

# HOW WE CALCULATE OUR OFFERS

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- This is information only.
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# How We Calculate Our Offers

*How and why we can offer you more than any other buyer*

We are providing you with several options to consider with different prices and terms.

As professional home buyers we can pay you all cash if you were not in a position to consider taking back a real estate note secured by the property. However, as with other investors paying all cash, we would need to buy at a discounted price to make a profit due to the cost of raising the cash from our network of nationwide money partners.

The advantage for you is we do not intent to “flip” you property but instead buy and hold long-term. Therefore we take into account property appreciation and market rent increases over time. The longer you can wait for some of you equity the more we can offer you when selling today.

In a nutshell, our prices to you our calculated on:

- Future value of property at note maturity
- Less all buy, hold and sell expenses
- Less a target profit at note maturity

To protect our money partners, you and ourselves, we carefully and meticulously crunch all of our numbers and only make promises we are confident we can keep. In a sense we start in the future and work backwards. Considerations include:

## **1. Projected value of the property at the end of the note term**

*The longer you go on a note the higher price we can offer.*

## **2. Cash now we need to buy, fix up and occupy**

*The less cash we need the higher price and monthly payment we can offer.*

## **3. Cash flow from rents -- net after all monthly expenses**

*The most we offer as a monthly note payment is our net cash flow. If you want to collect less and leave us with some positive cash flow than it can increase our offer price.*

## **4. Interest on your note**

*We can pay any interest rate you want. However we can demonstrate how you will normally save on taxes by accepting*







(970) 689-3484 1281 E. Magnolia St. Suite D-129

info@loftpropertiesolutions.com

*a higher price verses higher interest. The monthly payment is limited to our net cash flow so increasing the interest would not increase your monthly payment. It is usually best to get a higher price since real estate capital gains are taxed at a lower rate than interest income, or not taxed at all. Interest we offer is calculated at current rates published by the IRS each month.*

**5. Costs of taxes, insurance, vacancies, maintenance, repairs and management**

*We incorporate professional property management and tenant incentive programs to reduce our expenses. You benefit with a higher monthly note payment and sales price.*

**6. Cash later to you as a balloon payment due at maturity**

*This amount is determined by the price, down payment, monthly payment and interest rate. While a normal mortgage is 30 years, we instead prefer offer 9, 15 or 20 years with a balloon payment due at the end.*

**7. Profit target we seek by end of the note term.**

*This is a fixed amount based on the term of your note. At the end of the term we are prepared to sell or refinance the property to pay you off in full.*



# How it Works

## *7 Steps to Selling Us Your Property*

### **1. Decide that you're interested in selling.**

Even if you're not ready to move or sell immediately, if you are thinking of selling then let's find out now what we can do for you before investing a lot of time or money pursuing traditional routes of fixing it up, marketing it yourself, listing it with an agent or renting it out.

### **2. Provide us with property details**

We will then be able to do some of our preliminary research and make our plans which will help us determine what we can offer.

### **3. Schedule a time to discuss your preferences, desires and goals with us.**

We prefer to meet at the property to see it, but we can also meet at a coffee shop or speak by phone. If you have occupants you wish not to disturb, we can inspect the property after we agree on the terms of the sale. The more we know about what you hope to do and when, the easier it is to get you what you want.

### **4. Give us a few days to crunch our numbers, finalize our market research and determine exactly what is the best we can offer you.**

### **5. Schedule a time to discuss our offer and get any of your questions answered.**

Once we have a general agreement we will then prepare a sales agreement to work out the finer details such as closing date, possession date, personal property included and any conditions to be satisfied prior to closing such as appraisal, inspection, etc.

### **6. Sign agreement and prepare for closing**

We're happy to give you 7 days after accepting our written agreement to seek family or professional advice as needed. We will begin the closing process contacting the escrow agent, ordering the title report and scheduling any needed inspections.

### **7. Close the sale of your property!**



(970) 689-3484 1281 E. Magnolia St. Suite D-129

[info@loftpropertysolutions.com](mailto:info@loftpropertysolutions.com)

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