REVOLUTION REALTY GROUP · DEAL BREAKDOWN

# Forcing Appreciation & Improving Communities

A distressed 11-unit — and our plan to force ~$193K in value.

1421 N 44th Ave · Minneapolis, MN · 11 Units

**James Faillettaz & David Salamzadeh**

THE PURSUIT

# Chasing the Deal

**1**

Late 2024

### Came across the deal

An 11-unit on a block we believed in — we started tracking it as brokers & investors.

**2**

2025

### The long chase

The deal stalled and fell through more than once. We kept tabs the whole way.

**3**

Early 2026

### Portfolio short sale

Our building rode along with 8 others — roughly 10% below the original ask.

**4**

May 2026

### Waived & won

Pre-inspection walkthrough + the city's code report — we waived inspection and closed at $600K.


*The property as we found it — half-vacant, overgrown, unpaved parking*

THE UNDERWRITING

# By the Numbers: Going-In to Stabilized

| AT ACQUISITION · GOING-IN | |
|---|---|
| Purchase Price | **$600,000** |
| Price / Unit | **$54,545** |
| In-Place Rent | **$5,800/mo · $69.6K/yr** |
| In-Place NOI (est.) | **~$37K / yr** |
| Est. Construction Spend | **$96,030** |

| AT STABILIZATION · POST-RENO | |
|---|---|
| Est. ARV (9% cap) | **~$907,000** |
| Est. Value / Unit | **~$82,400** |
| Rent Potential | **$15,550/mo · $186.6K/yr** |
| Stabilized NOI | **$81,591 / yr** |
| Value Created | **~$193,000** |

**Value created = est. ARV - all-in basis ($600K purchase + ~$18K closing + $96K reno ≈ $714K)**

THE STARTING POINT

# Rent Roll & Renovation Scope

**RENT ROLL · AT CLOSE**

| | |
|---|---|
| Unit Mix | **5 × 1BD · 6 × 2BD** |
| Occupied at Close | **6 of 11 units** |
| In-Place Rents | **$900 – $1,050** |
| Vacant Units | **1 · 2 · 4 · 8 · 11** |
| Collected Rent | **$5,800 / mo** |
| Annualized | **$69,600 / yr** |

**EST. CONSTRUCTION SPEND · BY UNIT**

| | |
|---|---|
| Unit 2 · full renovation | **~$8,100** |
| Unit 4 · full reno + new bath | **~$10,400** |
| Unit 8 · full renovation | **~$8,100** |
| Unit 11 · light turn | **~$2,100** |
| Occupied units · $500 × 6 | **$3,000** |
| UNITS SUBTOTAL | **~$31,700** |

**~$31.7K**
Units & turns

**~$15.5K**
Exterior & common

**~$36.1K**
Site & parking lot

**~$9.3K**
Tax + 10% contingency

**~$93K**
All-in · vs $100K holdback

THE FINE PRINT

# Nuances of the Deal

We put real money in — with no guarantee we'd ever get to close.

1. **Code violations are real costs**
   The city flagged a failing parking lot — a ~$35K resurface we budgeted up front, then used as leverage on price.

2. **DD dollars at risk**
   ~$5K of inspections and legal spent before the seller's lender ever said yes to the short sale.

3. **Keep the city close**
   We handled fire & safety items with the sellers so the property never slipped into condemnation.

**Hard money got it closed**

No bank closes a distressed short sale on this timeline — a 12-month hard-money loan did, rehab included.

