

Goldmine Flip Analyzer - Quick Start



Quick Start

You will be asked to create a property the first time you start the app.

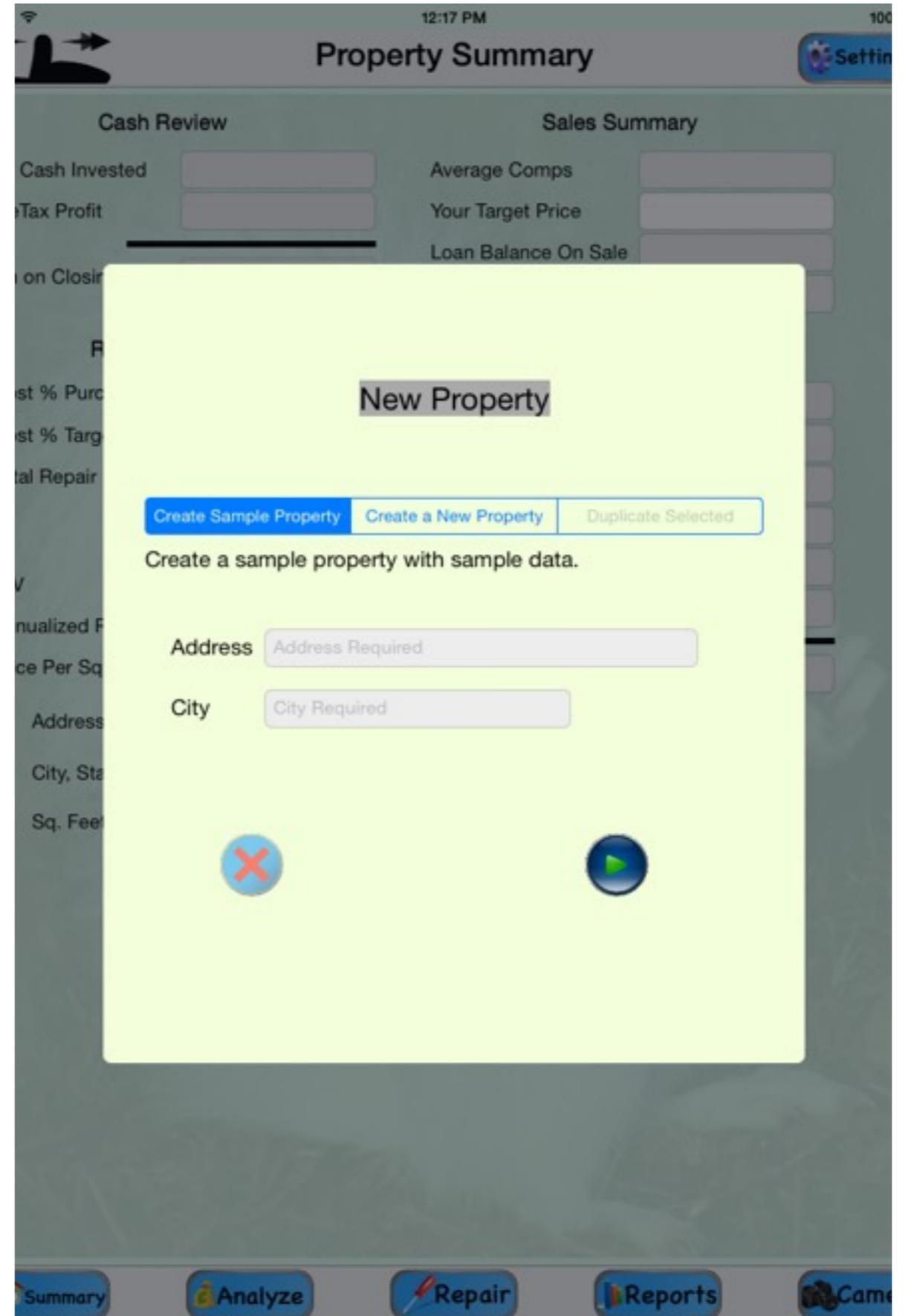
Choose sample property and click Save:

- A sample property will be added with all key information pre-filled for your easy review.

If you wish to add another property:

- Click the “+” sign in landscape mode.
- Swipe right anywhere on any screen in Portrait mode and click the “+” sign.

Please note. You can select another property for review by swiping right too.

