JNG CONSULTING
PRIVATE MONEY BROKER

A PRACTICAL GUIDE FOR NEW INVESTORS

Investor Starter Toolkit

Run one real deal through the numbers in about 20 minutes.
Eight short lessons and a one-page Deal Snapshot.



By Jennifer N. Gleason

JNG CONSULTING LLC · PRIVATE MONEY BROKER

WELCOME

Deal or idea? Let's find out.

Run one real property through this toolkit and you'll know whether it's a deal or an idea. It takes about 20 minutes.

This is for you if you're new to investing, or new to borrowing for a flip or a rental. Eight short lessons cover what a lender looks at. Each one ends with a short **Do this** list. The worksheet at the end pulls it together for one property.

> *I speak from experience. I've closed my own flips with private money, as the investor and as the broker. These are the questions I ask before I'd put money behind a deal, mine or yours.*
>
> Jennifer N. Gleason, JNG Consulting LLC

How to use it

1. Pick one property you're looking at, even if it isn't under contract yet.
2. Read a lesson, then do its checklist for that property.
3. Fill in the Deal Snapshot at the end.
4. If the numbers work, you'll know what to bring a lender. If they don't, you'll know why.

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LESSON 1

Deal or idea?

A lender can't review a property you don't control. Until you have a signed purchase contract, you have an idea.

That's fine. Ideas are where deals start. But the moment you're under contract, the clock starts, and the work you've done before that point decides how fast you can move.

So do the homework while it's still an idea. By the time you sign, you should already know your numbers.



DO THIS

- [ ] Write down the property address and the asking price.
- [ ] Note whether you live there or plan to. Investor loans are for non-owner-occupied property only.
- [ ] Ask the seller or agent how long you'd have to close if your offer is accepted.

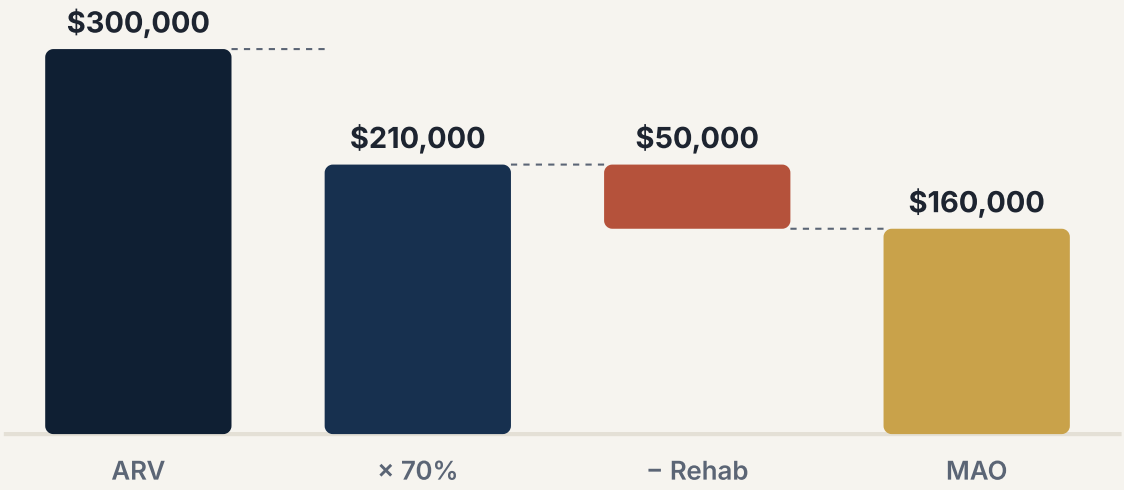
LESSON 2

Your Maximum Allowable Offer (MAO)

Work backward from the finish line.

Start with what the property should sell for once the work is done. That's the after-repair value, or ARV. Then subtract everything it costs to get there and the profit you need to make it worth your time. What's left is the most you can pay. That number is your **Maximum Allowable Offer (MAO)**.

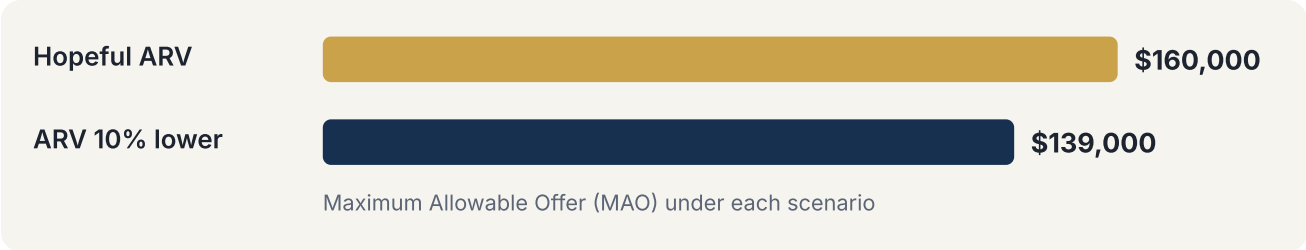
A common first check among flippers is **ARV × 70% − rehab**. It's a rule of thumb, not a law. In a slower market or on a heavier rehab, many investors use a lower percentage.



Round numbers for illustration only

Now stress-test it

What if the ARV comes in 10% lower than you hope? $270,000 × 70% − $50,000 = $139,000. If your offer only works at the hopeful number, it's a thin deal.



DO THIS

- [ ] Find three recent sold properties nearby that match yours in size, age and condition after repairs. Their prices support your ARV.
- [ ] Run the 70% check, then run it again at a 10% lower ARV.
- [ ] Use the free Maximum Allowable Offer (MAO) calculator on my website to check your math.

LESSON 3

The line-item rehab budget

"About sixty thousand" isn't a budget.

A lender reads a round number as a guess, and guesses are where projects run out of money.

Break the work into trades. Price each one, ideally with a written bid. Then add a contingency line for what you'll find once the walls are open. A common approach is about 10% for cosmetic work and more when you touch systems, the structure, or an older home.

Roof · Foundation · Electrical · Plumbing · HVAC · Windows · Kitchen · Baths · Flooring · Paint · Landscaping · Permits · + Contingency

DO THIS

- [ ] List every trade the property needs, with a price next to each.
- [ ] Get at least one written bid for the biggest items.
- [ ] Add a contingency line and include it in your Maximum Allowable Offer (MAO) math.

LESSON 4

Cash you'll need

Private lenders rarely fund 100% of everything.

They want to see that you can finish the project if something goes sideways. Plan for four kinds of cash:

1 **Your share**
The part of the purchase the loan doesn't cover

2 **Closing costs**
Title, escrow, lender fees, any broker fee

3 **Holding costs**
Interest, insurance, taxes, utilities, every month

4 **Reserves**
Money still in your account after closing

The sneaky one is holding costs. If the rehab takes two months longer than planned, you pay two more months of all of them.

DO THIS

- [ ] Estimate your monthly holding cost, then multiply it by your timeline plus three extra months.
- [ ] Add up all four kinds of cash.
- [ ] Compare that total with what's in your bank and investment accounts today.

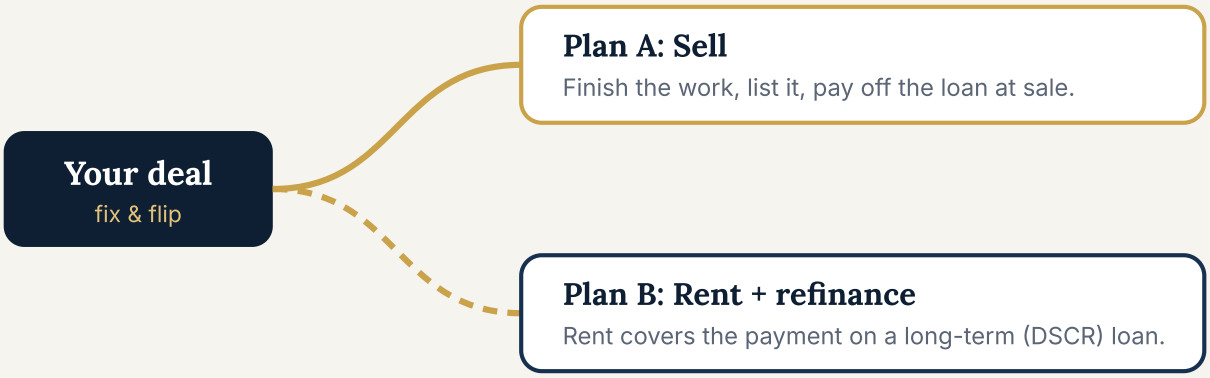
LESSON 5

Plan two exits

Your exit is how the loan gets paid back.

