

Goldmine Real Estate - Quick Start Guide



Quick Start

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

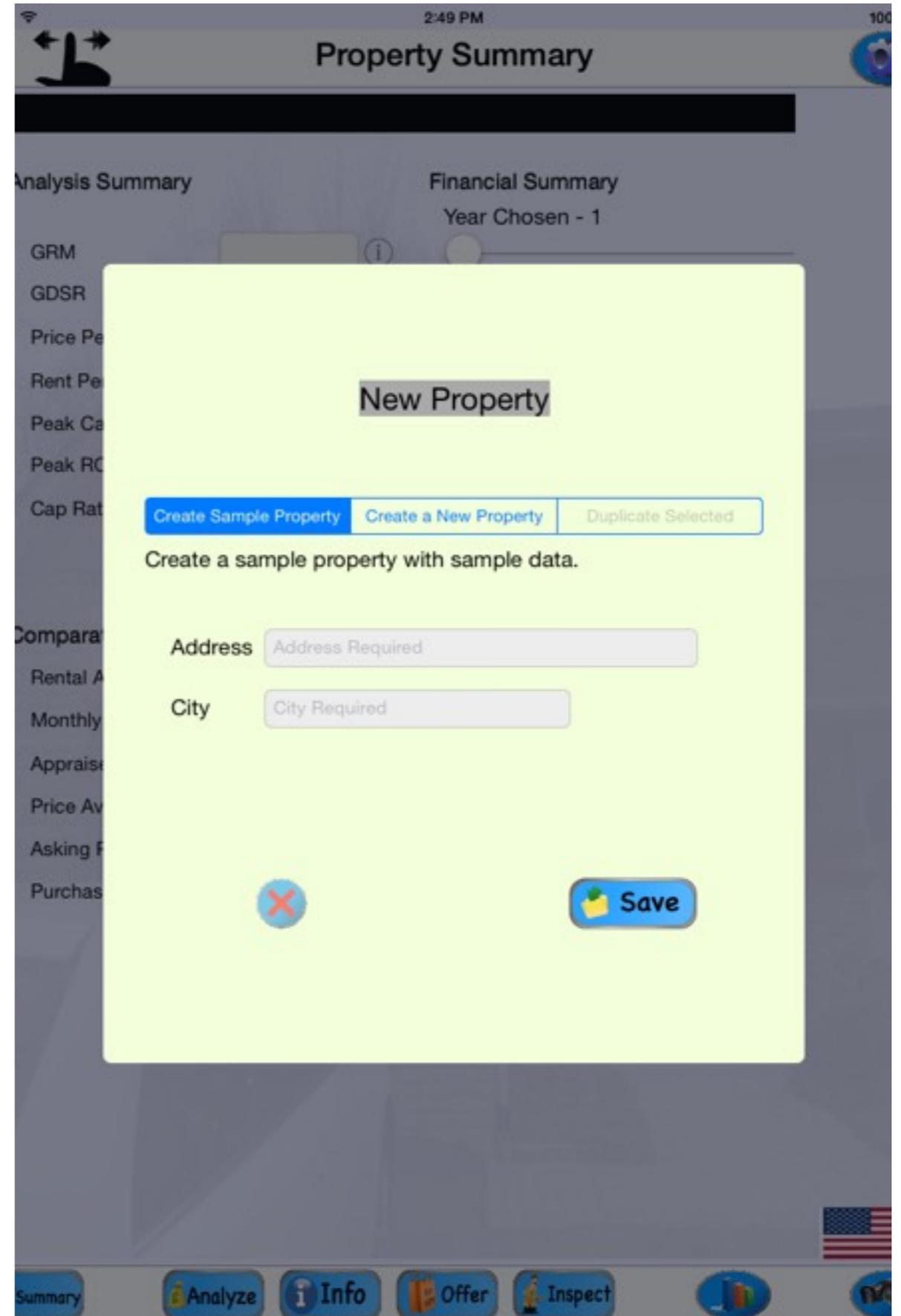
Choose sample property and click Save:

- 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 Investment Preference
2. Get to Know The Area
3. Search For a Deal
4. Shortlist and Visit
5. Offer
6. Closing and Rental

1. Determine your investment preference. Invest for equity growth and/or cash flow.
 - a. Equity growth. You may have to fund the monthly expenses from another cash flow source and may take a negative cash flow property for accelerated annual property appreciation. Use this method if you can afford it, are not worried about your ongoing income to support the property, and know that properties are appreciating in the area.
 - b. Cash Flow. Are you willing to accept lower appreciation values for a positive cash flow situation. Use this method if all properties you have must cash flow and self fund. Do not ignore appreciation. A good benchmark we use is 3%. If a cash flow property does not appreciate more than 3% on average over 10 years, we do not consider it.
2. Get to know your investment city. The city you prefer must meet your minimum investing criteria. For example (your criteria may be different):
 - a. 3% Average minimum appreciation.
 - b. Greater than provincial/state average employment rates.
 - c. No rent controls. Market forces determine rents.
 - d. Rental vacancy rates should be less than provincial/state averages for the type of property you prefer.

Hint:
See Offer
Details
page in
app

- e. City planners are accessible and a 20 or 30 year plan exists.
- 3. Search the MLS and private listings in that area. For example (your criteria may be different):
 - a. \$300,000 single family town homes with rent around 1,450+utilities, appreciating 3%, in a city of more than 100,000, and low un-employment. (See Ottawa, Canada around 2014)
 - b. We also look for nearby schools and easy access to public transportation.
- 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 investment type.
 - i. Based on area rents and appreciation
 - ii. Based on type: Townhouse, detached or Multi unit, etc.
 - iii. Based on mortgage rates
 - 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. Contact your area real estate agent for help.
 - i. They can get you access to properties not yet listed.
 - ii. You may need them to arrange a day with multiple visits.
- d. Enter in the basic property information into the app and visit them.
 - 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
- e. At the end of your day:
 - i. determine the properties you like based on your investment preference
 - ii. enter the mortgage, expenses and closing estimates
 - iii. Review the financials and summary page
 - iv. Verify the profit model
 - v. optionally enter in more details
- 5. Make an Offer
 - a. Use our in app offer page to select the condi-

Hint:
See Due Diligence/
Inspect page in app

Hint:
See Analyze page in app

Hint:
See Property Info page in app

tions you want in your offer

b. email a PDF, in app, to your agent

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

d. You should conditionally allow for potential renter's viewings (tenants visits) before closing if no repairs are required.

6. Closing and Rental

a. Closing costs can include:

i. Repairs

ii. Pro rated expenses

iii. Deposits on utilities

iv. Legal

v. Land Transfer Fees (some U.S. states and most of Canada)

vi. Vacancy costs

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

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

Hint:
See Offer
page in
app

i. check references

ii. check credit history

iii. arrange a lease document

iv. generally have better qualified tenants and access to private tenants

v. most charge 1 months rent as their fee

d. Optionally some property management companies offer the same service as a real estate agent, including refill of vacancies for a fee (6-7% monthly + a flat fill fee?)

