



DAGER CONSTRUCTION INC.

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CBC 059356

Executive Summary

Introduction

Dager Construction Inc. is a Central Florida based Certified Building Contractor (CBC059356) experienced in land development and building construction incorporated in February 2000. The company is operated out of its office in Apopka, FL, and is fully owned and controlled by Ron Dager, a full-time resident of Florida.

The company intends to purchase distressed single-family residential property in Central Florida for the purpose of rehabbing and reselling for profit to other investors and to owner occupants. Dager Construction is the “Contractor” that will perform the Rehab on these properties, thus reducing material and labor costs of hiring an outside Contractor. Target properties will include REO foreclosures, pre-foreclosures and potential short-sales all selling for well-below market value. We are seeking funding for real estate development of distressed residential properties for re-sale.

Management and Team

The day-to-day operations of the company will be actively managed by Ron Dager and Terry Stout, with additional full-time staffing to be considered once the company has consistent and adequate cash flow or when additional outside investment is available. Ron Dager has 12 years of commercial and residential building development, construction and corporate management experience. Ron has designed, planned and built 28 residential homes in the past 12 years. Dager Construction has completed several residential and commercial; renovations, additions and remodels at various levels in addition to design, build properties. Terry Stout has 24 years (6 years active duty military officer), corporate management, project management, P&L, material acquisition and estimating experience. Terry’s logistical experience include the deployment of over 200 personnel and associated equipment to a foreign country within 60 days and unit Supply Officer; all of which will contribute to the long-term success of Dager Construction.

The company will handle all aspects of property acquisition, property renovation, and property disposition. Additionally, the company will assemble a strong team of investment advisors, industry professionals and licensed sub-contractors to ensure its investment plan is well-defined and successfully executed. This includes finding a qualified CPA, real estate attorney, and title attorney, as well as assembling a team of real estate agents, inspectors, appraisers, insurance agents, etc.

Business Structure

The company will retain the services of both an experienced real-estate attorney and a qualified CPA; based on their recommendations, Dager Construction is formally structured as a limited liability company (LLC), and taxed as an S-Corporation. Additionally, it is expected that the company will hold each of its investment properties as a separate limited liability corporate entity (LLC).

The purpose of this corporate structure will be two-fold:

- 1) Provide asset protection and shield individual assets from any liability created by other assets.
- 2) Provide sound and strategic tax benefits to the company and its owners/investors.

Project Summary

We will target the Distressed/REO Single Family Home (SFH), 3 bedroom 2 bath \$130k - \$160k Metro Orlando market. After Repair Value list price of \$170k - \$225k. The bestselling market in the Orlando area are; SFHs under \$250k (64%). See attached.

Each project will vary in time and cost. We will have a customized model generated for every property based on but not limited to; purchase price, rehab costs, agent & closing fees, and local comps. Properties that meet our initial criteria will be identified and visited to view the disposition and condition they are in. We will schedule a walk thru to develop an initial estimate of time and materials needed to ready the property for listing. If the numbers align with our return, fees and local comps we will make a cash bid to the owner(s) of the property. Understanding that time is of the essence, we will be ready to conduct a title search and make the bid to the owner(s) within days of viewing each property.

Prior to purchase of the property we will schedule an FHA inspector to provide a detailed analysis to bring the property to FHA funding standards. Dager Construction will conduct the rehab and hire subcontractors as needed based on the scope of work to be performed. We expect the rehab phase to last 30-60 days. When the property is ready for listing, our agent will make the appropriate arrangements for the MLS.

Exit Strategy

In order to stay flexible and profitable in today's fast-changing real estate market, the company will employ several different exit strategies, as necessary to complete our deals. By having multiple available exit strategies, the company hopes to avoid holding properties longer than necessary, which would in-turn tie up valuable capital.

