

# 找 DEAL Homework 2

## 1. 拿到一个 pre-approval 或 proof of fund

Re: Zhang pre-approval

We are pleased to inform you that your mortgage application has been pre-approved subject to the terms and conditions stated below. This pre approval was based upon review of your credit report and income documentation and is valid through 3/7/2021.

**Terms:**

Loan Type: Conventional

Property Address: 6822 Azalea Drive, Indianapolis, IN 46214

**Conditions:**

- Satisfactory appraisal and all property related requirements
- Sufficient funds for closing
- Two years employment history
- Subject to final underwriting approval

If there are any changes to your credit, employment, income or financial position or if you are unable to meet any of the terms or conditions above, please notify us immediately, as it could affect your approval or result in a delay your closing. This is not a commitment or guarantee of loan approval. Please feel free to contact me if you should have any questions.


Sincerely,



Senior Loan Officer  
Tucker Mortgage, LLC  
NMLS #: 214466

2. 在 MLS （可用 redfin）看目标地区的房源，分析一个房子，根据自己的投资策略算出可出的价钱

2.0. I spotted a house that might worth investing in my interested areas. This house has 4 bedrooms and 2.5 baths, 1937 sqft, asking for \$170,000 (it's currently pending because my offer got accepted).

**6822 Azalea Dr**  
Indianapolis, IN 46214  
Status: Pending

**\$170,000**  
Listed at Price


**4**  
Beds

**2.5**  
Baths

**1,937** Sq. Ft.  
\$88 / Sq. Ft.

Built: 1974 Lot Size: 0.43 Acres On Redfin: 12 days

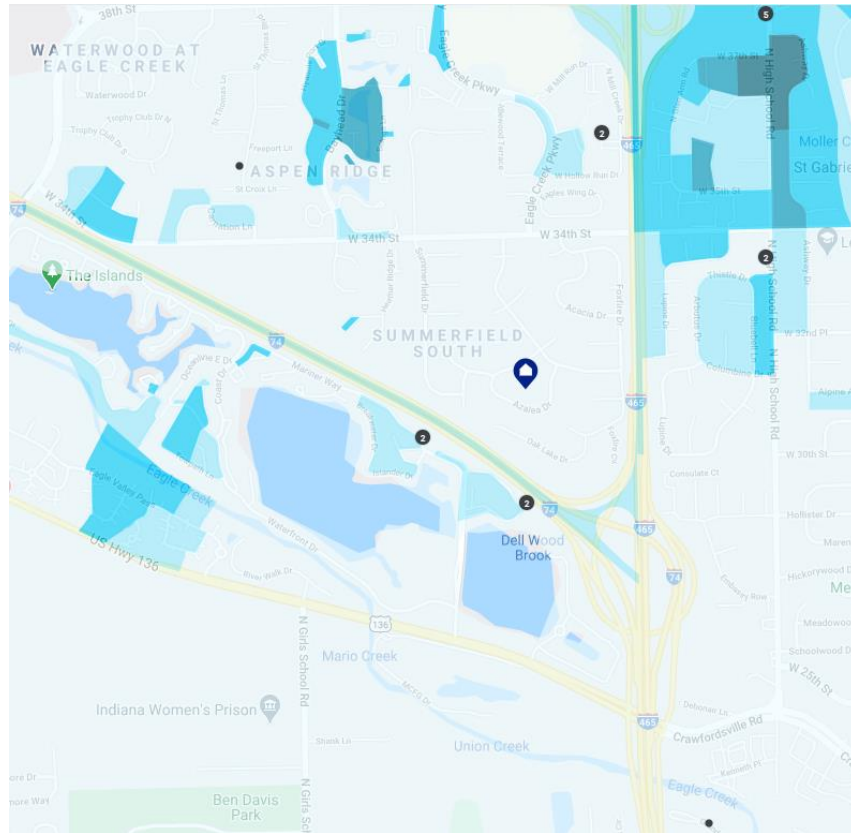
OverviewProperty DetailsSale & Tax HistorySchoolsPublic FactsRedfin Estimate



Spacious 4bd 2.5ba home in a desirable neighborhood. Convenient Wayne township location. Beautiful brick fireplace in vaulted ceiling family room. All appliances stay including washer and dryer. Double oven and convection oven in kitchen. Lovely french doors separate livingroom and

2.1. Rent on 4 bedroom houses are usually between \$1400~1500 in this area, this houses may suffer from highway noise, to be on the conservative side, I use \$1420 as rent for my calculation.

