



# Real Estate Purchase Criteria & Process



We buy distressed properties that meet the following **criteria**:

1. ARV of \$75,000 or less (focused on Class C and D areas).
2. Maximum purchase price (including your wholesale fee) cannot be greater than the following equation:  
Max price = (ARV - Rehab cost) x 70%.
3. Monthly Market Rent (MMR) to ARV ratio must be at least 1.4% (MMR/ARV > 1.4%).

## **Purchasing Process:**

- A. Send us an email message with the information requested as part of our [Pre-Offer Due Diligence](#) process. We don't care how much you're making on the deal as long as our acquisition cost is less than the maximum price we will pay.
- B. We will review the information you provide and put the property through our [Real Estate Deal Management System \(REDMS\)](#), which will provide either a “**DEAL**” or “**NO DEAL**” indicator.
  - a. If the indicator is “**NO DEAL**”, then we either re-negotiate the terms of the deal or we reject the deal.
  - b. If the indicator is “**DEAL**”, we then move on to the next step of verifying our assumptions.
- C. We will work with you to schedule to have a member of our team on the ground to perform a **pre-offer site visit**.
  - a. During this visit our team member will take pictures and videos of the exterior and interior of the property. This visit takes less than an hour and provides us with information about the block the property is located on and allows us to develop a better estimate of the level of rehab that will be required on the property.
  - b. Our Project Manager will review the pictures and videos with our property management company and Construction Project Manager to verify and update our assumptions of the Monthly Market Rent and rehab level for the property. The REDMS will be updated and provide either a “**DEAL**” or “**NO DEAL**” indicator as stated above.
- D. We **sign the assignment agreement with the purchase contract attached and open escrow with a refundable Earnest Money Deposit (EMD) of \$500**, subject to the property passing the property inspection (7 days for inspection), clear and marketable title, and if there is a tenant, verification of the tenant by our property management company.
  - a. The inspection is the most important part of the deal. We need to confirm that the estimated rehab costs and timeframe are reasonable based on an inspection report from our certified inspector.
  - b. If the property doesn't pass the inspection, we either renegotiate the terms of the assignment agreement, or the deal is off, escrow is canceled, and we receive our EMD back.
- E. The assignment agreement states that you have a purchase contract to buy the property at \$XX,XXX and to close by a specific date, and that you assign the contract to the LLC we are using to purchase the property for an assignment fee of \$Y,YYY subject to the property passing inspection.
- F. You will receive your wholesale fee (profit) via escrow as part of the closing.