



**3 DAY
BUILDING
WEALTH
BOOTCAMP**

AGENDA AND HOUSEKEEPING

- Lot's Of Information To Give!!!!
- We will end around 4:00 today
- Bathroom breaks are as you need them
- 45 min Lunch
- Questions are welcomed
- Please turn cell phones off or vibrate
- Please no side chatter
- Action plan at the end

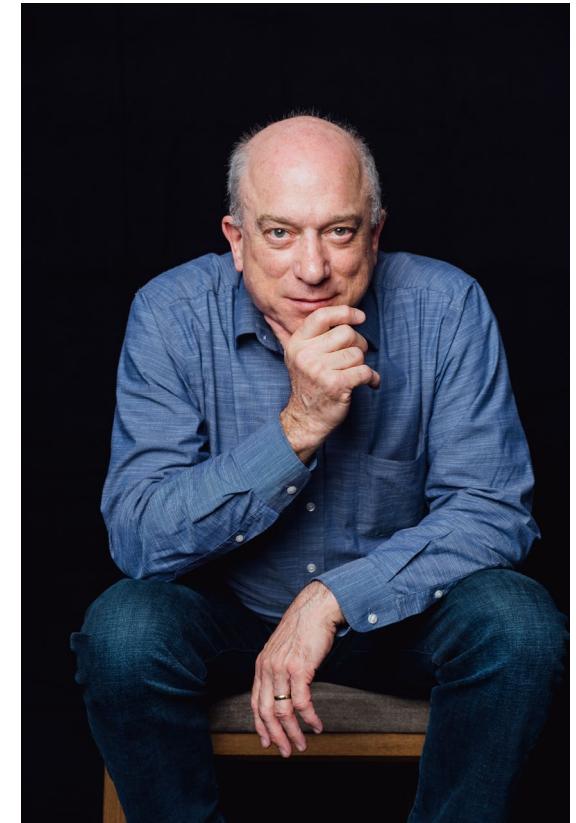
A LITTLE BIT ABOUT MY BACKGROUND

- B.S. in Civil Engineering – Worcester Polytechnic Institute
- Licensed Professional Engineer
- Licensed Private Pilot
- MBA Finance – University of Rhode Island
- Over 45 years business experience
- Retired 2016 as Sr. VP Operations Perini International – 10th largest construction company in America
- Oversaw the management of billions of dollars in new construction worldwide



A LITTLE ABOUT ME NOW...

- First & Foremost, I am a Proud Dad of 3 Wonderful Kids (Adults)! And a Proud Grampa of 3 Super Grand Kids!
- I live in Westford Massachusetts
- I began my investing in New Hampshire in 2012
- Currently I still invest in multiple markets
- I am a **Full time “REAL” Real Estate Investor.**
- Licensed Real Estate Agent
- Licensed Insurance Producer
- **President** of my Local Investor's Club, I'm a Real Estate Author, Thought Leader, National Speaker and Trainer... And owner of several other Companies!



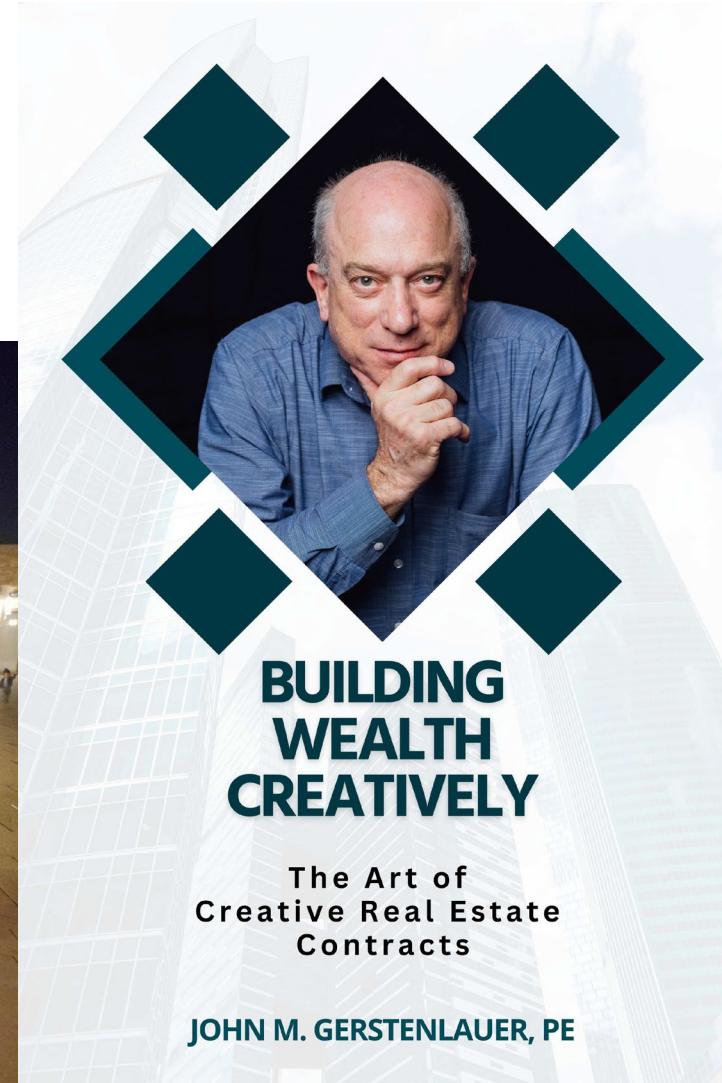
EVEN THOUGH I LOVE REAL ESTATE, I LOVE HELPING AND INSPIRING GOOD PEOPLE EVEN MORE!



The Top 24 Mistakes New Investors Make When Starting Out



John M. Gerstenlauer



ONE OF MY RECENT BOOKS HAS BEEN HELPING PEOPLE ALL OVER
THE COUNTRY GET STARTED AND DO THERE FIRST DEAL!!

The Ultimate Guide to
**CLOSING
YOUR FIRST
DEAL**

FOR REAL ESTATE INVESTORS THAT WANT TO
CLOSE THEIR FIRST OR NEXT DEAL SO YOU CAN
START BUILDING LONG TERM WEALTH



I'M A YANKEE TO THE CORE ...



BUILDING WEALTH BOOTCAMP 

SCOT POIRIER

BUILDING WEALTH BOOTCAMP 

**Helping everyday people buy and sell real estate
without using their own money, credit, or a license.**

- 30+ years as a full-time pastor before discovering creative real estate
- Started investing in 2013
- Expert in:
 - Owner Financing
 - Lease Options
 - Wholesaling
 - Private Lending
- Mentored and coached hundreds of new investors for more than 7 years
- Breaking down strategies into simple, step-by-step actions that create results



**If you're brand new, don't worry. You're exactly
who I'm here to help build real wealth**

WHERE IT ALL STARTED

Street	195 Belmont St
City	Manchester, NH
Buyer's Realtor Fee	0.0%
LTV	80%
Period to be Owned (yrs)	10
Assumed Vacancy Rate	5%
Assumed Annual Appreciation	2.0%
Assumed Annual Rent Growth	1.5%
Assumed Annual Cost Growth	1.5%

Mortgage Calculator		
Principle	\$504,000	
Term (years)	30	
Annual Interest Rate	3.00%	
Closing Points	0.0%	
Other Closing Costs	\$8,625	

Ratio Analysis		
Debt Coverage	0.98	
Cap Rate	4.0%	
Cash on Cash Return (Velocity)	0%	
Debt/Equity Ratio	50%	end of year 10

Asking Price	629,900
Renovation Cost	
Purchase Price/Value	630,000
Number of Units	4
Total Rent per Month	4,400
Annual Revenue (0% vacancy)	52,800
Annual Revenue (5% vacancy)	50,160

Monthly Operating Expenses			
Management Company	418.00	10.0% management fee	\$200 = Minimum monthly fee'
Tenant Finder Fee	182.60	8.3% one time fee	2 years tenancy assumed
Water	95.00	\$300 cost per unit per year	
Sewer	0.00	\$0 cost per unit per year	
Electric	15.20	\$4 cost per unit per month	
Gas	0.00	\$0 cost per unit per month	
Other Utilities	0.00	\$0 cost per unit per month	
Maintenance Allowance	393.75	\$1,181 cost per unit per year	
Mortgage (monthly)	2,124.88		0.75% of purchase price
Insurance	333.33	\$4,000 total cost per year	\$4,725 total per year
Fire Tax	0.00	\$0 total cost per year	
Real Estate Taxes	666.67	\$8,000 total cost per year	
Total	4,229.43		
Net	-49.43		

Closing & Other Costs		
Attorney	750	
Inspection	500	
Appraisal	500	
Tax Stamps	4,725	
Title Insurance	1,000	
Title Closing	1,000	
Title Doc Prep	100	
Recording Fees	50	
Bank Fees	0	
Other		

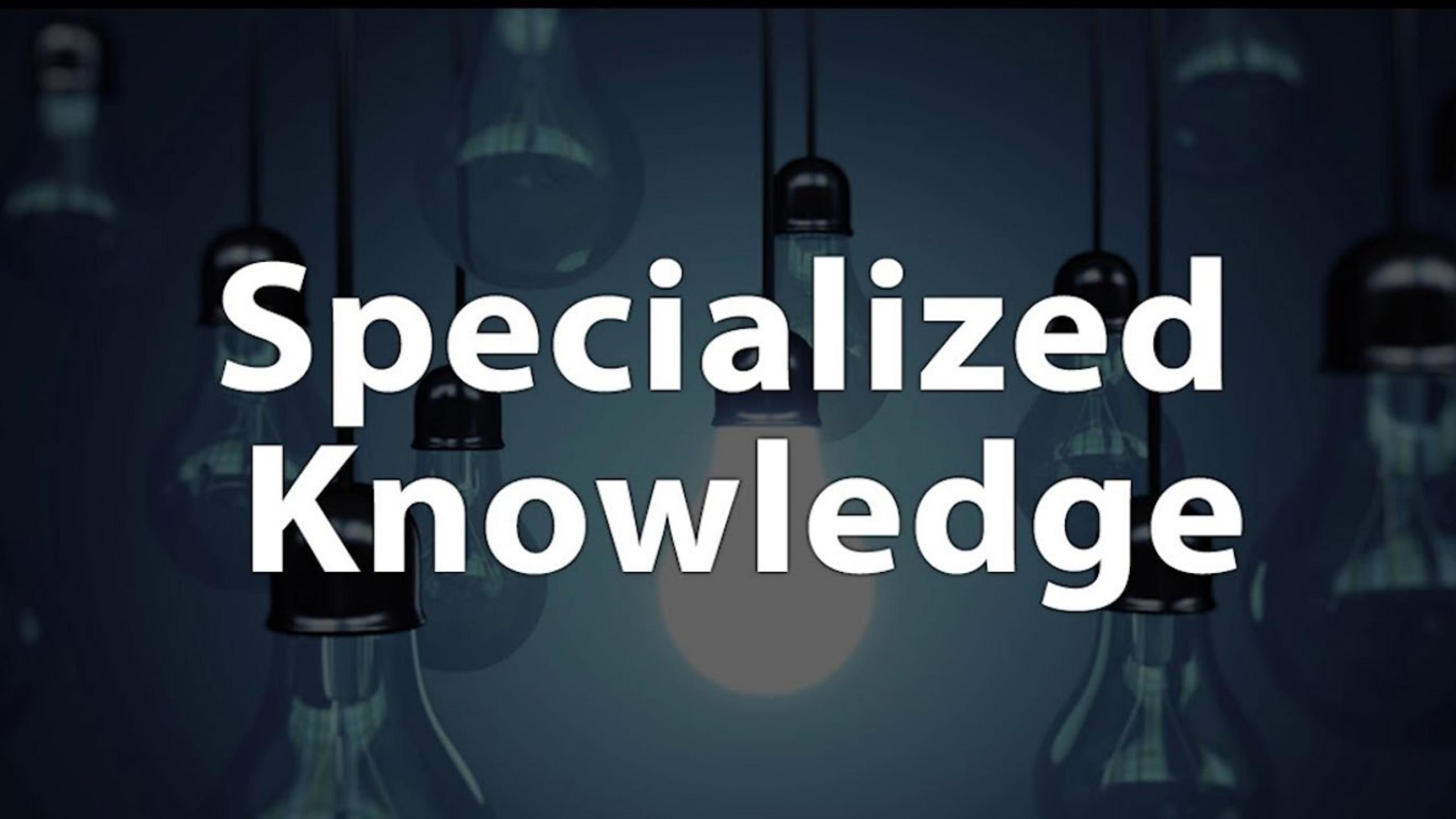
\$750	= Expected Average Minimum Rent
\$4,400	= Total Rental Income
Unit #	Rent/Month
1	1,100
2	1,100
3	1,100
4	1,100
5	
6	
7	
8	
9	
10	
11	
12	

SINCE THEN, I'VE BEEN DOING ALL KINDS OF DEALS BUILDING WEALTH AND CASH FLOW!



SELF EDUCATE

- While working toward my Bachelor's Degree in Civil Engineering at Worcester Polytechnic Institute, we studied most basic course requirements under the “IPI” system. “Individually Prescribed Instruction”.
- It was basically a self-teaching system where you would research, study, practice, and then take a test, every week.
- I use that same system today, every day.
- You should use it, too.
- Learn something new every day.



Specialized Knowledge

A dark, grainy photograph of a city skyline at night, with numerous buildings and lights visible against a dark sky.

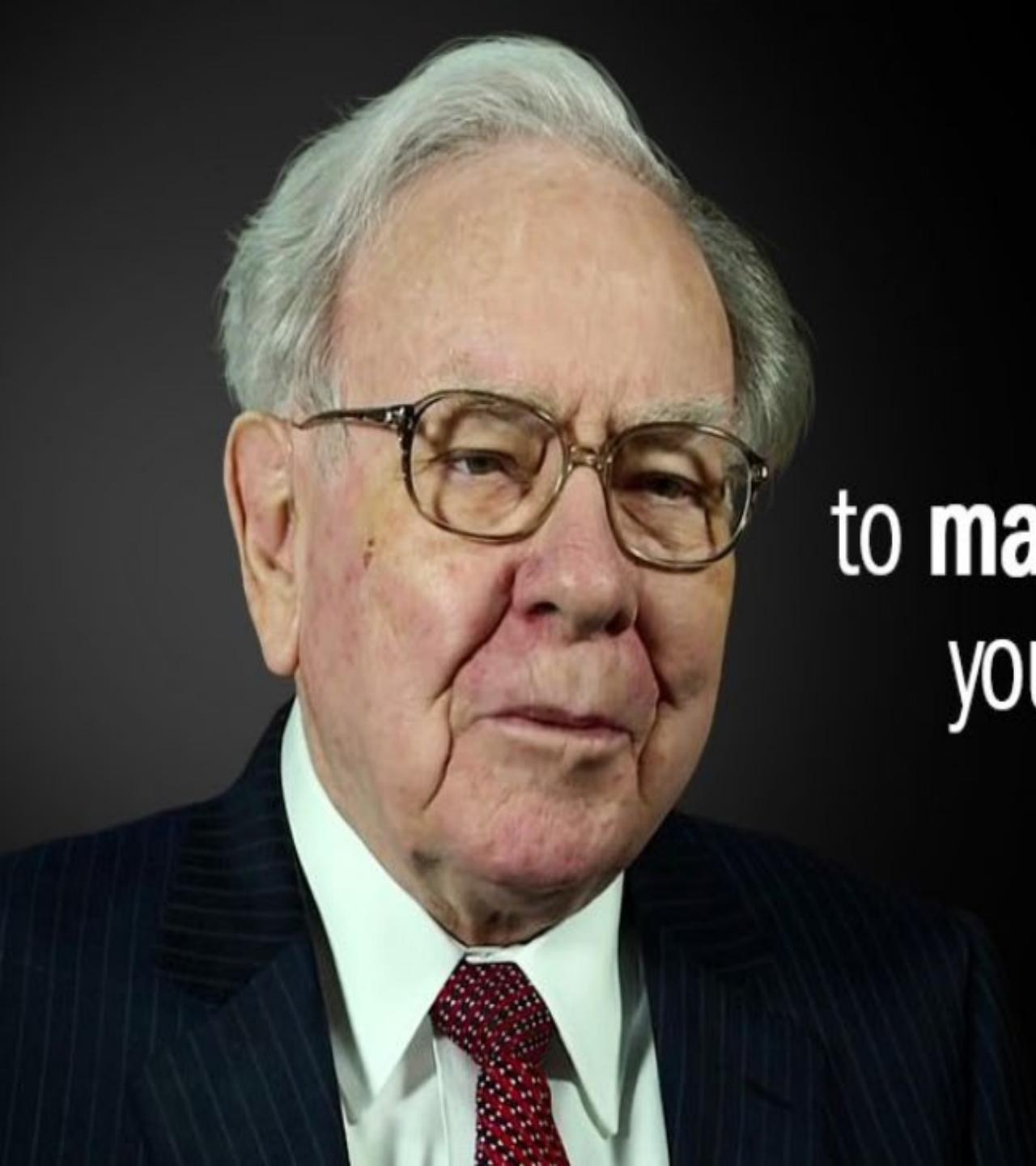
90%

of all

**MILLIONAIRES
BECOME SO THROUGH OWNING
REAL ESTATE**

Millionaire Real Estate Investors

- Arnold Schwarzenegger
- Robert Kiyosaki
- Grant Cardone
- Leonardo DiCaprio
- Oprah Winfrey
- Jennifer Aniston
- Brad Pitt
- Diane Keaton
- Shaquille O'Neal
- Rupert Grint
- LeBron James
- Donald Trump
- Taylor Swift
- Jennifer Lopez
- Beyoncé and Jay-Z
- Jeff Bezos
- Britney Spears
- George Clooney

A portrait of Warren Buffett, an elderly man with white hair and glasses, wearing a dark suit and a red patterned tie. He is looking slightly to the right of the camera with a neutral expression.