For a flip, Plan A is usually selling. But markets slow down, and buyers take longer than you'd like. Plan B is keeping the property as a rental and refinancing into a long-term rental loan. Those loans (often called DSCR loans) look mainly at whether the rent covers the monthly payment.

If the rent can't support a refinance at today's rates, Plan B doesn't really exist. Don't count on rates dropping to make it work.



A deal that works two ways is a deal you can sleep on.

DO THIS

- [ ] Look up what similar homes nearby rent for.
- [ ] Ask yourself: if this didn't sell for six months, could I rent it and cover the payment?
- [ ] Write down Plan A and Plan B in one sentence each.

LESSON 6

Set up your business

Investor loans are made to a business, not to you personally.

That's usually a limited liability company (LLC). Lenders will ask for proof that your business exists and who owns it. Set this up before you need it, because it takes time.

1. **LLC** — Form it with your Secretary of State
2. **EIN** — Free from the IRS
3. **Bank** — Business account in the LLC's name
4. **Agreement** — Signed, lists every owner

Get your EIN directly from the IRS. It's free, so don't pay a third party for it. I'm not a lawyer or a tax advisor. Your CPA or attorney can tell you which structure fits your situation.

DO THIS

- [ ] Check whether your LLC is active with your Secretary of State.
- [ ] Save your IRS EIN confirmation letter as a PDF.
- [ ] Make sure your operating agreement is signed and lists all owners.

LESSON 7

What a lender will ask for

Lenders decide fastest on complete files.

Missing documents are the most common reason a deal stalls. Here's what most private lenders ask for on a fix-and-flip. Be honest about your experience, even if it's zero; it's part of the picture.

123 Main St (your property)

- [ ] Purchase contract + earnest money proof
- [ ] ARV + comparable sales
- [ ] Photo ID for each owner
- [ ] Title/escrow, insurance, access contacts
- [ ] Line-item rehab budget + scope
- [ ] EIN letter + operating agreement
- [ ] Recent bank statements
- [ ] Your experience (even if zero)

DO THIS

- [ ] Make one folder named for the property address.
- [ ] Save each document above into it as you get it.
- [ ] Note what's missing, and who you need to get it from.

LESSON 8

Lender words, decoded

Nine terms you'll hear on your first call. Keep this page handy.

ARV	After-repair value: what the property should sell for once the work is done.
LTC	Loan-to-cost: the loan as a percent of what you pay plus the rehab.
LTV	Loan-to-value: the loan as a percent of the property's value.
DSCR	Debt service coverage ratio: the rent compared with the monthly loan payment.
Points	Upfront fees shown as a percent of the loan. One point is 1%.
Draws	Rehab money released in stages as work is completed and inspected.
Reserves	Cash still in your accounts after closing.
Term sheet	A written summary of a loan's proposed terms, before final approval.
Non-owner-occupied	A property you won't live in. Investor loans require it.

WORKSHEET

Deal Snapshot

Fill this in for one property.

If you can complete every line, you're ready to talk to a lender. Every blank shows you exactly what to work on next.

1	Property address and state	
2	Property type (single-family, duplex, etc.)	
3	Under contract? (yes / no)	
4	Purchase price	
5	Rehab budget, including contingency	
6	After-repair value (ARV)	
7	Maximum Allowable Offer (MAO): ARV × 70% − rehab	
8	Maximum Allowable Offer (MAO) if ARV comes in 10% lower	
9	Plan A exit (sell) and target sale date	
10	Plan B exit (rent): expected monthly rent	
11	Cash available today (bank + investment accounts)	
12	Estimated holding cost per month	
13	LLC formed and EIN in hand? (yes / no)	
14	Completed deals in the last 3 years	

Reading your snapshot

- **At or under the lower Maximum Allowable Offer (MAO).** The deal has room for surprises.
- **Only works at the full ARV.** Recheck your comps and your rehab bids before you commit.
- **Over both numbers.** Negotiate the price down, or let this one go. Passing on a bad deal is a win.

YOUR NEXT STEP

Let's look at your deal together.

When your snapshot is filled in and the property is under contract, book a 30-minute Deal Review Call. Bring your snapshot.

If the numbers work, I'll show you the path to funding. If they don't, I'll tell you why, and what would change the answer.

Book My Deal Review Call

link.automator.ai/widget/booking/RDAi3yYxal6bfL9wqE3y

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