

Value Detective Property Consultants

Client Application (Part 1)

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Contract Agreement

Value Detectives' Obligations

As Property Consultants, our goal is to create additional value in your property. We shall also attempt to increase your monthly cash flow. We do this in several different ways: First we look at the property's financial statements. Then we look at physical aspects of the property. Once we have assessed the property's current financial performance and value, we develop strategies that should increase the value and cash flow of your property. This is accomplished by improving financial performance and/or changing the way the property is viewed by appraisers and thereby increasing the value.

Disclaimer

We make no guarantee that we will be able to increase the value of your or any property, but as mentioned in our marketing materials: Because this is a risk-free service, you only owe us a consulting fee if we can verifiably increase your property's value. We cannot control things such as market changes or bank policies which may affect property values and/or methods of assessing or accessing said values.

Privacy Disclosure

We understand that your contact information and property information is sensitive and therefore promise to keep said information confidential. It will only be used to fulfill our duties as your property consultants and it will not be distributed to any parties outside the scope of these duties and only with prior written consent of the client.

Client's Obligations

Client agrees to give full cooperation in providing necessary information, documents and permissions in a timely manner. Client agrees to read and sign a non-compete agreement and a non-circumvent agreement (enclosed on page 4 of this application). Client understands: 1. That the he or she may need to assume minimal financial obligations to various 3rd parties (appraisers, surveyors, county recorder, contractors, etc.) in order to implement the strategies proposed by Value Detective Property Consultants unless other arrangements are made and attached in writing to this agreement, and 2. That once Value Detectives' recommendations are implemented and an increase in value has been verified, Client agrees to pay the fee as listed in one of the options chosen on page 3 of this application. Client shall make payment of said fee in the manner agreed upon therein. Client agrees to uphold this contract in accordance with section 4. Client shall not hold Value Detective Property Consultants liable in part or in full in the case of any tax increases, market crashes or other deemed negative situations which may occur after this contract has been executed.

I, the undersigned, understand and agree to the above terms and have also read, understand, and agree to all following pages and agreements as put forth in this contractual application.

Signed: _____ Dated: _____

Client Application (Part 2)

Client Information

Will the client/Owner be the main contact for the duration of this procedure? **Yes** **No**

Client/Owner Information

Client/Owner Information	Main Contact Information (if other than Client)
Name	Name
Address	Address
Phone	Phone
Fax	Fax
E-Mail	E-Mail

Target Property's physical Address: _____

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Client Application (Part 3)

Target Property Information

To be completed honestly and accurately by owner and/or property managers (whoever has the most current and accurate data)

Property Physical Address:

Unit Type(s) (example: 3Bed/2bath, etc.)	A:	B:	C:	D:	
Number of Units					
Rent Per Unit:					
(Or attach rent roll)					

Vacancy Rate: _____

Monthly Rental Income: \$ _____ Monthly Expenses: \$ _____

Monthly Total Income (from all sources): \$ _____

Total Annual Income: \$ _____ Annual Expenses: \$ _____

Net Operating Income: \$ _____ (Cash After Debt Service)

Debt Service Payment (If any): \$ _____ **CADS** \$ _____

Amount of Total Debt on the Property (If any): \$ _____

Who pays utilities?	Owner	Renter	
Water?			When was the last time rents were raised? _____ Do you feel the rents for this property are near market rents? _____
Gas?			
Electric?			
Garbage?			
Other?			

List any maintenance, management, or other services and their cost:

Service	Cost	Monthly/Yearly	
Maintenance	\$		
Management	\$		
Lawn/Yard Care	\$		
Snow Removal	\$		
	\$		
	\$		
Annual Property Taxes:	\$		

List any services provided, whether they are free, & if not how much income they average:

Service	Ave. Income/Cost	Monthly/Yearly	
Laundry	\$		
Internet	\$		
TV	\$		
Storage	\$		
Exercise	\$		
	\$		
	\$		

List any other income generated by the property not previously listed: _____

Are any of the rentable apartments used as storage or office space? _____

Anything else we should know about the property or its financials? _____

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Financial Agreement

Time frame for consultation

Depending on the method used to increase value, it could take anywhere from 30 days to a year for the new value to take effect. Six months to a year is sometimes required by the bank to prove that the new financial performance is "seasoned" and stays consistent. If the value is increased by changing the way it is viewed by appraisers, rather than by improving the financial performance, no seasoning is required and it will only take as long as required to get the property surveyed, recorded and reappraised.

Method of verification of current and increased value

A local appraiser shall be hired to verify the property's current value (if no current appraisal has recently been done). After all strategies have been applied to increase the value, a new appraisal shall be done (preferably by the bank that will issue a refinance or equity line of credit so as to avoid repetition).

Terms of Payment

Consulting Fee:	10% of verified increase in property value (shown by the difference between previous and current appraisals) or as listed in payment options 2, 3, or 4
Other Fees:	None

Financial Obligations for necessary incidental costs incurred as required to implement strategies may include cost of property surveys, property enhancements, recording and appraisal fees, etc.

