

Real Estate Investing for Women

How to
Analyze Deals
&
Submit Offers
Module 5

Elements of a CMA

Comparative Market Analysis (CMA)

- SOLD Properties
 - Comparable in type, size and age
 - DOM (Days on the Market)
 - Features, Amenities and Condition
 - Make adjustments if needed
1. MLS
 2. RedFin
 3. Zillow

Comparative Market Analysis

Subject Property												
ML#	Status	Address	SqFt	BR	FB	HB	GAR	Built	List Price	LP/ SF	DOM	Cumulative DOM
1236203	act	5504 S Delaware Place	1130	3	1	0	1	1950	\$100,000	\$88	31	31
1230208	act	5230 S Columbia Street	1630	3	2	0	2	1955	\$109,000	\$66	106	106
1235383	act	2446 E 54th Street	1475	3	1	1	2	1957	\$139,900	\$94	42	42
1231019	act	5318 Lewis Place	1891	3	2	0	2	1960	\$154,900	\$81	93	276
1231647	act	5338 S Birmingham Avenue	1450	3	1	1	2	1956	\$155,000	\$106	87	87
1230478	act	5247 S Columbia Avenue	2088	3	2	0	2	1955	\$189,500	\$90	100	100
1236547	act	5329 S Delaware Avenue	1858	3	2	0	2	1956	\$189,900	\$102	28	28
Average			1,646	3	2	1	2	1956	\$148,314	\$89	70	96
Number of Properties: 7												

Subject Property														
ML#	Closed	Address	SqFt	BR	FB	HB	GAR	Built	List Price	LP/ SF	Sale Price	SP/ SF	DOM	Cumulative DOM
1217425	11/23/2012	2518 E 54th Street	1445	3	1	1	2	1958	\$112,000	\$77	\$107,000	\$74	141	141
1230559	12/07/2012	5230 S Birmingham Place	1525	3	2	0	2	1956	\$124,500	\$81	\$113,500	\$74	35	125
1214353	9/27/2012	5223 S Birmingham Place	2570	4	2	0	2	1955	\$148,800	\$57	\$147,800	\$58	111	111
1216818	9/28/2012	5347 S Columbia Avenue	1723	3	2	0	2	1957	\$150,000	\$87	\$146,500	\$85	38	38
1230264	12/08/2012	5212 S Birmingham Place	2432	3	2	0	2	1958	\$184,500	\$75	\$175,000	\$72	15	15
1211380	8/28/2012	5146 S Columbia Place	2637	4	2	1	2	2003	\$250,000	\$94	\$232,500	\$88	96	96
Average			2,055	3	2	1	2	1965	\$161,633	\$78	\$153,716	\$75	73	88
Number of Properties: 6														

Analyzing a Deal for Wholesaling

***New* Rule of 70% to 85%**

Sliding scale depending on area and demand

$ARV \times (70\% \text{ to } 85\%) - \text{Repairs} - \text{Investor's Profit} = \text{Max Allowable Offer}$

Analyzing a Deal for Wholesaling

Asking Price \$79,900

Comparables in the area

\$95,000 (Quick Sale) to \$119,000 (High Wholesale)

Offer price

$$(\$95k + \$119k) / 2 \times 70\% = \$74,900$$

if \$15,000 rehab needed

$$(\$95k + \$119k) / 2 \times 70\% - \$15,000 = \$59,900$$

Analyzing a Deal for Wholesaling

Asking Price \$225,000

Comparables in the area

\$190,000 (Quick Sale) to \$240,000 (High Wholesale)

Offer price

$$(\$190k + \$240k) / 2 \times 85\% = \$182,750$$

if \$25,000 rehab needed

$$(\$95k + \$119k) / 2 \times 85\% - \$25,000 = \$157,750$$

Analyzing a Deal for Wholesaling

Sellers know more than they think about the property

Questions to ask the seller:

- What will it sell for after it is repaired?
- How much will it cost to repair?
- Estimated monthly rent (if rental)?
- Do you have equity in the property?
 - If no equity, are they behind on payments? (short sale)
- How much do you want for the property?



Repairs Estimate

Square Footage Method

\$5/sq.ft. for light rehab

\$10 to \$12/sq.ft for medium rehab

\$15 to \$20/sq.ft. for a heavy rehab

Construction Cost Estimator App

Real Estate Investing for Women

Submitting
Contracts &
Important
Clauses

Module 5

Recommendations for Sale Contracts

- Offer 2-3 price options – better than Yes/No answer
- You might have to educate the seller to “why” the price, market conditions, comparables, etc.



