



## Case Study

**\*\$223,179 Equity Gain in Just 40 Days!**

### **Buy – Renovate - Refinance**

Like Calvert Home Mortgage, some Investors look at a property and see its potential rather than only seeing its current state. In this Case Study, the Borrower client saw their family's forever home after some renovations were completed. The property's condition and deficiencies at the time of purchase allowed them to secure the buy below market value. The Borrower client had not done a project like this before but with the help of their Mortgage Broker who introduced them to Calvert Home Mortgage's flip financing, they were able to secure and renovate their dream home. The Mortgage Broker understood the importance and urgency of getting their Borrower client into a conventional mortgage once the renovations were completed. As soon as the renovations were underway, the Mortgage Broker was working diligently on the takeout financing. Upon completion of the renovations, the property was refinanced with a conventional lender up to 80% and that money has since been reinvested into subsequent flips.

#### Calvert Home Mortgage's Solution

##### Key Considerations

- Purchase Price
- Renovation List, Budget & Timeline
- Confirming Required Capital for Project
- Determining the As Complete Value
- Flip Analyzer: Costs & Profits
- Determining if Client is a Refinance Candidate
- Broker to Line up Takeout Financing

##### Deal Highlights

- Purchase Price: **\$427,500**
- Closing Date: **April 30<sup>th</sup>**
- Purchase Date to Refinance: **40 days**
- First Mortgage Amount: **\$407,500**
- Renovation Budget: **\$80,000**
- Refinance Appraisal: **\$750,000**
- Equity Gain: **\$223,179**

#### Approach

In order to understand the property's potential, the Underwriter aligned with the Borrower client on the renovation plan, budget, and timeline. Calvert Home Mortgage then completed an "As Complete" Valuation to provide a Lender's opinion and confirm the Project's completed value. Once closing, carrying costs, and operating costs were accounted for in the Flip Analyzer, it was confirmed that this was a highly profitable project.

#### How Calvert Home Mortgage Added Value

- Completed an In-House Valuation of the property, to value the property on an As Complete basis at no cost to the Mortgage Broker or the Borrower client.
- Underwriter provided timely service which resulted in a Commitment Letter produced in less than two business days.

For more information, please contact Calvert Home Mortgage:

Phone: 403.278.0249

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- Provided the Borrower with our Flip Analyzer Tool, they were able to then do a full project analysis to determine all costs involved with the renovation.

**Flip Analyzer Tool:** Profit/Equity calculated into the spreadsheet after all costs are accounted for.

E RENOVATION BUDGET		F FINANCING COSTS					
Number of Months to Renovate:	1.5 months	After Repaired Value (ARV):	\$750,000.00				
Number of Months to Sell:	0 months	Purchase Price:	\$427,500.00	Interest Rate (simple):	15.50%	Financing Fees: % Fee:	2.00%
Total Months:	1.5 months	Down Payment:	\$20,000.00	Interest Costs /month:	\$5,471.78	Total Interest Costs:	\$8,207.66
Renovation Budget:	\$80,000.00	Net Mortgage:	\$407,500.00	Interest Costs /day:	\$176.51	Total Financing Costs:	\$16,357.66

  

G TOTAL PROJECT COST SUMMARY	
Total Purchase Costs:	\$2,220.00
Total Operating Costs:	\$742.50
Total Financing Costs:	\$16,357.66
Total Selling Costs:	\$0.00
Renovation Costs:	\$80,000.00
Total Costs:	\$99,320.16

  

H FLIP SUMMARY	
Profit	\$223,179.84
Total Cash Needed:	\$111,170.16
Return on Cash Invested:	200.76%
Return on Cash Invested: (Annualized)	1606.04%
Ratio of Costs to ARV:	13.24%
Variable Monthly Costs:	\$5,966.78

### Purchase Price:

Insert:  
SECTION 2.1: PURCHASE PRICE OF \$427,500

SECTION 8.2:

(a) FINANCING CONDITION BEFORE 9:00PM ON APRIL 10, 2020

(b) PROPERTY INSPECTION CONDITION BEFORE 9:00PM ON APRIL 10, 2020

(f) SEPTIC SYSTEM CONDITION BEFORE 9:00PM ON APRIL 10, 2020

### New After Repaired Appraisal Value:

UPON REVIEWING AND RECONCILING THE DATA, ANALYSES AND CONCLUSIONS OF EACH VALUATION APPROACH, THE MARKET VALUE OF THE INTEREST IN THE SUBJECT PROPERTY	
AS AT June 8, 2020 (Effective Date of the Appraisal) IS ESTIMATED AT \$ 750,000 COMPLETED ON June 9, 2020 (Date of Report)	
AS SET OUT ELSEWHERE IN THIS REPORT, THIS REPORT IS SUBJECT TO ASSUMPTIONS AND LIMITING CONDITIONS, THE VERIFICATION OF WHICH IS OUTSIDE THE SCOPE OF THIS REPORT.	
DEFINITION OF MARKET VALUE: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a	

### Results

- Borrower client secured their dream home at a discount, and then refinanced out their initial investment of down payment, renovations and carrying costs (since invested in other Flip projects).
- Calvert Home Mortgage provided a time and cost-efficient solution for the Borrower client, while also giving further insight on the project by offering another option on the As Complete Value.

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**Calvert Home Mortgage**  
Investment Corporation

Your Solutions Based Lender

Calvert Home Mortgage values the trust that Mortgage Brokers place in us working for them and their clients. We always strive to provide creative solutions and take pride in working with Mortgage Brokers who come up with end to end solutions to serve their Borrower client's needs.

\*There are risks of investing in real estate, and a risk you can lose all of your capital. There are no guarantees and you should understand the risks prior to purchasing an investment property.

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