Payment Option 1 (Preferred method)

Lump Sum: Due within 30 days of new appraisal

Payment Option 2 (Requires separately negotiated contract)

15% of value increase: Paid through Installment Payments: Due monthly, quarterly, or yearly over one (1) to five (5) years. _____

Payment Option 3 (Requires Consulting Company's permission and desire to accept this payment option and will require a separately negotiated contract)

10% ownership as equity partner of total property and monthly net income

Payment Option 4 (Requires Consulting Company's permission and desire to accept this payment option and will require a separately negotiated contract)

Sell the property to Value Detective Property Consultants using the original value plus 10% of the increase in value as the purchase price.

Advice to client about newly acquired wealth:

Use this money only to purchase more Cash-flowing Assets. --Don't spend appreciating money on depreciating assets or toys and be aware that the debt-to-income ratio takes into account the debt-service on any equity loan used to access increased value.

Value Detectives' Right to Recourse

Should Client, for whatever reason, be unwilling or unable to compensate Value Detectives for their successful work as agreed to above, Value Detectives reserves the right to use any legal means to recover said compensation, or at Value Detectives' sole discretion to renegotiate the terms of payment as deemed reasonable by Value Detectives.

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Non-Compete Agreement

Client agrees not to engage in any activity which shall compete with Value Detectives' business or in anyway draw away potential clientell. Because Value Detectives' knowledge and strategies are their main business assets and considered business property, Client agrees not to disclose any of the methods or strategies used by Value Detectives to anyone for any purpose whatsoever, but to hold them confidential.

Signed: _____ Dated: _____

Non-Circumvent Agreement

Client understands that the knowledge and strategies used by Value Detectives are proprietary information. Client agrees that upon execution of this agreement, client shall not attempt to circumvent this agreement or otherwise try to implement the knowledge and strategies presented by Value Detectives without proper compensation to Value Detectives as agreed upon herein. Client also agrees that Value Detectives may choose to pursue their agreed upon fee if their proposed strategies are found to have been implemented at a later date.

Signed: _____ Dated: _____

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Client Application (Part 5)

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Example Scenario

Bob Propertyowner owns two 4-plexes.
They currently bring in \$5,600 per month or \$67,200/yr
They have operating expenses of \$17,200/yr
That makes a Net Operating Income (NOI) of \$50,000/yr
They currently appraise at \$560,000

Bob learns about Value Detective Property Consultants.
Bob submits a complete application and chooses payment option #2 (payment plan).
Property Value Detectives research and study his property and market conditions.
They come back to Bob with recommendations that could increase Bob's NOI by \$5,000/yr and the value of his property by \$155,000 making the new value \$715,000!!!
The cost of implementing these strategies total: \$8,200 (\$3,200 for increased cash flow, \$5,000 for appraisal, survey, and recording fees).
Bob knows he can implement any or all of these strategies, but he notices that the \$3,200 investment will pay for itself in just 8 months and the other \$5,000 is a very low investment for such a large return.

At this point Bob has no financial or contractual obligation to do or pay anything.
But Bob decides to move forward with all recommendations.
First, Bob orders an appraisal (unless Bob has recently had an appraisal done).
It comes back higher than estimated at \$580,000.
He still does not have any obligation, but decides the projected increase will still warrant the proposed investment needed.
Bob implements all of Value Detectives' strategies.

He is now contractually obligated to pay 20% percentage of any verified increase in value.
After 1 month, everything is completed.
Bob calls back his appraiser to reassess his property's value.
The appraiser confirms and amends his appraisal that the value has increased, but only from \$580,000 to \$680,000.
Bob is slightly disappointed at this but still, he has added \$100,000 in value to his property.
Bob is happy.

According to his agreement with Value Detectives in option #2, Bob owes Value Detectives 15% of the \$100,000 value increase which is \$15,000. But because Bob chose payment option #2, and because he agreed to an interest-free monthly payment plan for 4 years, Bob will now pay \$312.50 per month for 4 years.

Bob has a mortgage on his property with a current balance of \$385,000.
He decides to open an equity line of credit on his property and is awarded a line of credit for \$91,000. Bob decides, he'd rather not pay the monthly amount and contacts Value Detectives about his options. They allow him to amend his contract to use payment option #1.
Under this option, Bob can pay a lump sum of 10% or \$10,000. Bob pays the \$10,000; is free from any further obligation to Value Detectives and upon their recommendation, uses \$70,000 of the remaining \$81,000 credit line as a down payment on another \$350,000 4-plex which, after debt-service for both the equity line of credit and the loan on the new property, Cash flows at an additional \$500/month or \$6,000/year.

So, after 1 year, Bob Propertyowner is \$11,000/year richer and has increased his net equity from \$180,000 to \$199,000. When his loans are paid off, he will have (excluding appreciation) \$1,030,000 in assets instead of just \$580,000!!! And will have made an additional \$300,000 over that time period!!!