

Thinking Through the Deal Worksheet

Know What Your End Result Will Be Before You Make Your Offer to Buy

1. What Type Of Area Is The House In?

Homeowner Rental Area Mixed Rental & Homeowner Good Fair Poor

2. What About This Property Makes Me Believe This Could Be A Good Deal?

3. What Do I Believe Is The Average Price Of Houses In This Area?

\$ \$80,000 or less \$80,000 to \$100,000 \$100,000 to \$150,000 \$150,000 to \$200,000
 \$200,000 to \$250,000 \$250,000 to \$300,000 \$300,000 and more

4. If I Buy This House What Do I Plan To Do With It?

Fix and Rent long term Fix and Sell Quickly Flip the Contract (wholesale)
 Sell long term with seller financing Sell quickly AS-IS Sell AS-IS with seller financing

5. How Will I Finance This Property If I Buy It?

Seller financing terms Financial Friend Hard Money loan NONE (quick flip)
 Institutional loan Split Fund (with partial seller financing)

6. If I Buy This Property How Do I Plan To Sell To Be Able To Achieve My Goals For Buying?

Flip the contract for all cash Seller financing long term Seller financing short term
 Lease Option Contract for Option Buyer will get institutional financing (I can take a 2nd mortgage)

7. What Do You Believe Is The Average Combined Income Per Family of the People Who Live In This Neighborhood And How Much Can They Afford? *In This Example the Maximum Mortgage Amounts And Maximum Payments Are Based On Buyer Getting A 7% - 30 Year Loan You MUST Know How Much You Will Be Able to Sell the Property For Before You Make Your Offer to Buy? The Following Will Help You Determine What Your Buyers Can Afford to Pay.*

Example When Selling Using 7% Interest for 30 Years:

Combined Family Income	Housing loan Ratio	Annual amount for housing	Based on 7% for 30 years the per month gross amount for a payment	Max. Payment less 25% for Property Taxes and Insurance	Maximum Mortgage Amount
\$40,000	X 30%	= \$12,000	divided by 12 months = \$1,000	X 75% = \$750	\$114,000
\$50,000	X 30%	= \$15,000	divided by 12 months = \$1,250	X 75% = \$938	\$142,000
\$60,000	X 30%	= \$18,000	divided by 12 months = \$1,500	X 75% = \$1,125	\$170,000
\$70,000	X 30%	= \$21,000	divided by 12 months = \$1,750	X 75% = \$1,313	\$199,000
\$80,000	X 30%	= \$24,000	divided by 12 months = \$2,000	X 75% = \$1,500	\$227,000
\$90,000	X 30%	= \$27,000	divided by 12 months = \$2,250	X 75% = \$1,688	\$255,000
\$100,000	X 30%	= \$30,000	divided by 12 months = \$2,500	X 75% = \$1,875	\$284,000
\$110,000	X 30%	= \$33,000	divided by 12 months = \$2,750	X 75% = \$2,063	\$312,000
\$120,000	X 30%	= \$36,000	divided by 12 months = \$3,000	X 75% = \$2,250	\$340,000
\$130,000	X 30%	= \$39,000	divided by 12 months = \$3,250	X 75% = \$2,438	\$369,000
\$140,000	X 30%	= \$42,000	divided by 12 months = \$3,500	X 75% = \$2,625	\$397,000
\$150,000	X 30%	= \$45,000	divided by 12 months = \$3,750	X 75% = \$2,813	\$425,000

To calculate the Maximum Monthly Payment Amount based on their income at 30%

Combined Annual Family Income \$	X .01875 = \$	Maximum Monthly Payment Amount <small>(after Taxes and Insurance have been deducted)</small>
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Maximum Monthly Payment divided by Combined Gross Family Income = Factor

Maximum Mortgage Amount \$	divided by \$	Combined Family Income =	Factor
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The Interest Rate You Plan to Charge Your New Buyer	10 yrs	15 yrs	20 yrs	30 yrs	Length of loan
4%	1.85	2.54	3.10	3.92	Factors
5%	1.77	2.37	2.84	3.49	Factors
6%	1.69	2.22	2.62	3.13	Factors
7%	1.62	2.09	2.42	2.82	Factors

To Calculate the Maximum Loan Amount

To calculate the **Maximum Loan Amount** a buyer can afford based on their income.

Combined Annual Family Income \$	X FACTOR = \$	Maximum Loan Amount
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