# WIN THE DEAL BEFORE SOMEONE ELSE DOES

LOCAL CAPITAL FOR FIX & FLIPS, NEW BUILDS, AND BRRRRS — BUILT TO CLOSE

**GET IT FUNDED**

SVP OF LENDING, MINNESOTA
**HATTIE@RENOVOFINANCIAL.COM**
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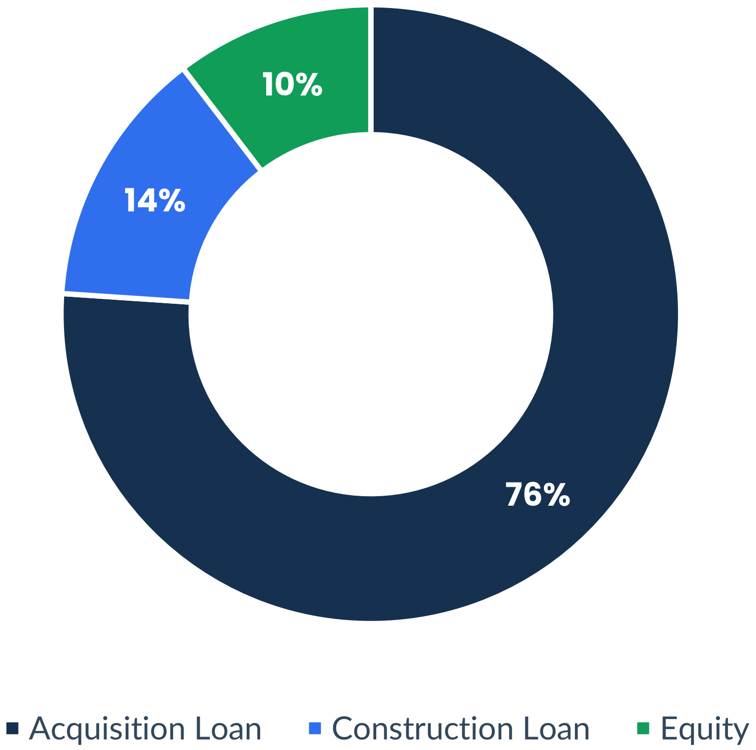
RENOVO™

JOHNSONLENDINGTEAM

#HardMoneyHattie

THE CAPITAL STACK

# Funded with Hard Money




| | |
|---|---|
| Acquisition Loan | **$507,500** |
| Construction Holdback | **$100,000** |
| Total HM Commitment | **$607,500** |
| Rate / Points | **10% · 1.5 pts ($9,113)** |
| Equity Required at Close | **$109,881** |
| Commission Applied (KW) | **- $42,250** |
| True Cash In | **$67,631 (~9.5%)** |

*As the brokers on our own deal, we earned $42,250 in commission and rolled it into the down payment. One facility covered purchase + rehab — interest charged on disbursed funds only.*

THE WORK

# Where the Renovation Dollars Go

| | |
|---|---|
| Units & turns | ~$31.7K |
| Site & parking lot | ~$36.1K |
| Exterior & common | ~$15.5K |
| Tax & 10% contingency | ~$9.3K |

**≈ $93K all-in · funded by the $100K construction holdback**

**BASIS → VALUE**

| | |
|---|---|
| Going-In Basis | **~$714K** |
| Est. ARV (9% cap) | **~$907K** |
| Value Created | **~$193K** |

**Funded by draws as we go —** we front the work; the lender reimburses at rough-in, finishes, and final sign-off. Interest accrues on drawn funds only.

THE VISION

# What It'll Look Like After

Exterior — dark siding, clean brick, refreshed entry

Common areas — bright walls, new grey carpet & lighting

*Comparable, fully-renovated building — the finish target for 1421 N 44th.*

THE NEIGHBORHOOD

# Investing Where the City Is Investing

### 1 Transforming an eyesore

Code violations, a failing lot, vacant units — now becoming a clean, safe, renovated building.

### 2 North Market build-out

A full grocery-store relaunch is underway at the nearby North Market.

### 3 New apartments kitty-corner

New-build mixed use property going up across the street

### 4 Private $ behind public $

We put personal investment capital exactly where city dollars are already flowing.

THE UPSIDE

# Adding Value Before Raising Rents

1. **Renovating every kitchen & bath**

   Shaker cabinets, subway tile, new fixtures & flooring in every turned unit.

2. **New appliances & shared laundry**

   Stoves, refrigerators, AC units — plus a washer/dryer coming for the building.

3. **Safety & curb appeal**

   LED floodlights, window repairs, fresh exterior paint & landscaping.

4. **The lot the city flagged — getting rebuilt**

   Full resurface of the failing parking lot, our single biggest line item.