If you don't find a way
to **make money while you sleep**,
you will **work until you die**.

– Warren Buffett

MARKET RESEARCH

investigation
organization

research

information

market

consumer

information

business
analysis

area

invest

strengths

weaknesses

success

opportunities

potential

cost

area

threats

market

success

analysis

ar

market research

distribution

invest

potential

invest

product
market research

strategy

weaknesses

analysis

identify
market research

analysis

investigation

identify
market research

business
opportunities

identify
market research

opportunities

information

area

strategy
information

discover

area

threats

information

area

discover

success

invest

potential

invest

cost

area

threats

area

discover

area

discover

area

discover

area

discover

area

discover

area

YOUR MARKET

- You'll need to understand your market area so spend a little time at first doing some basic market research
- You may spend one whole day doing this. You don't need to do much more but you will want to keep aware of market changes.
- You will probably want to update this once per year to see if there are any significant market changes

PICKING THE BEST MARKETS



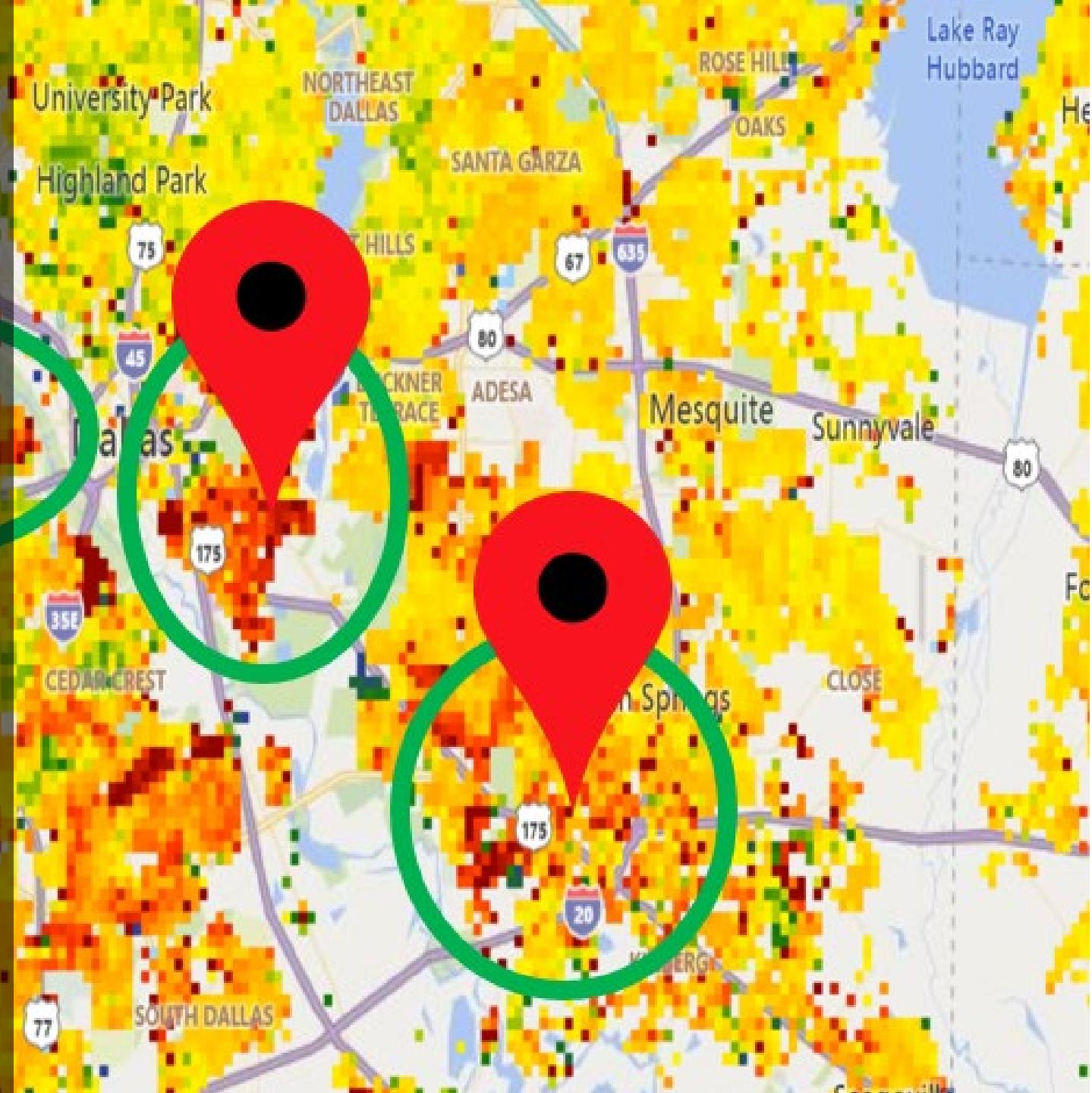
Pick 3 Markets To Start!!



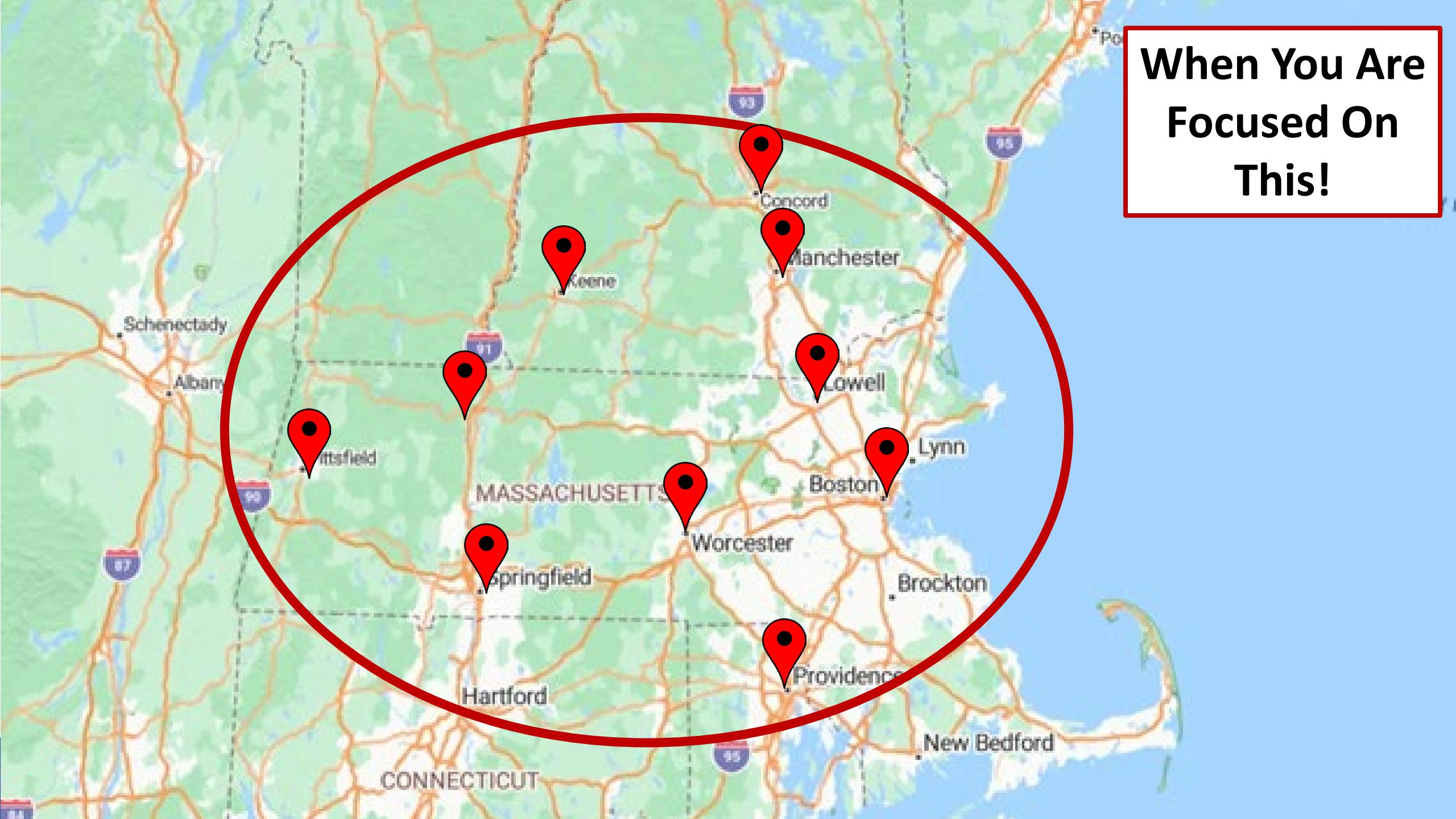
Find Your Radius



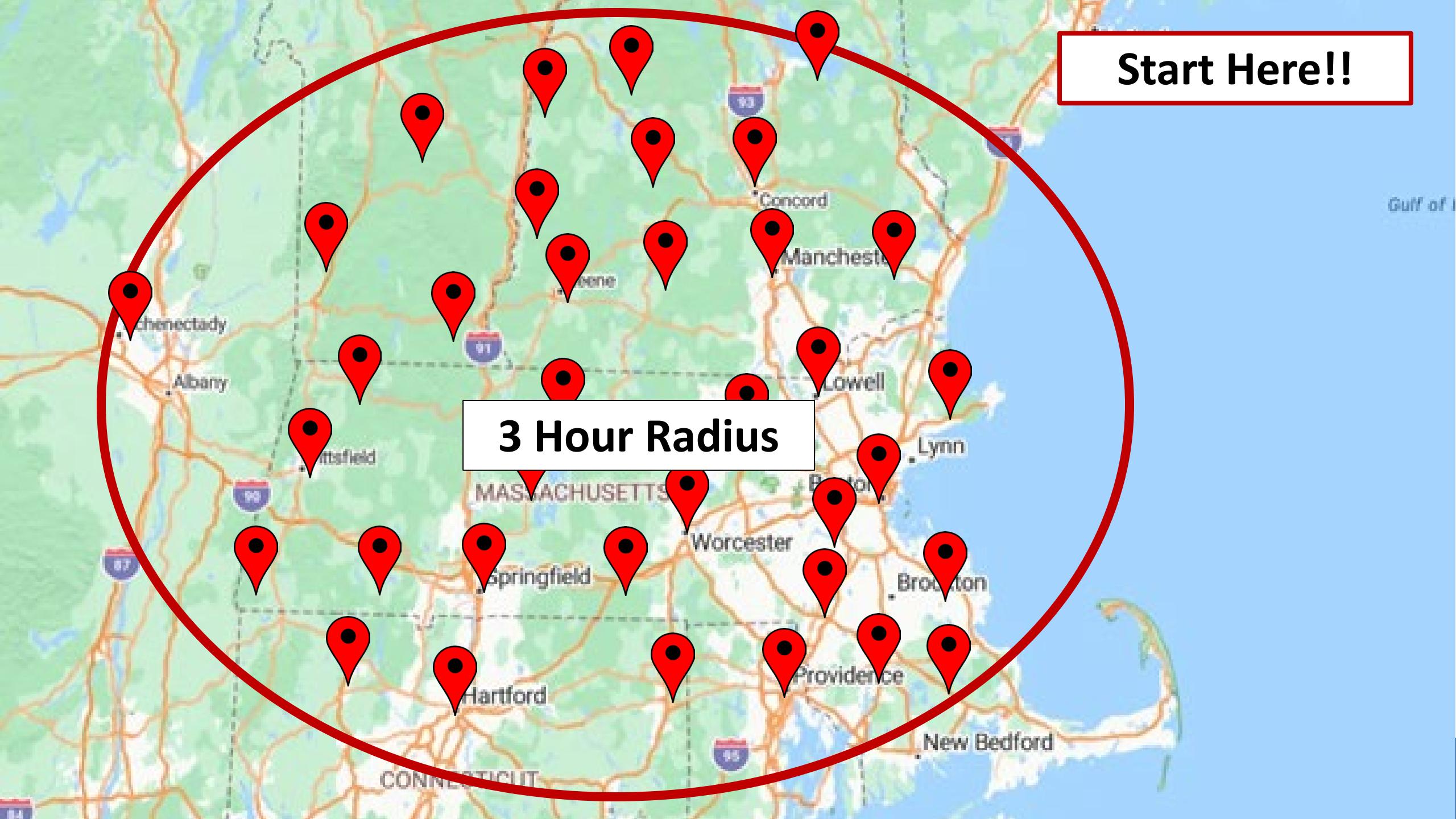
Track The Economic Indicators







When You Are
Focused On
This!

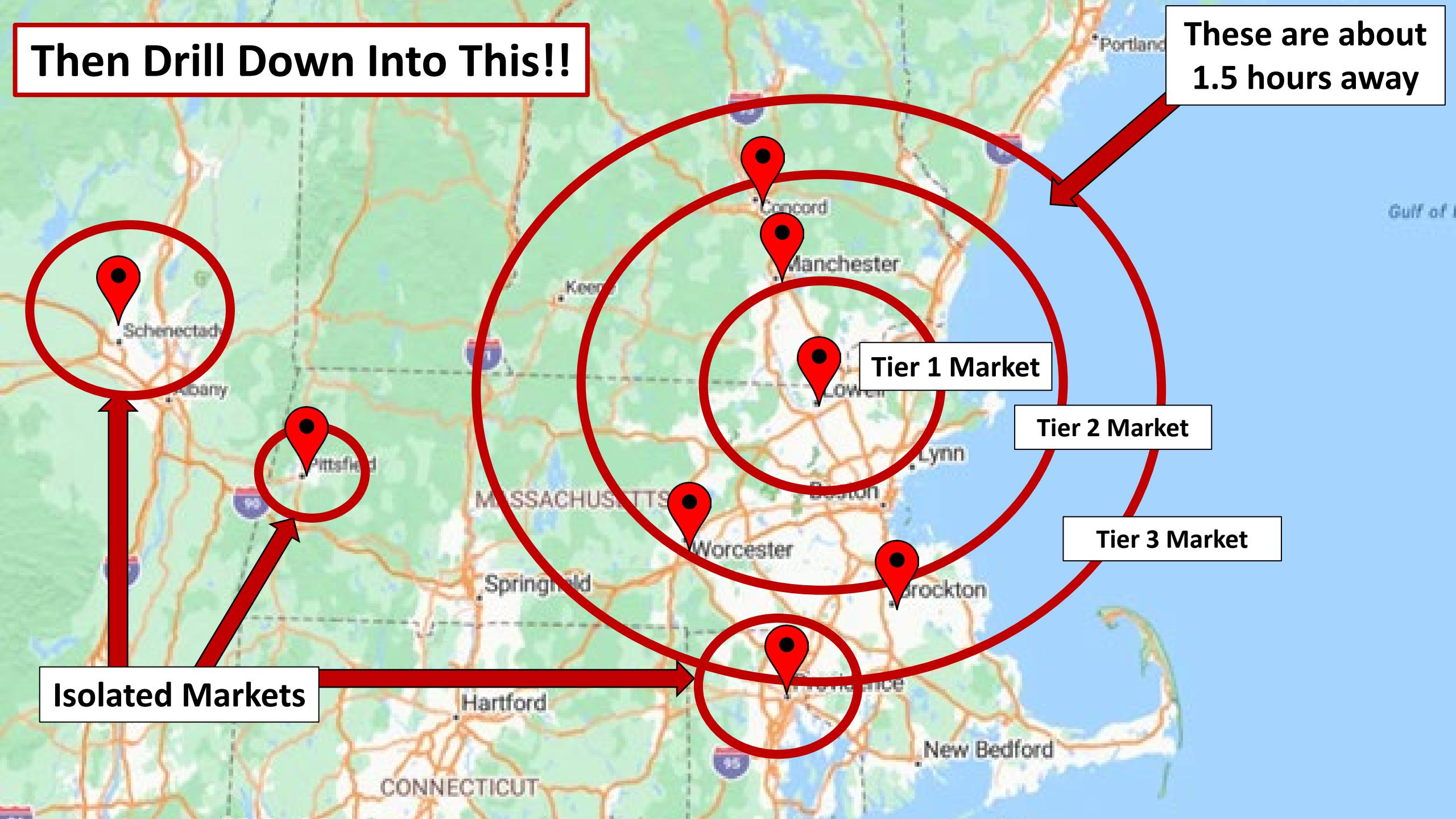


Start Here!!

3 Hour Radius

Then Drill Down Into This!!

These are about
1.5 hours away



OVERVIEW OF THE PROCESS

- Researching the US Counties that are growing
- Finding the best micro markets in those Counties
- Building your team in that market
- Give your Broker your buy box
- Set up your systems for doing the business
- Get your marketing ready for sellers
- Skip Trace your list
- Make Calls, Take Calls, Evaluate deals, Make Offers

PICKING THE STATE AND CITY

- You should work 3 Markets
 - Your Local Market
 - Find out what it needs first
 - A Cash Flow Market
 - This is for buying and wholesaling
 - An Emerging Market
 - To position yourself for growth
- You will have a better idea of the states in which you will work, by finding the best cities in which to work

FINDING YOUR MARKETS

- Look For Area Based On Rent Ratio
 - 1.2% or higher (Rent / Price Per Door)
- Areas That Have A Population Growth Rate 2% or Higher
- Identify Cities That have:
 - Regional Airports
 - Population of 50K or higher
 - Job Growth Not Jobs Leaving
 - Property Management Local
- Median Income can Afford Avg City Price (Growth)

GETTING THE BROKER TO HELP

- You will call multiple brokers in each market
 - Ask them questions about the market
 - What is the avg price per door for B and C Class properties
 - What area of your market will I find these types of properties
 - Do you know of any major companies coming into the market
 - Do you know where the path of progress is in your market
 - What area do I want to stay away from in your market
 - Do you have any management companies you can refer to me.
 - Do you know the avg Cap Rate for B and C apartments in your area

CLASS OF RENTAL PROPERTIES

- A Class
 - Highest quality buildings in their market and area
 - Generally newer properties built within the last 15 years
 - High-income earning tenants and low vacancy rates
 - Well-located in the market and typically professionally managed
 - Typically demand the highest rent with little or no deferred maintenance issues

CLASS OF RENTAL PROPERTIES

- B Class
 - One step down from Class A, generally older, tend to have lower income tenants, and may or may not be professionally managed
 - Rental income is typically lower than Class A, and there may be some deferred maintenance issues
 - Mostly are well-maintained, many investors see these as “value-add” investment opportunities because they can be upgraded to Class B+ or Class A through renovations and improvements
 - Buyers are generally able to acquire these properties at a higher CAP Rate than a comparable Class A property because these properties are viewed as riskier than Class A.

