July 10th, 2015

TO: Interested Parties

FR: Dan Kelly

RE: Potential Property

I heard about a great deal on a small rental property in North Minneapolis. It’s a below market sale on a property that is already rented, and fits nicely with my goal of purchasing small rental properties with hard money financing. I’ve included some details below and would love to hear if this is something that you would be interested in funding, and under what terms.

Asking price

$40,000. Buyer to pay close closing costs.

ARV

$75,000. There aren’t a ton of one bedroom houses in the area that looked like perfect comps, so I am using a very low ARV. I own two bedroom in similar condition but 10 blocks North that appraised (two weeks ago) for $95k.

Condition

Fair and rent ready. Property will need some updating when tenant turns over. Roof, foundation, electrical, and plumbing are in fair condition and need updating. Purchase would be subject to inspection. Please see attached photos (they are a bit small, but this is what the wholesaler gave me). The property has passed rental inspections. It appears to be in rent ready condition.

Timeline  
Seller is landlord looking for a quick sale. This deal is off MLS and hoping for a cash deal. I asked if they would be open to hard money or private financing, and the seller will consider this.

Tenant Status

Long term tenant is already in place at $850/month. Tenant would like to stay. Confirming lease details prior to purchase.

Plan for property

Maintain tenant and do minimal work until the tenant leaves. Complete a thorough turnover and assess need for more rehab then.

Desired Financing

Hard money financing of $50,000 based on a $75,000 appraised value. 4 points and 10-12% interest rate with a July 30th close date.