

Private Lending Package



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Executive Summary

Date: 12/7/16
Submitted to:

Submitted by: Daniel Sisto
7379 Palomino Path
Liverpool, NY 13088

The company is a start-up real estate investment business venture developed for the sole purpose of investing and generating revenue through residential real estate. We will develop a long term real estate investment company by leveraging \$40,000 in initial cash, private money lenders, hard money lenders and building relationships with lending institutions.

Our business model is built around our ability to creatively and effectively market to distressed/motivated homeowners who are willing to accept discounted wholesale prices in return for very favorable terms with the sole purpose of assigning the contract to another investor/homeowner, adding value through strategic rehabs and implementing cash out refinances for our rental properties in order to generate a profit. Often, there will not be a substantial difference between our offer and net cash a homeowner would receive by listing their property with a traditional real estate agent. When homeowners list their properties with a real estate agent they will pay 7% in commissions and 4% in closing costs. We plan to use the beneficial terms we offer to our advantage as the homeowner will not have to pay any commissions, closing costs, make additional repairs and we have the ability to close on these properties in 14 days or less. Our proposition of an all cash offer with fast escrow close and beneficial terms is often a good option for sellers who recognize the benefit of speed to cure their financial situation.

The mission of HS Property Funds is to create valuable partnerships and provide leadership that results in successful business ventures, improvement of residential communities and profit generating investments. We strive to create long term sustainable value for our investors through our ability to capture value added opportunities and strategic asset growth.

HS Property Funds was created July 28th 2015 by Daniel Sisto, the current President & CEO of the company. HS Property Funds currently has built relationships with several independent contractors and third party professionals in order to implement systems and drive revenue with the intention of making strategic hires to begin scaling operations. HS Property Funds is currently located in Syracuse NY, where



the majority of initial operations & investments will take place. The key players that we feel we needed to build relationships with in order to operate effectively in our first year are: An attorney, accountant, construction specialists (general contractors & sub-contractors), lending institutions, private & hard money lenders, real estate agents, wholesalers and bird dogs. By building relationships and working with these professionals we intend to scale operations while limiting the overhead in first year of business. Our financial strategy will be to leverage our initial \$40,000 in seed money into a growth company with a balance sheet in excess of \$1,000,000 in our first 3 years of operations. We will use private money lenders to fund our deals and use our \$40,000 in cash to cover the balance owed to purchase our first 4 properties. The first 4 properties we purchase will have an exit strategy of rehabbing and selling to increase our cash flow so we can continue using leverage with our private and hard money lenders. To achieve our goal, we intend to purchase thirty properties by the end of our 3rd year of operation, generating net profit of \$580,000 from the sale of 23 properties and cash flow from 8 properties and equity of \$200,000 from holding our 8 rental properties. We also plan to assign/wholesale 20 properties to generate an additional \$80,000 in net profit. Primarily, our revenue will be generated from three sources of income:

- Net profits from buying, rehabbing and selling properties
- Cash flow from long term rental properties
- Cash generated from wholesaling or assigning contracts to investors

HS Property Funds total revenue for the first twelve months is \$388,000, consisting of the sale of three of five properties, retaining 1 property as a long term hold and wholesaling the other property. Total Revenue will increase to \$1,316,000 in the second year based on acquiring an additional 18 properties, selling ten of these properties, holding three more properties and wholesaling 10 more properties. Year three we will see a slight increase in total revenue to 1,329,000 by acquiring an additional 23 properties selling 10 properties, holding four more properties and wholesaling an additional nine properties. The company's net profits in the first year is \$67,750, increasing slightly to \$100,000 in the second year due to additional payroll and benefit costs and increasing slightly to \$105,000 due to a slight increase in revenue but additional payroll and benefit costs.

During this period of time we will continue to leverage money from private lenders and hard money lending institutions on a deal by deal basis paying these lenders back in 6 month terms for our















rehab and sells and long term hold cash out refi's. This will allow us to establish a trustworthy relationship resulting in extended loan periods (2-30 years), permitting us to accumulate more rental properties.