CLASS OF RENTAL PROPERTIES

- C Class
 - Typically, more than 20 years old and located in less than desirable locations
 - Generally, in need of renovation, such as updating the building infrastructure to bring it up-to-date
 - Tend to have the lowest rental rates in a market with other Class A or Class B properties
 - Some need significant renovation to get to steady cash flows for investors

**LET'S DIG INTO SOME DATA
TO HELP PICK THE BEST
RENTAL MARKETS FOR
GROWTH**

PROCESS FOR PICKING MARKETS

- Search Population Growth
 - State - County – City – Micro Markets
- Search U.S. Labor Statistics
 - State – City = Unemployment Rate
- Search Rental Growth In Markets
 - Search By City
 - Look at avg growth 12 months and 3 Year Growth
- Search Avg Vacancy Rate For The Area
- Search If There Is Growth Based On Avg Rents

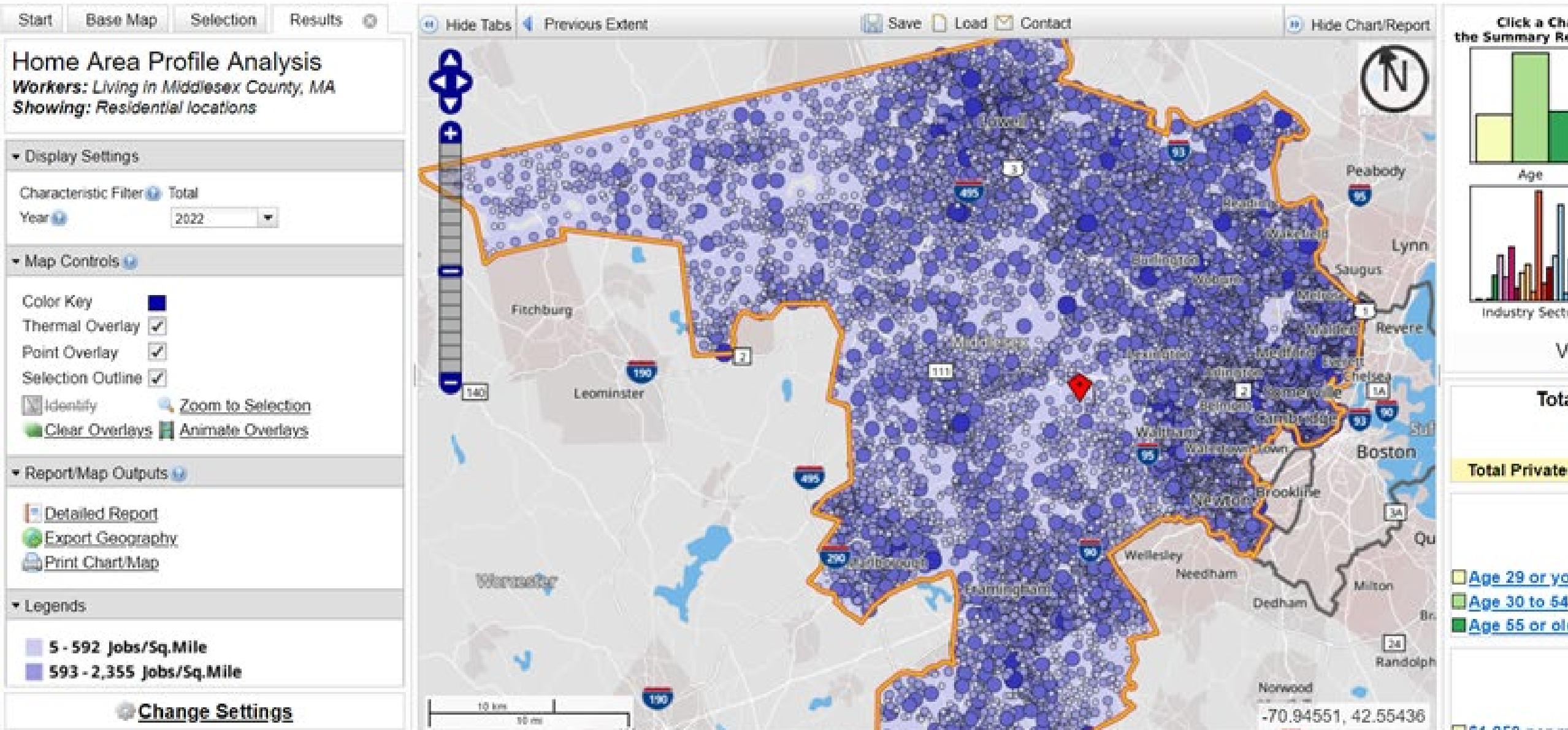
FINDING POPULATION BY COUNTY

COUNTY	STATE	2024 POP. ▾	2020 POP.	CHANGE (2020)
Middlesex County	Massachusetts	1,631,110	1,628,235	0.18%
Worcester County	Massachusetts	870,859	859,669	1.3%
Essex County	Massachusetts	813,679	807,791	0.73%
Suffolk County	Massachusetts	768,038	797,181	-3.66%
Norfolk County	Massachusetts	729,477	724,554	0.68%
Bristol County	Massachusetts	583,938	576,772	1.24%
Plymouth County	Massachusetts	537,368	530,200	1.35%
Hampden County	Massachusetts	459,824	464,311	-0.97%
Barnstable County	Massachusetts	231,392	228,012	1.48%
Hillsborough County	New Hampshire	427,215	422,913	1.02%
Rockingham County	New Hampshire	321,745	314,621	2.26%

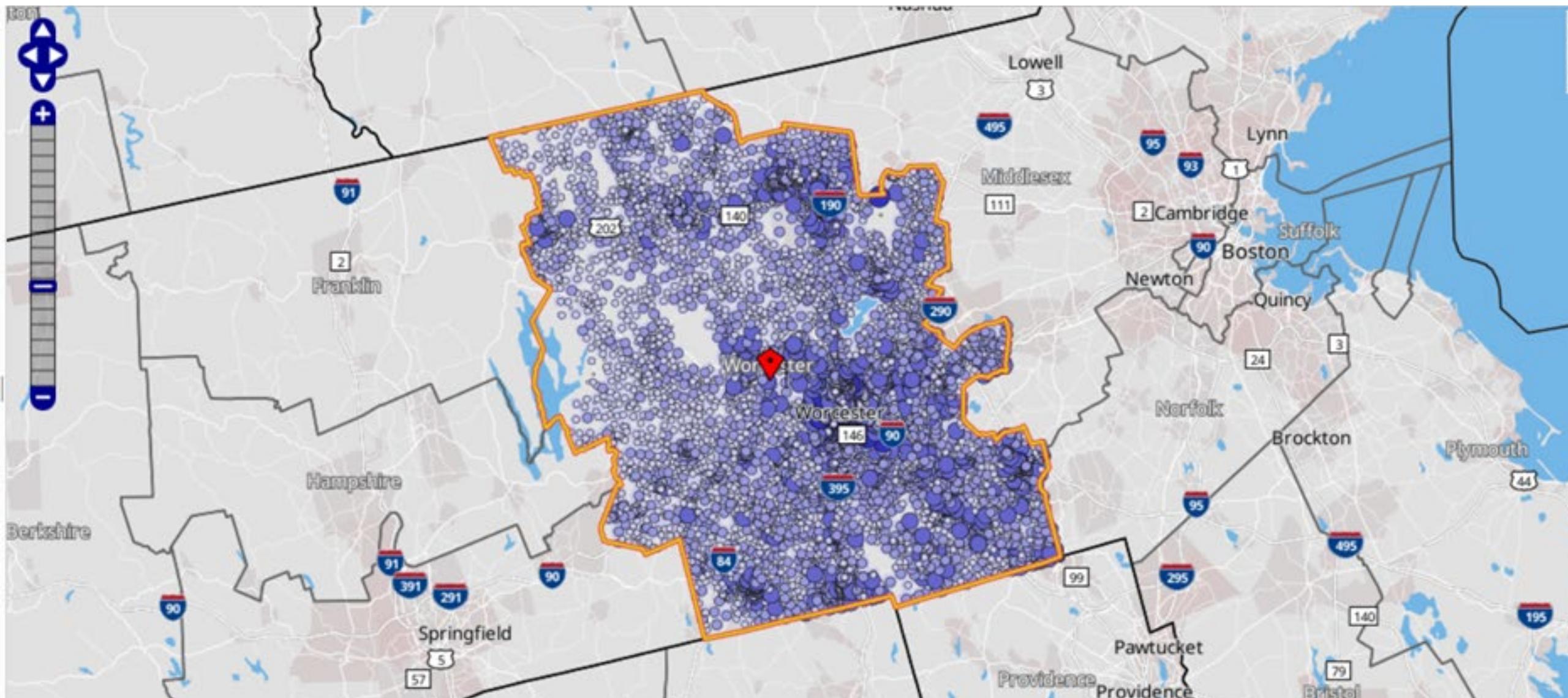
FINDING DATA ON THE COUNTY

People & Income Overview (By Place of Residence)	Value	Rank in U.S.	Industry Overview, 2023	Value	Rank in U.S.
			(By Place of Work)		
Population (2023)	1,623,952	20	Covered Employment	930,683	16
Growth (%) since 2020 Census	-0.5%	1.851	Avg Wage per Job	\$107,145	17
Households (2023)	630,939	22	Manufacturing - % All Jobs in County	7.5%	1.761
Labor Force (persons) (Ann. Avg. 2023)	915,035	20	Avg Wage per Job	\$129,699	29
Unemployment Rate (Ann. Avg. 2023)	2.9	2.167	Transportation & Warehousing - % All Jobs in County	2.4%	1.602
Per Capita Personal Income (2023)	\$108,773	47	Avg Wage per Job	\$64,577	630
Median Household Income (2023)	\$123,288	27	Health Care, Social Assist. - % All Jobs in County	13.6%	1.002
Poverty Rate (2023)	7.7	2.957	Avg Wage per Job	\$69,441	206
High School Diploma or More - % of Adults	93.4%	584	Finance and Insurance - % All	2.6%	978

FINDING CITIES IN THE COUNTY



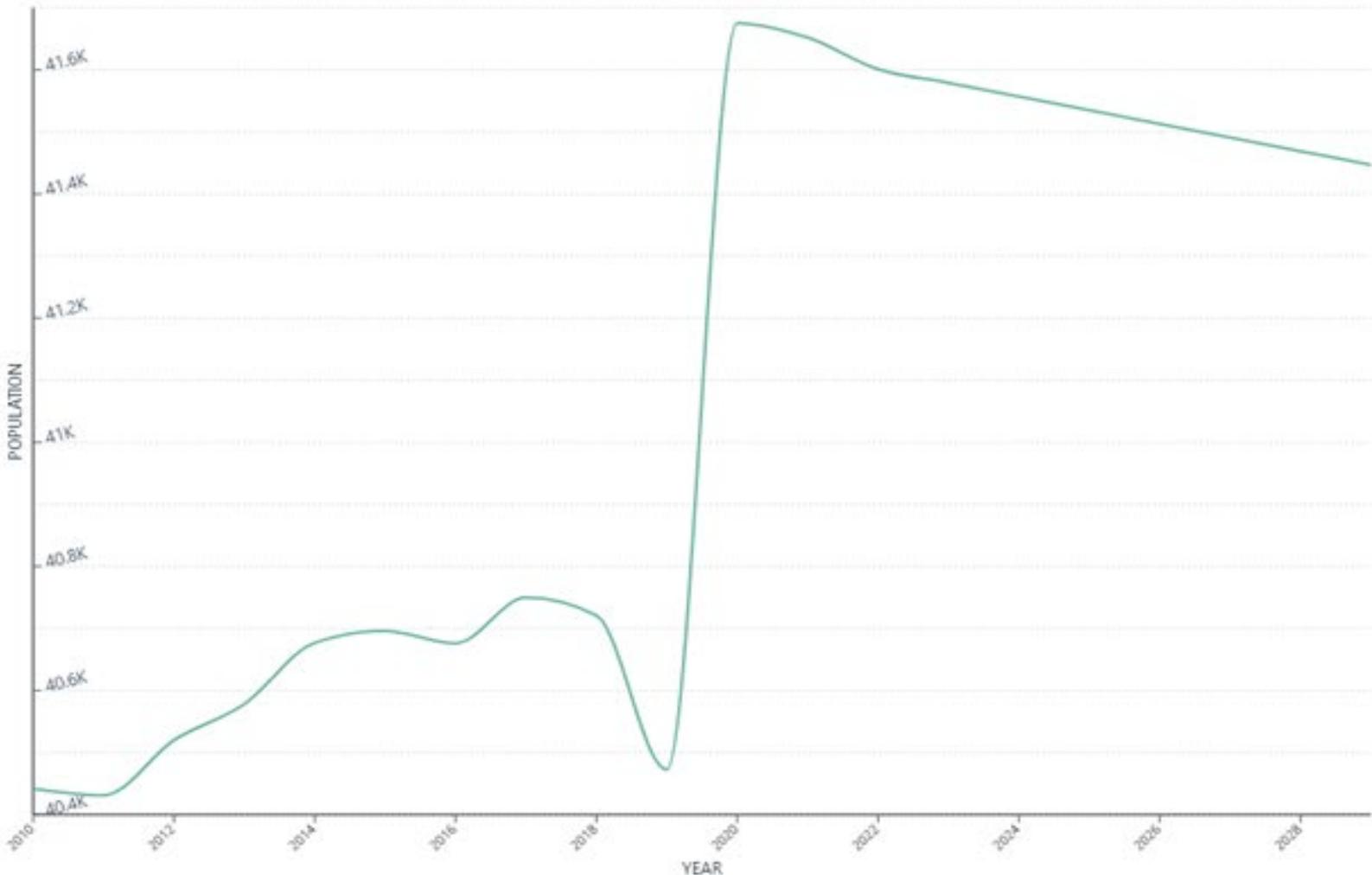
WORCESTER COUNTY



FITCHBURG, MA

Fitchburg city, Massachusetts Population 2024

41,557



State

Massachusetts

County

Worcester County

Land Area (mi²)

27.8 sq mi

Density (mi²)

1,493.60/sq mi

Growth Since 2020

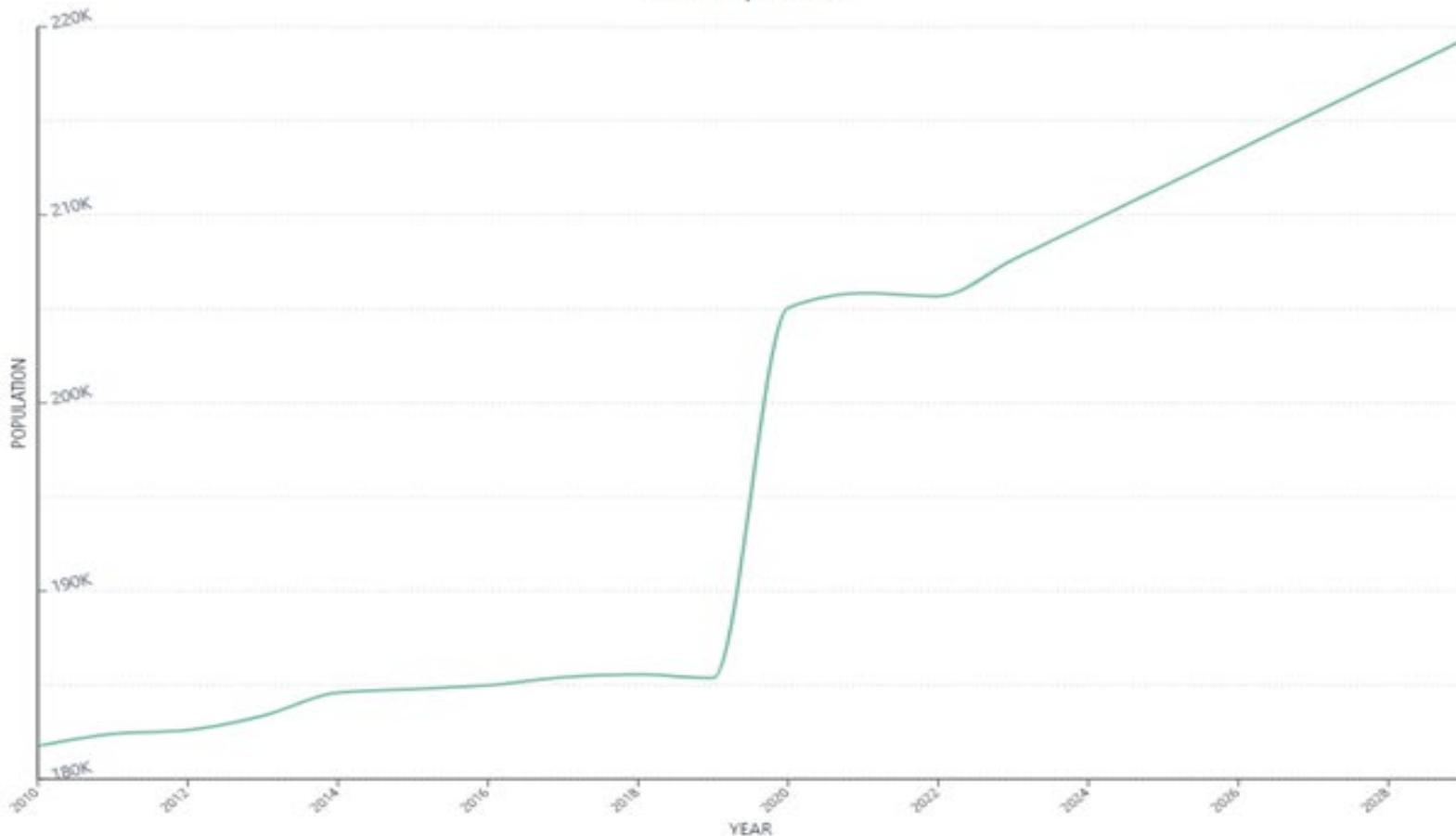
-0.28% (-118)

The current population of Fitchburg city, Massachusetts is **41,557** based on our projections of the latest US Census estimates (released May 2024). The last official US Census in 2020 recorded the population at **41,675**.

