Development Forensic Analysis

Project Summary

Land Cost	$1,400,000
Soft Cost	$800,000
Construction Cost	$2,000,000
Total Development Cost	**$4,200,000**

Land Purchase

		Use	Source		Payback Amount		Notes
Lot 1							
	Single Family House with **renters paying $3000 / month**	$700,000	$420,000	60% Bank Loan - Interest Only Floater Loan - Low Interest rate (1 - 2%)	$420,000	$550	Average Interest Only Monthly Payment. The interest changed every month anywhere from 1.8 - 2.4%
			$280,000	Owner Equity	$280,000		
Lot 2							
	Half Demolished house from developer who hit a road bump	$700,000	$490,000	70% Seller Financing - 12 month loan in effect for this amount with 5% interest. Interest only payments.	$490,000	$2,114	Monthly Payment
			$210,000	Private Equity - Borrowed (15%)	$288,750		
						$2,664	Total Monthly Payments
						$3,000	Monthly rent from Tenants in Lot 1
						$336	Beer Money

At this point:

Loans:	$910,000		
Private Equity:	$490,000		
Total:	**$1,400,000**		**$1,478,750**

Soft Costs

	Use	Source		Payback Amount	Notes
Architecture	$100,000	$100,000	Promissory Note - I "lend" this to the project; can be done in many ways, for example Capital Contribution to LLC - (15%)	$150,100	This is sweat Equity. I don't really have $100k. I'm contributing my fee.
Engineering Permits Fees ------------------------>	$700,000	$700,000	Private Equity - Borrowed (15%)	$962,500	
And a Bunch of Other Stuff					

At this point:

Loans:	$1,010,000		
Private Equity:	$1,190,000		
Total:	**$2,200,000**		**$2,591,350**

Construction

	Use	Source	
Total Cost	**$2,000,000**	$2,000,000	All of this will be loaned via a construction loan.

Time To Get the Big Loan

	Use	Source	Payback Amount	Notes
Land Cost	$1,400,000			
Soft Cost	$800,000			
Construction Cost	$2,000,000			
Total Development Cost	**$4,200,000**			Bank Loan - 75% Loan To Cost (4.5%)
		$3,150,000	$3,291,750	This will be paid back when the homes are sold

Time To Get the Land out of the deal - 12 months are up

Bank Loan	$3,150,000
Lot 1 Loan	$420,000
Lot 2 Loan	$490,000
	$2,240,000

Time To Sell

Revenue From Sales	$6,400,000
Broker Fees (6% of Revenue)	$384,000

Subtotal:	$6,016,000
Construction Loan	$3,291,750
Lot 2 Private Equity + Interest	$288,750
Architect Note + Interest	$150,100
Soft Cost Equity + Interest	$962,500
Subtotal:	$1,706,900
Profit:	**$1,322,900**

Profit Analysis

As A Project

Total Equity Invested:	$1,190,000	
Profit:	$1,322,900	This is PRE-TAX profit!
Total Return %:	111%	
Annualized Return (2.5 yrs)	44.47%	