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## Efficiency analysis of taking out real estate loans for profit-making organizations

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### Abstract

© 2014, Mediterranean Center of Social and Educational Research. All rights reserved. This article presents modified factors to analyze efficiency of getting real estate loans by profit-making organizations. These factors make allowance for the characteristic features of real estate lending transactions such as their long-termness, and uneven stream of cash-flows. Total value of net cash return from a real estate lending transaction is typically discounted revenue, which we calculated both pretax and post-tax. Taxation is shown to exert a considerable impact on discounted revenue position. Real estate lending transaction financial leverage effect is calculated for the whole duration of the investment project, with allowance for time value of money.

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### Keywords

Analysis, Borrowings, Financial leverage, Real estate lending efficiency, Real estate loan