WORCESTER, MA

Worcester city, Massachusetts Population 2024

209,566



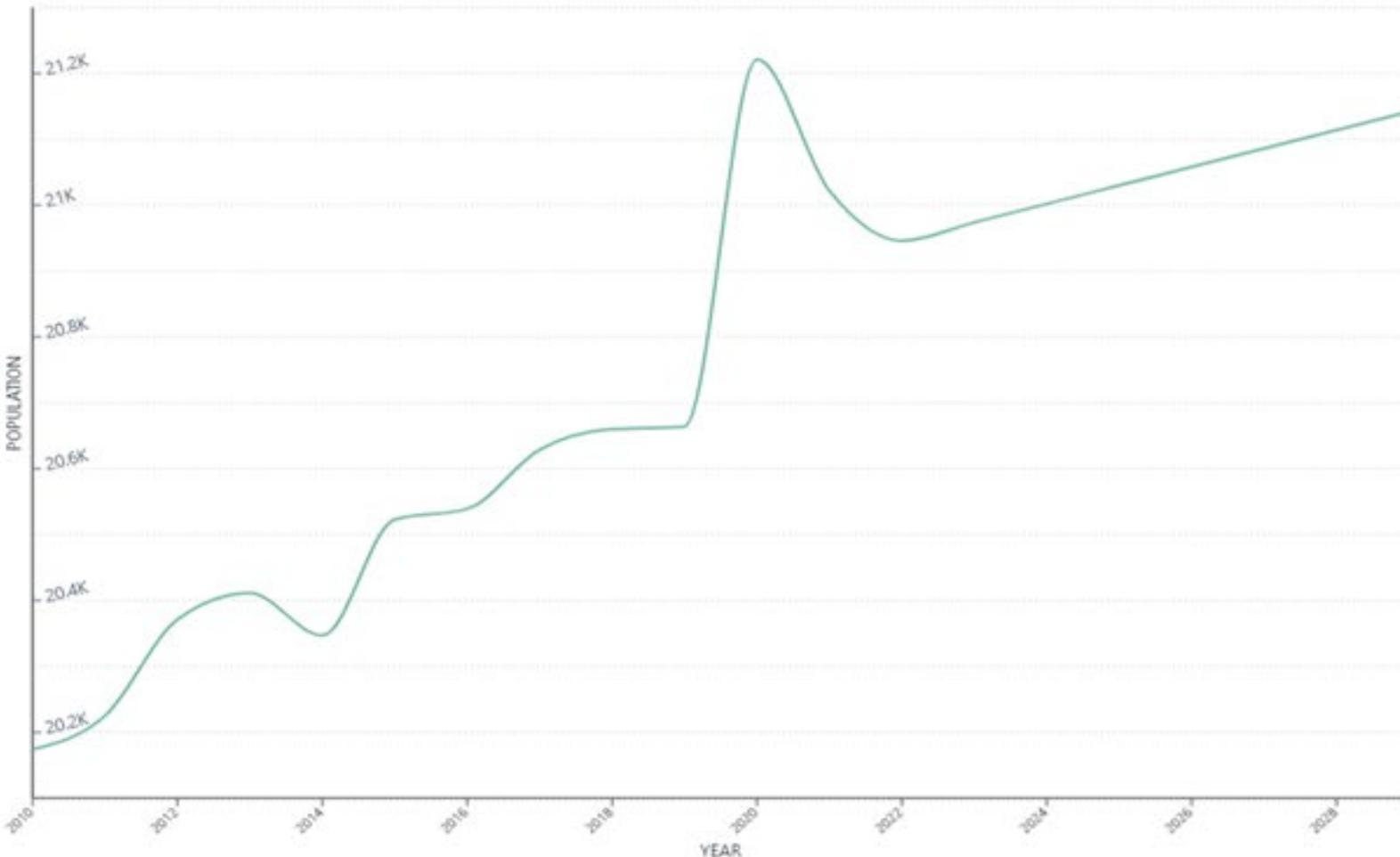
State	Massachusetts
County	Worcester County
Land Area (mi ²)	37.4 sq mi
Density (mi ²)	5,609.40/sq mi
Growth Since 2020	2.2% (4,510)

The current population of Worcester city, Massachusetts is **209,566** based on our projections of the latest US Census estimates (released May 2024). The last official US Census in 2020 recorded the population at **205,056**.

GARDNER, MA

Gardner city, Massachusetts Population 2024

21,002



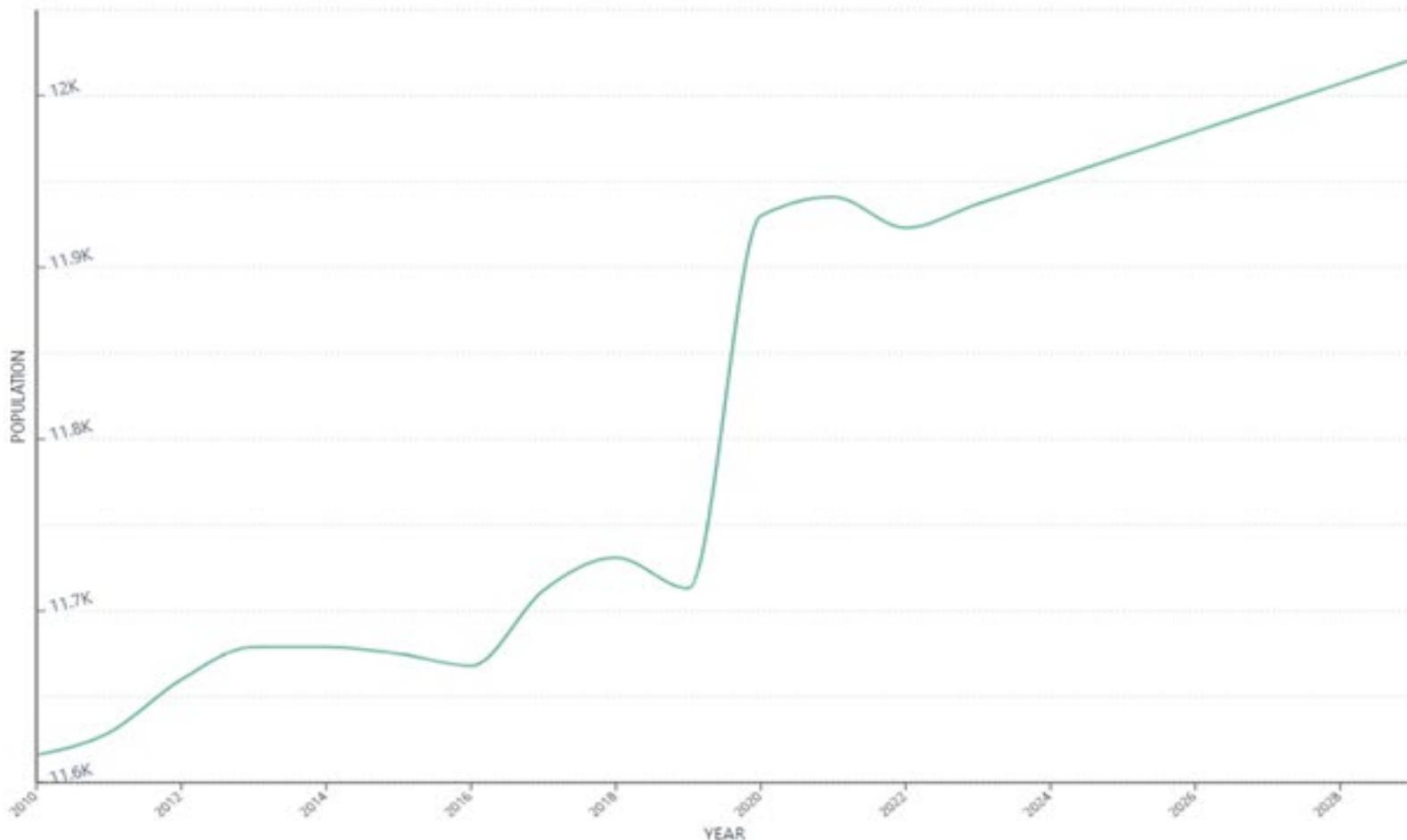
State	Massachusetts
County	Worcester County
Land Area (mi²)	22.1 sq mi
Density (mi²)	951.80/sq mi
Growth Since 2020	-1.03% (-219)

The current population of Gardner city, Massachusetts is **21,002** based on our projections of the latest US Census estimates (released May 2024). The last official US Census in 2020 recorded the population at **21,221**.

ATHOL, MA

Athol town, Massachusetts Population 2024

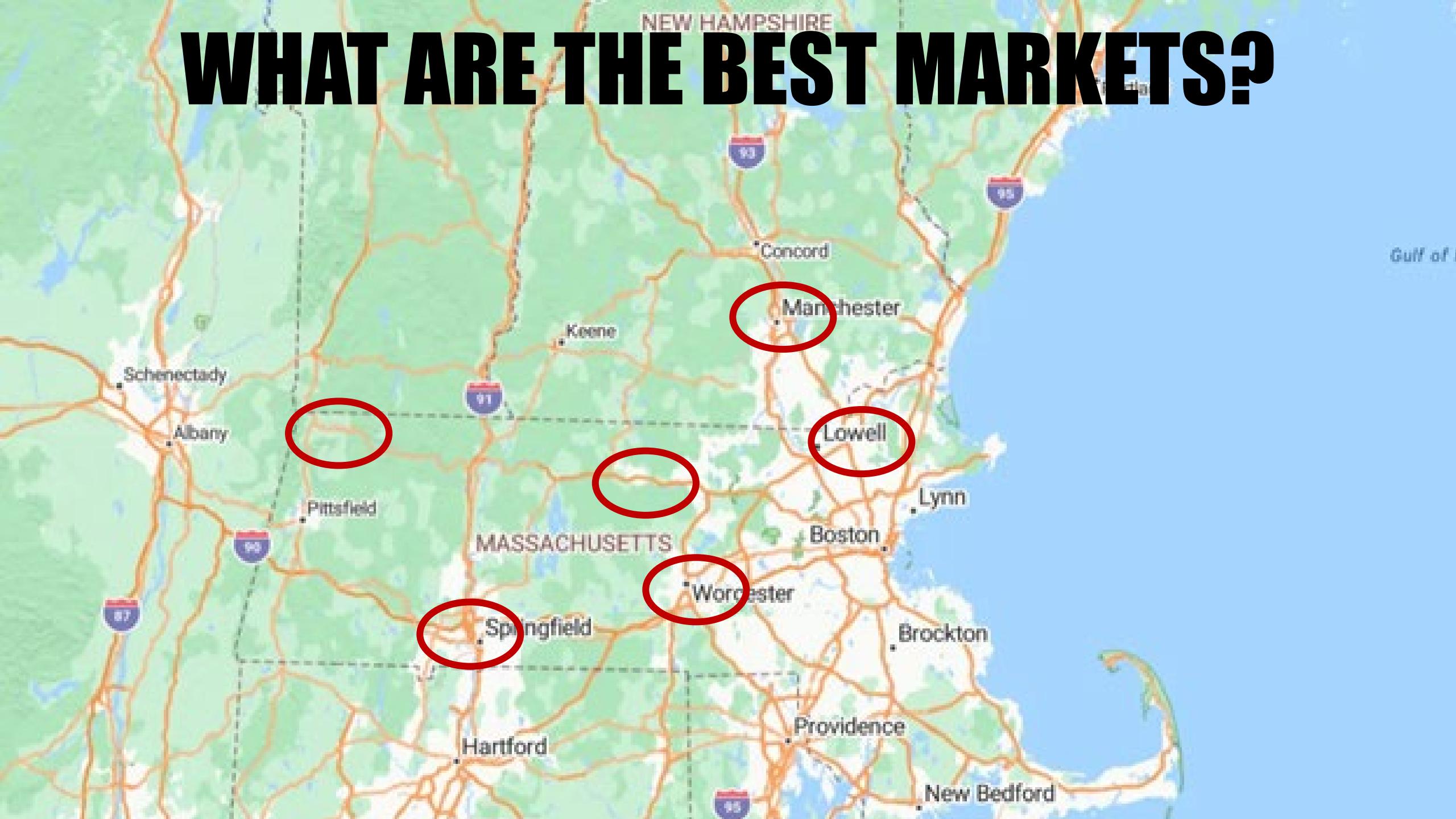
11,951



State	Massachusetts
County	Worcester County
Land Area (mi ²)	32.3 sq mi
Density (mi ²)	370.0/sq mi
Growth Since 2020	0.18% (21)

The current population of Athol town, Massachusetts is **11,951** based on our projections of the latest US Census estimates (released May 2024). The last official US Census in 2020 recorded the population at **11,930**.

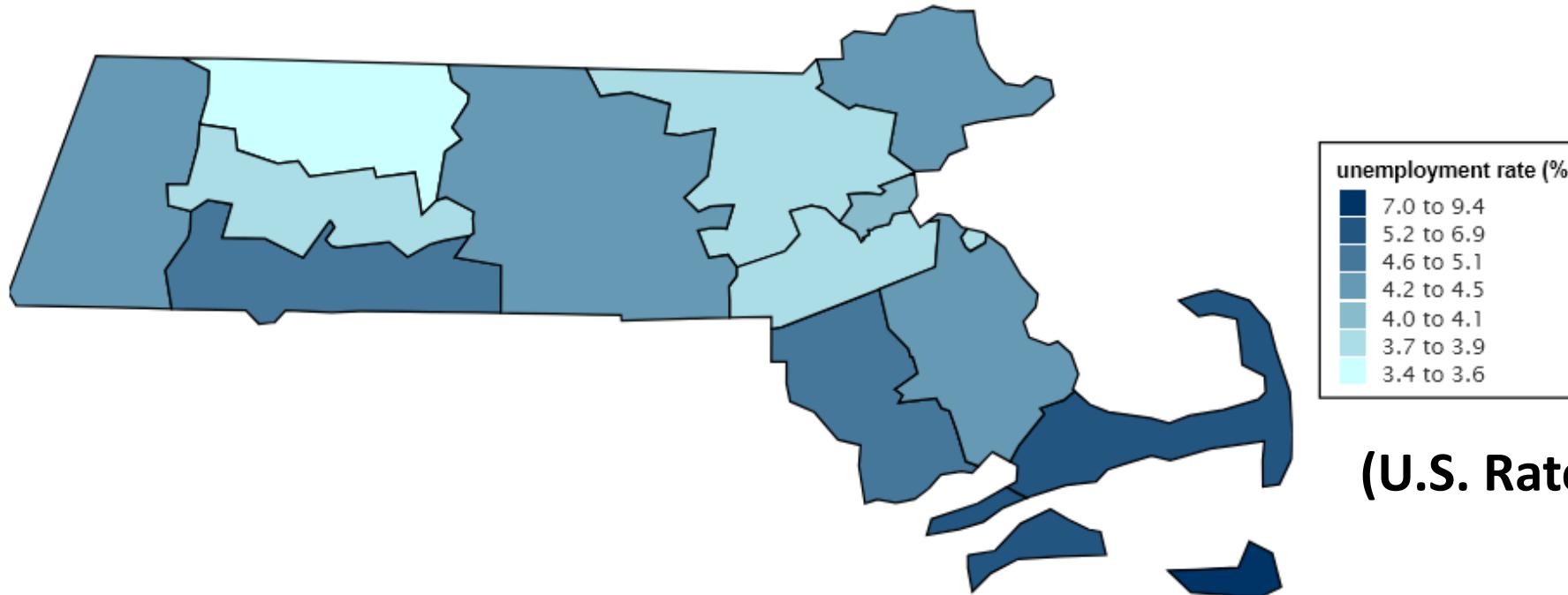
WHAT ARE THE BEST MARKETS?



WHAT ARE THE BEST MICRO MARKETS?