The four specific exit strategies the company will consider for each property are:

- **Resale:** In most cases, the company expects to turn-around a newly acquired property for quick sale after rehab (this is commonly referred to as a “flip”). In some cases, the resale may be to another investor who plans to hold the property as a long-term investment, and in other cases, the resale will be to an owner-occupant who will purchase the property as their primary residence. While rehabbing and reselling will be the preferred strategy for each property, the company will certainly consider other back-up strategies as necessary to ensure a smooth exit from each project.
- **Lease-Option:** An increasingly more popular mechanism for exiting a property investment in this difficult market is to lease-option the property to potentially qualified buyers. In a lease-option, the property is leased to a tenant (just like a rental), but the tenant is contractually offered the right to purchase the property for a pre-determined price at some future point in time. In return for receiving the option to purchase, the tenant pays an option fee and an increased monthly rent. Should the tenant choose to execute the option, the option fee and a portion of the increased rent are credited against the sale price; should the tenant choose not to execute the option, the option fee and the rent differential are forfeited.
- **Lease (Until) Sale:** If the “Rehabbed” property does not sell within **90** days following the listing for sale then the property will be leased, while remaining on the market listings for sale. We will agree on a lease schedule with potential renters if the property is sold within the term of the lease.
- **Long Term Hold (Rental):** Today's current real estate climate may make it difficult to resell or to lease-option all houses quickly and/or at market value. As such, the company expects that occasionally a property it acquires will be held for greater than one year and rented to qualified tenants. By holding property for at least one year, the company also ensures that investments will receive the tax benefit of long-term capital gains, thereby increase long-term returns. All houses considered for long-term hold will be evaluated prior to acquisition to ensure that they will produce adequate cash flow to support all property expenses, management fees, investor principle interest returns and insurance premiums; plus provide a return on the investment through projected increased appreciation. Properties held as rentals will continually be evaluated against market conditions to determine an appropriate time to sell.



Orlando Regional REALTOR® Association

Monday Morning Quarterback - 06/17/2012 - 06/23/2012

Lake, Orange, Osceola & Seminole Counties

Single Family Homes

Sales	Total	Under \$250k	\$250K to \$300K		\$300K to \$400K		\$400K to \$500K		\$500K to \$1M		Over \$1M
			241	16	25	8	10	5			
Bank Owned	66	61	2	2	2	0	0	1			
Short Sales	91	80	3	4	4	2	2	0			
Other	148	100	11	19	6	8	4				
Active Listings	8,628	5,541	660	778	401	820	428				
Bank Owned	666	594	29	23	7	8	5				
Short Sales	2,345	1,977	131	94	52	79	12				
Other	5,617	2,970	500	661	342	733	411				
Months of Inventory	7	5	10	7	12	19	20				

List Price

Average Original List Price	\$219,433	\$140,909	\$301,036	\$385,583	\$463,125	\$762,522	\$1,436,284
Average Final List Price	\$209,963	\$135,306	\$284,801	\$361,147	\$447,238	\$723,112	\$1,407,084

Sale Price

Average Price	\$201,135	\$131,636	\$270,837	\$347,275	\$422,125	\$687,852	\$1,270,236
Median Price	\$150,000	\$130,000	\$269,245	\$335,000	\$418,500	\$717,500	\$1,125,000

Price Differences

Original to Final List Price	-\$9,470	-\$5,603	-\$16,235	-\$24,436	-\$15,887	-\$39,410	-\$29,200
Original List to Sale Price - %	-\$18,298	-\$9,273	-\$30,199	-\$38,308	-\$41,000	-\$74,670	-\$166,048
Final List to Sale Price - %	-\$8,828	-\$3,670	-\$13,964	-\$13,872	-\$25,113	-\$35,260	-\$136,848
Original List to Sale Price - %	91.66%	93.42%	89.97%	90.06%	91.15%	90.21%	88.44%
Final List to Sale Price - %	95.80%	97.29%	95.10%	96.16%	94.38%	95.12%	90.27%

Days on the Market

Avg Days Listing to Contract	91	82	146	137	58	78	187
Combined Avg Days to Contract	114	97	146	173	58	150	583
Avg Days Listing to Closing	158	149	196	193	146	180	280
Avg Days Contract to Close	66	65	49	55	87	100	92

Beds / Baths

Average Bedrooms	4	3	4	5	4	5	4
Average Full Baths	2	2	3	3	3	4	4
Average Half Baths	0	0	0	0	1	1	1

Square Footage

Average Square Feet	2,094	1,871	2,683	3,133	2,624	4,284	4,910
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