

# Laurel Sagen

- Minerva Properties, Inc. – co-owner
- Over 50 homes flipped
- Managed 34 rental properties
- Licensed contractor
- Bachelor in Business Administration

# What is your “Why”?

- Start with the end in mind
- How do you get there?
- Goals:
  - Specific
  - Measurable
  - Realistic

# Mind Set

- How do you want to do business?
- What is your business philosophy?
- What are your strengths and weaknesses?
- Are you better as a team or alone?
- What stops you from taking action?

# Real Estate Businesses

- Flipper
- Wholesaler
- Agent
- Buy and Hold (Landlord)
- Private Lender

# Resources

- Time
- Cash
- Credit
- Partners
- Consultants
- Contractors
- Agents

# Flipping Business

- Acquisition
- Financing: purchase, carrying costs
- Remodel
- Sales

# Rental Business

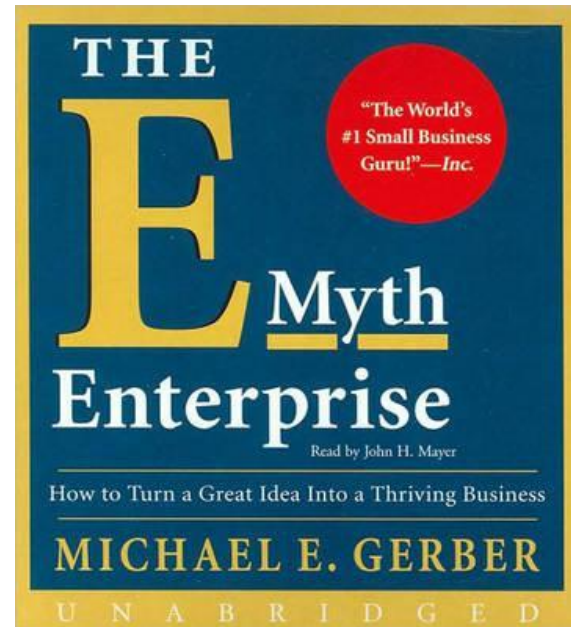
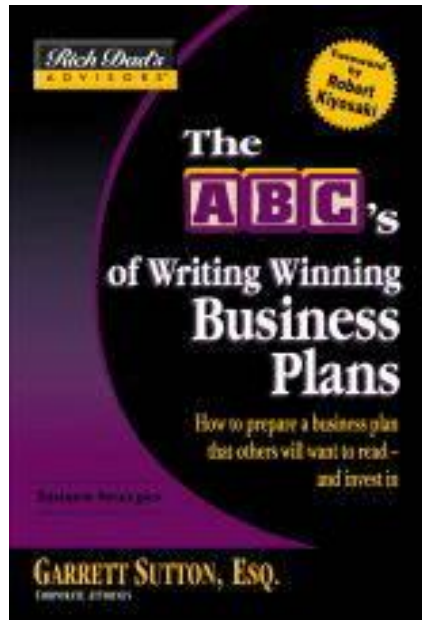
- SFR, multi-family or commercial
- Cap rates/ROI
- Low income or middle class areas
- Hands-on or property managers
- 30-minute rule or out of area/state
- Tenants

# Considerations

- Entities
- Taxes
- Insurance
- Accounting
- Deal Structures
- Agreements
- Legal Compliance



# Business Plan Resources



**U.S. Small Business Administration**

# Mandy Snell

- Custom home builder for 25 years - 130+ custom homes, 30+ custom remodels (\$75 million in net sales)
- Real Estate agent for 3 years
- Manufacturing company - precast fireplace mantels to top 10 production builders in the CA and Costco.com
- Interior Design and Project Management Consultant
- Flipped over 30 properties in last 3 years
- House Captain – Rebuilding Together (non profit)

# Don't try to be a “Jack of all trades”

- Leave your ego at the door – do only what YOU do best
- Team effort - Leverage your team, outsource
- Remember your “WHY” - This is a business, not a game
- Know when to manage hands on and from a distance
- Maintain great communication - gives you permission to be more hands off

# Effective Time Management

- **Prioritize – Big rocks first**
  - Things you can control
  - Things you can influence
  - Things you can't control or influence
- **Time Blocking**
  - Set blocks of time for each task daily, weekly
- **Your Focus and Distraction**
  - Important, not urgent – “ZONE” 50% of time running smoothly
  - Urgent, not important – ONLY for putting out fires
  - Not urgent, not important - emails, phone calls, Facebook

# Operate with a “System”

- Establish Systems and Procedures
- It's all in the Project file
  - Research data
  - Budget Worksheet – Profit Analysis
  - Project Schedule
  - Checklists –acquisition, rehab, sales, investor
  - Contracts – contractor, bids, quotes
  - Title, legal, insurance
  - Invoices
  - RE docs – acquisition and sale
  - Eviction (if occupied at purchase)

# Key Forms - Budget Worksheet

Project Name		123 Main St, SACRAMENTO, CA									
Budget Estimate											
Property Information											
Completed by:											
After Repair Value		\$450,000		ARV - sq. ft.		160.71		APN#			
Rehab Start				Property Type		SFR		Frcldr Rdr Est Value		\$428,000	
Sq ft of house		2,800		Zillow Est Value		\$429,500		Cyberhomes Value			
Year Built		1989		Notes:							
Bedrooms & Baths		4 3									
Lot Size											
Occupied / Vacant											
Owner / Tenant		0									
Back tax & Fees		\$1,200		Insurance and Roof Cert							
(Non including current due)											
Auction Fees (\$300)											
Opening bid		0%									
Winning Bid		0%									