UNEMPLOYMENT RATES BY COUNTY



(U.S. Rate = 4.1 percent)

FINDING JOB GROWTH & UNEMPLOYMENT

Worcester, MA-CT Economy at a Glance:

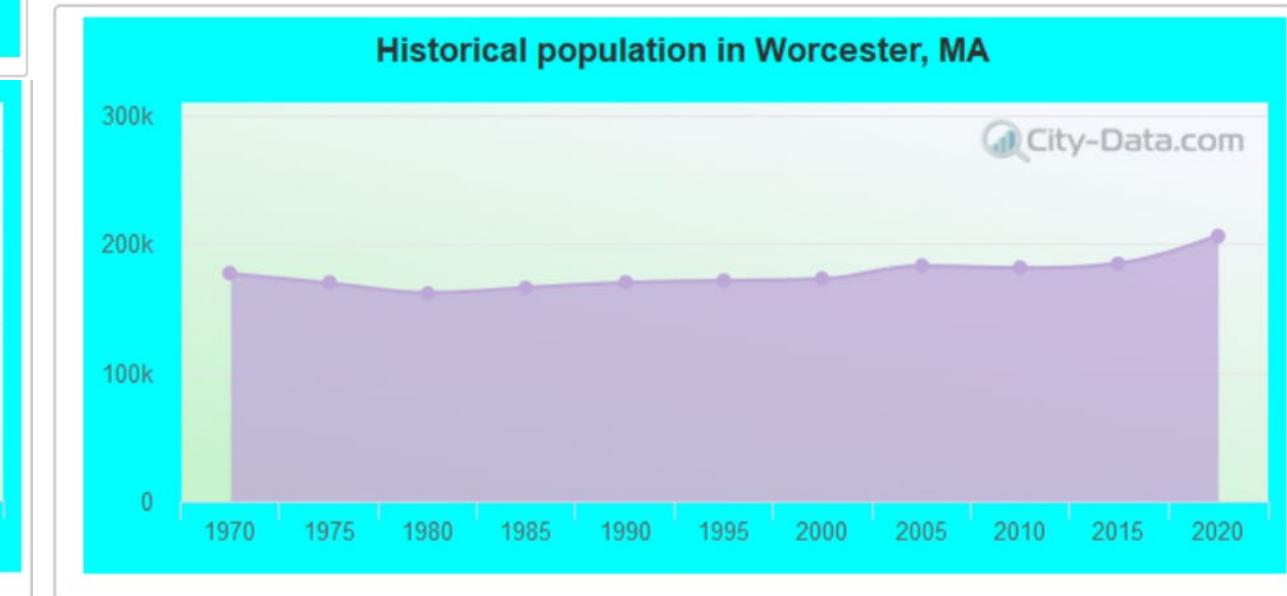
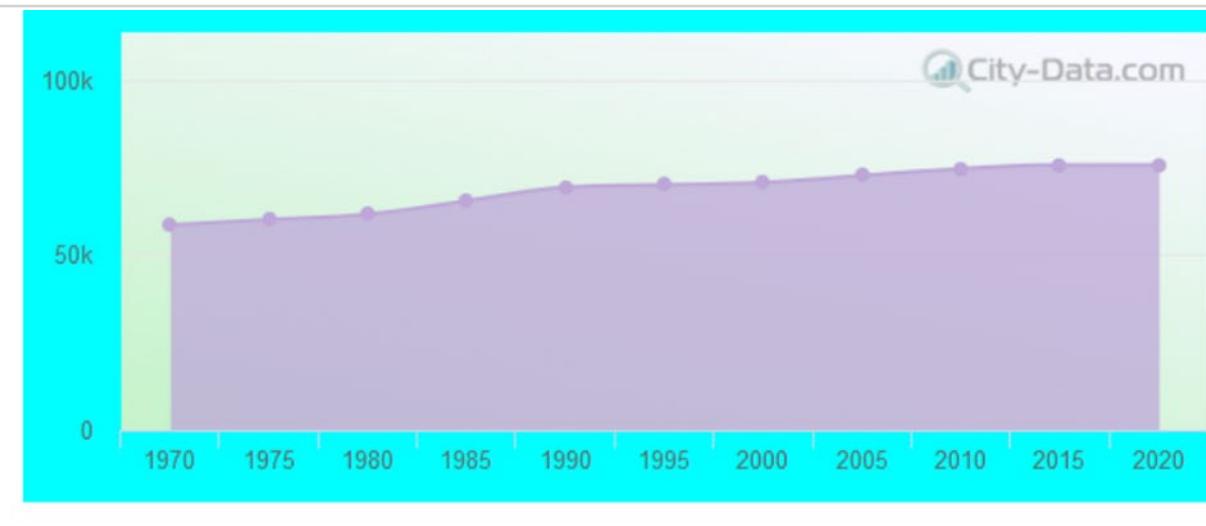
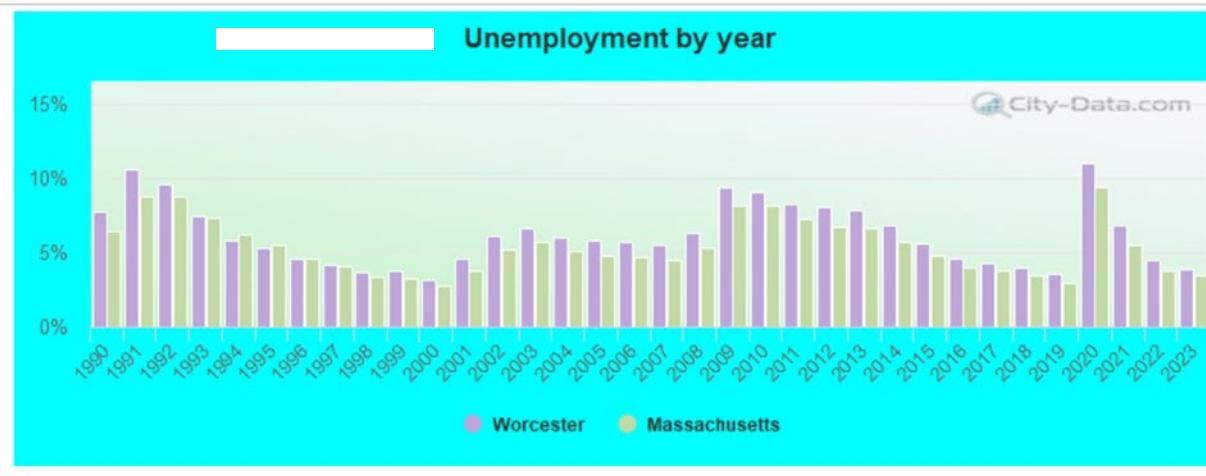
Data Series	Back Data	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024
<u>Labor Force Data</u>							
Civilian Labor Force (1)		371.0	369.1	362.6	365.7	366.6	(p) 369.8
Employment (1)		354.2	352.6	349.8	352.5	352.7	(p) 355.0
Unemployment (1)		16.8	16.6	12.8	13.2	13.9	(p) 14.8
Unemployment Rate (2)		4.5	4.5	3.5	3.6	3.8	(p) 4.0
<u>Nonfarm Wage and Salary Employment</u>							

FINDING JOB GROWTH & UNEMPLOYMENT

Unemployment in December 2023:

Here:  3.9%

Massachusetts:  3.5%



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Apartment List Blog

Your go-to source for all things renting - from original data-driven research to helpful tips on managing life as a renter.

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BUILDING WEALTH BOOTCAMP 

LOOKING UP RENTAL GROWTH RATE

[Data](#)[Research & Analysis](#)[Renter Life](#)

Data

Access the latest rent data for your city or state.

Select a File

Download Report

City-Level Historic Estimates (2017 - Present)



Download

Apartment List's rent estimates are released in the first week of each month, with data available for hundreds of locations across the nation. Our goal is to provide price transparency to America's 110 million renters to help them make the best possible decisions in choosing a place to call home.

Median Rent																	
location_name	population	bed_size	2024_03	2024_04	2024_05	2024_06	2024_07	2024_08	2024_09	2024_10	2024_11	2024_12	2025_01	2025_02	12 Mos Difference		
Boston, MA	665,945	overall	2295	2330	2379	2421	2457	2466	2444	2396	2339	2297	2285	2293	-0.1%		
Boston, MA	665,945	1br	2207	2240	2288	2328	2363	2371	2350	2304	2249	2208	2197	2205	-0.1%		
Boston, MA	665,945	2br	2324	2359	2409	2452	2488	2497	2474	2426	2368	2326	2314	2322	-0.1%		
Worcester, MA	204,191	overall	1519	1541	1547	1548	1542	1542	1551	1567	1563	1566	1556	1591	4.7%		
Worcester, MA	204,191	1br	1105	1121	1125	1125	1121	1122	1128	1139	1137	1139	1131	1157	4.7%		
Worcester, MA	204,191	2br	1571	1594	1600	1601	1595	1595	1604	1621	1617	1620	1609	1646	4.8%		
Cambridge, MA	117,962	overall	2888	2927	2971	3015	3038	3038	3010	2960	2909	2873	2882	2904	0.6%		
Cambridge, MA	117,962	1br	2622	2658	2698	2738	2758	2758	2733	2687	2641	2608	2617	2637	0.6%		
Cambridge, MA	117,962	2br	3177	3220	3269	3317	3342	3342	3311	3256	3200	3160	3171	3195	0.6%		
Lowell, MA	114,737	overall	1706	1725	1737	1741	1733	1749	1745	1743	1716	1707	1714	1732	1.5%		
Lowell, MA	114,737	1br	1299	1313	1322	1325	1320	1331	1328	1327	1306	1299	1305	1319	1.5%		
Lowell, MA	114,737	2br	1791	1811	1824	1827	1820	1836	1831	1829	1801	1792	1800	1818	1.5%		
Quincy, MA	100,981	overall	2153	2184	2230	2254	2270	2289	2290	2263	2216	2194	2197	2218	3.0%		
Quincy, MA	100,981	1br	1983	2012	2054	2076	2091	2108	2109	2085	2041	2021	2024	2043	3.0%		
Quincy, MA	100,981	2br	2340	2374	2423	2449	2468	2487	2488	2460	2408	2384	2388	2411	3.0%		
Lawrence, MA	88,067	overall	1836	1866	1882	1892	1891	1885	1895	1889	1904	1862	1877	1869	1.8%		
Lawrence, MA	88,067	1br	1211	1231	1242	1248	1248	1244	1250	1247	1256	1228	1238	1233	1.8%		
Lawrence, MA	88,067	2br	1842	1872	1889	1898	1898	1891	1901	1896	1910	1868	1883	1875	1.8%		
Somerville, MA	80,464	overall	2519	2535	2551	2560	2598	2630	2625	2567	2508	2470	2507	2549	1.2%		
Somerville, MA	80,464	1br	2012	2025	2038	2045	2075	2101	2097	2051	2004	1973	2002	2037	1.2%		
Somerville, MA	80,464	2br	2662	2679	2696	2705	2746	2779	2774	2713	2651	2610	2649	2694	1.2%		
Framingham, MA	71,805	overall	1925	1933	1972	2019	1993	1979	1960	1983	1969	1969	1956	1960	1.8%		
Framingham, MA	71,805	1br	1625	1632	1665	1704	1682	1671	1655	1674	1662	1662	1651	1655	1.8%		
Framingham, MA	71,805	2br	2146	2155	2198	2251	2222	2206	2185	2211	2195	2195	2180	2186	1.9%		

LOOKING UP RENTAL VACANCY RATE

Metros			States		
Rank	Metro	Rental vacancy rate	Percentage of households that rent	Median monthly rent	Percentage of renters that are cost-burdened
1	Cape Coral-Fort Myers, FL	15.3%	21.5%	\$1,967	59.3%
2	Birmingham-Hoover, AL	12.2%	29.2%	\$1,441	54.2%
3	Charleston-North Charleston-Summerville, SC	12.0%	30.4%	\$1,845	52.5%
4	Memphis, TN-AR-MS	11.4%	36.8%	\$1,546	53.9%
5	Houston-The Woodlands-Sugar Land, TX	10.9%	38.2%	\$1,507	53.5%
6	Little Rock-North Little Rock-Conway, AR	10.8%	37.4%	\$1,241	45.4%
7	Oklahoma City, OK	10.6%	31.9%	\$1,226	50.1%
8	Tucson, AZ	10.2%	26.7%	\$1,467	55.0%
9	Buffalo-Cheektowaga-Niagara Falls, NY	9.7%	37.1%	\$1,277	49.7%
10	Baltimore-Columbia-Towson, MD	9.4%	27.1%	\$2,146	52.9%
11	Jacksonville, FL	9.4%	27.1%	\$1,860	53.3%
12	Detroit-Warren-Dearborn, MI	9.3%	26.5%	\$1,414	51.7%
13	Nashville-Davidson-Murfreesboro-Franklin, TN	9.3%	29.3%	\$1,826	51.2%

Metros			States		
Rank	Metro	Rental vacancy rate	Percentage of households that rent	Median monthly rent	Percentage of renters that are cost-burdened
67	Louisville/Jefferson County, KY-IN	3.6%	31.7%	\$1,406	49.1%
68	Fresno, CA	3.4%	45.8%	\$1,735	56.4%
69	San Jose-Sunnyvale-Santa Clara, CA	3.3%	46.5%	\$3,451	45.7%
70	New Haven-Milford, CT	3.3%	31.7%	\$1,731	54.7%
71	Grand Rapids-Wyoming, MI	3.2%	34.1%	\$1,451	47.6%
72	Bridgeport-Stamford-Norwalk, CT	3.0%	33.1%	\$2,451	54.5%
73	Boston-Cambridge-Newton, MA-NH	2.5%	40.1%	\$2,740	53.3%
74	Rochester, NY	2.0%	31.6%	\$1,365	52.8%
75	Worcester, MA	1.9%	32.9%	\$1,788	51.6%

VACANCY RATE TRENDS

★ Rental Vacancy Rate in the United States (RRVRUSQ156N)

Observations ▾

Q4 2024: 6.9

Updated: Feb 5, 2025 10:51 AM CST

Next Release Date: Apr 28, 2025

Units:

Percent,

Not Seasonally Adjusted

Frequency:

Quarterly

1Y

5Y

10Y

Max

1956-01-01

to 2024-10-01

Edit Graph

Download 

FRED  — Rental Vacancy Rate in the United States



RESOURCES TO HELP WITH DATA

- WorldPopulationReview.com
- bls.gov
- Zillow.com/research/data/
- Apartmentlist.com/research/category/data-rent-estimates
- CoStar.com
- BestPlaces.com
- City-Data.com
- AttomData.com

THE REAL ESTATE CYCLE

- So many things in our world run in cycles
- Real Estate markets are no exception
- Some relevant cycles include
 - 80-year Generational Turning Cycle
 - Secular Bull/Bear Stock Cycle
 - 18.6-Year Real Estate/Gann Cycle
 - 11-Year Panic Cycle

4 REAL ESTATE MARKET PHASES

Expansion Phase

Hyper Supply
Phase

Recovery
Phase

Recession Phase

- 1- Expansion Phase
- 2- Hyper Supply Phase
- 3- Recession Phase
- 4- Recovery Phase

