

House Flip Analyzer

- Know potential profits in advance
- Understand the impact of time on “return on investment” (ROI)
- Explore and experiment with what-if scenarios
- Evaluate rental property cash-flows
- Plan your target return and see your minimum rent
- Simply calculate mortgages as you look a properties
- Save the results to a spreadsheet and hardcopy

Whether you plan to flip, rent or own, this is the best tool you can buy to understand the process. HFA gives you the knowledge to make sound decisions.

Try it, experiment and send us your feedback.

Editing help:

Blank fields will accept only decimal numbers with NO punctuation or currency signs. Including punctuation or currency designators will cause the app not to respond and play an audible tone.

The app will print punctuation and currency designators to make the output more readable. The app does not clear the field when the cursor is move over existing data to avoid having to re-enter data unnecessarily. However, subsequently editing the field will require removing the signs before data will be accepted.

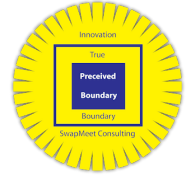
Field descriptions and Calculations:

Annual ROI: is a measure of the annual cash flow compared to the investment amount, which is equivalent to the down payment.

Capital Gain: purely the difference between the final sale price minus the purchase price, renovations and closing costs. (Note: deduct selling fees from the price for more accurate calculations).

Capital Gain percent: is the comparison of the gain to the original investment.

Total Profit: represents the capital gain plus or minus the “Future Cash Flow” at the end of ownership. The “Total Profit” accounts for the discounted value of the lump sum at sale since a negative cash flow (typical of a flip) where the property is not rented for the duration of ownership.



Making renovations and selling the property quickly is imperative. A few simple “what-if” experiments increasing the “Ownership Months” without rental income will quickly demonstrate a drop in profit.

Note: There is no field for selling fees. To maintain the most accurate calculations and percentages, deduct any selling fees from the final sale price. A future release will address the oversight.

The sale price is populated once when the initial purchase prices is entered. It is calculated with a conservative 25% uplift, which is a typical rule-of-thumb since it is expected to purchase a property between 25 and 30 percent under marked value.

Learn, have fun, make money!

Input Fields

Purchase Price: the actual price of the property agreed upon in the contract

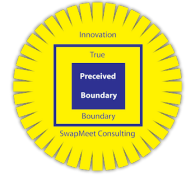
Closing Costs: these are legal and bank fees that will be added to the cost of the purchase - for the purpose of obtaining accurate ROI figures these costs, along with renovation costs, are added in the mortgage.

Renovation Costs: cost of improvements to the property typically after the property is purchased. This cost will be added to the purchase price and included in the mortgage. If renovations will be out of pocket after purchase, you should set this field to zero and include their costs in the down payment.

Down Payment: this field will reduce the mortgage by the entered amount and generate a “percent down” figure automatically. The percent down is calculated by dividing ONLY the purchase price of the property into the down payment. These fields will update automatically. Subsequently, changing the “Percent Down” will generate a new down payment.

Annual Mortgage Rate: 5% default- Talk to your bank about the actual amount you will pay. Add points & fees to the “Closing Costs” field.

Target ROI: used to calculate the minimum charge for rent as a competitive investment. The default is set to 8%, slightly higher than the average of the stock market and significantly higher than a typical savings institution.



Mortgage Amount & Payment: these fields are calculated for you based on the information you entered in the first line of “Red” entries. The mortgage payment represents only the payment for the money borrowed, no additional taxes or insurance, which are accounted for separately.

Maintenance, Insurance and Property Tax are straight costs used in the rental property calculations. Maintenance is a monthly estimate, insurance and taxes are annual costs.

Occupancy Rate: is used to adjust the cash flow calculations to compensate for months when a rental property is not occupied. Typically there is a month vacancy every 2 years for renovations between renters. The field defaults to 11.5 months per year and displays the percent below the field.

Mortgage Term: mortgage calculations are based on this term and default to 30 years. You can change the term at any time.

Purchase and Sale Dates will automatically calculate the ownership duration. You can override the duration by editing the “Ownership Months” directly. Due to rounding of month entries, the sale date may change by a day or two when the months are changed manually. The duration is a crucial figure for profitable flips. If the property is not being rented the shortest durations are most profitable.

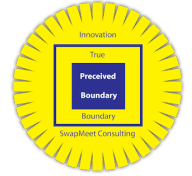
Mortgage Balance at Sale: this field is calculated based on the ownership duration and standard mortgage algorithm.

Estimated Final Sale: the amount for which you sell the property. This figure will determine the overall capital gain and percent profit. The application calculates an initial figure when the purchase price is entered. This should be adjusted to match your requirements.

Monthly Cash Flow: is generated automatically and represents the sum of the monthly rent minus the mortgage payment, maintenance, insurance and taxes. This figure is also discounted by the occupancy rate to account for months when there is no income.

Future Cash Flow Value: represents the discounted, future value of the sum of the cash flows for the ownership duration. The number is added or subtracted to the total profit.

Min Rent for Target Return: generated automatically and represents the minimum monthly income needed to meet your target ROI percent. This field is also adjusted by the occupancy rate.



The information on the screen is cleared when the application is closed. However, you can save the information to a CSV formatted file (this a comma delimited format). A CSV file can be read and edited by a standard spreadsheet application (not included).

Printing:

You can print a copy of the screen file as a quick report to save your data. However, it uses a considerable amount of printer resources and is not editable. It is best to save the data to a spreadsheet and use the print capability of a spreadsheet to print a report.