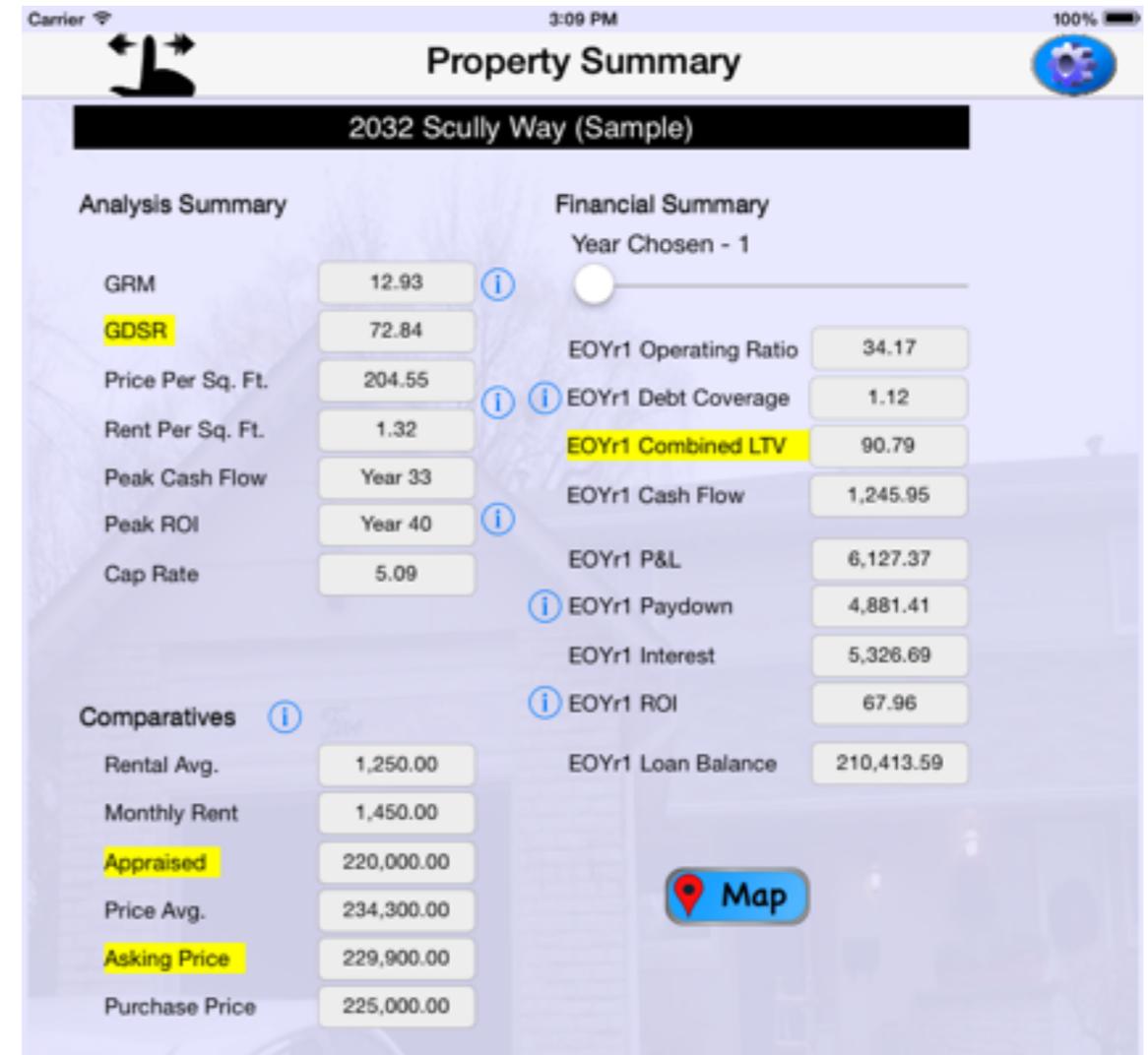
Hint:
See Ana-
lyze page
in app

Sample Property

SAMPLE PROPERTY

1. summary page
2. analyzer
3. info
4. offer

1. From the summary page you can determine the key metrics for your property. Here is a quick description of some of the key metrics. If the item is yellow, the software is warning you that the metric needs further attention.



a. Analysis

- i. GRM = Gross Rent Multiplier. $\text{Purchase Price} / \text{Annual Rent}$. Compare to other properties in the same area.
- ii. GDSR = Gross Debt Service Ratio. From the analyzer pages. % of cash flow (rent - certain expenses, depends

on Country, bank, and type of mortgage) used to service debt. Banks use this amount to determine eligibility for a loan. Each bank may use a different ratio. Check with your lender.

iii. Peak Cash Flow. The year in which cash flow maxes out and begins to decline.

iv. Peak ROI. The year that your ROI maxes out and begins to decline.

v. Cap Rate. $\text{Net Operating Income} / \text{Purchase Price}$. Higher is better. $\text{Net operating income} = \text{annual rents} - \text{annual expenses (before any mortgage payments)}$

b. Financial Summary

i. Year Chosen. You can select any year from 1-40 to view that year's financial summary.