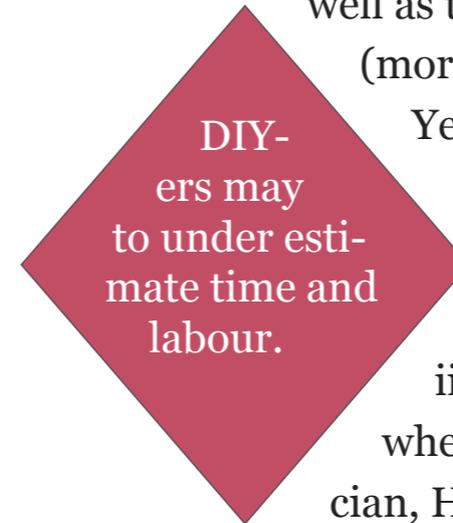


Quick Usage Checklist

1. Determine Your Flip Style
2. Get to Know The Area
3. Search For a Deal
4. Shortlist and Visit
5. Offer
6. Closing and Repair

1. Determine your flip style. Are you a do-it-yourself or a project manager?

a. Do-It-Yourself. Generally your total income is based on estimating how much labour you can put in yourself, as well as the time you can commit to the project (more time = more carrying costs). As a DIYer you tend to:



- i. Do 1 property at a time, full-time or part-time.
- ii. Do most of the work yourself, except when a trade is required. (Plumber, Electrician, Heating & Air, etc.)

iii. Your profit is your salary for the time you put in.

iv. You may live on site for tax and mortgage requirements.

v. You are probably not incorporated.

b. Project Manager. Generally Project Managers:

i. Are usually incorporated (for liability reasons) and full time flippers.

ii. May have their real estate license to save on closing and sell costs.

- iii. May have multiple properties on the go at the same time, depending on the season and the market conditions.
 - iv. Have a stable of trusted advisors and trades that are their go-to people for estimates and projects.
 - v. Focus on the “purchase”, costs for repairs, timeframe and the market value of comparative properties.
 - vi. Are aware of market demand, trends, and hot (and not so hot) areas.
 - vii. May pay higher interest on a short term loan, or pay cash, especially if the profit is estimated as exceptional.
 - viii. Have a list of “investors” or lenders who may be willing to “partner” on a deal.
2. Get to know your market. The city you prefer must meet your minimum criteria. For example (your criteria may be different):
- a. 3% Average minimum appreciation.
 - b. Greater than provincial/state average employment rates.
 - c. Limited houses on the market, below averages (sellers market).
 - d. City planners are accessible and a 20 or 30 year plan exists.

- 3. Search the MLS and private listings in that area. For example:
 - a. MLS listed “tender loving care” or power of sale.
 - b. Real estate agents and banks.
 - c. Auctions and tax lien sales.
- 4. Shortlist and visit the properties you are interested in. The key here is to visit them, even if you have to travel.
 - a. Over time you will get to know the type of property you prefer and meet your flip type.
 - i. Based on area appreciation
 - ii. Based on type: Townhouse, detached or Multi unit, etc.
 - iii. Based on repairs and age
 - iv. Based on key metrics
 - v. etc.
 - b. Print off the MLS/Private listing
 - i. The app is not linked to the MLS service at this time and you will need this printout for reference.
 - c. Enter in the basic property information into the app and visit them.

Hint:
Repair/
Comps
page in
app

- i. Take pictures in the app
- ii. Enter in estimated repairs while on site
- iii. Enter in the comparative rents and prices for that property

Hint:
Repair/
Comps
page in
app

d. At the end of your day:

- i. determine the properties you like based on your profit preference
- ii. enter the mortgage/loan, expenses and closing estimates
- iii. Review the financials and summary page
- iv. Verify the profit model
- v. Optionally enter in more details

Hint:
See Ana-
lyze page
in app

5. Make an Offer

- a. **WARNING:** Never give a deposit to the seller directly. Give it to their lawyer or the real estate agent on acceptance.

6. Closing and Repair

a. Costs can include:

- i. Repairs and Upgrades

- ii. Pro rated expenses
- iii. Deposits on utilities
- iv. Legal (x2?)
- v. Commissions (x2?)
- vi. Land Transfer Fees (some U.S. states and most of Canada)
- vii. 1031 Transfer Fees
- viii. Origination Fees
- ix. Vacancy costs
- x. Other Buy/Sell Costs

- b. You can try to sell it yourself using Kijiji, Craig's List, Comfree, etc.

