PRESTIGE PROPERTY LENDING

PRESTIGE INVESTOR SERIES · VOLUME 001

THE INVESTOR'S **DEAL ANALYZER**

A Practical Framework for Evaluating a Fix-and-Flip Before You Make an Offer

ARV	– BASIS	– COSTS	= PROJECTED PROFIT

A concise pre-offer field guide from Flip With Prestige

Build the two assumptions that drive the deal.

ARV and renovation scope should describe the same finished property. Treat them as connected evidence, not independent guesses.

WHAT ARV MEANS

After-repair value (ARV) is the estimated market value after the planned renovation is complete. It is not purchase price plus renovation cost. Support it primarily with recent sales of renovated properties a buyer would view as reasonable alternatives.

SELECT USEFUL COMPARABLE SALES

LOCATION	Same or directly competitive neighborhood; account for material street, school, access, or adjacency differences.
PROPERTY	Similar type, size, bed/bath count, age, layout, lot, and relevant physical characteristics.
CONDITION	Renovated to a quality and utility comparable to the intended finished product.
RECENCY	Recent enough to reflect current buyer behavior; explain older sales or market changes.

Avoid unsupported price-per-square-foot shortcuts. Unit pricing can be a cross-check, but it does not erase differences in location, layout, condition, lot, or utility.

BUILD THE RENOVATION SCOPE LINE BY LINE

Interior demolition · Kitchen · Bathrooms · Flooring · Paint and finishes · Roof · Windows and exterior · HVAC · Plumbing · Electrical · Structural work · Permits · Contractor overhead · Cleanup and dumpsters · Landscaping · Contingency

Validate major line items with contractors, document assumptions, and include contingency appropriate to what you know—and what remains concealed.

Model the costs that simple rules miss.

A strong resale assumption can still produce a weak deal when financing, time, and transaction costs are incomplete.

PROJECTED PROFIT

ARV – Purchase Price – Renovation – Financing – Holding – Buying & Selling Costs

- Loan interest and extension risk
- Property taxes and insurance
- Permits and inspections
- Selling commissions and concessions
- Extended holding periods
- Points and financing fees
- Utilities and property maintenance
- Closing and title costs
- Staging, cleanup, and landscaping
- Unexpected repairs

Projected profit is not guaranteed. Use evidence appropriate to the property and transaction, then update the model as bids, terms, dates, and sale assumptions change.

THE 70% RULE: A SCREEN, NOT AN UNDERWRITING STANDARD

Maximum Purchase Price

(ARV × 70%) – Estimated Repairs

The heuristic may be too conservative or aggressive depending on market, duration, financing, sales costs, and required profit. Replace it with a detailed model before committing.

Stress-test the downside before the deadline.

A deal that works only when every assumption is perfect is giving you useful information.

LOWER RESALE	Test a price below the primary ARV conclusion.
HIGHER REHAB	Increase major line items and contingency.
LONGER TIMELINE	Extend interest, taxes, insurance, utilities, and maintenance.
HIGHER CAPITAL COST	Model changes to interest, points, extensions, or payoff timing.
EXIT FRICTION	Add concessions, days on market, and selling-cost variance.
ALTERNATE EXIT	Define a viable backup, not a vague hope.

FINAL PRE-OFFER CHECKLIST

■ ARV supported by relevant renovated comps	■ Renovation scope defined; contractor pricing reviewed
■ Contingency included	■ Financing, holding, buying, and selling costs included
■ Timeline is realistic	■ Profit remains acceptable after downside testing
■ Backup exit strategy identified	■ Financing discussed before the deadline

BRING US YOUR NEXT DEAL

Share the basic structure at flipwithprestige.com/review. Email cgourdin@prestigepropertylending.com or call 516-851-7784. Visit Prestige Property Lending for company information.