Sale Update

KERRA Knox LP

Sale Highlights & Next Steps

Sale Summary

The official date of sale is November 15th, 2019. This is also the date that all funds were distributed by the title company who was in charge of the closing. All utilities were transferred to the new owner on that date as well. We will have another month or 2 to get all the final bills and have them paid by the property manager.
After all those items are taken care of we will close the Knox account with the property manager.

Lender

The loan was fully paid, but the lender still has the escrow funds they were holding to pay the property tax bill. Those funds will be transferred to us within a week or two.

IRS & Illinois Withholding Tax

We have foreign partners in the KERRA Knox LP, therefore the entity is responsible (according to US tax laws) to withhold a significant portion of the profit and send it to the IRS and the state tax department of Illinois. Our accountant calculated the estimated tax to be sent:

- IRS: $53K
- IL: $24K

Proceeds Distribution

In the table below, you will find the calculation of the sale proceeds. In addition to these funds, we have cash in the bank account and some funds that will be received from the lender as explained above.
Once we will receive the funds from our lender, we will be distributing back to the partners the account balance while keeping in the account a balance of $15,000 for any future expense that we might incur until we will wind up the partnership.
We will be sending a separate note once we will send out the checks with the exact $ amount in this distribution.

Item	Amount	Comments
Sale Price	1,800,000	
Loan Balance & Penalty	(1,184,337)	
Broker Fees	(72,000)	Fee is 4%
Tax Credits to Seller	(35,114)	
Closing Costs	(13,866)	
Proceed from Sale	494,683	
Cash invested	375,000	Original Down Payment from Investors
Cash Profit	119,683	Profit after Paying Back Cash Invested
KERRA Fee	35,905	Fee is 30% of Net Profit
Investor's Net Profit	83,778	Will be distributed by Ownership Retio
ROI from Sale	22.34%	Cash on Cash Return from Sale

Winding up the partnership and closing the bank account

We have a few steps that need to take place:

- Filing a tax return for the partnership & creating the K1 for all partners - expected to take place in March.
- The bank account will stay open for a few more months, as sometimes checks from the IRS for overpaid tax are sent to the entity instead of the partners. during those months we will keep a balance in the account for unforeseen events.
- Distributing all remaining funds and closing the bank account. This will be taken place after all partners received their checks from the IRS, probably around June-July.
- Have our attorney winding up the partnership, after the bank account is closed, probably around July.