**+$300–$500**

Rent bump per unit, per month

**~$14,800**

Stabilized gross rents / month

THE PLAN

# From Close to Refinance in ~9 Months

**1**

Jun 2026

### Close

$600K purchase, funded by hard money.

**2**

Jun–Dec 2026

### Execute

6-month renovation + unit lease-up.

**3**

Q1 2027

### Stabilize

NOI ~$81,591/yr · DSCR 2.1+.

**4**

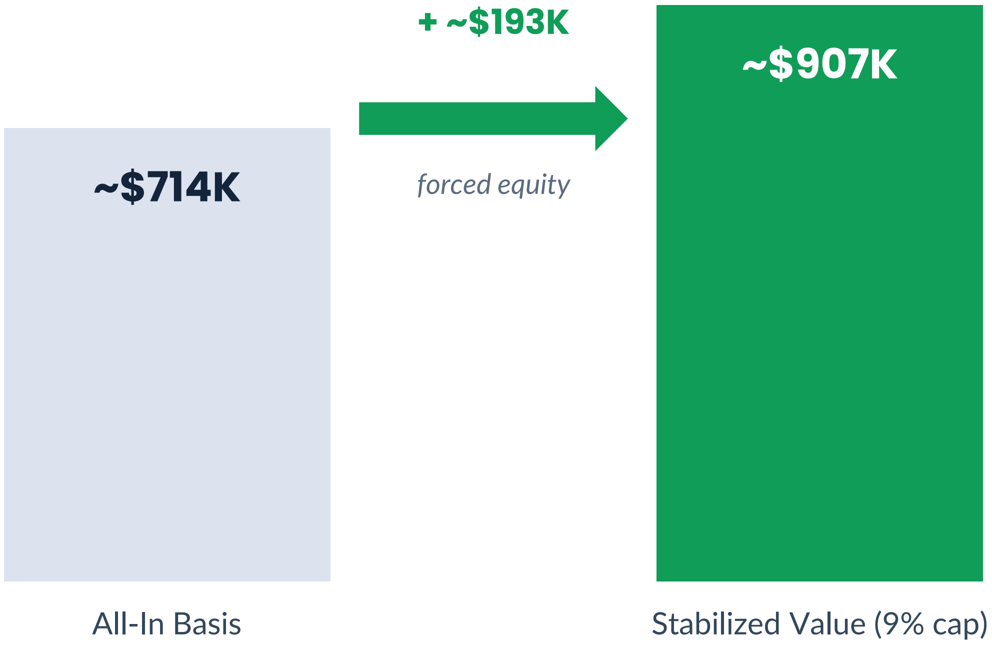
Mar 2027

### Refinance

Pay off hard money, lock the gains.

THE EXIT

# Refinance: Locking In the Value




| | |
|---|---|
| Stabilized NOI | **$81,591 / yr** |
| ARV (9% cap) | **~$907,000 (~$82K/unit)** |
| Perm Loan | **$647,346 @ 6%, 25-yr** |
| Hard Money Payoff | **~$617,000 (loan + points)** |
| Forced Equity / DSCR | **~$193K · 0.8 → 2.1+** |

*Short-term hard money becomes long-term, low-rate debt behind a stabilized, cash-flowing asset.*

THE PLAYBOOK

# This Property's Playbook

### 1 Buy right

Source distressed, mismanaged multifamily below replacement basis.

### 2 Fund fast

Use hard money to acquire and renovate in a single facility.

### 3 Force value

Renovate, fix operations, and lease vacant units to market.

### 4 Refi & recycle

Stabilize NOI, refinance out of hard money — then repeat.

SEE THE FULL BREAKDOWN — LIVE

# The Acquisition Blueprint

**Wednesday, June 10** · 5:30–6:30 PM · 1421 N 44th Ave, Minneapolis, MN

**FEATURED SPEAKERS**

**James Faillettaz & David Salamzadeh**

The investors behind the 1421 N 44th deal.

**SPECIAL GUEST**

**"Hard Money Hattie" — Hattie Jo Johnson**

SVP of Lending · Renovo Financial

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