Paperwork

1. Sale Contract (2 pages – keep it simple)
2. Main Contingency
“Contingent to Business Partner’s Approval within 20 days of acceptance of sale contract.”
3. Lead Based Paint Addendum
4. Seller’s Disclosure – “As Is”

Paperwork

Important Clauses on Contract (as needed) -

1. "Buyer reserves the right to assign the contract" or "Mr Buyer and/or Assigns"
2. "Buyer reserves the right to market the property to prospect investors"
3. "Any liens and judgments on title to be satisfactorily negotiated"

Paperwork

Important Clause on Contract (as needed) -

“Seller reserves the right to keep the property on the market and accepts this contract as a contingent offer. In the event seller receives a better offer, he will provide the buyer herein a 72-hour(negotiable) first-right-of-refusal notice to perform.”

Paperwork

Important Clause on Contract (for Earnest Money)

"Buyer will deposit an additional escrow money deposit of \$xxx 21 days after acceptance of sale contract."

Paperwork

Important Clauses on Seller Addendum – Property to be Sold “As Is” (to be used between you and end buyer)

“Seller has never resided in the property, therefore he/she will not make any representations. Buyer has to rely on his/her own inspections and the property will be sold in ‘as is’ condition.”

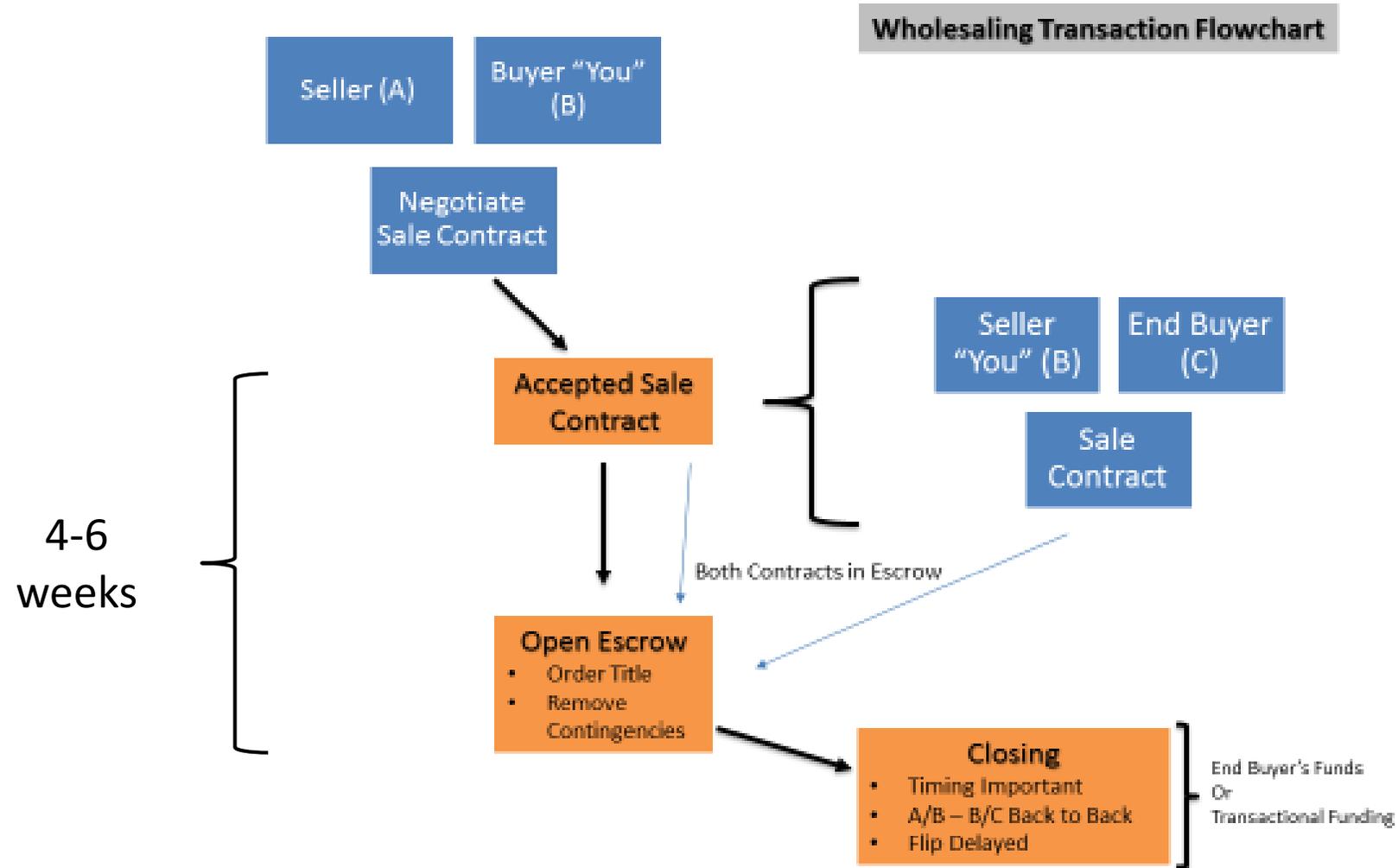
Real Estate Investing for Women

Wholesaling
Strategies
Module 5

The 4 core strategies

- “Simple” Wholesaling
- Virtual Wholesaling
- Co-Wholesaling
- Assignments

"Simple" wholesaling



5 Steps to wholesaling



Step 1: Build a “Qualified” Buyers’ List

Step 2: Locate Properties

Distressed Sellers

Go to *the* source

**** Direct Approach ****

**Step 3: Run Comps and Due
Diligence**

5 Steps to wholesaling



Step 4: Purchase the Property

Title Company Considerations

Step 5: Present the Property to your Buyers List

- Qualified List is Important
- Use MLS as last resort
- Loophole Contingencies on Sale Contract

Tips to wholesaling



- ✓ **Secure Financing with Transactional Funding or End Buyer or Private Lender**
- ✓ **Important Recommendations for setting up a wholesaling machine -**
 - ✓ Organize and Automate
 - ✓ Delegate
 - ✓ Take action

Virtual wholesaling

Why wholesaling long distance?

- Better Markets
- Less Competition
- Diversification



Recommendations

