

Want to know how good your deal is on a

SCALE OF 1-10?



HOW TO USE THE RUBRIC...

Add all of your numbers together from each criteria and divide by 6. If you get an answer of 6 or above, your deal is a good deal!

BALLOON PAYMENT

| | |
|---------------|----|
| No balloon | 10 |
| 15.1-20 years | 9 |
| 10.1-15 years | 8 |
| 9.1-10 years | 7 |
| 8.1-9 years | 6 |
| 7.1-8 years | 5 |
| 6.6-7 years | 4 |
| 6.1-6.5 years | 3 |
| 5.1-6 years | 2 |
| 4-5 years | 1 |
| Under 4 years | 0 |

AS IS VALUE (ARV Minus Repairs)

| | |
|-------------|----|
| Under 70% | 10 |
| 70.1%-75% | 9 |
| 75.1%-80% | 8 |
| 80.1%-85% | 7 |
| 85.1%-90% | 6 |
| 90.1%-92.5% | 5 |
| 92.6%-95% | 4 |
| 95.1%-97.5% | 3 |
| 97.6%-99.1% | 2 |
| 100%-105% | 1 |
| Over 105% | 0 |

LTR CASH FLOW After 20% War Chest

| | |
|--------------------|----|
| Over \$500 | 10 |
| \$401-\$500 | 9 |
| \$351-\$400 | 8 |
| \$301-\$350 | 7 |
| \$251-\$300 | 6 |
| \$201-\$250 | 5 |
| \$151-\$200 | 4 |
| \$101-\$150 | 3 |
| \$51-\$100 | 2 |
| \$1-\$50 | 1 |
| Negative Cash Flow | 0 |

REHAB NEEDED

| | |
|-------------------|----|
| \$0 | 10 |
| \$1-\$2,500 | 9 |
| \$2,501-\$3,500 | 8 |
| \$3,501-\$5,000 | 7 |
| \$5,001-\$6,000 | 6 |
| \$6,001-\$7,000 | 5 |
| \$7,001-\$8,000 | 4 |
| \$8,001-\$9,000 | 3 |
| \$9,001-\$10,000 | 2 |
| \$10,001-\$12,000 | 1 |
| Over \$12,000 | 0 |

ENTRY FEE

| | |
|-------------|----|
| Under 5% | 10 |
| 5.1% to 8% | 9 |
| 8.1% to 10% | 8 |
| 10.1-11% | 7 |
| 11.1-12% | 6 |
| 12.1-13% | 5 |
| 13.1-14% | 4 |
| 14.1-15% | 3 |
| 15.1-16% | 2 |
| 16.1-17% | 1 |
| Over 17% | 0 |

INTEREST RATE

| | |
|-----------|----|
| 0-1% | 10 |
| 1.1-2% | 9 |
| 2.1-3% | 8 |
| 3.1-3.5% | 7 |
| 3.6-4% | 6 |
| 4.1-4.25% | 5 |
| 4.26-4.5% | 4 |
| 4.6-5% | 3 |
| 5.1-5.75% | 2 |
| 5.76-6.5% | 1 |
| Over 6.5% | 0 |

QUESTIONS



WHAT IS "AS IS" VALUE?

The "As Is" Value is the purchase price and the percentage shows how much equity the home has available in its current condition.

EXAMPLE

Under 70% means the home is being bought with at least 30% equity and that's great!



WHAT IS A BALLOON PAYMENT?

This is the date the loan is due in full. It's usually a date before the official "Maturity" date, which is the end of an amortized loan.



WHAT IS AN "ENTRY FEE"?

An entry fee is the total amount of money required to purchase the property and usually includes rehab + anything you would pay to settle the deal. The percentage is based off the purchase price.

EXAMPLE

If you buy a \$100K house and your ALL in cost to buy the property is \$5K, that would be 5% and that's an amazing entry fee!



WHAT IS A "WAR CHEST"?

A war chest is an amount of money you set aside for vacancy and repairs from your gross cashflow.

EXAMPLE

If the home rents for \$1,000 a month and you set aside 20%, then you would need to calculate your true cash flow after debt servicing and war chest is accounted for. If there is \$300 or more left over, that's a pretty good deal!