

Pride of Austin Capital Partners, LLC
Foreclosure Option and Maximizing Profit Program
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CLIENT FACING FORECLOSURE – Property is listed for sale – Owner wants to occupy until home sells

- At least 35% equity based on a 60 day sale value
- POACP closes on a new note paying off the existing lender
- Must close at Alamo Title – Leigh Kirby
- Client agrees to continue your listing to sell property
- If client withdraws listing the note will be called
- 1 year - 15% interest only - plus 3 points plus 2 points origination fee
- One year interest reserve can be financed into loan if there is enough equity in the property
- Unused balance of interest reserve is refunded to the client when home is sold

CLIENT FACING FORECLOSURE – Wants to sell existing property and buy another property in the future

- At least 35% equity based on a 60 day sale value
- POACP closes on a new note paying off the existing lender
- Must close at Alamo Title – Leigh Kirby
- 1 year - 15% interest only - plus 3 points plus 2 points origination fee
- One year interest reserve can be financed into loan if there is enough equity in the property
- Unused balance of interest reserve is refunded to the client when home is sold
- Client agrees to work on credit issues to prepare for a purchase with POACP approved lender
- Client agrees to list property with referring Realtor
- Client agrees to hire referring Realtor as a buyer's Agent

CLIENT FACING FORECLOSURE – Wants to walk away from property

- At least 35% equity based on a 60 day sale value
- Sells to POACP for amount of mortgage payoff
- Referring agent lists the property
- POACP splits the profits equally with the owner when the home is sold

MAXIMIZING PROFIT FOR A CLIENT - Does one of these scenarios fit your client?

1. Client's home is outdated for what's happening in their neighborhood and they don't have the money to update it to maximize their profit on the asset
2. Client needs to sell their home because they need to move into an assisted living community or a nursing home and they need to maximize their profits on their asset
3. Client has inherited a home that is very outdated for the neighborhood and they do not have the money to fix it up to maximize their profit on the asset
4. Client wants to downsize yet they need more money from their asset to purchase a new home and still have a sizable nest egg for their living expenses and they don't have the money to update it to maximize their profit on the asset
5. Client is about to lose their home to foreclosure yet their home will not sell in the neighborhood because it is outdated
6. Client may have lived in their home for a number of years and financially just were not able to update their home as time marched on. The neighborhood is changing and people are remodeling homes in the neighborhood or builders are buying homes to scrape and build new homes on the land. These new and updated properties are bringing a lot more profit to the owners as they are selling for more money. However, they are not financially able to update their home to maximize their profits.

If one of the 6 scenarios above define one of your clients then POACP might be able to help under the following conditions:

- There is at least 60% equity in the home
- Pride of Austin Capital Partners would purchase the property in its “as is” condition for 50% of the “as is” market value based on a 60 day sale value
 - Owner retains a second lien for the remaining 50%
- Owner vacates the property and surrenders his or her Homestead Exemption to the property within 30 days after closing
- Referring agent is paid a 1% referral fee of the amount that the home is purchased by POACP
- Closing cost is minimized in order to maximize the profits for the owner
- POACP would arrange financing for the improvements or self fund the improvements
- POACP would hire and oversee contractor for the updating / remodeling / addition with contractor working on a cost plus basis
- POACP will hire the referring agent to list the property for sale throughout the construction process
- Upon the sale of the updated property the proceeds are paid out in this order
 - The clients second lien is paid off
 - The contractor is paid their improvements as per their contract
 - All closing cost are paid
 - The amount on Line 603 of the HUD is split equally between POACP and the original client equally
 - All of this is contractually documented

An example:

- Subject property has a 60 day “as is” value of \$200,000
- Referring agent has determined that there is a greater value in the home if it is enlarged and remodeled. The estimated value of the remodeled home is \$650,000.
- POACP prepares architectural plans and other documents needed for a permit and for construction financing
- POACP purchases the property for \$200,000 with owner carrying a \$100,000 second lien that will be subrogated to the construction lender
- POACP hires a builder to complete the construction for \$200,000 at cost plus 15%
- Referring agent is hired by POACP to list the property during construction for \$600,000
- The home is sold for \$600,000

\$600,000

Less closing cost estimated at \$44,000

Less \$200,000 (plus accrued interest) to the construction lender

Less \$100,000 owner carried second lien

Less \$30,000 to the contractor (15% over cost)

Less \$100,000 equity recovery by POACP

This leaves an estimated \$126,000 in gross profit split equally between Owner and POACP

In this scenario owner receives \$263,000 as opposed to \$200,000 for their property. That is almost a 32% increase in value.

SUPER MAXIMIZATION of PROFIT

The owner who owns their property free and clear might qualify for a hard money loan to add on to and remodel the property without selling it to POACP. Using this option and referring to the example above the home owner of a property with a \$200,000 “as is” value today could maximize the profit to \$326,000 (minus accrued interest on the loan). Using POACP for the loan requires the use of an approved builder.