Market Quadrants **Cycle**

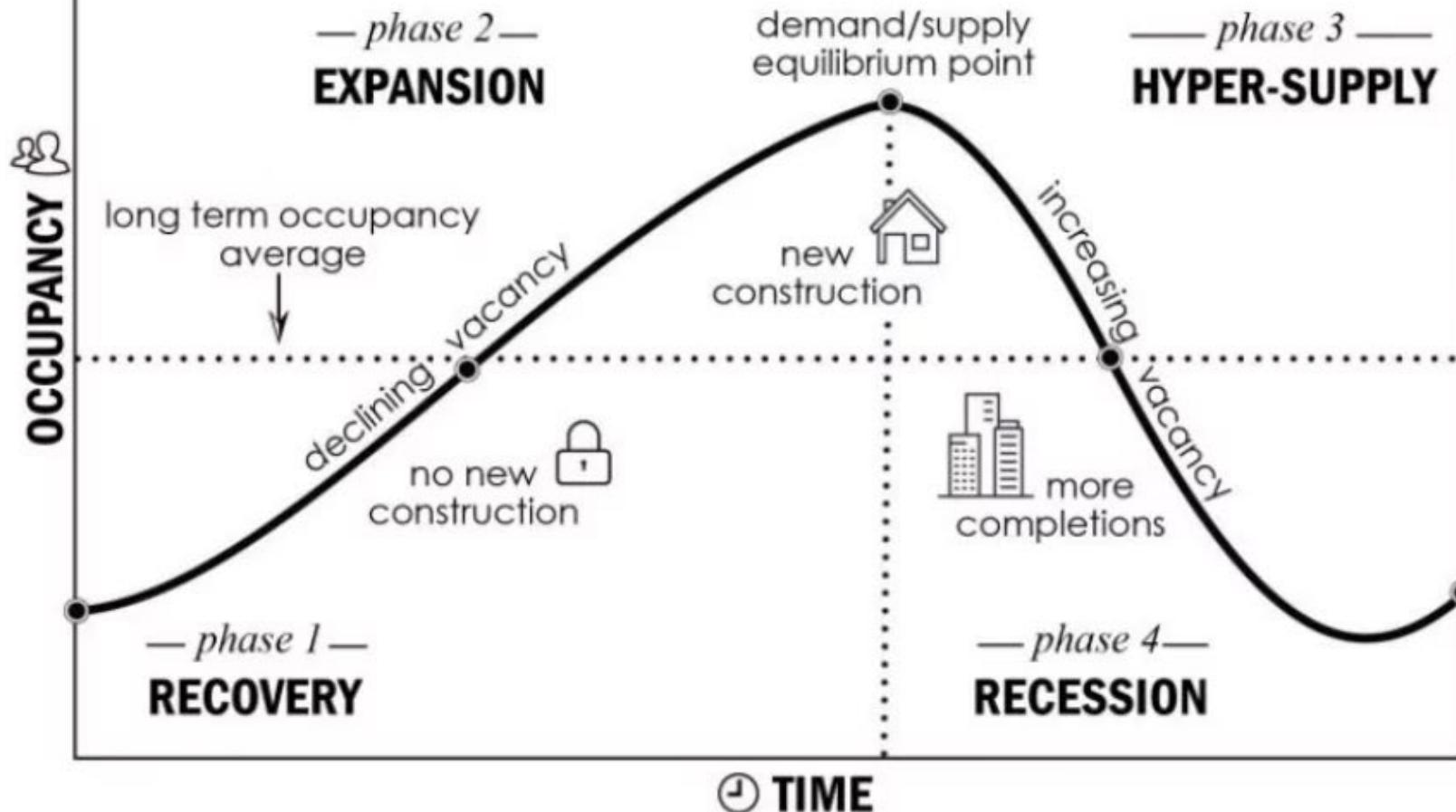
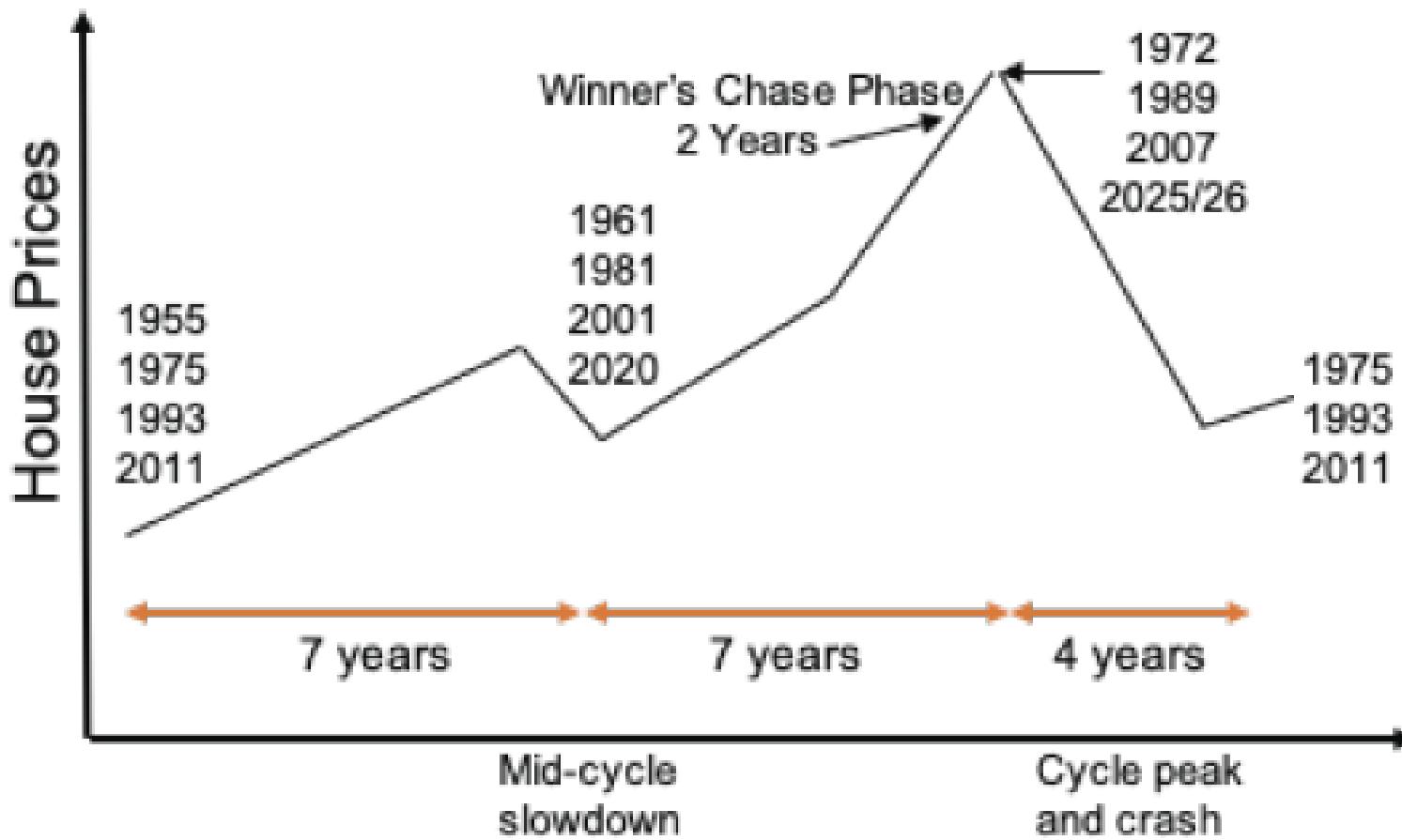


Chart source: Mueller, Real Estate Finance

THE 18.6 YEAR CYCLE



Source: The Secret Life of Real Estate and Banking Phillip J. Anderson; Akhil Patel

AAAAAAHHHHHHH!

- WHAT DO I DO NOW!!
- Don't Panic
- Real Estate Investing is ALWAYS GOOD!
- Just need to know where we are in the Cycle
- Do we Buy, Sell, Hold???
- How do we Buy or Sell?
- We can help – Just follow along for the next three days

**BUILD YOUR
REAL ESTATE
TEAM OF THE FUTURE**

WHO YOU NEED ON YOUR TEAM

- What Are The Questions We Ask
 - Name
 - Phone #
 - Email
 - Specialty
 - Where they work
 - Cost for services
 - Referrals
 - Do they know of any deals!



WHO YOU NEED ON YOUR TEAM

- Realtor
- Attorney
- CPA
- Bookkeeper
- Virtual Assistant
- General Contractor
- Home/Building Inspector
- Partners
- Sponsors
- Private Lenders
- Mortgage Company
- Insurance Company
- Property Manager
- Appraiser
- Photographer
- Handyman
- IRA Custodian

SPONSORS

- They Normally get 15 - 50% of the deal!
- Some deals require multiple Sponsors
- Responsibility
 - Use Equity, Their Net Worth, To Help Close The Loan
 - They Sign On The Loan With You
 - Use Their Liquidity To Help With The Loan
 - Put Up Some Of The Earnest Money
 - Act As A Consultant On The Deal

CAPITAL

- Private lenders to bring funds to the deal
- Charge around 8% - 12% interest rates
- They don't need for you to qualify
- These lenders are harder to find but better
- They will provide Long-Term funding
- They are looking at the Asset only, in most cases
- You are looking for Lazy Money!!!

PARTNERS

- People who help you raise capital for the deal
- You must give them a responsibility on the deal
- 20-40% of the deal (*General Partner*)
- Responsibility:
 - Go Raise The Money
 - Can Be More Than One
 - Total Capital Stack Needed – Senior Debt; Mezzanine Debt; Preferred Equity; Common Equity

LENDERS / MORTGAGE BROKERS

- Specialize in commercial loans
- They help find the right loan for the deal
- Mortgage Brokers can be better
 - They will shop around for the best loan
- Mortgage Brokers have access to
 - Purchase loans
 - Bridge loans
 - Hardmoney loans
- All Lenders have different qualifying factors for loans

ATTORNEY

- Needed to keep you safe on lawsuits
- Use them for closing deals
- They can help with your underwriting
- On Larger Deals:
 - They will help with the P&S and LOI
 - They will help with title work
 - They will help with negotiations
 - They will help with your PPM

MANAGEMENT COMPANY

- They run the property for you!
- You Need The Best Systems To Be Successful!!!
- These Systems Come From Hiring A Skilled Management Company
- Should be 99% “Hands Off” for You

IRA/401K CUSTODIAN COMPANY

- Help with private investors to move money
- This could be SEP, 401K, CESA, ROTH, HSA, IRA
- They are part of the team to access money
- They can also help investors plan for less taxes
- www.SpecializedTrustCompany.com
- www.TrustETC.com

INSURANCE

- Insurance Agents
 - Find Investor Friendly Agents
 - www.NREIG.com
 - You will need Vacant Policies
 - Short term policies
 - Long term policies
 - You will need company coverage also
 - Most Title companies will offer insurance



**National Real Estate
Insurance Group**

BROKERS

- They will help with finding deals / research
- Find a Broker for each city you are looking in
- Find Brokers on LoopNet.com
- Find Brokers on CREXI.com
- Or just call Kelle!
- Subscribe to every brokers list
- Brokers work their network first before listing
- This is how you get great deals!!
- This is all about Relationships!!

BROKERS

- Find out everything about them... Let Them Talk
- Ask them for market reports in that area
- What areas are good and bad
- What is the Avg Cap Rate for Apartments in that area
- Where is the path of growth
- Give them your Buy Box
- Ask them to start sending you deals
- Ask them what they like about the deal
- Evaluate the deal and call them with feedback



SAMPLE BUY BOX

- Value Add Plays
- 2 – 50 Units
- Under \$5,000,000
- C to B Asset Class
- C to B Locations
- Occupancy over 60%
- Age Over 40 Years Old
- In Your Target Market



FUNDING



5 MAIN GROUPS OF FUNDING

1. Institutional Funding
2. Private Funding
3. Bridge Funding
4. Hard money Funding
5. Seller Financing



ASSET AND HARD MONEY FUNDING

- Hard Money and Asset Based Lenders
 - They are looking at the deal
 - These lenders are truly an Asset Based Lender
 - You want to bring them deals that are 65% below ARV
 - They normally charge Points: 1 to 5 up front
 - Some will roll it into the loan
 - Interest Rate: 10% to 15%+
 - 6 Months to 12 Months funding
 - No Credit Checks
 - They may want to build a profile folder on you in the beginning, but most want do it again after the first time.

OWNER FINANCING

- Owner Financing is a lost secret
- We must ask the seller the right questions
 - If they are behind on payments or having a hard time, then they could be a fit for owner financing
- This could be a structured many ways
 - Lease Option
 - Subject to
 - Contract for deed
- You could even do it and offer the seller something back after it closes

HOW TO GET PRIVATE LENDERS TO FUND YOUR DEALS!



THE KEY TO RAISING MONEY!

- Finding People You Can Help Get Higher Rates Of Return On Their Money Now..

NOT

- Those Who Already Understand How And Want High Rates!! This Is A Person With Active Money!



PRIVATE LENDERS VS OTHERS

- When looking at financing you have several different options. Most of the different options will depend on your personal situation and how quickly you need capital to close your deals.
 - **Traditional Lenders:** Large National Banks & Local Small Banks
 - **Private Lenders:** Personal relationships with individuals
 - **Asset/Hard Money Lenders:** They are Quick but Expensive
 - **Bridge Lenders:** They fill the gap on funding

HOW DO YOU FIND PRIVATE LENDERS

The easiest answer to this is **JUST START ASKING** people if they are interested in funding real estate transactions with you... You will get a lot of NO's, but you only need 1 YES to get your **First Private Money Lender!!!**

FINDING PRIVATE MONEY LENDERS

- First Let's Explain Who You Don't Want
 - Anyone looking for points and high interest
 - These are not private lenders they are Hard Money Lenders
 - Anyone wanting to control what you buy and how
 - Anyone wanting to be on your job site all the time
 - Anyone who keeps putting your meetings off
 - Anyone who gives you the run around on committing
 - Anyone who seems nervous about lending you money

FINDING PRIVATE MONEY LENDERS

- **Friends & Family:**

- Start talking to them about what you do
- Let them know your Pitch, and that you offer 6-10% return on the money

- **Your Network:**

- You will be surprised at who has money!
- Most are just sitting on it; They need to know what you do.

- **Networking:**

- Start finding as many networking events as you can
- Go to them and use your 1 min Pitch to get them interested

- **Investment Meetings:**

- You are sitting next to Private Lenders right now!
- You need to start talking to them and learning your pitch

FINDING PRIVATE MONEY LENDERS

- **Self-Directed IRA Events:**
 - These are full of potential Private Lenders
 - They all have Self Directed IRA's and are looking to do something with it .
- **Professionals:**
 - They are in your life and don't know what you do
 - These are individuals who don't have time to find opportunities that you can bring to them
- **Retiring Landlords:**
 - These are very easy to find, and they get what you are doing!!
 - Most of them understand the power of monthly payments. They just don't want to manage properties or property management
- **Auctions:**
 - You will find money at the auction if you sit back and watch who is buying
 - You can then approach them with your 1 minute Pitch

YOUR 1 MIN ELEVATOR PITCH

- Key Pointers Before Pitching:
 - Have the right mindset going into the conversation
 - You are helping them at the same time they are helping you
 - Look and Speak Professionally
 - KNOW YOUR PITCH!!!
 - Be Confident in your ability to perform
 - Don't worry about your past or what you use to do
 - BE NICE!!!



YOUR 1 MIN ELEVATOR PITCH

- Start with your Opener (ask “what do you do?”)
- Ask them if that’s the only thing they do or if they do other things to contribute to their retirement.
- You might even ask them if they invest in Real Estate
- When they ask you back.... (What is it that you do?)
- “I’m in Real Estate. I buy properties for long term wealth, and I also buy properties with lots of equity in them with my investor partners and I fix them up to sell quickly!!”
- **But what I love doing is helping others.....**

I help people just like you get a higher rate of return on their capital so they can retire sooner. Would you know anyone who is looking to start making 6-10% return on their money right now, and it would be secured with real estate? These investments could be short-term or long-term investments. This is a great opportunity for someone looking to increase their retirement account quickly.

Let me ask you, do you have an IRA or any Investment Capital that is not currently earning a secured, high rate of return?

What are you making on your retirement money right now?

(Let me say, most answers are around 3-6%)

WOW!!! If I can show you how to double that return would you like to talk more about this?

(Then set the appointment to have a meeting, send them your credibility kit)

YOUR CREDIBILITY KIT

Credibility is so very important when bringing Private Lenders into your business. You need to look professional and show you have what it takes to take their money and use it correctly. Starting off the relationship with a credibility kit shows that you take this very seriously and that will build your Private Lender's confidence in you!

YOUR CREDIBILITY KIT

- Cover Page:
- Industry News:
- About You:
- Your Strategy/Strategies:
- Your Team:
- Company Experience:
- Why Work With Us:
- Win-Win Solutions:
- Marketing Strategy:
- Deal Case Studies:
- Private Lending Program:
- Risk Management:
- Why You Can Fund:
- Testimonials From Clients:
- Recommendations:
- Certificates:
- Frequently Asked Questions:
- Your Next Step:

PROPERTY DEAL OFFERING

- This is your presentation to the Private Lender on your Deals:
 - Cover Page:
 - Property Details:
 - Property Description:
 - Property Project:
 - Property Images:
 - Property Flip Projections:
 - Property COCR Projections:
 - Comparable Sales Report:
 - Comparable Rental Report:
 - Google Map Of the Location Of Property



Property Details

Property Address:	98 Overland Street
City/State:	Fitchburg, MA
Property Type:	Single Family
Property Beds:	3
Property Baths:	1
Property Living Area:	1312 sf
Property Lot Size:	18,932 sf
Property Year Built:	1916
Estimated Value of Property:	\$190,000
Purchase Price:	\$75,000
Estimated Renovation Cost:	\$55,000
Raising Funds in the Amount of:	\$132,000
Terms of the Deal:	10% Interest/Maximum 12 months



Single Family Renovate/Sell Opportunity
98 Overland Street
Fitchburg, MA 01420

This is a great opportunity for profits on a renovate/sell property in Fitchburg, MA. The property has wood shingle siding, vinyl windows, and the roof is in good condition.

The property is under contract with the bank that held it as an "REO" (real estate owned) and the bank is anxious to release it.

Renovation will include a complete kitchen gut/replacement; new central forced hot air heating; general carpentry; floor refinishing; internal and external painting; and electrical/plumbing upgrades.

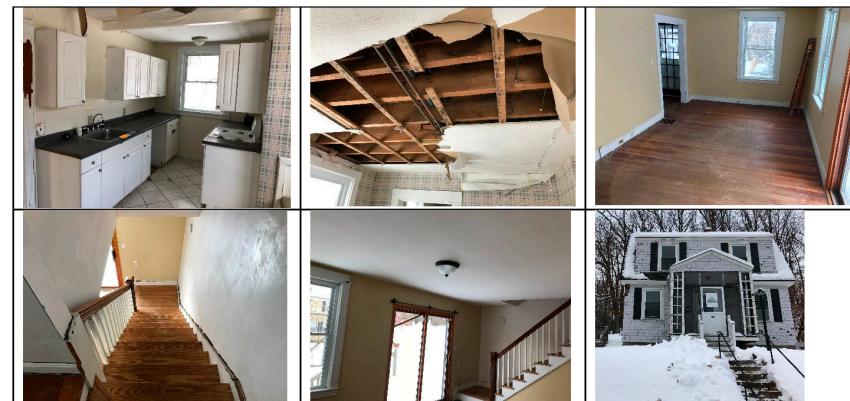
This is an opportunity for our Lending Partner to earn a great, safe, return on this deal in West Fitchburg.

This Deal Offering is Presented By:

Reliable Property Development, LLC
John Gerstenlauer & Scot Poirier
2 Cutter Lane
Westford, MA 01886
978.328.2435
john@reliablepd.com

Property Description: This 3 bedroom home offers an open floor plan on the first floor starting with an enclosed porch, kitchen, dining room/play room option, and living room. 1st floor laundry option or basement hookups. 2nd Floor remodeled Full Bath, 3 bedrooms. Basement offers great storage, partially heated. New electric service, Burnham furnace (2002), asphalt shingle roof, 2 zones of heating, double driveway and conveniently located close to Rte 2 access, Crow Hill State Park for swimming/hiking, playground and local amenities.

Property Project: Remove all outdated electrical wiring and replace with new, code-compliant wiring; Remove and replace main electrical panel; Install new main feed from meter to panel; Install all new light fixtures throughout the house; Remove and replace old water and waste piping and replace with new; Install new exterior hose spigots; Install new natural gas piping; Remove old furnace and ductwork; Install new high efficiency gas furnace and new ductwork; Remove old kitchen cabinets, countertops, and appliances; Install new kitchen cabinets, granite, and appliances; Install new ceramic tile in laundry room, kitchen, and bathroom; Construct new front porch and entranceway; Paint exterior of house; Paint interior of house; Paint basement bonus room and paint walls on utility side of basement; Install all new interior doors and hardware; Install new front exterior door; Install new laundry hook-up in laundry room; Refinish all hardwood floors; Install window blinds; Install new toilet and vanity; Install new bathroom accessories; Install new landscaping; Install new asphalt driveway.