ii. Operating Ratio. $\text{Operating Expenses} / \text{Rents}$. Higher is worse.

iii. Debt Coverage. $\text{Net Operating Income} / \text{Debt Service}$. $\text{Net operating income} = \text{annual rents} - \text{annual expenses (before any mortgage payments)}$. Greater than 1 = positive cash flow. Banks may use this amount to determine eligibility for a mortgage.

iv. Combined LTV. $\text{The Total Debt} / \text{Purchase Price}$.

v. Cash Flow. Cash flow is the amount left over after all income, expenses, and mortgage payments have been accounted for

vi. P&L. Profit and Loss. The amount of profit for the year. This amount can be different from cash flow as it also does not include the mortgage pay down for the year.

vii. Paydown. The amount of Mortgage Principal that was paid down for the year.

viii. Interest. The total amount of interest paid for the year.

ix. ROI. Return on Investment. $\text{Profit \& Loss} / \text{Total Cash Invested (from analyzer page)}$. Displays for each year selected.

c. Comparatives

i. Rental Average. All average rents are summarized from the inspection/due diligence page.

ii. Price Metrics. All price metrics are summarized from the offer page and inspection/due diligence page.

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	1,450.00	Rent Inflation %	1.25
Expenses		Expense Inflation %	2.50
	Monthly	Annual	%
Utilities	83.00	996.00	5.72
Repairs	33.33	400.00	2.30
Insurance	73.71	884.54	5.08
Taxes	205.50	2,466.00	14.17
HOA/Strata	Monthly Fees \$	Annual Fees \$	Ann Est %
Rentals	29.95	359.40	2.07
Mgmt. Fees	70.00	840.00	4.83
Other	Other Monthly	Other Annual	Ann Est %
Operations	495.50	5,945.94	34.17
Mortgages	850.68	10,208.11	58.67
Cash Flow	103.83	1,245.95	7.16
Taxable (P&L)	510.61	6,127.37	35.21
Vacancy Reserve	94.25	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.

3. Property Information

The screenshot shows a web form titled "Property Information" with a location pin icon. It is divided into two main sections: "Location" and "Source".

Location Section:

- Address: 2032 Scully Way (Sample)
- City: Orleans
- State/Prov: Ontario
- Postal Code: K4A 4L8
- Country: Canada
- Community: Fallingbrook-Gardenway
- Zoning: Plan 4M 1179 Pt Block 14
- Schools: School Zone or District
- Buttons: "Map" (with location pin icon), "Zoning Upgrade?" (toggle switch), "Desireable Schools" (toggle switch), "View Date" (Sep 08, 2008), "Select" (with mouse cursor icon), "by" (White Squirrel Software)

Source Section:

- MLS#: MLS #
- FSBO: FSBO Number, Web Site URL or Name
- Agent Name: First Last
- Address: Office Address and City
- Phone: ###-###-####
- Email Address
- Buttons: "Map" (with location pin icon), "i" (info icon)

- a. For zoning, schools can be critical to resale and marketability. If you can upgrade the zoning, you may experience a major appreciation. Check with your city planners for the area you are interested in.

From the property information page you can enter as much information about the property as you like. Location, source, and basic information can be entered from the MLS listing or a property info sheet, usually provided by your real estate agent.

4. Making an offer

Offer and Closing Information

Email Address

Offer Details

Closed?

Asking Price: 229,900

Initial Offer: Initial Offer 0.00

Last Sale Date: MMM DD/YYYY Date Picker

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

Accepted Price: 225,000 97.87

Deposit: 2,000

Waiver Date: Sep 26, 2008 Select

Closing Date: Nov 07, 2008 Select

Monthly Rentals

Water Heater: 29.95

Furnance/Air: Monthly Rental

Other: Monthly Rental

Chattels Included

Included=fridge, stove, washer, dryer, dishwasher, hood fan, garage door opener and remotes, all blinds and light fixtures:
Exclusions=master bedroom curtains

Conditions Checklist

Financing

Inspection

Assignment

Extra Visits

From the offer page you can enter as much information about the property as you like. You can enter the asking price, any chattels, and and conditons you want included. Then you can email aPDF to your real estate agent.

