We purchased a NPL in Lansing, MI in August. It took a while to get everything transferred, etc., and while our BPO said it was occupied, after the purchase we discovered that it had been abandoned. Our Servicer located the borrower and they signed a “Termination of Land Contract” so we now have an REO.

BPO = $23,900 repaired, $18,900 as-is

Comps = average mid $40s

RPR=$55K in Dec, $48K in Jan / Zillow $48.8K, HomeFacts $41K

Rent $750/mo in decent neighborhood

Taxes brought up to date, with exception of winter 2016 - $772 now due

With the purchase ($5600), trash-out, bringing taxes up to date, etc., we’re all in for about $19K

By the time we got the trash-out finished (debris + evidence of squatters), it was around the holidays, so things weren’t moving very fast. The PPC’s REO person gave an initial estimate of just over $11K that only included basic repairs, no carpet, paint, etc,. We requested additional “basic” rehab estimates to bring it into rent-ready condition, those finally came in last week. What we received were very much retail bids (i.e., $650 for a toilet and seat). One estimate came in @ $45K, and the other at $51K (all new windows, cabinets, ductwork, deck etc. as if an owner occupant)

Our initial plan when we purchased the asset was to modify, but with the borrow gone, our next option was to clean up & rent out, with the possibility of selling to an investor on the 50/50 model once the tenant was seasoned. With these new estimates, we’re thinking that is not a viable option, and would like ideas on how to proceed at this point.

It will need carpet, paint, some drywall, a couple of windows /doors, basic carpentry and a furnace at minimum.

The main goal at this point is to recover what we have in it, and not lose $$. All suggestions welcome.

Sharon Collins / Kristi Sheffy