Renovation Profit Estimation Worksheet

Renovation Profit Estimation Worksheet							
Property Address:	98 Overland Street, Fitchburg, MA		Asking/Offer Price:	\$75,000			
Sq. Ft.	1312	Beds:	3	Baths:	1		
Reno Time Mos:	4	DOM/Mos:	2	Yr Built:	1916		
				Resell \$ Per Sq. Ft.	144		
Project Line Items	Unit Price	Cost of Line Item		Totals			
Estimated Sales Price				\$188,928			
Total Buying Cost							
Purchase Amount to Seller		\$75,000					
Purchase Lender Points	1.0%	\$750					
Purchase Closing Fees	1.5%	\$1,125					
Inspection Fee		\$300					
Appraisal Fee		\$0					
Wholesale Assignment Fee		\$0					
Other		\$0					
Total Acquisition Cost					\$77,175		
Total Renovation Cost							
Cost Per Sq Ft to Renovate	41	\$53,792					
Permit Fee							
Dumpster Fee	100	\$400					
Monthly Upkeep - Yard, Pool, etc.	100	\$600					
Other							
Total Renovation Cost					\$54,792		
Total Holding Cost							
Purchase Lender Interest Payments	10%	\$6,490					
Estimated Monthly Utilities	\$100	\$600					
Property Taxes Due	3.0%	\$1,125					
Insurance on Property per Mo	\$90	\$540					
Other		\$8,755					
Total Holding Cost					\$17,509		
Total Resell Cost							
Sales Commission to Agent	5.0%	\$9,446					
Closing Cost for Selling	0.5%	\$945					
Seller Credits to Buyer		\$0					
Inspection Report Callouts		\$200					
Staging House		\$0					
Other		\$0					
Total Resell Cost					\$10,591		
Total Cost					\$160,067		
TOTAL ESTIMATED PROFIT FROM RENOVATION PROJECT					\$28,861		

Property COCR Projection Sheet

Rental Property Cash On Cash Return								
Property Address	5714 Worchester Dr Montgomery		960	Asking / Offer Price		\$45,000		
Owner:				# Units		1		
1st Mort.	\$35,000 Int Rate		0% Payment	\$218.75	Assumable:	-		
2nd Mort	\$0 Int Rate		0% Payment	\$0.00	Assumable:	-		
ARV:	\$60,000.00							
Total Equity:	\$15,000.00		Acquisition Cost (down payment, inspections, & ect)		\$18,750			
			Insp/Miss Fee: \$ 350.00	Down Payment % 20%				
			Fix Up Exp: \$ 8,500.00	Closing Fee \$900.00				
Rent Roll								
No of Units	Rms	Beds	Baths	Cur Rent	Mkt Rent	Annual Operating Expenses		
1	5	2	2	\$800.00	\$900.00	Real Estate Taxes \$1,000.00		
						Insurance \$500.00		
						Water & Sewer \$0.00		
						Landscape \$0.00		
						Trash Removal \$0.00		
						Electric \$0.00		
						Gas \$0.00		
						Oil \$0.00		
	Total Gross Rental Income		\$800	\$900.00	Legal	\$0.00		
					Management Fees 10%	\$960.00		
Gross Rental Income (Total Monthly x 12)	\$9,600.00							
Vacancy Rate (10%)	5%		\$480.00					
Maintenance Reserve	5%		\$480.00	Other				
Income After Reserve Account	\$8,640.00							
	Net Income After Reserve:		\$8,640.00	Total Annual Operating Expense		\$2,460.00		
Total Annual Operationg Expenses	\$2,460.00							
Dept Services Est. (25-35%)	27%		\$2,625.00					
	True Net Operating Income (TNOI)		\$3,555.00					
New Loan On Property								
1st Mortgage								
Rate	4%	Balance	\$36,000	Terms	20	Annual Payment \$2,625.00		
2nd Mortgage								
Rate	0%	Balance	\$0	Terms	20	Annual Payment \$0.00		
Total Annual Debt Service						\$2,625.00		
Summary								
Current Situation:			Pro Forma					
Total Gross Income	\$9,600.00		Total Gross Income Raised Rents	\$10,800.00				
Annual Oper Expense	\$2,460.00		Annual Oper Expense	\$2,460.00				
Annual Reserve Account	\$960.00		Annual Reserve Account					
Annual Debt Service	\$2,625.00		Annual Debt Service	\$2,625.00				
True Net Operating Income	\$3,555.00		Net Operating Income	\$5,715.00				
Cash On Cash Return								
Current Situation:	19.0%			Pro Forma:		30.5%		
		Total Expense Percentage:		53.0%				

Properties Recently Sold

Number of Properties: 15

Price Range: \$143,333 to \$230,000

Average Price: \$186,842

Median Price: \$185,000

Address	City	Beds	Full	Half	Living Area (Square Feet)	Days on Market	List Price	Sale Price	SP% of LP
29 Bishop Rd	Fitchburg, MA	3	1	1	1400	21	\$141,500	\$143,333	101%
65 Phillips St	Fitchburg, MA	3	2	0	1477	33	\$154,900	\$152,000	98%
147 St. Joseph Ave.	Fitchburg, MA	3	1	0	1032	125	\$167,500	\$153,000	91%
7 Terrace Place	Fitchburg, MA	3	1	1	1288	28	\$159,900	\$159,900	100%
111 Wallace Rd	Fitchburg, MA	3	1	0	1408	126	\$165,900	\$167,900	101%
637 Rollstone St	Fitchburg, MA	3	1	1	1400	68	\$189,000	\$180,000	95%
20 Bernadette Street	Fitchburg, MA	3	1	0	1080	108	\$189,900	\$184,000	97%
18 Hope Street	Fitchburg, MA	3	1	0	1176	4	\$185,000	\$185,000	100%
240 Westminster Hill Rd	Fitchburg, MA	3	1	0	1500	29	\$204,000	\$190,000	93%
227 Hollywood St	Fitchburg, MA	3	1	0	1100	161	\$209,999	\$197,500	94%
100 Saint Camille Street	Fitchburg, MA	2	1	1	1270	11	\$199,900	\$205,000	103%
117 Vine St	Fitchburg, MA	2	2	0	1092	3	\$195,000	\$210,000	108%
334 Cathy Street	Fitchburg, MA	3	1	1	1400	39	\$184,900	\$220,000	119%
239 Theresa St	Fitchburg, MA	3	2	0	1134	87	\$225,000	\$225,000	100%
49 Jane Avenue	Fitchburg, MA	3	1	1	1411	50	\$234,900	\$230,000	98%

[Edit Quickview search](#)

QuickView™ Rent Estimate

98 Overland St, Fitchburg, MA 01420

Results based on 2, 3-bedroom, single bath House rentals seen within the last 12 months in a 10.00 mile radius.



AVERAGE	\$2,725
25TH PERCENTILE	\$2,654
75TH PERCENTILE	\$2,797

[Download Comps](#)

[View Pro Report](#)

Pricing Analysis - Square Foot Price

Prepared for Scot Poirier

Number of Properties: 15

Price Range: \$143,333 to \$230,000

Median Price: \$185,000

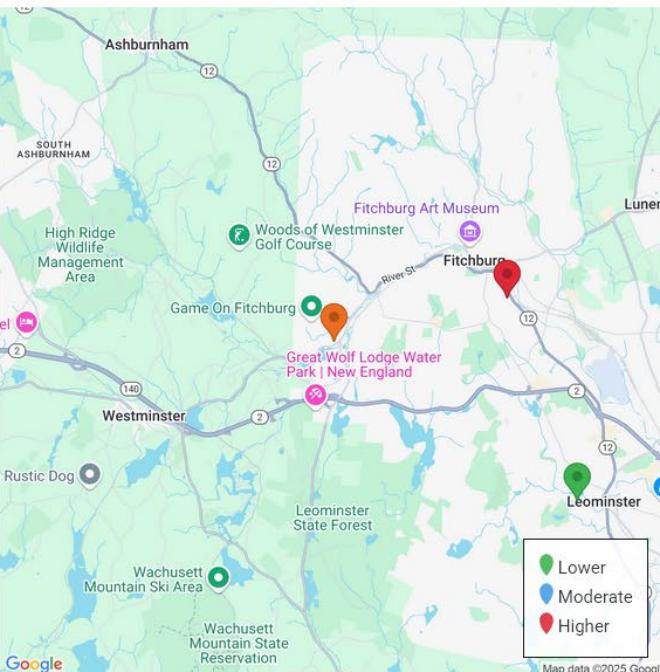
Median \$ Per Square Foot: \$157

Address	City	Status	Square Feet	\$/SqFt	Price
29 Bishop Rd	Fitchburg, MA	SLD	1400	102	\$143,333
65 Phillips St	Fitchburg, MA	SLD	1477	103	\$152,000
147 St. Joseph Ave.	Fitchburg, MA	SLD	1032	148	\$153,000
7 Terrace Place	Fitchburg, MA	SLD	1288	124	\$159,900
111 Wallace Rd	Fitchburg, MA	SLD	1408	119	\$167,900
637 Rollstone St	Fitchburg, MA	SLD	1400	129	\$180,000
20 Bernadette Street	Fitchburg, MA	SLD	1080	170	\$184,000
18 Hope Street	Fitchburg, MA	SLD	1176	157	\$185,000
240 Westminster Hill Rd	Fitchburg, MA	SLD	1500	127	\$190,000
227 Hollywood St	Fitchburg, MA	SLD	1100	180	\$197,500
100 Saint Camille Street	Fitchburg, MA	SLD	1270	161	\$205,000
117 Vine St	Fitchburg, MA	SLD	1092	192	\$210,000
334 Cathy Street	Fitchburg, MA	SLD	1400	157	\$220,000
239 Theresa St	Fitchburg, MA	SLD	1134	198	\$225,000
Fitchburg, MA	Fitchburg, MA	SLD	1411	163	\$230,000

Pricing Scenarios

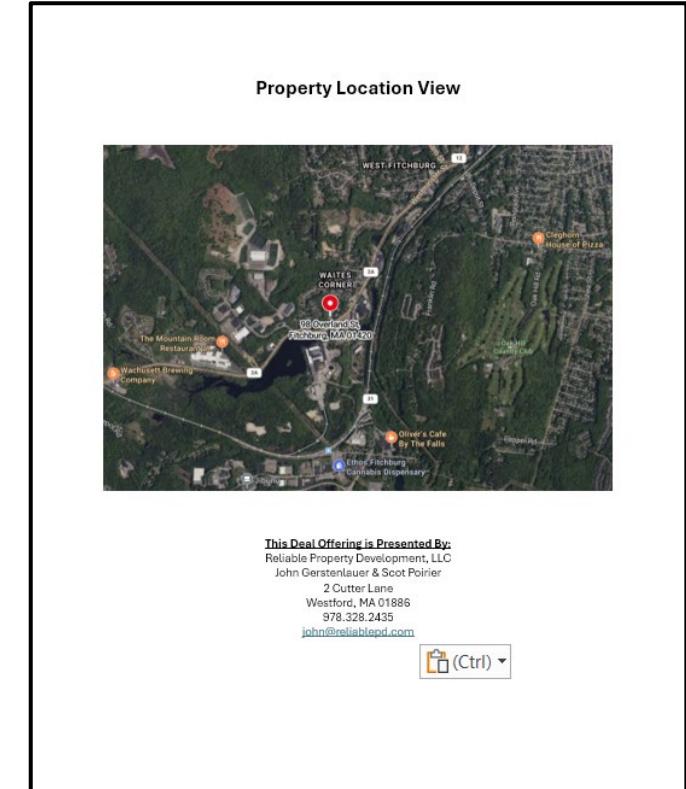
As comparable to yours:

\$185,000



PROPERTY DEAL OFFERING

- This is your presentation to the Private Lender on your Deals:
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 - Property COCR Projections:
 - Comparable Sales Report:
 - Comparable Rental Report:
 - Google Map Of the Location Of Property



MISTAKES TO AVOID

NOT LEARNING THE SEC REGULATIONS

- Don't wait to raise money
- It's better to borrow money
- Not setting up Credit Lines
- Careful on Pooling for 1 loan
- Always fund escrow
- Not using the money you have

With Private lenders YOU DON'T KNOW, Remember:

- 1- Must Have A Pre-Existing Relationship
- 2- You need 3 different touches
- 3- Wait 30 days from the first contact to Pitch your investment opportunity

YOUR HOMEWORK

- Start Picking Your 3 Markets
- Do Some Research For Building Your Team
- Find A Broker In Each Market
- Build your list of Private Lenders!!
- Books To Start Reading
 - The Richest Man in Babylon – George S. Clason
 - 3 Feet From Gold – Sharon L. Lechter
 - Rich Dad, Poor Dad – Robert T. Kiyosaki

ENTITIES AND ASSET PROTECTION

- DO NOT EVER close on a purchase and take ownership of real estate in your own name
- You are exposing yourself to a world of thieves
- Use an LLC or a Trust to take ownership of the asset
- It's okay to sign a P&S in your own name, *as long as* there is a provision to assign the P&S to your LLC or Trust at the closing

ACCOUNTING

- You **MUST** keep accurate records for every entity under your ownership
- You **MUST** keep entity accounting separate from your own personal accounting
- Get a separate checking account for each entity
- You really need to use some kind of structured software to track all transactions (QuickBooks, GnuCash, etc.)

CONTRACTS

- Purchase & Sales Agreement
- Lease Agreement
- Option Agreement
- Construction Contract (for renovation)
- There is NO SUCH THING as an “Iron Clad” Agreement

CASH MANAGEMENT

- Every single real estate investor I have ever known has had a cash flow problem at one time
- You need to learn how to manage your cash
- Have a separate checking account for each entity
- Have a connected savings account for separating dedicated funds from your overhead or routine operating expenses

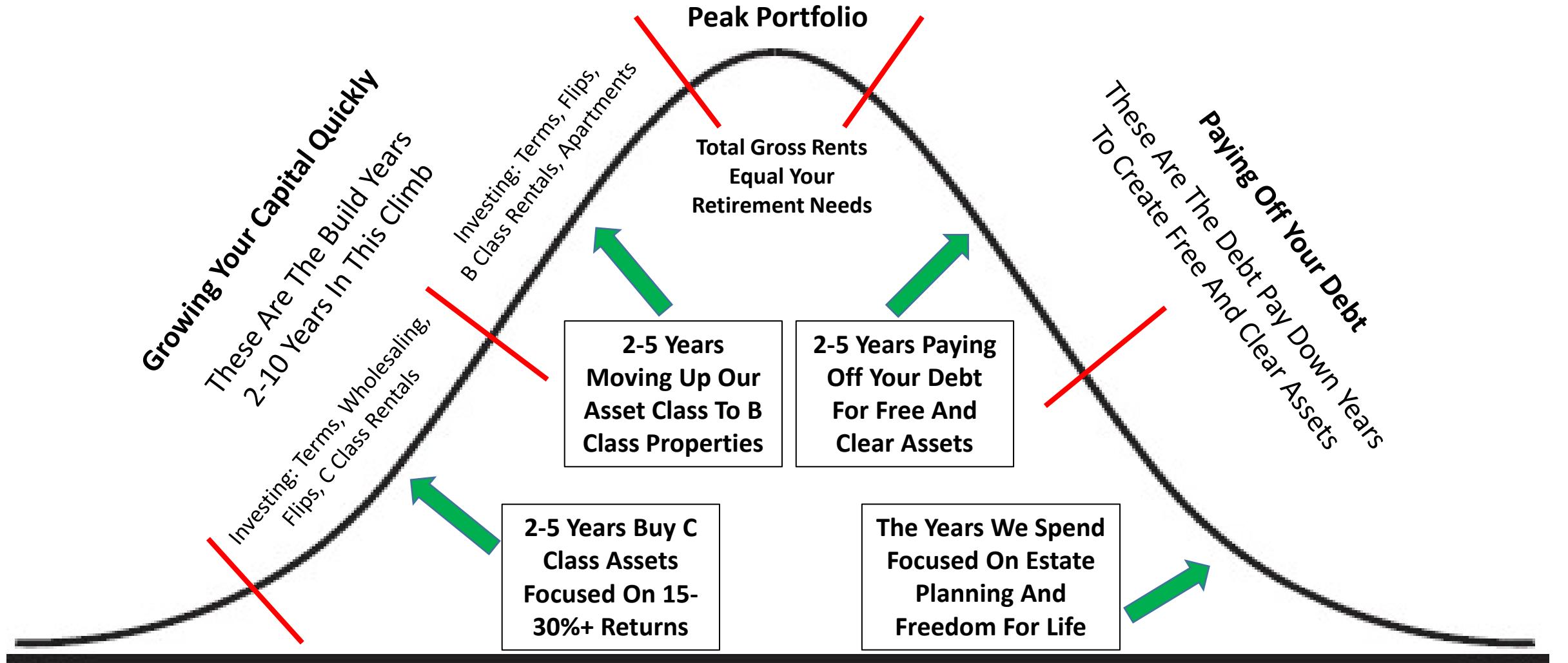
**PREPARE TO BE A
REAL, REAL ESTATE
INVESTOR**

BUILDING WEALTH BOOTCAMP 

2-5 YEAR PLAN FOR GROWTH



INVESTOR'S WEALTH CURVE



WHAT IS A LEGACY ASSET?

