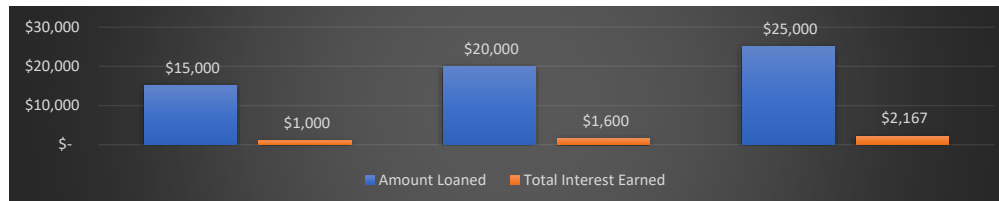


## OPTION 1: LOAN

	Scenario 1	Scenario 2	Scenario 3
Amount Loaned	\$ 15,000	\$ 20,000	\$ 25,000
Loan Term ( <i>in months</i> )	8	8	8
Interest Rate	10%	12%	13%
Total Interest Earned	\$ 1,000	\$ 1,600	\$ 2,167
Lump sum payment received	\$ 16,000	\$ 21,600	\$ 27,167
Return on Investment (ROI)	7%	8%	9%



## OPTION 2: PARTNERSHIP

PARTNERSHIP			
Partners	Investment	Partnership	
Partner 1	5,000	\$ 5,000	5%
Partner 2	20,000	\$ 20,000	19%
Partner 3	80,000	\$ 80,000	76%
Partner 4	-	\$ -	0%
Partner 5		\$ -	0%
Partner 6		\$ -	0%
Partner 7		\$ -	0%
Partner 8		\$ -	0%
General Partner		\$ -	0%
<b>Total Amount</b>		<b>\$ 105,000</b>	<b>100%</b>

RETURN SUMMARY		
Profit from the Flip	Initial ROI	Purchase Analysis
\$ (1,056)	-21%	<b>Purchase Price</b> \$40,000
\$ (4,226)	-21%	<b>Rehab Cost</b> \$50,000
\$ (16,903)	-21%	<b>Holding Cost</b> \$7,085
\$ -	0%	<b>Total Cash Invested</b> \$97,085
\$ -	0%	
\$ -	0%	
\$ -	0%	
\$ -	0%	
\$ -	0%	
\$ -	0%	
\$ (22,185)		<b>Selling Analysis</b>
		<b>Selling Price</b> \$80,000
		<b>Selling Expense</b> \$5,100
		<b>Basis of the house</b> \$97,085
		<b>Net Profit before taxes</b> -\$22,185

# FINANCING

Answer These Questions			
How is the flip financed?		<b>Private Lenders/Others/Partial Cash</b>	
Desired profit before taxes		\$	25,000
When selling, are you going to list house on our own?			No
<b>S</b>	Number of months rehab is going to take?		8
	Expected months on market after listing?		2
<b>T</b>	After Repair Value (ARV)/Selling price	\$	80,000
	Offer price	\$	40,000
<b>E</b>	Rehab Estimate	\$	50,000
	Worst case: Rehab over budget by	Enter overbudget %	20%
<b>P</b>	Worst case: Lower selling price if market changes	\$	60,000
	Select your 2018 marginal tax rate		70,000
<b>1</b>	2018 Self Employment Tax Rate		25%
	Are you running the flip activity via S-corp?		15.3%
			No

Private Lenders			
Lenders	Loan amount	Interest rate	Monthly Interest
Partner 1	\$ 5,000	10%	\$ 41.67
Partner 2	\$ 20,000	10%	\$ 167
Partner 3	\$ 80,000		\$ -
Partner 4	\$ -		\$ -
<b>S</b>	Partner 5	\$ -	0%
	Partner 6	\$ -	0%
<b>T</b>	Partner 7	\$ -	0%
	Partner 8	\$ -	0%
<b>E</b>	Credit Cards	\$ -	0%
	Balance Transfer	\$ -	0%
<b>P</b>			\$ -
	<b>Total</b>	<b>\$ 105,000</b>	<b>\$ 208</b>
Any other fees required by private lenders?			\$ 500
Personal cash for the purchase and repair			\$ -
Total personal Cash need upfront to close the deal			\$ -

# FLIP WENT AS EXPECTED

## Step 3: Profit Analysis

Cost added to the basis of the property			
Purchase Price			\$ 40,000
Rehab Estimate			\$ 50,000
Holding Interest Cost			\$ 2,083
Property taxes during ownership	Enter here yearly amount =	1,562	\$ 1,302
Utilities during rehab and on market			\$ 1,000
Personal cost spend on the flips to the basis ( e.g. Travel- Plane Ticket)			\$ 200
Appraisal			\$ 700
Closing cost with wholesaler if not already included in purchase price			\$ -
Builder risk insurance			\$ 800
Permits			\$ 1,000
Other cost			
<b>Total</b>			<b>97,085</b>