Estimated Renovation Cost											
Occupied		\$0				Notes					
Flooring		\$0		\$							
Paint Int		\$0		\$							
Paint Ext		\$0		\$							
Bathrooms		\$0		\$							
Landscape		\$0		\$							
Kitchen											
Cabinets		\$0		\$							
Counters		\$0		\$							
Appliance											
Stove		\$0		\$							
Micro		\$0		\$							
Dish		\$0		\$							
Fixtures		\$0		\$							
Misc Repairs		\$40,000		\$							
HVAC		\$0		\$							
Roof				\$							
Termite (\$250 Min)		\$0		\$							
Contingency		5%		\$2,000							
Total rehab		\$42,000									

Bidding Information																																					
Expenses																																					
Sale Info																																					
Invest info																																					
Percentage of After Repair Value (ARV)		Tax & Fees		Rehab		Prop Tax		Commissions		Escrow		Ttl Proj. Exp		%		Ttl Cost		Market (Retail)		Close		Net Profit		Proj ROI		Annual CAP											
\$0		\$1,200		\$0		4 mo.		1.5%		2.5%		1.0%						\$450,000		\$161		98															
75%		\$323,000		\$1,200		\$115		\$42,000		\$1,184		\$6,750		\$11,250		\$4,500		\$65,684		20%		\$389,884		\$450,000		\$161		7-Apr 98		\$60,116		16.4%		57%			
74%		\$323,000		\$1,200		\$115		\$42,000		\$1,184		\$6,750		\$11,250		\$4,500		\$65,684		20%		\$389,884		\$436,500		\$161		7-Apr 98		\$46,616		12.7%		44%			
75%		\$323,000		\$1,200		\$115		\$42,000		\$1,184		\$6,750		\$11,250		\$4,500		\$65,684		20%		\$389,884		\$432,000		\$161		7-Apr 98		\$42,116		11.5%		40%			
Final Sale		71.78%		\$323,000		\$1,200		\$115		\$42,000		\$1,184		\$6,750		\$11,250		\$4,500		\$65,684		20%		\$389,884		\$450,000		\$161		7-Apr 98		\$60,116		16.4%		57%	

# Key Forms – Acquisition Checklist

## **Acquisition Check List**

By: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

Purchase Date: \_\_\_\_\_ Purchase Price: \_\_\_\_\_

### **Acquisition**

### **Date**

Done	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	Budget Template _____
<input type="checkbox"/>	<input type="checkbox"/>	CMA-Active-Pending-Sold _____
<input type="checkbox"/>	<input type="checkbox"/>	MLS Listing _____
<input type="checkbox"/>	<input type="checkbox"/>	Property Profile – Title Co _____
<input type="checkbox"/>	<input type="checkbox"/>	Transaction History _____
<input type="checkbox"/>	<input type="checkbox"/>	Property Photos in File (before) _____
<input type="checkbox"/>	<input type="checkbox"/>	Preliminary Scope of work _____
<input type="checkbox"/>	<input type="checkbox"/>	Agent Contacts _____
<input type="checkbox"/>	<input type="checkbox"/>	Other _____

# Key Forms – Sales Checklist

## **Sales Check List**

By: \_\_\_\_\_

|  
Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

### **Executive Approval to Sell**

MLS List Price \$ \_\_\_\_\_

Terms \_\_\_\_\_

Other MLS Questions \_\_\_\_\_

Approval signature \_\_\_\_\_ Date \_\_\_\_\_

### **Sale Preparation**

Date \_\_\_\_\_

N/A

☐ ☐ Staging: Furniture, Pictures, Music, Plants \_\_\_\_\_

☐ ☐ Photos: \_\_\_\_\_



# Planning for Profits

- **BEFORE you buy a property, PLAN a specific outcome UPFRONT!**
  - It's all about the numbers – purchase, holding, rehab, sales
  - Timing, lender stipulations (resale) 90-180 day rule
  - Comprehensive market evaluation – condition of market
  - Detailed rehab evaluation
    - Scope of work – where the rubber meets the road
  - Pro-active marketing and sales strategy to close the deal 100% of the time, on time and on your terms

# Keys to a successful Project

- Buy right – location, price, conforming floor plan
- Evaluate the comps – know your ARV (low, mid, high value)
- Hire licensed contractor, written contracts
  - Scope of work
  - Fixed Price Contract
  - Payment schedule and project completion date
- Rehab accordingly -
  - \$10k, \$20k, \$40k+ plan?
  - Once you establish a budget – don't deviate midway
  - Make all the major decisions upfront – scope, materials, etc
  - One change of mind can have a domino effect on whole job
  - Staging - key
- Don't micro manage your project – let the TEAM do their job
- Weekly job inspections, pay according to work completed

# Control deal all the way to the bank

- **Price it right the first time**
  - Do your homework – not too low, not too high
- **Secure the highest and best offer**
  - Easy to create a buying “frenzy” in this market - be careful
  - Negotiate your deal on your own behalf
  - Have YOUR “Preferred Lender” approve buyer(s) before you accept offer
  - Don’t be in a hurry to accept an offer – keep the buyer coming to you
  - Cash is not always King
  - Meet the appraiser at the house
  - Communicate regularly with buyer’s agent, title company and lender

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