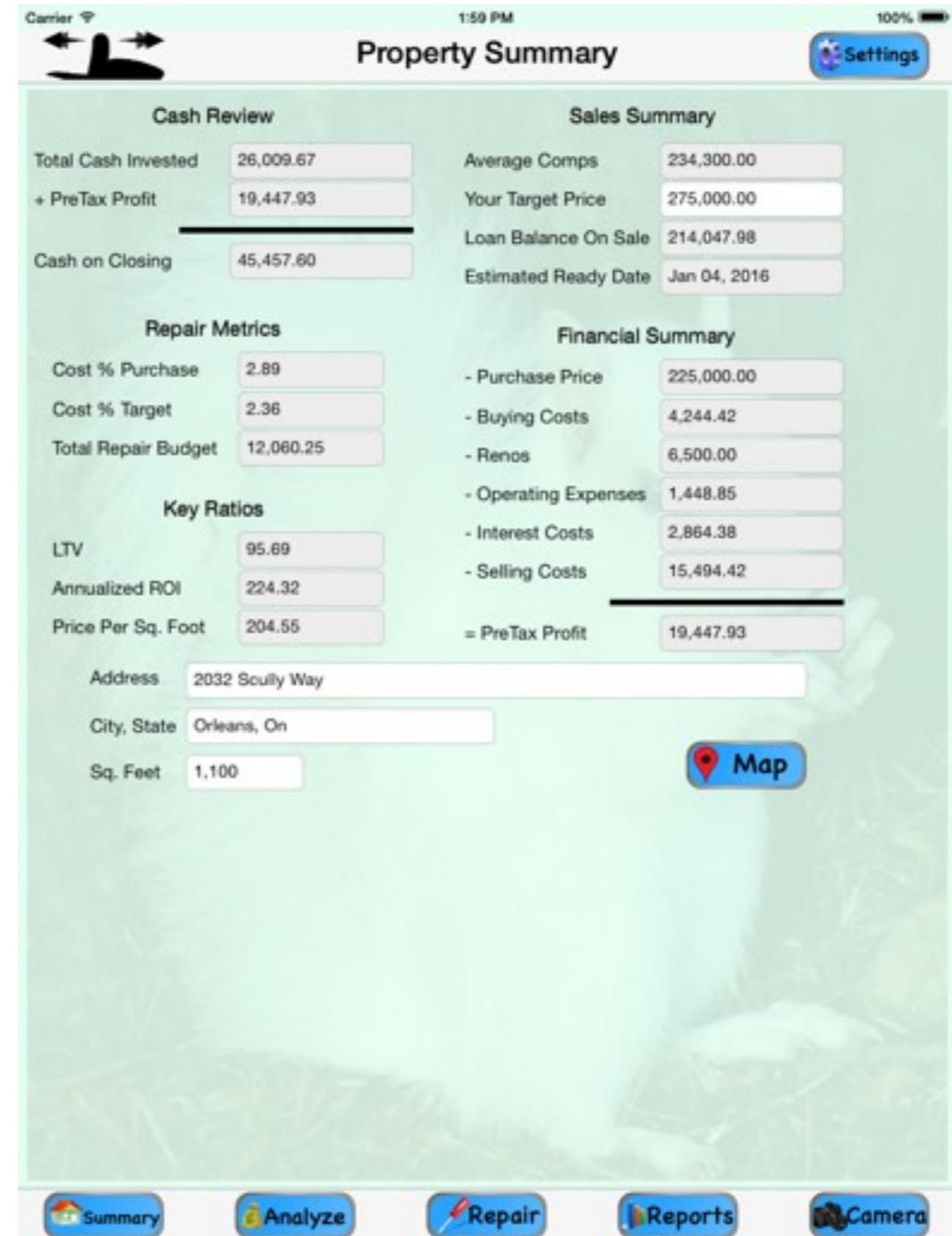
- c. Depending on the unit you may wish to use a real estate agent. They:

- i. may change your mind on some repairs
- ii. check market values/comps for the completed project
- iii. may be more aware of trends
- iv. may have a buyer lined up before sale

Sample Property

SAMPLE PROPERTY

1. summary page
2. analyzer



From the summary page you can determine the key metrics for your property. Here is a quick description of some of the key metrics.

a. Cash Review

- i. Total Cash Invested. From the analyzer page.