- Use this page as a checklist to avoid errors.
- Don't forget your monthly rental items. This section will feed your analyzer pages.
- The insurance info can also generate a report for the insurance company so you can get a quote.

SECTION 3

Inspection Page

SAMPLE PROPERTY

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

Due Diligence

2032 Scully Way (Sample)
Appraisal
Appraised Value 220,000.00

Firm Firm Name
Name First Last
Phone ###-###-####
Email Address

Comparatives

Price Comparative 1	235,500.00	Source	RE Agent-177 Topham
Comparative 2	234,900.00	Source	RE Agent-1875 Hennessy
Comparative 3	232,500.00	Source	RE Agent-556 LaTour
Rent Comparative 1	1,250.00	Source	kijji check
Comparative 2	Monthly Rent	Source	Source of Rent
Comparative 3	Monthly Rent	Source	Source of Rent

Diligence Checklist

Printed MLS/Property Sheet	<input type="checkbox"/>	Asbestos	<input type="checkbox"/>
Existing Tenant Reviewed	<input type="checkbox"/>	Lead	<input type="checkbox"/>
Water, Heating Leases	<input type="checkbox"/>	Aluminum	<input type="checkbox"/>
Survey Received	<input type="checkbox"/>	Mold	<input type="checkbox"/>
Insurance Checklist	<input type="checkbox"/>	Termites/An...	<input type="checkbox"/>

Inspection Checklist

Inspection Date Inspection Date **Select**

Roofing 5 Asphalt, Minor Venting Issue Est. Repairs

Summary Analyze Info Offer Inspect

From the inspect/due diligence page you can enter key details for your property. Here is a quick description of these.

a. Comps and Appraisals

- i. Please try and get 3 price comparatives, an appraisal and 3 rent estimates, 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.

b. Diligence

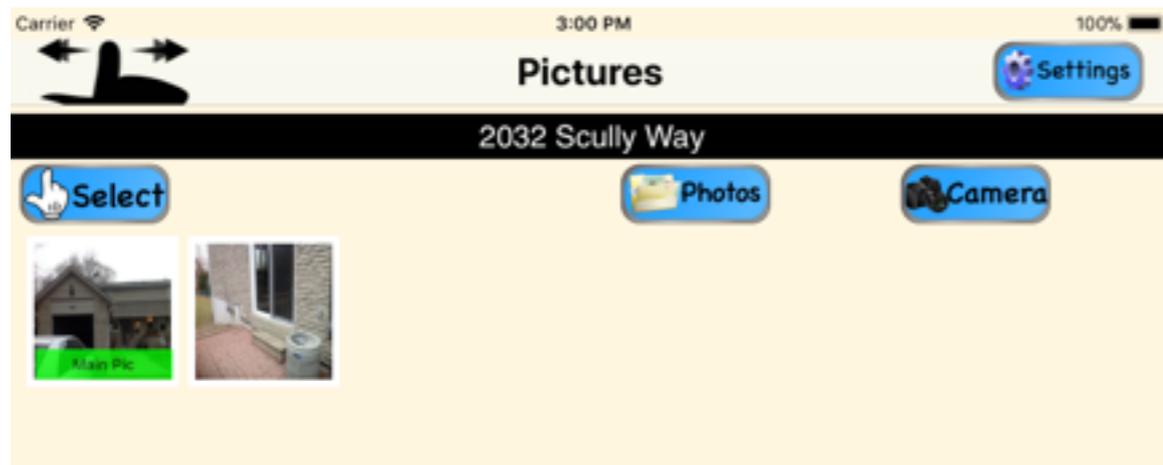
i. Turn on any items you find as a potential problem. These items are generally not accounted for and may have significant extra costs.

c. Inspection Checklist

i. Enter your 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

i. Various emailable PDFs can be generated depending on your target audience. Please select the most appropriate before sending.



ii.