- **SOMETHING YOU CAN PASS DOWN...**
- **Generational Wealth!!!**
- Not something that is 100 years old
- These are B Class Assets...
- Different Legacy Assets
 - Real Estate Single Family Houses
 - Real Estate Apartments
 - Real Estate Commercial
 - Real Estate Note Business
 - Businesses You Have Bought



MULTI-FAMILIES

- Long-Term Capital Growth
- Monthly Cash Flow
- Really need to have a Property Manager run this for you (10% management fee)
- Very good for building assets for retirement or legacy
- Very low monthly attention needed
- Great for Self-Directed IRAs

FLIPPING

- I like to call it “Fix and Flip”, or Renovation Projects
- Can be a lot of risk
- Must get funding, a general contractor or several specialty contractors, materials, permits....
- Planning required
- Work for 3 to 6 months (maybe more) and then get paid

SHORT-TERM RENTALS

- Buy property and then rent it on the Short-Term Rental platforms like AirBnB or VRBO
- Can also rent from a landlord (apartments, condos, houses, boats, RVs.....)
- Can be good for cash flow
- If you do this right, you can do well and generate cash flow with minimum work

WHOLESALING

- Find distressed houses or multi-families
- Get a contract
- Assign the contract or do a double close
- Minimum \$5,000 up to \$100,000 per deal
- Also, could do “wholetaling” which is when you do a little work to get it ready for a homeowner to do his own light work

TERMS

- Also called Creative Financing
- Purchase with
 - Lease/Option
 - Owner Financing
 - Subject-to
 - Wrap Around Mortgage
 - Contract for Deed

5 STEPS TO SUCCESS

- Locate Prospects
- Prescreen Prospects
- Construct and Present Offers
- Follow Up
- Close Quickly

MARKETING AND LEAD GENERATION

- Lead generation can be cheap, and it can be expensive
- Here are some resources we have used
 - Bandit signs
 - Mailing campaigns
 - Pay-per-click campaigns
 - Facebook
 - Purchased Leads
 - Driving for Dollars
 - Purchased Leads

PROFITABILITY ANALYSIS

- Multi-Families
- Wholesale
- Fix and Flips
- Short-Term Rentals
- Terms

MULTI-FAMILIES

Street	195 Belmont St
City	Manchester, NH
Buyer's Realtor Fee	0.0%
LTV	80%
Period to be Owned (yrs)	10
Assumed Vacancy Rate	5%
Assumed Annual Appreciation	2.0%
Assumed Annual Rent Growth	1.5%
Assumed Annual Cost Growth	1.5%

Mortgage Calculator	
Principle	\$504,000
Term (years)	30
Annual Interest Rate	3.00%
Closing Points	0.0%
Other Closing Costs	\$8,625

Ratio Analysis	
Debt Coverage	0.98
Cap Rate	4.0%
Cash on Cash Return (Velocity)	0%
Debt/Equity Ratio	50% end of year 10

Asking Price	629,900
Renovation Cost	
Purchase Price/Value	630,000
Number of Units	4
Total Rent per Month	4,400
Annual Revenue (0% vacancy)	52,800
Annual Revenue (5% vacancy)	50,160

[CLICK
HERE](#)

Monthly Operating Expenses

Management Company	418.00	10.0% fee	\$200 = Minimum monthly fee ¹
Tenant Finder Fee	182.60	8.3% one time fee	2 years tenancy assumed
Water	95.00	\$300 cost per unit per year	
Sewer	0.00	\$0 cost per unit per year	
Electric	15.20	\$4 cost per unit per month	
Gas	0.00	\$0 cost per unit per month	
Other Utilities	0.00	\$0 cost per unit per month	
Maintenance Allowance	393.75	\$1,181 cost per unit per year	
Mortgage (monthly)	2,124.88		0.75% of purchase price
Insurance	333.33	\$4,000 total cost per year	
Fire Tax	0.00	\$0 total cost per year	
Real Estate Taxes	666.67	\$8,000 total cost per year	
Total	4,229.43		
Net	-49.43		

management
10.0% fee
\$200 = Minimum monthly fee¹

8.3% one time fee
2 years tenancy assumed

\$300 cost per unit per year

\$0 cost per unit per year

\$4 cost per unit per month

\$0 cost per unit per month

\$0 cost per unit per month

\$1,181 cost per unit per year

\$4,000 total cost per year

\$0 total cost per year

\$8,000 total cost per year

Closing & Other Costs	
Attorney	750
Inspection	500
Appraisal	500
Tax Stamp Rate	0.75%
Tax Stamps	4,725
Title Insurance	1,000
Title Closing	1,000
Title Doc Prep	100
Recording Fees	50
Bank Fees	0
Other	

\$750 = Expected Average Minimum Rent	
\$4,400 = Total Rental Income	
Unit #	Rent/Month
1	1,100
2	1,100
3	1,100
4	1,100
5	
6	
7	
8	
9	
10	
11	
12	
13	

CAPITALIZATION RATE

- This is the rate at which the Net Operation Income repays the purchase price on an annual basis!!
- This is good for when we are selling the property
 - This shows us the market value we can expect
- This helps us when we buy
 - This shows us we are buying under the market value
- You will find this information from your local Broker!
 - Commercial Brokers Have Reports On This INFORMATION

CAP RATE FORMULA

$$\frac{\text{Net Operating Income}}{\text{Value Of Asset}} = \text{Capitalization Rate}$$

$$\text{Cap Rate} = \frac{\text{Net Operating Income}}{\text{Value (Selling Price Of Asset)}}$$

LOOKING AT CAP BASED ON RENTS

- Sample Deal
 - 40 Unit Building
 - Market Cap Is 8%
 - Purchase Price: \$1,500,000
 - Rents could be raised by \$75 (Current \$550)
- 40 Units X \$75 Dollars = \$3,000/mo.
- \$3,000 X 12 = \$36,000 per year
- \$36,000 at 8% Cap Rate = *\$450,000 Increase In Equity!!*

SMALL APARTMENT CASE STUDY



Cash On Cash Return: 60% 1st Year

4 Unit Building

Purchase Price: \$200,000

Fix Up Cost: \$10,000

Cash Invested: \$210,000

Rents: \$36,000 yearly

TNOI: \$16,600

ARV: \$365,000

REFI At 50%: \$182,500

Cash In Deal: \$27,500

CLASS EXERCISE!

- If the sales price on the building is \$420,000 and the Net Operating Income is \$40,000. What is the Capitalization Rate?
- CAP Rate = 9.5%
- If the Net Operating Income is \$40,000 and I want to sell the building at an 8% CAP, how much would I be asking for the Property?
- Sales Price = \$500,000

CLASS EXERCISE!

- If the sales price is \$600,000 and the CAP Rate is 8%, what should the Net Operating Income Be?
- Net Operating Income = \$48,000
- If the Net Operating Income is \$40,000 and I want to REFI the building at the market CAP Rate of 7%, and the Lender will REFI at 80% of Value. At what CAP Rate should I buy to make sure I can get all my investor's capital out of the deal?
- CAP Rate = 8.8%
- Offer Price = \$455,000

WHOLESALE

- Don't need to be THAT exact!
- Your deposit to the seller will be small, so very low risk
- Find the property ARV
- Estimate (ballpark) the renovation cost
- Build in a 10%-20% profit for the renovator
- Calculate the Maximum Allowable Offer (MAO)
- Keep the rest!!!!

EXAMPLE

PROPERTY ARV	\$500,000
RENOVATION COST	\$120,000
RENOVATOR PROFIT	\$100,000
WHOLESALE PROFIT	\$30,000
MAO	\$250,000

FIX AND FLIPS

- BE CAREFUL!
- Calculate ARV
- Estimate Renovation Cost (Identify FULL SCOPE of work) – DON'T just figure a unit cost per square foot of living area. This is suicide!
- $(.7 \times \text{ARV}) - \text{Renovation Cost} = \text{MAO}$
- 70% multiplier allows for 30% of the sale price to cover transaction cost and your profit – profit is subjective

EXAMPLE

PROPERTY ARV	\$500,000
.7 x ARV	\$350,000
RENOVATION COST	\$120,000
MAO	\$230,000

HOW TO ESTIMATE RENOVATION COST

- Never, ever throw a unit price against the total living area to come up with your estimate. This is suicide!
- Break down the cost components into separate scopes of work

Electrical

Flooring

Plumbing

Painting

HVAC

Exterior

Carpentry

Kitchen

Bathrooms

Sheetrock

OR

- Get a great General Contractor
- Let the GC do the estimating
- But get this price before you buy the property

DON'T FORGET

- Include holding costs
 - Real Estate Tax
 - Interest on borrowing
 - Utilities
 - Insurance

ESTIMATING STEPS

- 1 – walk through the property
 - Bring your Realtor and GC if they are available
 - Take lots of pictures
 - Identify separate scope of work for each room and for overall property
 - Take measurements
 - Write down everything observed including recommendations
 - Formalize your list in a spreadsheet
 - Enter quantities

CONTINUED

- 2 – Enter unit prices from experience or from data resources
 - Homewyse.com
 - Angi.com
 - Homedepot.com
 - R.S. Means Residential Renovation Costs
 - Means Manhour Standards for Construction

CONTINUED

- Do the math
- Calculate MAO – This is an easy calculation

EXAMPLE SCOPE SHEET

506 North St, Fitchburg, MA	
2494 sf living area, 4/1.5	
Item	Notes
Permits and Plans	
Demolition	Incidental to new work
Dumpsters	by Owner
Exterior Paint/Siding	Paint entire house exterior
Siding	Patch and repair as needed
Interior Paint	Paint entire house with 2 coats of paint.
Kitchen	Strip wallpaper, patch and paint ceiling and walls Fill gaps in floor boards and refinish floor Center beam - remove screws and nails, clean, paint Cabinets - clean, repair, install new hardware Clean and re-caulk existing formica countertop Scrape and paint kitchen window Patch wainscoting Pantry - paint & install new pantry shelves; trim doors; replace floor with VCT Laundry - repair doors, trim doors, finish gypsum, and paint; replace floor with VCT
Bathroom	Replace floor, install threshold Clean walls and paint Install new door
Back 3 season room	Refinish hardwood floor Patch walls and paint Fill hole in ceiling with grill Clean and paint doors to kitchen Install new hardware on doors to kitchen
Dining Rooms	Replace floor in first room (laminate) Patch and paint ceiling and walls Fill in ceiling grill with gypsum All trim paint white Replace basement door
Front 3 season room	Joint, tape, paint walls Ceiling - replace gypsum as needed and paint Repair window sills Paint floor Inspect roof for soundness
Living Room	Patch and paint ceiling and walls
Front Hallway	Replace floor (same laminate as Dining room) Patch and paint ceiling and walls
Stairs	Repair railings, install additional rail on wall Cap trim along wall at stairs and paint existing trim
Second floor hallway	Patch and paint ceiling and walls
Bedroom 1	Patch and paint ceiling and walls Replace closet doors and paint Bedroom door - replace and paint

Item	Notes
Bedroom 2	Build wall with door to isolate room Remove pocket door Patch and paint ceiling and walls Repair closet shelves and clothes rack Cover hole in floor from grill
Back Hallway	Install new attic stairs Patch and paint ceiling and walls Install new baseboard where needed
Bedroom 3	Patch and paint ceiling and walls Replace closet door Closet shelving - repair or replace Windows - repair trim Install new baseboard where needed
Bedroom 4	Patch and paint ceiling and walls Leave chair rail Replace closet door and paint Replace door to bedroom Closet shelving - repair or replace Seal floor with polyurethane
Bathroom	Add rear door Replace front door Corner shelf behind tub - remove and replace with wire racks Install new, large double vanity Mirrors - remove and replace Patch and paint ceiling and walls Replace floor
Basement	Repair stripped wall with gypsum or panels Patch and paint ceiling and walls TV box - Trim out and paint Remove unit heater and fill square hole with gypsum Install new handrail with balusters at stairs
Exterior - New doors	1 steel door plus storm door at kitchen rear exit 1 steel door plus storm door at kitchen front exit 1 storm door at front 3 season room 1 slider door at back 3 season room
Front deck	Cut back planks at top concrete stair Power wash deck and stain Replace bent, 4x4 column Install new ceiling Trim out doors Paint railing Install baseboard at house to cover siding
Siding	Patch and paint Power wash brick foundation
Driveway side stairs/deck	Replace stairs Repair broken beam

Item	Notes
	Repair gutter and downspout
Roof trim	Repair squirrel hole in trim above kitchen entrance door
Back deck	Repair or replace
Back brick stair	Demo and replace with wood stair
Front deck roof	Apply tar in few places and paint black

2494 sf living area, 4/1.5					
Item	Notes	Original Budget	GC	Other Subs	
Permits and Plans			425.00		
Demolition	Incidental to new work		525.00		
Dumpsters	by Owner	800.00		800.00	
Landscaping		500.00		500.00	
Electrical		2,500.00		17,100.00	
Lights, smokes, baseboard heat				750.00	
Plumbing		0.00		2,000.00	
Hot water heater		15.00		15.00	
Purchase double vanity				1,000.00	
Purchase new vanity mirrors and toilet accessories				300.00	
Shutters				1,500.00	
Back yard fence				1,000.00	
Carpeting				1,500.00	
Appliances				2,000.00	
Exterior Paint/Siding	Paint entire house exterior	11,000.00	7,845.00		
Exterior Trim		500.00	325.00		
Siding	Patch and repair as needed			515.00	
Interior Paint	Paint entire house with 2 coats of paint.	11,000.00	7,753.00		
Interior Trim				2,134.00	
Kitchen	Strip wallpaper, patch and paint ceiling and walls	1,000.00	included in demo and painting		
	Fill gaps in floor boards and refinish floor			1,968.00	
	Center beam - remove screws and nails, clean, paint			included in trim	
	Cabinets - clean, repair, install new hardware			325.00	

RISK

The BIGGEST RISK is if you miss some scope of work!

- Know your Scope of Work
- Get reliable unit prices or Lump Sum prices from subcontractors and suppliers
- Don't forget Holding Costs

SHORT-TERM RENTALS

- Determine Market Price for Short-Term Rental (daily rate)
- Assume 50% to 60% Occupancy Rate
- Estimate Monthly Operation Cost
- Calculate Cash Flow

EXAMPLE

Property Name or Address			
123 Main Street			
Revenue Information			
Weekday Rate	Weekend Rate	Occupancy Rate	
150	175	60%	
Operating Expenses		Startup Expenses	
Rent	\$2,000	Advance Rent	\$1,500
Water/Sewer	\$0	Security Deposit	\$1,500
Electric	\$100	Furniture	\$3,000
Heat	\$100	Kitchen Supplies	\$400
Internet	\$50	Cameras	\$200
Cable TV	\$0	Smart Locks	\$200
Insurance	\$100	Thermostats	\$200
Other	\$0	Other	\$0
		Total Startup	\$7,000
		Funded at %	10%
Profitability			
Total Revenue	\$4,767		
STR Platform Fees	\$143	STR Platform Fee Rate	3%
Front Desk Cost	\$143	Front Desk Rate	3%
Total Operating Expenses	\$2,350		
Finance Cost on Startup Expenses	\$58		
Monthly Net Profit	\$2,072		

TERMS

- Determine ARV
- Determine Option Price
- Determine Market Rent
- Get Current PITI or, if financing, ITI
- Does it Cash Flow?
- Is there instant Equity?

TERMS – DETERMINE ARV

- Use Zillow or other such current sales database
- Look for 3 to 6 recent sales within a few miles of the property, but in the same Town or City
- Pick the highest, reasonable sale price for a property with comparable living area
- Make sure it's not in a gated neighborhood if your target property is not in one

TERMS - DETERMINE OPTION PRICE

- Use the ARV and then ball-park estimate how much renovation or repairs need to be done to bring it up to ARV
- Maybe even plan to do some of the light renovation yourself – i.e., paint, flooring, other cosmetics
- If house needs lots of TLC, then make it a “work for equity” property and get a Tenant/Buyer who can do some handywork

TERMS - DETERMINE MARKET RENT

- Look at Zillow or other rent databases to see what the going rental rate is for your type property
- Use same principle as with determining Option Price
- If house is in mint condition, use a high rent. If the house needs work, use a lower monthly rent
- Use a reasonable target rent rate for marketing

TERMS - GET CURRENT PITI OR, IF FINANCING FROM A PRIVATE LENDER, ITI

- You need to get a current monthly mortgage statement from the seller
- This should show principal, interest, and escrow
- This will be your total monthly cost for the property

TERMS - DOES IT CASH FLOW?

- Subtract the Total Monthly Cost from the Expected Monthly Rent
- This will be your monthly Cash Flow on the property
- The more the better, but don't make it too tight
- One possible exception:
 - If the equity is very high, and if you can get a big Non-Refundable Option Deposit (NROD), or if you can get the Tenant/Buyer to pay some additional money to add to the NROD, you can live with a low monthly cash flow

TERMS - IS THERE INSTANT EQUITY?

- Sometimes you can buy a house for what the owner owes on it and then Option it at a much higher price
- We have done this for as much as \$60,000 instant Equity!

TERMS – DOES THE EQUITY GROW?

- Most certainly!
- Every month that you pay down an existing mortgage your equity grows
- House prices have always been in a predictable, constant, increase
- You get the benefit on the principal paydown plus the growth in value

BASIC DEAL STRUCTURING

- If it is a Fix and Flip
 - Determine ARV
 - Estimate renovation cost
- If the margin is too tight, maybe it can be a wholesale
- If it can be financed long term, will it cash flow?
- If it is in very good to great condition, will the owner accept an owner finance deal?
- If it is a multi-family or small apartment building, will it cash flow? Can you improve and increase the rents?

GETTING THE CONTRACT

- The Purchase & Sales Agreement
- Get it signed quickly – otherwise someone else will!
- Deposit can be as low as \$10 – not much to lose if you must walk away from the deal
- On Terms deals we deposit as much as \$100
- We can do our due diligence later to make sure the deal will work for us.

TOMORROW

- Virtual Tour of Rehab Project
- Interview with General Contractor
- Bob Bluhm presenting on Entities and Asset Protection
- Scot Poirier on Creative Real Estate
- John on Standard Tenant/Buyer Agreements

Resources can be found at www.newenglandinvestorclub.com/resources