Selling Expenses			
Commission on selling	Enter here commission % =	6%	\$ 4,800
Advertising expenses			300
Other selling expenses from the closing statement if any			
Other selling expenses			
<b>Total</b>			<b>5,100</b>

Profit before approximate Taxes			
Selling price			\$ 80,000
Selling expense			\$ 5,100
<b>Net cash after selling</b>			<b>\$ 74,900</b>
Basis of the house			\$ 97,085
<b>Net profit before taxes</b>			<b>\$ (22,185)</b>

Profit after approximate Taxes			
20% Qualified Income Deduction			\$ (4,437)
2018 Self Employment Taxes	15.30%		(3,394)
2018 Ordinary Income Tax			\$ (4,013)
Other taxes			
<b>Net profit after taxes</b>			<b>\$ (14,778)</b>

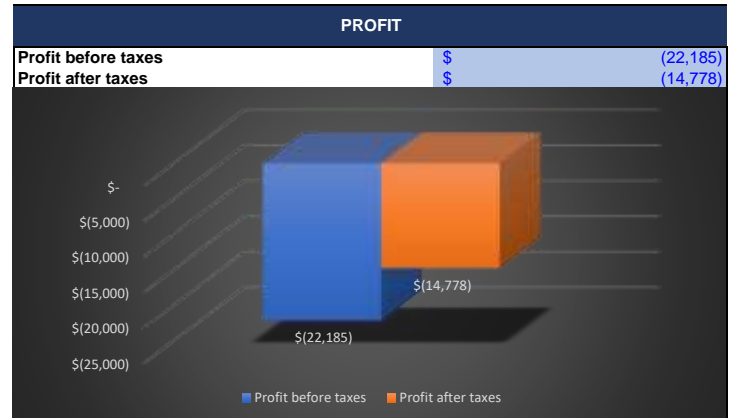
Total personal cash Invested in the whole deal			
Interest paid			\$ 2,083
Other cost incurred for the flip			\$ 5,002
Personal cash invested			\$ -
Other personal cash invested			
<b>Total</b>			<b>\$ 7,085</b>

Part of a cost covered by the private loan amount after repair and purchase

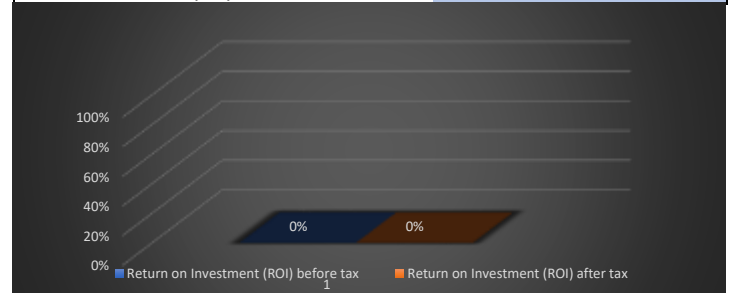
Total personal cash reserve needed to finish the project

## Analysis as planned

Meets the "70% of ARV less rehab flip" rule? **No, offer is higher by \$34000**



RETURN ON INVESTMENT	
Return on Investment (ROI) before tax	You have a Loss
Return on Investment (ROI) after tax	You have a Loss



**\$ 15,000**  
Your loan proceeds covers all the holding cost for the rehab

### Analysis if rehab is overbudget by \$10000

Revised basis with overbudget rehab	
New Rehab Estimate	\$ 60,000
<b>New basis Total</b>	<b>107,085</b>

Profit before approximate Taxes	
Selling Price	\$ 80,000
New Basis of the house	107,085
Selling Expense	\$ 5,100
<b>Net profit before tax</b>	<b>\$ (32,185)</b>

Profit after approximate Taxes	
20% Qualified Income Deduction	\$ (6,437)
2018 Self Employment Taxes	15.30% (4,924)
2018 Ordinary Income Tax	(5,821)
Other taxes	
<b>Net profit after tax</b>	<b>\$ (21,439)</b>

Total Cash Invested if rehab over budget	\$ 17,085
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Part of a cost covered by the Private loan amount after repair and purchase	\$ 5,000
<b>Total personal cash reserve needed to finish the project</b>	<b>\$ 12,085</b>

### Overview

Meets the "70% of ARV less rehab flip" rule?	No, offer is higher by \$44000
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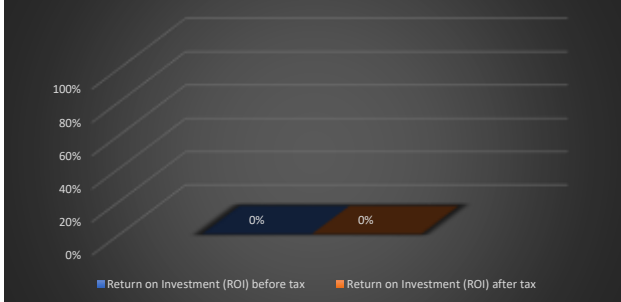
### PROFIT

Profit before taxes	\$ (32,185)
Profit after taxes	\$ (21,439)



