



**Key Solutions, LLC**  
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www.keysolutionsllc.com

**Let Us Open Your Doors to Financial Freedom!**

## **FAQs and Answers**

### Handyman Specials (100% Hands-off Rehab & Resale)

1. Why doesn't Key Solutions renovate all of the properties?

Key Solutions renovates and resells many properties from start to finish on its own. Our 100% Hands-off Rehab & Resale business model is analogous to profit sharing or franchising. It enables us to maximize our throughput and profitability while sharing profits with others.

2. How many houses has Key Solutions renovated?

As of January 2006, Key Solutions or an affiliated company has renovated over 170 houses with the primary objective of improving them to move-in condition fit for a tenant or a first-time homebuyer.

3. How many houses has Key Solutions sold?

As of January 2006, Key Solutions, LLC has purchased and sold 190 properties, establishing a solid reputation with its clients, service providers, suppliers, and competitors in the Baltimore-Washington area for providing real estate investing and consulting solutions for sellers, investors, and homebuyers. In addition, Key Solutions, LLC has helped more than 100 investors generate big profits with 100% Hands-off Rehabs & Resales, \$0 Down Renovated Investment Property Purchases, Match-maker Services, and Partnering on Deals.

4. What is the average time frame for rehab?

The General Contractors we use typically contract to rehab a city row house fit for a tenant or a first-time homebuyer for 75-100 days. In most cases, there is a \$100 per Diem credit to the owner if work is not completed on time.

5. How is the rehab paid for?

The General Contractors we use typically set up draw schedules similar to the following example schedule. A 50% draw is required to start the job allowing for staging of materials and labor. The next draws of 15% and 20% are due when the job is 65% and 85% complete, respectively. The final 15% draw is due upon completion.

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6. Why does the Handyman Special purchase agreement state “This contract is for the purchase of an LLC, not Real Property”?

Each Handyman Special has a unique LLC as the contract purchaser with an equitable interest in the real property. The sale of the property is conducted by assignment of 100% membership interest in LLC, for an assignment fee included in the sales price. The real property with free and clear title is conveyed to the LLC assignee as the sole asset of the LLC.

LLC assignments reduce transfer costs and eliminate the need for an additional recording of the deed. Additionally, purchasing the property owned by the LLC provides the buyer with a built-in asset protection system.

7. Do most investors take a look at the properties before putting them under contract?

The Handyman Specials go very quickly, which typically precludes the opportunity to come to Baltimore to take a live look at the property. With this in mind, we capture both interior and exterior photos of each property advertised on the website to help investors make purchasing decisions. The combination of the subject photos, the financial evaluation, and the “Before” and “After” examples on <http://www.keysolutionsllc.com/renovatedhomesexamples.asp> provide most investors enough data to make a purchasing decision, especially since most clients elect to have Key Solutions, LLC provide the 100% Hands-off Rehab & Resale.

8. How do I “reserve” a property?

The demand for the Handyman Specials is so high that it is not practical to manage a waiting list. **The best way to get an inside track on properties is to become a member. Take a look at our membership program on our website.**

9. What are the Hard Money terms for your brokered loans?

Hard Money bridge loans are brokered for our Handyman Special or Ready-Made Deal buyers to help them purchase the property. Most buyers come up with 50% of the total cost required to purchase and rehab the property with the balance Hard Money financed. We have brokered loans with the borrower coming up with less but the more cash the borrow puts into the deal the easier it is to broker the loan.

Typical terms are as follows:

- \$995 broker fee
- Interest only loans: 14 – 16%

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- Origination cost: 3 – 6 points
- Short-term balloon: 6 – 12 months
- Most lenders charge an upfront application fee ranging from \$300-\$600.

An overview on the “Benefits of Hard Money Financing” is contained on the Tools page of the website.

#### 10. Who verifies the work?

Many of our clients are out of state and do not have time or inclination to periodically inspect the rehab progress. Key Handyman, LLC can consult on your rehab project by providing the following services:

- Key Handyman, LLC will do an inspection of the property at the Company’s request.
- Key Handyman, LLC will solely be responsible for taking pictures and providing the client with an inspection report including digital photos of work progress.

The owner/developer has the ability to walk-through the job throughout the rehab process, including the final walk-through of course. See the rehab consulting agreement for the full description of the service and fee structure.

#### 11. How is progress tracked? Are there penalties for being behind schedule?

See the answer to question #10 above. If you choose to have Key Handyman, LLC consult on your rehab, we will check the progress of the rehab as often as you like per your request. In most cases, the General Contracts we use provide a \$100 per Diem credit to the owner if work is not completed on time.

#### 12. What is the target turnaround time from the start of the rehab to the resale of the house?

Turnaround times vary with every investment similar to the performance of each stock in the stock market. Historically, it takes up to 30-45 days to obtain a resale contract after the rehab is completed if the house is priced attractively to investors/homebuyers.

#### 13. How do you find the buyers? What's the difference in profit if I sell to a Key Solutions’ Buy-and-Hold investor vs. an Open Market Investor/Homebuyer?

Key Solutions’ has extensive experience in marketing for real estate property, buyers, and sellers, and thus has a large database of pre-qualified Buy-and-Hold investors and homebuyers. However, we recommend that all rehabbing investors list their properties on the MLS to maximize exposure to resale buyers. We have negotiated an investor

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friendly listing agreement with a local real estate brokerage. If you have us consult to help you resell your rehabbed property we will refer you to the agent and work with you throughout the resale process.

To compare and contrast the profit projections for a 100% Hands-off rehab & resale to a Buy-and-Hold Investor vs. a Open Market Investor/Homebuyer, please download the Full-service Profit Projection file on the Tools page of the [www.KeySolutionsLLC.com](http://www.KeySolutionsLLC.com) website.

