5 Steps To Success
TIPS FOR SUCCESSFULLY FINDING, FIXING AND FLIPPING YOUR NEXT PROPERTY.
5 Tips for Successfully Finding, Fixing, and Flipping Your Next Property
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Introduction

Fixing and flipping homes is still an excellent way to build your real estate portfolio and wealth. For both new real estate investors and seasoned real estate investors, there are basic principles that will help you make the process a success. The key is to buy the right property, choose the right contractor that will help keep your rehab budget under control, and ultimately sell it for a profit. This can be a very lucrative business if approached properly. However, it can also come with potential risks due to the variety of factors involved in the process of fixing and flipping homes, which can influence whether or not a project is both successful and profitable for all parties involved.

If you are a seasoned real estate investor, then you are all too familiar with the issues that may arise when attempting a fix and flip, so it’s never too late to learn something new that could help you improve and expand your overall knowledge and profits.

This guide will provide you with some advice on how to find a profitable transaction, what to expect during the fix, and finally, how to successfully flip the property with the end goal of gaining a profit so you can move on to your next fix and flip project.
Do The Research: Learn About Your Property

The first step for any real estate investor ready to start their fix and flip project is to do the research. This is both extremely important and necessary in order to help you develop a plan for how you are going to execute your fix and flip, so when you get started, you will be organized and ready for the task at hand. According to Heather Levin at MoneyCrashers.com, “where do people want to live, right now [and] what kind of house do people want to buy, right now?” are questions you should be asking when educating yourself on the real estate market. Knowing the current market conditions and what buyers are looking for will help tremendously in determining the property’s potential for selling.

Location, location, location. Levin goes on to explain how important it is to “find a home in a desirable neighborhood, or in a city where people want to live in.” The physical location of the property you are looking into fixing and flipping can be one of the biggest factors to consider when calculating the property’s potential for resale. Something as simple as noisy railroad tracks, a busy highway, or a main street filled with heavy traffic can be the deciding factor for a home buyer. You should keep this in mind when looking to put your money into fixing and flipping a home because you may find it difficult to resell the property later. Get to know the neighborhood better by taking a drive around and see if there is any competition in the area from other sellers. Check out the school district that your property is located in because better schools mean higher likelihood that families will be interested in moving into your fix and flip.
Assemble Your Team: Who Will Be Involved?

Once you’ve found the property you wish to move forward with for your fix and flip, you clearly can’t do the whole project alone. You’ll need some help, so assembling a dependable team can make all the difference in the execution and success of your fix and flip. Mike Lacava of BiggerPockets.com outlines the five most important members you’ll need on your team: general contractors, a real estate attorney, CPA, lender, and a real estate agent.

You’ll need lenders to provide you with the capital to finance your investments, so finding a reliable lender is the first step to creating your team. A private lender such as LendingOne is a great source to turn to because they offer loans specifically for fix and flip properties. They’ll provide you with the financing you need quicker than traditional lenders because they use their own capital and have a convenient, user-friendly online application that’ll make applying and approval time for a loan faster and easier. General contractors are equally as important team members because if you’re a busy investor, you may not have the time to always be there overseeing the project, so you’ll need a professional and seasoned contractor who you know will get the job done right. This can be either someone you’ve work with before or maybe a recommendation from a fellow fix and flipper.
Time Is Money: 
Watch The Clock

Now that you’ve got your team ready to begin, before you start knocking down walls and renovating that bathroom, you’ll want to set a schedule and determine how long it is going to take to complete the project. Having a plan of action will help tremendously to reduce risks and keep within your timeframe. Don’t go overboard on the fixing part of the project if it means it’ll take you beyond your budget and timeline. Monitor the process carefully by being present as much as possible and staying on top of anything that could cause an issue, and if one does arise, address it quickly so you can continue on schedule.

In this case, time is literally money, and the more time you place in a fix and flip, the more money you will be losing in the process. “Every day a property is held, it brings a variety of risks, [such as] risks of lawsuits, depreciation, and damage” JD Esajian at CTHomes.com states. If you determined it would take you less than a month to finish your flip, designated a certain amount of cash for the project, and suddenly you started finding additional problems with the home that you didn’t foresee, your timeline will extend and so will the costs you’ll incur. Therefore, the rule to remember is, the faster the flip, the better.
Budget Yourself: Keep Those Expenses Low

This may be the most important piece of advice this guide can offer you. Knowing your numbers and keeping within your budget is absolutely necessary in order to successfully complete your fix and flip. Make sure you aren’t spending too much on something that you won’t be able to make back later. In his article “The 4 Big Fix and Flip Mistakes,” Marty Boardman of BiggerPockets.com explains the four common issues that come up during a fix and flip, one of which involves over remodeling a property. This is where knowing your market and how much your home is worth will especially come in handy because as Boardman states, “[…] granite counter tops and plantation shutters aren’t necessary for an $80,000 track home on the outskirts of town […] too many bells and whistles will kill your margins.” The temptation to overly remodel may be strong, but keep in mind that whatever you put into that fix, you’ll need to earn back and more for a profit.

Make a budget for the project. Determine how much it’ll cost to renovate that kitchen or upgrade an entire bathroom. Decide how much you are willing to spend on décor like light fixtures or doors. A great way to keep your money in check is to work with what you already have. Flooring can be terribly expensive, so save them by simply polishing and making them shine again. A fresh coat of paint can make all the difference and refurbishing those older cabinets and making them look like new will also save you time and money.
You’ve finally made it to that day you’ve been waiting for. You did all the research, found the home you wanted to purchase, and spent weeks investing time and money to turn the property into a beautiful piece of purchasable real estate. Now comes the hard part: selling the actual property. You’ll need to decide on the price you want to list it for, but before you go and set some ridiculously high number, ask yourself if you are being realistic in the current market your property is in. Look at what real estate professionals call comparables or “comps” and see how much other homes in the area are selling for under similar conditions. You don’t want to overprice or underprice your home in the process.

Another great tip for selling the property is staging which involves adding furniture, decorations, plants, and accessories to make the home look more presentable and appealing to possible buyers who come in during either an open house or a realtor’s showing. According to Brandon Turner of BiggerPockets.com, “staging your home with furniture and nice décor can help you sell your home faster and for more money.” As noted earlier, you want to flip that house fast in order to make back your investment, so if an extra couch in the living room or curtains on the windows mean you sell sooner, then start decorating.
Conclusion

By following these tips, you can help reduce the amount of issues that may come up when getting involved in the fix and flip business. Fixing and flipping homes involves first finding the actual property and the best way to do this is to know your real estate market and do the research on both the property itself and the area it’s located in. After you’ve settled on the home you wish to purchase, gather a team of reliable members who can help streamline the overall process, making it easier for everyone involved. When you start the fixing portion of your project, keep a close watch on that timeline and budget so you can finish quickly and turn a profit. If you’ve reached the point where you are ready to sell your investment, know your numbers and see what other homes are selling for in the area.

Hopefully these strategies and tips will help you moving forward with your next fix and flip investment and will ease some of the questions and concerns you may encounter during your future project. Thank you for reading and we hope you check out some of our other eBooks offering further advice and information for the real estate investor.
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