- Wholesale locally first
- Organization is key
- Ability to delegate

Virtual wholesaling



Step 1: Research Markets

- Realtor.org - National Association of Realtors
- ngkf.com - Newmark Grubb Knight Frank
- Then research the local area as explained in

Step 2: Contact local agents and contractors

- Browse craigslist
- Local REIA and Meetup groups

Virtual wholesaling

Step 3: Take a trip!

- Interview 2-3 agents and contractors
- Have them show you around different areas

Step 4: Build a Buyers' List (Module 3)

- Same strategy as for local strategy
- One buyers' list per area

Virtual wholesaling

Step 5: Locate properties

- Can be done virtually
- Your out of town agent and contractor are your “eyes and legs”

Step 6: Title company & Financing

- Nationally connected

Co-wholesaling

- Partnership=Quicker Results
- Better Than BirdDogging (50/50 Split)
- Segmentation by Markets



Co-wholesaling

Step 1 - Find Possible Partners

- Bandit Signs - Blind Ads
- Craigslist - Look for “Trigger Words”
- Google “wholesaler” + your city

Step 2 - Selection Process

- Investors with properties and/or buyers
- Cash Investors

Co-wholesaling

Step 3 - Sign Co-Wholesaling Agreement

Step 4 - Locate Buyers and/or Properties

Step 5 - Sign Sale Contract

Rinse & Repeat

Bonus Co-wholesaling strategy

- Locate Properties Across Markets
(Virtual Wholesaling)
- Locate Local Wholesalers
- Assign the Deals to Them under a
- Co-Wholesaling Agreement

Assignments

- Assign Contract to End Buyer
- Good Practice
 - Profit is less than \$5k
 - Deed Restrictions



Real Estate Investing for Women

Due Diligence
Module 5

Part 1 – Buying Process

- Select a real estate professional and a title company
- to work with
- Financing properties – mortgage, private money,
- hard money, seller financing (Buy & Hold)

Part 2 – Escrow and Due Diligence Starts as Contract is Accepted

- Financing Contingencies and Setup (Buy & Hold)
- Home Inspection (Buy & Hold)
- Appraisal (Buy & Hold)

Part 2 - ... continue

- Seller Disclosures (“As Is” if Wholesaling)
- Lead Based Paint
- Title Work and Due Diligence – Abstract and Insurance
- HOA Documents Review
- Property Insurance (Buy & Hold)

Part 3 – Closing

- Closing Day – Wiring Funds & Transfer of Title
- Property Management Consideration (Buy & Hold)



Florida Title Firm, Inc.