14. Are there guarantees on the work? If so, what are they?

As with any investment, there is always risk assumed with the prospects of profit as the reward. There are no explicit guarantees or warranties provided by the General Contractors that we use beyond the manufacturer's warranties on materials or equipment installed during the rehab. We typically suggest that the developer provide the resale buyer with a 1-year Home Warranty to defray the ongoing cost of maintenance that will result after selling the house.

15. Are the contractors bonded and insured?

The General Contractors we have used a disparate mix of insurances and licenses. You should verify the General Contractors' insurance and licensing to suit your satisfaction. It is recommended that you get a Builders' Risk insurance policy for the term of your rehab.

16. Are permits pulled for the rehabs?

The General Contractors we have used typically require the owner to pull permits when necessary.

17. Will Key Handyman, LLC consult on a rehab project that I find or currently own?

Yes. Key Handyman, LLC can refer you to General Contractors and consult on your rehab project. Key Handyman, LLC can consult on your rehab project by providing the following services:

- Key Handyman, LLC will do an inspection of the property at the Company's request.
- Key Handyman, LLC will solely be responsible for taking pictures and providing the client with an inspection report including digital photos of work progress.



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Rehab Consulting Agreement is available under the Handyman Special Contracts link on the Tools page.

### 100% Financed Buy-and-Hold Investment Properties

1. Why do you need \$1000 down if the properties are \$0 down?

The \$0 Down properties are sold with ample seller financing and seller assistance to cover the buyer's down payment in full making the purchase \$0 Down (up to a 10% down payment). The \$1000 deposit is credited toward the closing cost remaining after the seller's closing cost assistance has been applied.

The Seller of the \$0 Down property will provide a combination of seller credits & seller financing to cover the buyer's down payment (up to a 10% down payment and 3% closing cost assistance) making the transaction \$0 Down.

2. What is the total cost associated with buying one of these properties?

Even with up to 10% seller financing and 3% seller assistance towards closing costs, each property will likely cost the buyer approximately 3% of the sales price in the form of closing costs.

3. What is the Starter Kit?

Starter Kit = Lead Paint Certificate + Used Refrigerator & Stove (delivery & installation)  
The cost is \$1250. A Lead Paint Certificate is needed before renting to a tenant.

Upgraded Starter Kit = Lead Paint Certificate + New Refrigerator & Stove (delivery & installation).  
The cost is \$1750. A Lead Paint Certificate is needed before renting to a tenant. Kitchen appliances are not mandatory but make a rental more marketable and easier to rent.

4. Can I use my own mortgage company if I am already pre-qualified?

In order to take advantage of this program we need our clients to secure financing with one of the mortgage brokers that we do business with. This process helps to make our system robust. So, the No Money Down program works by you getting pre-qualified via the Key Solutions, LLC website for a long-term mortgage to buy RENOVATED investment property with the intention of buying and holding as a rental. After being pre-qualified, we will then allow you to put a property under contract.

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5. How do I “reserve” a property?

The demand for the \$0 Down Properties is so high that it is not practical to manage a waiting list. **The best way to get an inside track on properties is to become a member. Take a look at our membership program on our website.**

6. How many properties can I buy at a time?

**\$0 Down Properties must be purchased as marketed: individually or packaged.** Typically investors put four or five properties under contract at a time.

7. What type of tenant placement services do you offer?

Key Solutions, LLC has working relationship with at least 3 tenant placement/property management companies. We will provide you with referral information for at least 2 tenant placement/property management companies and you can choose or not choose them to do your tenant placement/property management.

The tenant placement referrals typically include the following services:

- Advertisement of properties in print and/or on the Internet.
- Showings of vacant units.
- A mix of credit checks, employment verification, and previous landlord references on prospective tenants.
- Distribution of keys and relevant information upon start of tenancy.

8. Do you provide property management services?

We have a couple of property management companies to whom we refer our clients. Typical property management cost is 8-10% of gross rent per month.

9. How long is the tenant placement process?

The typical tenant placement takes less than 1 month after the purchase of the property unless you opt for a governmental assisted program like Section 8, which takes longer.

10. Do most investors take a look at the properties before putting them under contract?

The 100% Financed Buy-and-Hold properties are posted on the site as “New” when the rehab is beginning. Most investors will refer to the “Before” and “After” examples on



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<http://www.keysolutionsllc.com/renovatedhomesexamples.asp> to give them a representative picture of the finished product. A small percentage of investors will come to Baltimore to take a live look at similar representative finished products. Again, the subject properties to be purchased are typically in the early phases of the rehab when put under agreement.

#### 11. Any guarantees on tenants?

Each tenant placement/property management service is customized to an individual's needs. You have to talk to the property management company about these details.

#### 12. What are the guarantees or warranties on the house?

As with any investment, there is always risk assumed with the prospects of profit as the reward. The properties marketed on our website are AS-IS with no explicit guarantees or warranties provided by Key Solutions, LLC or the owners beyond the manufacturer's warranties on materials or equipment installed during the rehab, if applicable. This is the main reason why we a 1-year AHS Home Warranty is included as a part of the bundled Starter Kit. It helps Buy-and-Hold investors defray the ongoing cost of maintenance that will result from a tenant living in the house starting their first day of tenancy.

#### 13. Will Key Solutions, LLC sell a house for me that I have already renovated?

It depends. We have to evaluate each opportunity on a case-by-case basis. Send us the details of your deal including:

- Address
- Recent/Planned improvements
- Interior/Exterior photos, if possible
- Your bottom line price