**How Much Can You Offer**

ARV - after repaired value - developed by finding comparative values (Comps) in the community.

MAO - maximum allowable offer - the most you can offer as an investor in a flip and still make your desired profit.

New terms

Investor's Maximum Offer - the most a flip investor will pay for the property

Wholesaler's Offer - the most you can pay as a wholesaler and still make your fee.

Healthy Market - 2 months to fix, 2 months to find a buyer, 2 months to close

Tough Market - 2 months to fix, more than 2 months to find a buyer, 2 months to close

In a changing market, the ARV must be adjusted to estimate the value at the time when the property will be ready to market.

Quick and dirty estimator in a healthy market

MAO = 70% of ARV - Repair costs

Investor's Maximum Offer = MAO

Wholesaler's Maximum Offer = MAO - Desired Wholesale Fee

Quick and Dirty Estimator in a tough market

MAO = 65% of ARV - Repair costs

Investor's Maximum Offer = MAO

Wholesaler's Maximum Offer - MAO - Desired Wholesale Fee

The Quick and Dirty Estimator uses:

10% for closing costs (includes both buy and sell)

10% for holding costs - estimated for 6 months (15% in a tough market)

10% for flipper's profits

**MAO =.7 X ARV - Repair costs**

**Figuring Out the ARV**

Pick a neighborhood and learn it.

What are the neighborhood boundaries?

Where are there price changes because you have gone into a different area?

* + Streets
  + Rivers
  + High tension lines
  + Green spaces
  + Railroad tracks
  + School district changes

What is the price range of house in the neighborhood?

* + Cheapest
  + Most expensive
  + Average
  + Median
  + Graph them and see if the predominate price range becomes evident.

What are the various house styles and distinguishing features that affect values?

* + Style
  + Bedrooms
  + Baths
  + Garage/No garage/# of spaces
  + Basement/No basement
  + Fireplace
  + Seller Motivation
  + Recent Rehab - finishes
  + Fenced yard

What affects time on Market (popularity of property?)

Are there challenged Locations within the neighborhood?

Look on Trulia.com and Zillow.com to find "solds" in the neighborhood. Pick the properties that are most like the one you are thinking about buying. Narrow it to the last 3 months if possible, 6 months if not possible. Is there a trend? Now look at current asking prices. How do the asking prices compare to the sold prices? Many of these properties will be the recent "solds" that are used when the buyer is finding comps for the property when you are done with it.