2.2. Check crime rate on trulia to make sure I am not getting myself into a warzone The neighboring zipcode has a spot that seems back, but the neighborhood of this house is good (the analysis was done in homework1).



### 2.3. Zillow lot line to check neighbors







The price is similar to the houses around it



#### 2.4. This house may need a little work, so I want to calculate ARV even though I am not doing flipping

Most comparables have 3 bedrooms, but it should be fine. I take a conservative number of \$95/sqft to calculate the ARV. It worths \$185,000.

The house only needs some cosmetic work: it needs new carpet on the second floor, fresh paint whole house, and some reglazing work for the 3 bathrooms. The total is about \$7000~\$8000. Even if we go with the asking price, we are still not overpaying.

	Address	Location	Price	Beds	Baths	Sq.Ft.	\$/Sq.Ft.	On Redfin	
	3115 Skeeter Ct	Wayne	\$195,000	3	2.5	1,823	\$107	16 days	
	3242 Country ...	Wayne	\$210,000	3	2	2,115	\$99	22 days	
	7946 Carberry ...	Wayne	\$190,000	3	2	1,807	\$105	42 days	
	2280 Leith Ct	Wayne	\$205,000	4	2.5	2,198	\$93	54 days	
	2545 N Girls S...	Wayne	\$200,000	3	2	2,040	\$98	61 days	
	7968 Eagle Val...	Wayne	\$148,000	3	2.5	1,588	\$93	72 days	
	2332 Historic ...	Wayne	\$183,000	3	2.5	1,688	\$108	75 days	
	7959 Inishmor...	Wayne	\$204,000	3	2.5	1,908	\$107	76 days	
	6647 Eagles P...	Wayne	\$201,000	3	2.5	2,108	\$95	78 days	
Average for 46214:			\$197,550	3	2.5	1865	\$102	56 days	

#### 2.5. Calculate cash-on-cash return on this house

I usually use conservative numbers for the calculation. Given current market, it's not very realistic to go above 10% on cash-on-ash. I am willing to take 6+%.

Rent of \$1420 is within \$1400 to \$1500 for the neighborhood. I use 7% vacancy rate which is higher than 5% for rental units in this area.



6822 Azalea Dr			
	Rent	\$1,420	
	Original	\$163,000	\$8,000
	Total Value	\$171,000	\$131,000
	Down Paymt	\$40,000	
	Interest Rate	3.75%	
	Term (Year)	30	
	Taxes	\$220.0	
	HOA	\$35.0	
0.70%	Insurance	\$99.8	
1%	Repair	\$142.5	
7%	Vacancy	\$99.4	
0%	Prop.Mngmt	\$0.0	
	Montly Cost	\$596.7	
	Monthly Payment	\$602.0	
	Payback	\$221.34	
	Return Year	15.05989607	
	Max willing payme	\$163,000	
	Down Payment	Return Year	
	30,000	14.25	7.02%
	40,000	15.06	6.64%
	50,000	15.59	6.42%
	60,000	15.96	6.26%
	70,000	16.24	6.16%
	80,000	16.45	6.08%
	90,000	16.63	6.01%
	100,000	16.76	5.96%
	110,000	16.88	5.92%
	120,000	16.98	5.89%
	130,000	17.06	5.86%
	140,000	17.13	5.84%

Given the calculation, the MAO is \$163,000. I decided to go a little lower than that.