

Cost Segregation Study

Executive Summary

This cost segregation study was conducted in accordance with IRS guidelines and the Cost Segregation Audit Techniques Guide (Publication 5653). The study utilized the Residual Estimation Method combined with Replacement Cost New Less Depreciation (RCNLD) to classify and value property components across different MACRS depreciation categories.

Property Information

Property Address:

Property Owner:

Date Placed in Service: July 6, 2025

Property Type: single-family-home

Square Footage: 1788 sq ft

Furnished Status: No

Financial Summary

- **Total Cost Basis:** \$425000
- **Land Value:** \$100000
- **Depreciable Basis:** \$325000

Property Description

Taken from the appraisal:

Tri-level Northwest Contemporary style single family residence built in 1986 (effective age 20 years) with approximately 1,788 square feet of living space. The property is in C3 condition, well-maintained with limited physical depreciation due to normal wear and tear, and no major signs of deferred maintenance. The kitchen and bathrooms do not appear to have been updated, though appliances seem replaced as needed. The main level has newer engineered laminate flooring and newer thermalpane windows. Notable features include wood siding, a composition roof, thermalpane windows, an attached 2-car garage, a fireplace, a woodstove, ceiling fans, a sunroom, a porch, a patio, a partial fenced yard, and a shed and covered storage. The property is a landscaped site located in on a 2.01-acre lot. It is on a septic system and situated on a private road. The area has proximity to schools, recreational facilities, and retail services.

Asset Summary

Asset Category	Recovery Period	Total Allocated Cost	Percentage
5-Year Property	5 years	\$31496	9.7%
7-Year Property	7 years	\$129	0.0%
15-Year Property	15 years	\$7430	2.3%
27.5-Year Property	27.5 years	\$285945	88.0%
Total		\$325000	100.0%

Methodology

This study employs the IRS-compliant Residual Estimation Method as outlined in Chapter 3, Section C.4 of the Cost Segregation Audit Techniques Guide. The comprehensive methodology, including detailed regulatory framework, valuation procedures, and compliance standards, is provided in the corresponding **methodology.pdf** file.

Detailed Asset Analysis

The following sections provide a summary of assets classified into each MACRS depreciation category. The complete listing of all individual assets with detailed specifications, quantities, unit costs, adjustments, and final allocated costs is provided in the corresponding **assets.csv** file.

Next Steps

1. File amended tax returns if applicable
2. Implement accelerated depreciation schedules
3. Maintain supporting documentation for IRS compliance
4. Consider similar studies for other properties

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This study was prepared in accordance with IRS guidelines and industry standards. The classifications and valuations presented are based on current regulations and may be subject to IRS interpretation.