Map

Display

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<input checked="" type="checkbox"/>			Chg Type	 	MLS #	S	PT	Address	Area	SqFt	Bed	Bth	Acres	Price
<input checked="" type="checkbox"/>	1	Never	S-Sold	 	S349377	S	RES	7613 Homestead Dr	Lysander-313689	1,296	3	1.0	0.45	\$126,000
<input checked="" type="checkbox"/>	2	Never		 	S347751	S	RES	7401 State Fair Blvd	Van Buren-315689	1,350	3	2.0	0.39	\$126,500
<input checked="" type="checkbox"/>	3	Never	Price Decrease	 	S1009317	A	RES	126 Cedarwood Blvd	Van Buren-315689	1,275	3	1.0	0.23	\$129,900
<input checked="" type="checkbox"/>	4	Never	S-Sold	 	S349584	S	RES	8269 SIXTY Rd	Lysander-313689	1,392	3	1.0	9.34	\$135,000
<input checked="" type="checkbox"/>	5	Never	S-Sold	 	S353911	S	RES	7616 Merritt Dr	Lysander-313689	1,356	3	1.0	0.46	\$136,000

You will be on the higher end of these comps due to quality and remodel. All of these properties need work.



Private Money Lender Information

Date: 12/7/16
Submitted to:

Submitted by: Daniel Sisto
7379 Palomino Path
Liverpool, NY 13088

Exit Strategy

For this asset we have multiple exit strategy plans in order to recoup our funds and ensure a profit. Our first exit strategy will be to buy at a discount, rehab and add value strategically and sell for a profit. This will be the first strategy that we implement due to the deep discount and sought after neighborhood this property sits in. Since we will be purchasing this property for around 45% of the total ARV we are very confident that when we make our strategic repairs, we will be able to resell in a very timely fashion.

Plan B will be to purchase the property at a discount, add value through strategic repairs, rent the property out and then refinance into a long term loan after 6 months. Typically lenders will allow you to cash out 75% of the total ARV and since we will be well under this mark with our purchase, repairs and holding costs, this strategy will be a very lucrative alternative for both our investors and our business. With our very strict tenant screening requirements and our property management systems in place, this property will be able to rent for \$1,300 - \$1,500 a month. This will allow us to cash flow \$800 - \$1,000 per month prior to debt service and \$450 - \$650 prior to our debt service.

Plan C will be to purchase the property at a discount, add value through strategic repairs, put a potential buyer into a rent to own situation (with large down payment) and refinance after 6 months. This will allow us to collect rent and a large down payment early on in the process so we can pay back our investors. This strategy also has a large upside on the back end on the cash out refinance since we will be 10-15% under the 75% cash out max after we have owned the property for 6 months.

All 3 of these strategies will be very lucrative for both our investors and our company. We feel very strongly that our required net profit goal will be met using any of the 3 strategies that we discussed thus far.



Funding & Security Details

For this specific project we are asking for a 7 month loan, totaling \$100,000. We are offering 8% interest only payments with a balloon payment of the principal after 7 months. We are also offering 15% of the total profit upon resale of the property.

1) Funding & Security Details

First Lien: You and/or your company will receive a First Lien against the property your funds will be used towards.

In Person Inspection: The borrower will be able to take a personal walk-through of the property with the owner and project manager to get an explanation of layout, repairs and comparable properties.

Letter of Intent: A formal document that ensures all parties are on the same page. It will outline the agreement between parties before the loan is finalized.

Title Report / Title Insurance: All of our deals are sent through a title company to acknowledge clean title and protection of our ownership of the property. The lender will receive title insurance on the property to secure his loan.

Loan to Value: Typically we will ask our lenders to lend 60%-75% ARV (After Repair Value). This will depend on the level of rehab needed for the specific property. This will provide equity and security for our lender's investment. This loan will typically cover the purchase and rehab costs of a project.

Interest Rates & Points: Interest rates for this specific project are based off of 8% interest only payments with a balloon payment of principal after 7 months. Also offering 15% of the total profit upon resale of the property.

Equity Partners: This is an alternative option that we consider. In some cases, we consider an equity partner position. This will depend on the amount of funding, security, and rehab. This will be done in lieu of interest rates, points & bonuses.

Asset Based Lending: Although we have great credit, we are looking at lender's who take on asset-based lending. This means the lending will be determined by the underlying value of the subject property. As stated previously we will supply each lender with an asset based lending package with details concerning the property (ARV, rehab costs, comparable market analysis, holding costs, scope of work, budget, material lists, schedules, exit strategies etc.)

Project Budget

Division	Tasks	Labor	Material	Total
Exterior Renovations				
General Conditions				
	1) Demolition	1200		1200
	2) Dumpster		350	350
	<i>Total</i>			1550
Roof/ Siding				
	1) Add 1 Layer Of Shingles Over Existing	3000		3000
	2) Minor Siding Repair	250		250
	<i>Total</i>			3250
Exterior Paint				
	1) Paint Trim	300	60	360
	2) Paint Shed	350	60	410
	<i>Total</i>			770
Foundation				
	1) Parge & paint Foundation	200	70	270
	<i>Total</i>			270
Porches/Decks				
	1) Replace Front Steps	600	600	1200
	2)			0
	<i>Total</i>			1200
	<i>Exterior Total</i>	5650	790	\$7,040.00
Interior Renovations				
Kitchen				
	1) Install Cabinets	700	2200	2900
	2) Install Countertops	400	400	800
	3) Install Appliances	100	2500	2600
	4) Install Backsplash	350	140	490
	5) Install Flooring	750	146.25	896.25
	6) Install Sink	50	60	110
	7) Install Cabinet Hardware	50	28.38	78.38
	8) Install Faucet Drain	50	60	110
	9) Install Recess Lights Kitchen	100	125	225
	<i>Total</i>			8209.63
Bathrooms				
	1) Install LVT	350	38.4	388.4
	2) Install Backsplash Around Tub	350	90	440
	3) Install 30' Vanity	100	160	260
	4) Install Toilet	100	100	200
	5) Install Vent Fan	50	35	85
	6) Install 3 Light Fixture	50	65	115
	7) Install Faucet	50	30	80
	8) Install Bathroom Hardware Kit	50	48	98

	9) Install Mirror	50	30	80
	10) Install Shower Kit	100	129	229
	<i>Total</i>			1975.4
Electrical				
	1) 14-2 Electrical Wire		35	35
	2) Install Outlets & Covers	200	28	228
	3) Install Switch Outlets & Covers	100	9.8	109.8
	4) Install GFI Outlets & Covers	20	16.8	36.8
	5) Recessed Lights Kitchen - Rough In	100		100
	6) Bedroom Lighting Rough In	150		150
	7) Install Light Fixtures	100	50	150
	<i>Total</i>			809.6
Plumbing				
	1) Plumbing Supplies	500	150	650
HVAC				
	1) Replace Furnice	3500		3500
Flooring				
	1) Refinish Hardwood Floors	850	850	1700
	2) Carpet Install in Breezeway	300	300	600
	3) Threshold Strips	80	50	130
	<i>Total</i>			1700
Doors & Windows				
	1) Install 4 Double Hung Windows	300	400	700
	2) Install 1 Bay Window	300	400	700
	3) Install 4 (30") Interior Doors	200	160	360
	4) Install 3 (24") Interior Doors	150	126	276
	5) Install 1 Closet Bi Fold Door	50	80	130
	<i>Total</i>			2166
Interior Paint / Carpentry				
	1) Interior Paint (Walls / Ceiling / Trim)	2000	289	2289
	8) Paint basement floors / walls	500	210	710
	9) Sheetrock	50	33	83
	<i>Total</i>			3082
Other Tasks				
	1) Mortar Mix Bag		12	12
	2) Caulk		13.74	13.74
	3) Mud (low dust)		15	15
	4) Move Washer & Dryer to Breezeway	500	400	900
	<i>Total</i>			40.74
	<i>Interior Total</i>	13250	10013.37	\$22,133.37
Material Costs				
Material Costs				
	1) Sherwin Williams Paint			0
	2) Affordable Painting & More			0

	3) Lowes			0
	4) Bargain Outlet			0
	5)			0
	Total			\$0.00
	Material Total			
			Total Budget	\$29,173.37
			Contingency	\$31,215.51

