Case Study Activity: Foreclosure Opportunity

Monthly Mastery, September 2025

Scenario

You are part of an investment team analyzing a foreclosure property. The homeowner is 4 months behind on mortgage payments, and the lender has initiated foreclosure proceedings.

Property Details

- Location: Mid-sized suburban market
- Property Type: 3-Bed, 2-Bath Detached Home
- Current Market Value (ARV): $500,000
- Outstanding Loan Balance: $400,000
- Lender Asking Price: $410,000
- Estimated Repairs: $20,000 (roof + cosmetic updates)
- Rental Income Potential: $2,500/month
- Property Taxes & Insurance: $5,000/year
- Property Management: 10% of monthly rent

Breakout Room Instructions (10–12 min)

Step 1 – Crunch the Numbers (5 min)

As a group, calculate and discuss:

1. Total investment needed (purchase + repairs + closing).
2. Projected monthly cash flow if rented.
3. Profit potential if flipped (ARV – total investment).

Step 2 – Strategy Decision (5–7 min)

Discuss and decide:

- Would you pursue this property? Why or why not?
- Which strategy would you choose: Flip, Buy & Hold, or Wholesale?
- What is the biggest risk you see in this deal?

Name:	Date: