Are Worked Out.

This is an estimate and general information, not legal or tax advice on this property, contract or estate. An estate planning attorney or a tax professional can say what applies.

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When the Lump Sum Is Due

A sample, on a fictional deal and seller

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Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

The Lump Sum

$270,916

Due at month 120 (year 10): what's still owed then, $269,457, plus that month's interest. The monthly payment before it is $2,340.

The Buyer's Stake by Then

Paid at closing	$38,500
Paid toward the price by then	$77,043
The buyer's stake	**$115,543, 30% of the price**

Their stake and what's still owed add up to the $385,000 price. If the lump sum isn't paid and you foreclose, their stake is what they stand to lose, and you usually get the property back for what's still owed.

This sample shows the start of this section. A real Terms Packet goes on with: How the Buyer Plans to Pay It; Also Proposed; If It Isn't Paid When It's Due; How a Buyer Gets Ready to Pay It; How These Figures Are Worked Out.

This is an estimate and general information, not legal advice on this property or contract. A real estate attorney in the property's state can say what applies.

Estimated Tax Benefit of an Installment Sale

A sample, on a fictional deal and seller

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction

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Price	Paid at closing	Paid over time	Payments
$385,000	**$38,500**	**$346,500 at 6.5% interest**	**Monthly for 10 years, then a lump sum**

Estimated Tax Benefit

$11,100 to $22,400

Compared with the same price paid in full at closing, in today's dollars.

The comparison on page 2 already counts this: it charges each tax when it is due.

The outlined rows and columns were selected by the preparer. Something not right? Use your own row and column.

2 Find your depreciation, then how you file ▶

1 Find your household income ▼	No depreciation (never rented) Single	No depreciation (never rented) Married filing jointly	Depreciation $44,000 (rented half the years since 2011) Single	Depreciation $44,000 (rented half the years since 2011) Married filing jointly	Depreciation $89,000 (rented every year since 2011) Single	Depreciation $89,000 (rented every year since 2011) Married filing jointly
$20,000	$12,500	$9,800	$18,900	$14,700	$20,200	$23,500
$40,000	$11,500	$10,200	$17,200	$15,400	$19,100	$24,000
$60,000	$9,700	**$11,100**	$13,900	**$17,000**	$18,100	**$22,400**
$80,000	$10,500	**$12,400**	$13,700	**$18,600**	$17,800	**$20,700**
$100,000	$10,700	**$12,500**	$13,900	**$17,900**	$18,000	**$19,100**
$125,000	$10,800	$9,900	$14,000	$14,200	$18,000	$18,400
$150,000	$11,100	$10,700	$14,200	$13,900	$18,100	$18,000
$200,000	$10,200	$11,300	$12,900	$14,500	$16,400	$18,500
$250,000	$9,400	$10,400	$11,900	$13,100	$15,100	$16,700
$300,000	$9,100	$10,400	$11,400	$13,100	$14,900	$16,700
$400,000	$9,900	$10,400	$13,800	$13,100	$18,000	$17,900
$500,000	$11,700	$11,000	$15,100	$14,500	$17,900	$18,900
$600,000	$10,900	$11,900	$13,700	$15,300	$16,800	$17,300
$750,000	$10,600	$10,900	$13,300	$13,700	$16,300	$16,800
$1,000,000 or more	$10,600	$10,600	$13,300	$13,300	$16,300	$16,300

3 Where they meet is your estimated tax benefit, in today's dollars.

What This Estimate Assumes

You paid	$185,000 in 2011, plus about $15,000 of improvements (an estimate)
The property	A rental or investment property
Depreciation	Not known, so shown at none, $44,000, and $89,000
Selling costs	$5,775
State income tax	5% of the profit
Your income	Keeps pace with inflation while you are paid
Tax law	Stays as it is in 2026
Your money could earn	5% a year if invested elsewhere. Chosen by the preparer; it significantly affects this estimate.

Run Your Own Numbers

Not right for you? Scan to correct these facts or try your own earning rate in GoFlexi.
goflexi.app

This is an estimate, not tax advice. Please review it with a qualified tax professional before making any decision.

The rest of a real handout

This sample shows the first page and the last two. Between them, a real handout has the same table for the other ways of filing, tables for a different cost, depreciation or use of the property, how to read the tables with one estimate worked through, and everything the estimate was told and assumed.

For a tax professional: how the figures are worked out

In a real handout, this section sets out the method in tax terms for the seller's tax professional. It is left out of this sample.

Limits of this estimate

Estimates use 2026 federal brackets and thresholds. This is a planning estimate, not tax advice — bring it to your tax professional before acting on it.

These estimates assume the sale is taxed on an individual's return: property held in a person's own name, a revocable living trust, or a single-member LLC (a married couple's LLC reported on their joint return works out the same). They don't fit a C corporation, which pays one flat rate with no brackets, filing status or 3.8% tax; an estate or a trust that files its own return, whose brackets are far narrower; or an LLC, partnership or S corporation with several owners, where each owner pays on their own share at their own rates.

Simplifications: no AMT; state tax as one flat rate (no state brackets); MAGI for the 3.8% NIIT approximated as taxable income + standard deduction + that year's investment income (the gain, and on installment schedules the note interest); no capital-loss carryforwards; all depreciation treated as unrecaptured §1250 gain at the 25% cap (yours can be lower if your ordinary bracket is); no §453A interest charge on very large installment balances; no Medicare IRMAA effects.

One of those errs on the optimistic side. §1245 property — appliances, fixtures, and the components a cost segregation study breaks out — is ordinary income, and §453(i) recognizes it in full in the year of sale however the rest of the gain is reported. There is no §1245 input here, so if this property has had a cost segregation study the year-one bill is higher, and the benefit of spreading smaller, than shown.

It compares the tax on the same sale, at the same price, paid over time or in full at closing. It does not count the interest the seller would be paid, the risk that the buyer stops paying, or a different price from another buyer, and it does not say whether these terms suit the seller. It is not a tax return, an offer, or tax, legal, or investment advice.

Prepared by Jordan Example, Example Home Buyers LLC, the buyer in this transaction. It has not been reviewed by a tax professional, and GoFlexi (goflexi.app), the software that produced the figures from the facts above, is not one and did not review the seller's situation.

Run Your Own Numbers

This estimate was made with GoFlexi, a calculator for seller-financed sales. It is yours to use too.

Scan the code and create a free account, and this sale opens with this handout's terms and facts filled in, all but your income. Correct anything that's wrong, add your income, try your own earning rate or a different price, and see your own estimate.

goflexi.app