Final Scope Of Work

7619 Homestead Drive Baldwinsville NY 13027

Division	Tasks	Subcontractors
General Conditions	1) Demolition - Roll Off Dumpster (20-30yd) 2)	Roll Max (Dumpster) Affordable Painting & Mo
Roof / Siding	1) Add 1 Layer Of Shingles Over 1 Layer Existing 2) Minor Siding Repair (1 - 2 Sheets) 3)	Affordable Painting & More Palumbo Contractors
Exterior Paint	1) Paint Trim - White 2)	Affordable Painting & More
Foundation	1) Parge & Paint Foundation 2)	Affordable Painting & More
Porches / Decks /	1) Paint Shed 2) Replace Railings Front House 3) Replace or Repair Front Steps 4)	Affordable Painting & More TBD TBD
Kitchen	1) Install Cabinets 2) Install Countertops 3) Install Appliances 4) Install Backsplash 5) Install Flooring 6) Install Sink 7) Install Cabinet Hardware 8) Install Faucet / Drain 9) Install Recess Lights in Kitchen 10) Sheetrock Repair - Existing Light 11)	Palumbo Contractors Charlie The Countertop Man Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors
Bathrooms	1) Install LVT (30 sqft) 2) Tile Around Tub 3) Install Vanity 4) Install Faucet / Drain 5) Install Toilet 6) Hang Mirror 7) Install Bathroom Kit (Bars - Holders - Rings) 8) Install 3 light Above Vanity 9) Install Vent Fan 10)	Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors Palumbo Contractors
Electrical	1) Recessed Lights - Kitchen - Rough in 2) Replace Outlets & Switches (Covers & Outlets)- 3) Bedroom Lighting Rough In 4) Install 6-10 Light Fixtures 5)	Palumbo Contractors Palumbo Contractors Palumbo Contractors
Plumbing	1) Drain Rough in Vanity 2)	Palumbo Contractors
HVAC	1) Install New Furnace or Have Serviced 2)	CRM Mechanical

Flooring	1) Refinish Hardwood Floors 2) Carpet Breezeway 3)	Kingdom Floorings Northeast Floors
Doors & Windows	1) Replace & Install 4 Double Hung Windows 2) Replace & Install 1 Bay Window 3) Install 4 (30') Interior Doors 4) Install 3 (24') Interior Doors 5) Install 1 Closet Bi-fold Door 6)	Affordable Painting & More Affordable Painting & More Palumbo Contractors Palumbo Contractors Palumbo Contractors
Interior Paint	1) Paint Interior (Trim, Walls, Ceiling) 2) Paint Basement Walls 3) Paint Basement Floors 4)	Affordable Painting & More Affordable Painting & More Affordable Painting & More
Other Repairs	1) Move Washer & Dryer Hook ups To Breezeway 2)	Palumbo Contractors

Material List

7619 Homestead Drive Baldwinsville NY 13027

Purchased	Description Of Work	Quantity	Unit Cost	Item #		Total Cost
	General Conditions					
	20 - 30 yd dumpster	1	\$350.00			\$350.00
						\$0.00
						\$0.00
	Roofing/ Siding					
	Purchased By Sub					\$0.00
						\$0.00
	Exterior Paint					
	3 gallons trim (exterior)	3	\$20.00	Pure White (SW 7005)		\$60.00
	3 gallons shed (exterior)	3	\$20.00	Irish Crème (SW 7537)		\$60.00
						\$0.00
	Foundation					
	2 gallons (Black)	2	\$35.00	Loxon Concrete		\$70.00
	Mortar Mix Bag	1	\$12.00			\$12.00
						\$0.00
	Porches & Decks					
	Front Steps - Material By Sub					\$0.00
						\$0.00
	Kitchen					
	Cabinets	1	\$2,200.00			\$2,200.00
	Countertops	1	\$400.00			\$400.00
	Stove	1	\$700.00			\$700.00
	Refrigerator	1	\$1,600.00			\$1,600.00
	Range Microwave	1	\$200.00			\$200.00
	Backsplash Tile	25	\$5.00			\$125.00
	Grout	1	\$15.00			\$15.00
	Flooring	65	\$2.25			\$146.25
	Sink	1	\$60.00			\$60.00
	Cabinet Hardware	22	\$1.29			\$28.38
	Kitchen Sink Hardware Kit	1	\$60.00			\$60.00
	Recess Lights Kitchen	5	\$25.00			\$125.00
						\$0.00
	Bathrooms					
	LVT	30	\$1.28			\$38.40
	Tub Surround - Tile	30	\$2.50			\$75.00
	Grout	1	\$15.00			\$15.00
	30' Vanity	1	\$160.00			\$160.00
	Toilet	1	\$100.00			\$100.00
	Vent Fan	1	\$35.00			\$35.00
	3 Light Fixture	1	\$65.00			\$65.00
	Faucet	1	\$30.00			\$30.00
	Bathroom Hardware Kit	1	\$48.00			\$48.00
	Mirror	1	\$30.00			\$30.00