Fast, Affordable & Reliable Title Work

File No.:	11-2345	Effective Date:	4/1/2006 - 7/1/2014
Customer:		County:	Palm Beach
Report Type:	O&E	Date of Report:	7/1/2014

PROPERTY INFORMATION:

Current Owner:	Magdaleno Torres and Julia Torres
Property Address:	1756 Sawgrass Cir., West Palm Beach, FL 33413
Parcel No.:	18-42- .10-27-000-0220
Full Legal Description:	Lot 22, OLIVE TREE PARCEL 5D, according to the Plat thereof, as recorded in Plat Book 76, at Page 127, of the Public Records of Palm Beach County, Florida.

VESTING INFORMATION:

Type of Deed:	Warranty	Date Signed:	4/25/2006
Grantor:	Thomas Gallo, a married man	Date Recorded:	5/2/2006
Grantee:	Magdaleno Torres and Julia Torres, husband and wife	Book/Page:	20278/1804

MORTGAGES:

1 st Mortgage		Assignment:	
Original Amount:	\$335,750	Assigned To:	The Bank of New York Mellon
Borrower:	Magdaleno Torres and Julia Torres	Book/Page:	22960/0854
Lender:	Novastar Mortgage, Inc.	Date Signed:	11/5/2008
Date Signed:	4/26/2006	Date Recorded:	11/19/2008
Date Recorded:	5/2/2006		
Book/Page:	20278/1806		

Additional Information: This mortgage was modified on 10/30/2007 by OR 22221/2000. This mortgage has also been foreclosed upon. Lis Pendens was recorded on 10/15/2008, OR 22906/960 (The Bank of New York Mellon v. Magdaleno Torres, et al., Case No. 2008-026057). Final Judgment of Foreclosure was recorded on 2/2/2009 in the amount of \$362,878.09, OR 23060/1215.

2 nd Mortgage		Assignment:	
Original Amount:	\$50,000	Assigned To:	N/A
Borrower:	Mary Jane, a single woman	Book/Page:	N/A
Lender:	Chase Financial, LLC	Date Signed:	N/A
Date Signed:	5/21/2007	Date Recorded:	N/A
Date Recorded:	6/1/2007		
Book/Page:	4569/77		

Additional Information:

3 rd Mortgage		Assignment:	
Original Amount:	None.	Assigned To:	N/A

Additional Information:

JUDGMENTS AND LIENS

Description:	Claim of Lien by Palm Beach County
Amount:	\$468.27
Book/Page:	23632/1498
Case No.:	N/A
Date Recorded:	1/8/2010
Description:	Claim of Lien by Homeowner's Association
Amount:	1,582.00
Book/Page:	45698/4123
Case No.:	N/A
Date Recorded:	3/1/2011

PROPERTY ASSESSMENT AND TAXES

Tax Year:	2011
Assessed Value:	\$149,000
Exemption Amount:	\$0.00
Status:	Paid 11/30/2011
Amount:	\$3,318.07

ADDITIONAL INFORMATION

Certificate of Title issued to The Bank of New York Mellon pursuant to certificate of sale on 12/21/2011, OR 24919/1462.

How to Check Title History & Liens

Recorder of Deeds

Liens: Mortgages, Federal & State Income Taxes Liens, Sewer, Water, Judgments, HOA (Homeowner's Association,) other property documents history

Collector of Revenue

Back Property Taxes and Tax Liens

Tax Assessor's Office

Legal property ownership, legal description, parcel/plot#

Building Inspections Office

Building violations and inspections

How to Check Title History & Liens

Forestry Department

Cutting Grass Fees and Board Up

Sewer Service Department

Sewer service and bills/liens

Comptroller

City liens - unpaid taxes and fees

Clerk's Office

Mechanic Liens (filed by contractors for unpaid work)

HOA

If the property is in a subdivision or a condo development, there are probably Homeowner's Association Dues

Skills Development



Practice in Analyzing Deals

Familiarize with your government real estate offices in your city and county –
NETROnline.com directory

Questions from Live Recording Participants