- ii. Pre Tax Profit. From the Financial Summary section.
- iii. Cash on Closing. Estimated cash due you on sale. Not to be confused with pre-tax profit.

b. Repair Metrics

- i. Cost% Purchase. Cost of renos to purchase price.
- ii. Cost% Target. Cost of renos to projected sale price.
- iii. Total Repair Budget. Renos + Estimated carrying costs for time estimated on analyzer page.

c. Key Ratios

- i. LTV. The Total Debt/Purchase Price.
- ii. Annualized ROI. Return on Investment. Profit & Loss/ Total Cash Invested (from analyzer page). Converted to the annual rate.
- iii. Price per square foot. Purchase price/square feet.

d. Sales Summary

- i. Average Comps. All average comps are summarized from the repair page.
- ii. Target Price. Enter your target price here.
- iii. Loan Balance at Sale. Amount Due on Sale.

- iv. Estimated Sell Date. From Repair Page estimated time to repair.

e. Financial Summary

- i. Purchase Price. From analyzer page.
- ii. Buying Costs. From analyzer page.
- iii. Renos. From repair estimator page.
- iv. Operating expenses. From analyzer page. For the time period required until sale. Does not include interest costs.
- v. Interest Costs. From analyzer page. Does not include any principal payments (if any).
- vi. Selling Costs. From analyzer page.
- vii. Pretax Profit. The amount of profit for the flip. This amount can be different from cash flow as it also does not include the mortgage pay down for the period.
- viii.

2. From the analyzer page you can see the total cash investment, the mortgage info, and the expenses for each property.

Property Analyzer

2032 Scully Way (Sample)
Cash Investment

Purchase Price: 225,000

Expected Appreciation %: 3.00

Last Sale Date: MMM DD/YYYY **Select**

Last Sale Price: Last Sale Price **Ann. Growth to Today** %

Less 1st Mortgage: 215,295.00

Less 2nd Mortgage: From Below

Less Other Sources: JV, Silent, Mom, RTO, Option

= Down Payment Required: 9,705.00 % 4.31

+ Closing Costs: 4,244.42 % 1.89

+ Estimated Renos: 5,000.00

+ Vacancy on Close: Vacancy Months x Expenses

= Total Cash Invested: 18,949.42 % 8.42

Closing Costs: Legal 1,744.42

Land Transfer: 2,000.00 % 0.89

Other Costs: 500.00

Vacancy: **Tenanted on Close**

Months to be Vacant: Months

Vacancy Rate %: 6.50

a. Cash Investment.

- i. Includes Mortgages, closing costs, estimated renovations (from Inspection page), and estimated vacancy costs (if any).

b. Mortgages and Loans.

Mortgages and Loans

Glossary 1st Mortgage 2nd Mortgage, LOC or VTB

Amount: 215,295.00 % 95.69

FHA Fees: 6,458.85

Interest Rate %: 2.50

Amortization: 30

Term: 5

Payments: 850.68

1st Yr Interest: 5,326.69

1st Yr Paydown: 4,881.41

Amount: 2nd Mortgage \$

Interest Rate %: %

Interest Only:

Amortization: # of Years

Term: # of Years

Payments: From Above

1st Yr Interest: From Above

1st Yr Paydown: From Above

- i. Includes 1st and 2nd mortgages.
- ii. App does not account for FHA or CHMC fees automatically. You should try to avoid them if possible by increasing your down payment.
- iii. Interest only mortgages can be entered as well.
- iv. The Canadian Version amortizes your mortgage semi annually. The U.S. version amortizes monthly.