	Shower Kit	1	\$129.00			\$129.00
						\$0.00
	Electrical					
	14-2 Electrical Wire	1	\$35.00			\$35.00
	Outlets	20	\$1.00			\$20.00
	GFI Outlets	2	\$15.00			\$30.00
	Outlet Covers	20	\$0.40			\$8.00
	GFI Outlet Cover	2	\$0.90			\$1.80
	Single Switches	10	\$0.40			\$4.00
	Single Switch Covers	7	\$0.40			\$2.80
	Double Switch Covers	3	\$1.00			\$3.00
	Flush Mount Ceiling Lights	2	\$10.00			\$20.00
	Bedroom Light Fan	1	\$30.00			\$30.00
	Electrical Boxes	3	\$3.00			\$9.00
	Plumbing					
	Plumbing Supplies	1	\$300.00			\$300.00
						\$0.00
	HVAC					
						\$0.00
						\$0.00
	Flooring					
	Hardwood Refinish (NONE)					\$0.00
	Carpet - Supplied By Sub					\$0.00
						\$0.00
	Doors & Windows					
	4 Double Hung Windows	4	\$100.00			\$400.00
	1 Bay Window	1	\$400.00			\$400.00
	30" Interior Slab Doors	4	\$40.00			\$160.00
	24' Interior Slab Doors	3	\$35.00			\$105.00
	Closet Bi-Fold Door	1	\$80.00			\$80.00
	Door Hinges	14	\$1.50			\$21.00
						\$0.00
	Interior Paint / Carpentry					
	Interior Rooms	8	\$17.00	Popular Grey (SW 6071)		\$136.00
	Bathroom Paint	1	\$17.00	Misty (SW 6232)		\$17.00
	Ceiling Paint	5	\$17.00			\$85.00
	Trim Paint	3	\$17.00			\$51.00
	Sheetrock 1/2'	3	\$11.00			\$33.00
	Basement Floor Paint	5	\$20.00			\$100.00
	Basement Walls	5	\$22.00			\$110.00
						\$0.00
	Misc. Items					
	Caulk	6	\$2.29			\$13.74
	Mud (low dust)	1	\$15.00			\$15.00
						\$0.00
TOTAL						\$9,127.37
CONTINGENCY TOTAL						\$10,040.11



Flip Evaluator

Property Information

Report Title	7619 Homestead Drive
Property Address	7619 Homestead Drive Baldwinsville NY 13027
City	Baldwinsville
State	NY
Zip Code	13027
Bedrooms	3
Bathrooms	1
Square Footage	1100
Age	
Additional Info	

Purchase Information

After Repair Value	\$135,000.00
Purchase Price	\$60,000.00
Total Cost Of Project	\$105,820.00

Estimated Repair Costs

Estimated Repair Costs	\$30,000	Detailed Repair Costs	0
Exterior Repairs			
Roof			
Concrete			
Gutters/Soffit/Fascia			
Garage			
Siding			
Landscaping			
Exterior Painting			
Deck/Porches			
Foundation			
Interior Repairs			
Demo			
Sheetrock			
Plumbing			
Carpentry			
Electrical			
Interior Painting			
HVAC			
Cabinets			
Framing			
Flooring			
Insulation			
General Components			
Permits			
Inspection			
Miscellaneous			

Closing Costs

Purchase Closing Costs	\$2,500.00	Detailed Purchase Closing Costs	0
Prepaid Property Taxes			
Title & Escrow Fees			
Attorney Charges			
Inspection Costs			
Other Fees			

Sale Closing Costs		\$	1,200.00	Detailed Sale Closing Costs		0
Title & Escrow Fees						
Attorney Charges						
Other Fees						
Agent Commision For Sale			6.00%	% of total Commisions to Sale		\$8,100.00
Monthly Holding Costs						
Monthly Holding Costs				Detailed Monthly Holding Costs		\$1,005.00
Property Taxes (monthly)			\$350.00			
National Grid			\$60.00			
OCWA			\$15.00			
Insurance			\$80.00			
Interest To Lender			\$500.00			
Other Monthly Expenses						
# Of Days Will Take Rehab & Sell			120			
Total Projected Pre Tax Profit			\$29,180.00	(ARV- Cash Invested- Commisions)		
Total Project Expenses			\$97,720.00	(Purchase+Closing Costs+Repair+Holding)		
Holding Costs Per Month			\$1,005.00	Holding Costs for Total Days		\$4,020.00
Return on Investment			29.86%	(Pre Tax Profit / Cash Invested)		
Maximum Purchase Price						
After Repair Value			\$135,000.00			
Closing Costs			\$3,700.00			
Holding Costs			\$4,020.00			
Commissions			\$8,100.00			
Rehab Costs			\$30,000.00			
Minimum Profit			\$25,000.00			
Maximum Purchase Price			\$64,180.00			