VTB Activity Scenario: The Duplex Deal

Your Task: Structure a deal to buy a $400,000 duplex with only **$50K** cash. The seller owns it free and clear, is motivated, and open to a **Vendor Take Back (VTB)** mortgage.

As a group, decide:

1. Down payment amount
2. VTB loan terms (amount, rate, payment style, term)
3. Why it's a **win-win** for buyer & seller

Goal: Learn how to creatively use VTBs to close deals with limited cash.

Property Overview

- **Type:** Vacant Legal duplex, two units (vacant)
- **Location:** City with growing rental demand
- **Asking Price:** $400,000
- **Market Rent:** $3,300
- **Expenses:** $575
- **Market Value (ARV after light renos):** $420,000
- **Condition:** Livable but needs cosmetic updates ($15,000).
- **Zoning:** Allows for up to 4 units

Seller Situation

- Retiring landlord, motivated to sell quickly.
- Slumping real estate market
- Property owned **free and clear** (no mortgage).
- Wants a fair price but is flexible on terms if it helps close the deal.
- Open to **Vendor Take Back mortgage** to attract buyers.

Buyer Situation

- Investor buyer with **$50,000 cash available** for down payment/repairs.
- Bank financing options are limited for you currently
- Once a property you own sells and closes, financing another will be possible (2-4 months)
- Looking for creative terms to make the deal work while minimizing out-of-pocket costs.

Name:	Date:

Task

Structure a deal using a **Vendor Take Back (seller financing)**. Decide:

a. What down payment you'll offer the seller.
b. Size of the VTB loan (how much the seller will finance).
c. Interest rate & payment terms for the VTB.
d. Length of the VTB term.
e. How you'll explain the **win-win benefits** to the seller.

Prompting Questions

- How much will you ask the seller to carry?
- What interest rate and term would appeal to both sides?
- How does the deal improve your cash flow and return?
- Why might the seller agree (what's in it for them)?

Name:	Date: