

# STEP-BY-STEP INSTRUCTIONS FOR ANALYZING DEALS

## Cheat Sheet #1

Find a property (Note: you can Add Property to analyze as well, see Cheat Sheet #4)

- 1) Start at **My Home**
- 2) Click **Search Properties**
- 3) Define your Search Criteria
  - a. TIP: It's easiest just to start with a Town or Zip Code
- 4) If you want to search by Building Type, Year Built, or Days on the Market, click "**More Options**"
- 5) Make sure you have identified at least one location, and click the blue "**Update**" button
- 6) Your search options will update
- 7) Click "**See Property Details**" next to a property that interests you
- 8) You can see more details on this page, as well as the listing page
- 9) Click "**Get Full Analysis**" on the Property Information page
- 10) Click "**Get Full Analysis**" on the right side of the "Quick Analysis" Pop-Up (for Investors)

### **IMPORTANT: Quick Re-Sell Price Check based on Rent:**

- To ensure you can complete a quick flip to a "Buy and Hold" Investor, you can do a quick test to see at what price the property will have positive cash flow and a good cash-on-cash return for the investor.
- eRealInvestor pre-populates a generic buy and hold financial model, based on typical market assumptions. You can also use it to analyze other modes (such as Live In and Flip).

### STEPS:

- 1) In **Show Scenarios**, uncheck "Moderate" and "Conservative" and just show "**Aggressive**"
- 2) Click the "**Value**" button next to the **Offering Price**
  - a. TIP: This will give you an "appraisal" on the property
    - i. If the price is too far above its appraisal, you might want to pass on the property
    - ii. Ideally you want to find a property listed for BELOW its appraisal, so there is room to make a low offer and then resell it
- 3) In the "**Monthly Rent**" in the **Input Variables**, plug in the monthly rent you believe the property can generate.
  - a. TIP: Click "**Rents**" next to the Rent slider to see nearby rental listings and place them on a map
- 4) Adjust the "**Offering Price**" to find an attractive cash flow and cash-on-cash return.
  - a. TIP: We like a cash-on-cash return of at least 12%
- 5) **IMPORTANT:** Remember this amount – this will be your **Re-Sale Price**
- 6) Now that we know where we can sell it to an investor, let's look at this property as a Quick Flip – Move to Cheat Sheet #2

## Cheat Sheet #2

### Analyzing a Quick Flip\*

- 1) Click the Purchase Type to “**Re-Sell**”
- 2) Under “**Show Scenarios**” uncheck “**Moderate**” and “**Conservative**”
- 3) On the top move **Holding Period** down to 1 month (*note: this will not matter because our analysis will take out any variables that are affected by time; it's just a good practice*)
- 4) Click **Add/Remove Variables**, then check the following variables to make them visible and then close the variables dialogue box
  - a. **Tax Accounting**
  - b. **Commission on Sale**
  - c. **Selling Costs**
  - d. **Origination Fee**
- 5) For “**Tax Accounting**” choose “**No**”
- 6) In the Input Variables, change **Sale Price Driver** from “**Appreciation**” to “**Plugged**”
  - a. NOTE: This is because we will plug in the sale price
- 7) For the “**Loan Type**,” choose “**All Cash**” to start. (Note: This is just to get started; we may adjust it later to reflect our desired financing)
- 8) Move **Vacancy Rate** up to 100% because no rent will be collected
- 9) Move the following Variables to ‘0’
  - a. **Closing Cost**
  - b. **Commission on Sale**
  - c. **Selling Costs**
  - d. **Property Taxes**
  - e. **Monthly Maint**
- 10) Set **Property Appreciation** to ‘0’ as this will be an instant flip
- 11) Verify “**TOTAL PROFIT**” reads ‘0’ (note: now you are ready to start eRealing the deal)
- 12) Decide the type of loan you want to analyze
  - a. For POINTS ONLY LOAN (often called transactional funding, or 30 day money or less, and generally used for back to back closings or extremely short holding periods)
    - i. Keep Loan Type “**All Cash**”
    - ii. Add any points being paid to the Closing Cost field
    - iii. This will factor in the cost of the loan as a percentage of the Offering Price
- 13) Adjust the following variables as needed (don’t limit yourself to this list though!)
  - a. **Offer Price (we usually like to offer between 30% and 40% less than Asking)**
  - b. **Sale Price (this is the price we obtained with the Re-Sell Price Check)**
  - c. **Closing Costs (include Points in this if you have a Points Only Loan)**
  - d. **Commission on Sale**
  - e. **Selling Costs**
- 14) CLICK VIEW SPREADSHEET TO VIEW THE DEAL IN A DATA TABLE
  - a. This data table organizes all the vital information about the deal and presents it in an easy way to distribute to people.
- 15) To view different scenarios side by side (such as Lower Offering Price)
  - a. Check another scenario under “Show Scenarios” in the upper left
  - b. Click “**Load Values From Scenario**” and check **Aggressive** (*note: this will duplicate the Aggressive Scenario*)
  - c. Modify the variables that would create a worse case and better case, so you can see a range of outcomes. These variables are subjective, and may be deal-specific.
  - d. View and Compare the graphs. The most important graph is your Total Profit. That is the amount of money you will make in the deal.
- 16) Rename your Scenarios to indicate what makes them different (such as “Low Offer”)
- 17) SAVE YOUR SCENARIOS AND SAVE PROPERTY (so you can come back to review, adjust the variables to see other possible outcomes, etc.)

\*Quick Flip means a 30 Day or less holding period; often same day double closings

## Cheat Sheet #3

### Analyzing a Rehab Flip

**Note: The first 11 steps are the same as a Quick Flip. The differences include Holding Period, Rehab Costs, Loan Type, and Expenses during Rehab (insurance, utilities, etc.).**

- 1) Click the Purchase Type to “**Re-Sell**”
- 2) Under “**Show Scenarios**” uncheck “**Moderate**” and “**Conservative**”
- 3) On the top move **Holding Period** to reflect the amount of time it will take to do the rehab
- 4) Click **Add/Remove Variables**, then check the following variables to make them visible and then close the variables dialogue box
  - a. **Tax Accounting**
  - b. **Commission on Sale**
  - c. **Selling Costs**
  - d. **Origination Fee**
- 5) For “**Tax Accounting**” choose “**No**”
- 6) In the Input Variables, change **Sale Price Driver** from “**Appreciation**” to “**Plugged**”
  - a. NOTE: This is because we will plug in the sale price
- 7) For the “**Loan Type**,” choose “**All Cash**” to start. (Note: This is just to get started; we may adjust it later to reflect our desired financing)
- 8) Move **Vacancy Rate** up to 100% because no rent will be collected
- 9) Move the following Variables to ‘0’
  - a. **Closing Cost**
  - b. **Commission on Sale**
  - c. **Selling Costs**
  - d. **Property Taxes**
  - e. **Monthly Maint**
- 10) Set **Property Appreciation** to ‘0’ as this will be an instant flip
- 11) Verify “**TOTAL PROFIT**” reads ‘0’ (note: now you are ready to start eRealing the deal)
- 12) **MAKE SURE THE HOLDING PERIOD REFLECTS THE FULL TIME FOR REHAB WORK**
- 13) **IMPORTANT IF USING A POINTS ONLY LOAN**
  - a. Make Loan Type “**All Cash**”
  - b. If you are paying any points on the loan, add them to the “**closing cost**” as a percent
- 14) **FOR AN INTEREST ONLY LOAN (Hard Money Loan)**
  - a. Adjust the **Loan Type** to Interest Only
  - b. Adjust the **Down Payment**
  - c. Adjust the **Interest Rate**
  - d. If there are Points on the Loan, put them as Origination Fee
    - i. **NOTE: If you included an Orig Fee, REMOVE points from Closing Cost**
- 15) Type in the total **Rehab Costs**
- 16) Adjust the other variables accordingly. Make sure you put in your **Offer Price and Sale Price.**
  - a. **Expenses to consider during a rehab period**
    - i. **Taxes**
    - ii. **Insurance**
    - iii. **Title Insurance (put in closing costs)**
    - iv. **Utilities**
  - b. TIP: You can toggle certain expenses between percent (%) or a dollar figure (\$)
- 17) **CLICK VIEW SPREADSHEET TO VIEW THE DEAL IN A DATA TABLE**
  - a. TIP: The spreadsheet will give you all the numbers you need in a data table
- 18) To view different scenarios side by side
  - a. Check another scenario so it shows up
  - b. Click “**Load Values From Scenario**” and check Aggressive
    - i. This will duplicate the Aggressive Scenario
  - c. Now modify whatever variable makes this a different scenario.
  - d. Compare the graphs at the bottom.
  - e. View Spreadsheet for detailed financial figures.
- 19) **ALWAYS REMEMBER TO SAVE YOUR SCENARIOS AND SAVE PROPERTY**

## Cheat Sheet # 4:

### Adding and Analyzing a Buy-and-Hold Property

#### TASK 1: Add the Property

- 1) Start at **My Home**
- 2) Click **“Add a Property”**
- 3) Provide basic details and a picture and click **“Submit”**
  - a. You **MUST** input the property address correctly or the e-appraisal will not find a value for the property. Google the address to make sure it is correct and map it. Using the map section, use the street view to verify the house exists and check out the surrounding area by panning the viewer.
  - b. A picture is not required however it is **HIGHLY** recommended if you are serious about selling this property. Would you be interested in a property with no picture?
- 4) Click **“Get Full Analysis”** on the right side of the “Quick Analysis” Pop-Up (for Investors)
- 5) Click **“Save to my Properties”**
- 6) This will open your **“Saved Properties”**
- 7) Click **“Edit”** the property you just added
- 8) Edit all the fields that you want
  - a. **IMPORTANT:** To let eRealInvestor’s 60K Unique Visitors view your property, make sure you choose **YES for “Publish Property Publically”**
  - b. NOTE: The financial model (as it will show to others) will be based on all your inputs
- 9) **Add links, contact information** and as much information as necessary
- 10) Click **“Begin Analysis”**

#### TASK 2: Analyze the Property and Create Marketing Materials

- 11) To start, just show one scenario, the **“Aggressive”** scenario, so uncheck the “Moderate” and “Conservative” Scenario
- 12) Adjust the holding period for the amount of time you want to see the analysis for, as a default make it **10 years**
- 13) Click **Add/Remove variables** to show all income, expense and finance options
- 14) Check all variables that need to be accounted for with the property
- 15) Modify all the variables in accordance with the Income and Expenses of the property
  - a. *TIP: Some expenses are calculated monthly, others yearly*
- 16) If you using an Amortized or Interest Only loan, follow the following steps
  - a. Adjust the Loan Type (Amortized or Interest Only)
  - b. Make sure Loan Term is showing
  - c. **IMPORTANT HINT: To lower the Amortization Period, first lower the Loan Term**
  - d. Adjust the interest rate
- 17) See how changing the variables affects the graphs on the bottom
- 18) To create multiple scenarios, check **“Moderate” and “Conservative”**
  - a. To replicate your “Aggressive” analysis, on the “Moderate” scenario, click “Load Values From” and click on “Aggressive.” This will create duplicate scenarios which will enable you to make changes and see side by side differences
- 19) To see more graphs, click on the green **Graphs** button in the top right hand corner
  - a. HINT: Most buyers are interested in Equity, Cash Flow, Cash on Cash Return, which are the default graphs. For additional graphs, such as Cap Rate, GRM (Gross Rent Multiplier), NOI (Net Operating Income), and IRR (Internal Rate of Return), click the green Graphs button in the top right-hand corner to see the full list.

## **BONUS CHEAT SHEET #5**

### **Marketing your property for sale:**

#### **Generating Attractive Cash Flow Reports and Using Social Media**

- 1) When your analysis is ready, click the orange “**VIEW REPORT**” button in the upper right hand corner to create an attractive Cash Flow report (in PDF format)
- 2) You can access your Cash Flow reports in either of two ways:
  - a. Save to your hard drive
  - b. Use a unique URL which can be distributed via email, or published to Facebook and Twitter!
- 3) Save to your hard drive: Click “**Save PDF**” to save the document to your hard-drive

#### **Use a unique URL – follow these steps**

- 4) Highlight the URL (web address) of the report, and then right click and choose **COPY**
- 5) Go to [www.bit.ly](http://www.bit.ly) This site will allow you to shorten the link
  - a. Paste your link in
  - b. Copy the new shortened link
- 6) Open up your **Facebook account**
- 7) **Copy the link** into your wall post area
  - a. Ex: “Check out this potential deal! Monthly cash flow of \$300 and 12% Cash on Cash return. Very safe investment.”  
<http://www.erealinvestor.com/contrib/reports/71737/123-Fake-St-St-Paul-MN-23422-d20101109t154439.pdf>
- 8) Open your Twitter account
  - a. Paste the link in your Twitter feed, along with a message, such as “Check out this great investment, contact me about putting it in your portfolio, INSERT LINK”
- 9) If your investors or clients want to do their own analysis, send them the link to the **Property Information** page.
  - a. Ex:  
<http://www.erealinvestor.com/eriweb/index.cfm?event=view.property.information&p=12411902>
  - b. Hint: You can always get to this page if you are analyzing the property. Just click the Property Address, and it will take you to the Property Information page
  - c. They can sign up for a FREE account with eRealInvestor to perform their own analysis