c. Operating Review

Monthly Operating Review

Gross Monthly Rents Rent Inflation %

Expenses Expense Inflation %

	Monthly	Annual	%
Utilities	<input type="text" value="83.00"/>	<input type="text" value="996.00"/>	<input type="text" value="5.72"/>
Repairs	<input type="text" value="33.33"/>	<input type="text" value="400.00"/>	<input type="text" value="2.30"/>
Insurance	<input type="text" value="73.71"/>	<input type="text" value="884.54"/>	<input type="text" value="5.08"/>
Taxes	<input type="text" value="205.50"/>	<input type="text" value="2,466.00"/>	<input type="text" value="14.17"/>
HOA/Strata	<input type="text" value="Monthly Fees \$"/>	<input type="text" value="Annual Fees \$"/>	<input type="text" value="Ann Est %"/>
Rentals	<input type="text" value="29.95"/>	<input type="text" value="359.40"/>	<input type="text" value="2.07"/>
Mgmt. Fees	<input type="text" value="70.00"/>	<input type="text" value="840.00"/>	<input type="text" value="4.83"/>
Other	<input type="text" value="Other Monthly"/>	<input type="text" value="Other Annual"/>	<input type="text" value="Ann Est %"/>
Operations	<input type="text" value="495.50"/>	<input type="text" value="5,945.94"/>	<input type="text" value="34.17"/>
Mortgages	<input type="text" value="850.68"/>	<input type="text" value="10,208.11"/>	<input type="text" value="58.67"/>
Cash Flow	<input type="text" value="103.83"/>	<input type="text" value="1,245.95"/>	<input type="text" value="7.16"/>
Taxable (P&L)	<input type="text" value="510.61"/>	<input type="text" value="6,127.37"/>	<input type="text" value="35.21"/>
Vacancy Reserve	<input type="text" value="94.25"/>	<input type="text" value="1,131.00"/>	

- i. The rent inflation and expense inflation are used to calculate your income and expenses over time. This is important to determine your peak ROI and Peak cash flow years. Each area may have different inflation characteristics and can determine when your expenses exceed your ability to raise rents. (ie. government rent controls)
- ii. Expenses can be entered monthly, annually, or by percentage and you can optionally include the property

management section if you do not plan to manage your own property. The app will calculate the other fields for you.

- iii. Taxable P&L is different from cash flow. Cash flow includes mortgage principal pay down. Profit and Loss does not.
- iv. **WARNING:** You may have a year end tax liability even if you do not cash flow on a property. Please check with your accountant for your individual tax situation.

Repair Estimates

SAMPLE PROPERTY

1. comps
2. diligence
3. repairs
4. camera
5. reporting

The screenshot shows the 'Repair Estimator' app interface. At the top, it displays 'Carrier', signal strength, '2:48 PM', and '100%' battery. The main header is 'Repair Estimator' with a 'Settings' button. Below this is a black bar with the address '2032 Scully Way' and the title 'Potential Price Comparatives'. There are three rows of price comparatives:

Price Comparative	Price	Source
Price Comparative 1	235,500.00	RE Agent-177 Topham
Comparative 2	234,900.00	RE Agent-1875 Hennessy
Comparative 3	232,500.00	RE Agent-556 LaTour

Below this is a 'Diligence Checklist' section with several items, each with a toggle switch and an information icon (i):

Item	Toggle	Info
Water, Heating Leases	Off	On
Survey Received	Off	On
Asbestos	Off	On
Lead	Off	On
Aluminum	Off	On
Mold	Off	On
Termites/Ants	Off	On

Next is a 'Repair Checklist' section. It includes a 'Repair Start Date' field with a 'Start Date' placeholder and a 'Select' button. Below that is an 'Estimated Time To Repair' field with the value '4'. The checklist items are:

Category	Value	Description	Action
Roofing	5	Asphalt, Minor Venting Issue	Est. Repairs
Exterior		Draining Onto Garage	Est. Repairs
Landscape		Trees, Stone, Garden, Plants, Deck	Est. Repairs
Buildings		Garage, Shed, Carport, Bunkhouse	Est. Repairs
Structure		Type, Basement, Joists, Frame, Foundation	Est. Repairs
Electrical		Service, Grounding, Panels, Wire	Est. Repairs
Heating	5	Filter Very Dirty	Est. Repairs

At the bottom, there is a navigation bar with five buttons: 'Summary', 'Analyze', 'Repair', 'Reports', and 'Camera'.

From the repair page you can enter key details for your flip. Here is a quick description of these.

- a. Comps

- i. Please try and get 3 comparatives, using your current property details to compare similar properties in the area.
- ii. Be careful not to compare properties that have upgrades from your project, otherwise make sure you include those upgrades in your repair estimates.

iii. This will feed your summary page and your profits.