### RETURN ON INVESTMENT

Return on Investment (ROI) before tax	You have a Loss
Return on Investment (ROI) after tax	You have a Loss



### Analysis if selling price decreases by \$-10000

New selling price	
New selling price	\$ 70,000

Profit before approximate Taxes	
New selling price	\$ 70,000
Basis of the house	\$ 97,085
New selling Expense	\$ 4,500
<b>Net profit before tax</b>	<b>\$ (31,585)</b>

Profit after approximate Taxes	
20% Qualified Income Deduction	\$ (6,317)
2018 Self Employment Taxes	15.30% (4,833)
2018 Ordinary Income Tax	(5,713)
Other taxes	
<b>Net profit after tax</b>	<b>\$ (21,040)</b>

Total Cash Invested if selling price is lower	\$ 7,085
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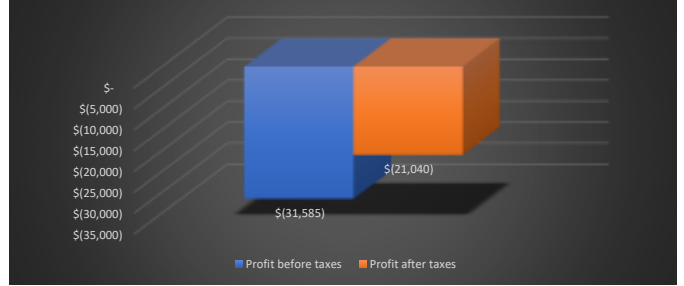
Part of a cost covered by the Private loan amount after repair and purchase	\$ 15,000
<b>Total personal cash reserve needed to finish the project</b>	<b>Your loan proceeds covers all the holding cost for the rehab</b>

### Overview

Meets the "70% of ARV less rehab flip" rule?	No, offer is higher by \$41000
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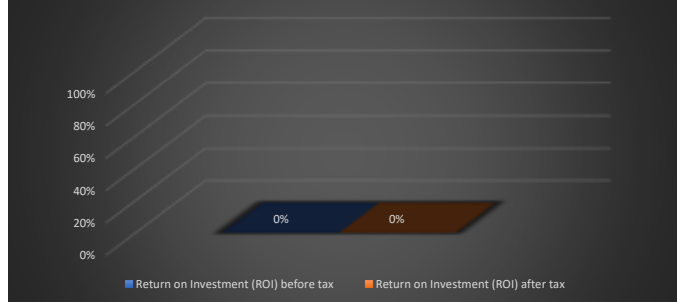
### PROFIT

Profit before taxes	\$ (31,585)
Profit after taxes	\$ (21,040)



### RETURN ON INVESTMENT

Return on Investment (ROI) before tax	You have a Loss
Return on Investment (ROI) after tax	You have a Loss



## How to use

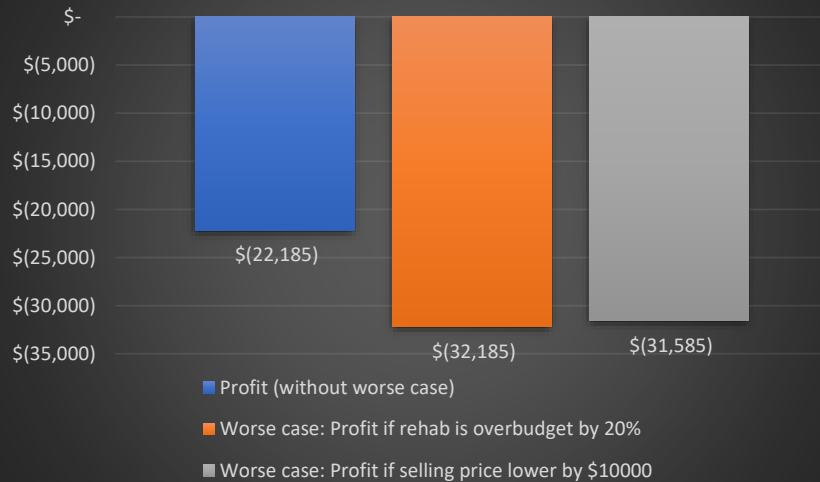
- 1 Yellow highlighted cells are manual inputs
- 2 Blue highlighted cells are automatically calculated

## SUMMARY

### Overview of the before-tax profit

Profit (without worse case)	\$ (22,185)
Worse case: Profit if rehab is overbudget by 20%	\$ (32,185)
Worse case: Profit if selling price lower by \$10000	\$ (31,585)

### PROFIT



### Offer Price for the desired profit

Desired profit before taxes	\$ 25,000
Your offer right now	\$ 40,000
Offer price needed for the desired profit	\$ (7,185)
<b>Decrease your offer price by</b>	<b>\$ 47,185</b>

### Overview of the before-tax ROI

ROI as expected	You have a Loss
Worse case: ROI if rehab is overbudget by 20%	You have a Loss
Worse case: ROI if selling price lower by \$10000	You have a Loss

### ROI

