

Team 4's Week3 Homework

We found a 4B1.75B property in the popular Kirkland neighborhood on auction.com. Given the competitiveness in the local market, we set the benchmark at 75% instead of the conventional 70%. After considering the repair cost, holding cost, and transaction cost, the analysis show that with a bidding price of \$600,000, we will make a profit of \$183,120.98 and meet the 75% rule.

Property Info

Report Title **12045**
Property Address **12045 NE 70TH ST, KIRKLAND, WA**
Property City **Kirland**
Property State **WA**
Property Zip **98033**

Annual Property Taxes **\$ 7,338**

MLS Number
Description

Listed on auction.com. SFR built in 1955. Total 1920sf. 4B1.75B. Lot size 10,413sf. No view. Currently used as home daycare. Photos show decent condition with roof, exterior siding, landscape, fence, interior wall, window. B/c it is used as a daycare and need to pass inspections, we assume good conditions with MEP. May need to redo kitchen, bathrooms, floor. Schools: 8/8/9

Link

<https://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=3889100017>

Photo



Purchase Info

Purchase Price	\$	600,000.00	
After Repair Value	\$	1,000,000.00	
Purchase Closing Cost	\$	-	
Estimated Repair Cost	\$	100,000.00	
Pre-Rent Holding Costs	\$	-	
Down Pmt (%)		0%	(Hard
Loan Interest Rate (%)		12.000%	money)
Points Charged by Lender		2.00%	
Other Charges from the Lender	\$	-	

Loan Fees & Points

Loan Fees & Points

☐ Wrap into the loan

☒ Pay out of pocket

Interest Only?

Interest Only?

☐ Yes

☒ No

Amortized Over How Many Years?	30
Typical Cap Rate for This Area (%)	7.50%
Monthly Mortgage Payment	\$ 6,171.68

Holding Cost Per Month	\$ 7,563.17
Holding Period (month)	6

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Itemized Closing Cost	
SUM	\$ -
Realtor Fee	\$ -
Title Company	\$ -
Title Search	\$ -
Phase 1 Environmental	\$ -
Foundation Inspection	\$ -
Soil Test	\$ -
Survey	\$ -
Loan Closing Cost	\$ -

Itemized Holding Cost Per Month	
SUM	\$ 7,563.17
Electricity	\$ 60.00
Water & Sewer	\$ 20.00
PMI	\$ -
Gas	\$ 30.00
Garbage	\$ 30.00
HOA	\$ -
Other Monthly Exp.	\$ 90.00
Insurance	\$ 150.00
Property Tax	\$ 611.49
Mortgage	\$ 6,171.68
Marketing	\$ 400.00

Sale

Sale Price	\$	1,000,000.00
RE Agent Commission Rate		5%
Sale Commission	\$	50,000.00
Sale Closing Costs	\$	21,500.00

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Itemized Sale Cost		
SUM	\$	21,500.00
Escrow Fee	\$	1,000.00
Title Insurance	\$	1,500.00
Transfer Tax	\$	17,800.00
Attorney Fee	\$	1,200.00

1.28+0.5%

Flip Report

Maximum Allowable Return	\$	183,120.98
Sales Price	\$	1,000,000.00
Rehab Costs	\$	(145,379.02)
Repair Costs	\$	100,000.00
Holding Costs	\$	45,379.02
Purchase Costs	\$	(600,000.00)
Purchase Price	\$	600,000.00
Puchase Closing Costs	\$	-
Sales Costs	\$	(71,500.00)
Agent Commission	\$	50,000.00
Sale Closing Costs	\$	21,500.00
70% Rule		
Actual %		75%
Equity Multiple		2.09

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	Equity Multiple	2.09	
	Cash In	Cash Out	
	\$ 157,379.02	\$ 328,500.00	
Down Pmt	\$ -	\$ 1,000,000.00	ARV
Repair Cost	\$ 100,000.00	\$ (600,000.00)	Loan
Holding Cost	\$ 45,379.02	\$ (50,000.00)	Sale Commission
Closing Cost	\$ -	\$ (21,500.00)	Sale Closing Cost
Loan Points	\$ 12,000.00		
Other Lender Charges	\$ -		