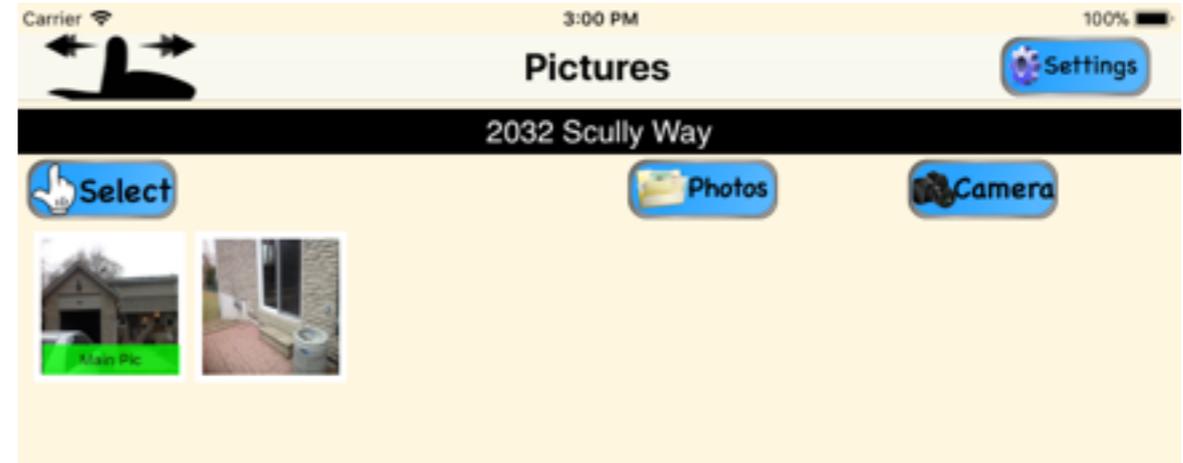
b. Diligence

- i. Turn on any items you find as a potential problem. These items are generally not accounted for and may have significant extra costs.

c. Repair

- i. Enter you repair items here.
- ii. **IMPORTANT:** don't forget to adjust your contingency for your confidence level. For example, if you are doing the repairs yourself, you may be more confident on the estimated and may consider lowering contingency.

d. Camera



- i. Remember to take pictures throughout your walk-through, especially of the items needing repairs.
- ii. You can select a main picture that will end up on the cover of your report.
- iii. The pictures are duplicated in your photo app, in case you delete the application by accident. You can add them again if needed by clicking "photos"

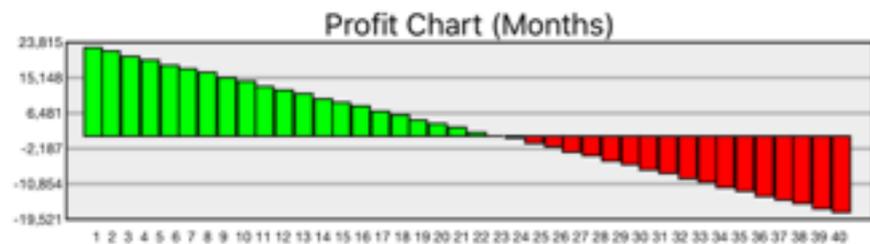
e. Reporting



Flip Report
Oct 05, 2017

2032 Scully Way
Orleans, On

Cash Review		Sales Summary	
Total Cash Invested	26,009.67	Average Comps	234,300.00
+ PreTax Profit	19,447.93	Your Target Pri...	275,000.00
Cash on Closing	45,457.60	Loan Balance On Sale	214,047.98
		Estimated Ready Date	Feb 05, 2018
Repair Metrics		Financial Summary	
Cost % Purchase	2.89	- Purchase Price	225,000.00
Cost % Target	2.36	- Buying Costs	4,244.42
Total Repair Budget	12,060.25	- Renos	6,500.00
		- Operating Expenses	1,448.85
Key Ratios		- Interest Cos...	2,864.38
---	95.69	- Selling Costs	15,494.42
Annualized ROI	224.32	= PreTax Profit	19,447.93
Price Per Sq. Foot	204.55		



- i. A PDF report is generated with some of your summary details.
- ii. You can email this PDF from within the app.
- iii. The chart shows how carrying costs, over time, effect you break even point. Eventually all flips will lose money, given enough time.