

# House Flipping Expertise

## **Is House Flipping Is Right for You?**

A handful of shows on TV have featured house flipping as a way of life. They show the ups and downs of getting into the business. It looks like fun and you might be wondering if it's something that you should get involved with.

You can decide if that's the case by taking inventory of your personality and what you have to put into it. Flipping houses is going to be a pretty serious time commitment.

Though it looks quick on TV, reality is different. You have to be someone who has the amount of time that it's going to take to dedicate to a project. If you're stretched too thin right now, then you need to wait until you have the time.

You also have to consider what's involved that may be out of your skill level. Flipping a house can sometimes mean that you can't handle everything that needs to be fixed or spruced up on your own.

You're going to have to hire someone to help you. Many people who get involved with house flipping have a team that they work with. They'll have an electrician, a plumber and several other people who can professionally do whatever task is outside of their league.

You have to look at the cost involved. You need to be able to know how to find a good home to invest in. A good flip home should be priced low enough so that after you repair what needs to be fixed, you have a tidy profit.

That means you can't pay market value for a home. One idea is to look for fixer uppers that don't have serious issues in established or even high end neighborhoods if you can afford it, buy it, bring the condition up and then sell it.

You do have to be able to buy that house, which means you have to have some sort of financing ready. This is a step that should be decided before you even look at homes to buy.

To decide if house flipping is right for you, you want to examine your reasons for going into it. If it's because you think it's something that'll make you rich fast, then that's a wrong reason.

You can make a lot of money flipping houses, but it's not something that you can rush. It's something that builds your income house flip after house flip. Your first flip or two is to get you started.

There will always be risk involved in real estate properties just like in any other venture, but the rewards you stand to reap can be substantial. If you have some money already on hand that you can invest in buying a flip house, you're a hard worker and you don't give up easily when faced with challenges, then home flipping is probably right for you.

### **How to Educate Yourself to Flip Houses Successfully**

House flipping is something to get into that has the potential to create a lot of money for you. But there are some things that you have to know going into it. Anyone who's successfully flipped houses will tell you that you are going to have to have the money to buy the property.

This is something that makes most people pause and think that they don't have the kind of money up front that it takes to buy a property. You don't have to use your own money.

You can get the money from lenders and these can be family members, friends, real estate investors and other money lending businesses. You can find some lenders through investment groups.

Just watch the interest rate. If you have good credit and your debt ratio is low, you can take out a loan for the house from the bank. Some people get creative with their financing for a flip house.

They use a little of theirs, some from family and some from a loan. Some people create a joint venture and split the financing costs. When it comes to deciding the financing amount, always plan on spending more than you think you might need because there are always glitches.

You need to understand how real estate works. You can educate yourself about this by having a mentor in the real estate business or by taking classes in it. But you must know how buying and selling works, how to determine which location is good to buy a flip house in, and what the market is doing.

You need a good figure on what the house will be worth on the market once everything's said and done. Look for foreclosed homes, homes that look rough but are basically in good shape and homes in sought after locations.

You also need to know how to work on a house. If you're someone who can't hammer a nail in straight, then you either need to learn more about construction or you have to hire everything out.

It's okay to hire those who know what they're doing when it comes to working on a house, but you need to know what should be done and what a good job looks like on a repair or renovation.

Because otherwise, you won't understand what has to be done or if it's being done correctly and up to code. You can have a contractor come out and look at the flip house to tell you what's going to be involved in fixing it up.

This will help give you a ballpark figure of what you're going to spend to get the house ready. Just keep in mind that renovation estimates are just estimates. As the work progresses, problems are usually uncovered - so give yourself not only a financial buffer, but a time buffer for getting the project done as well.

When the home is done, make sure it has market appeal by staging the home. There are certain people you're going to need to be successful with house flipping.

You need someone who's knowledgeable about the market if you're not. You need someone to handle the paperwork when you sell the house. You need someone to handle the financial side who can keep the project within budget and moving along.

You need people who are skilled in all areas of home flipping. That includes people who can work on bringing the yard up to a condition that's appealing to buyers.

You need someone who can put in a floor or renovate a kitchen. You need electricians, plumbers, heating and air experts and any other skilled person to handle areas outside of your expertise.

Understand that time and problems equal a demand for more money. The longer it takes to complete and the more problematic a flip, the more it eats into your profits.

### **Never Underestimate the Time and Cost of a House Flip**

Some people want to get into flipping houses because it looks like a fast and profitable way to build an income. It can be. But the biggest mistake that people who get into the business make is they underestimate how much time it's going to take.

They also underestimate how much it's going to cost. You have to flip a home quickly if you're going to make money, but the house doesn't always cooperate with your timeline.

When you start flipping a house, you may run into defects that are hidden beneath the surface. What looks good on the outside wall might be hiding a myriad of electrical wiring problems behind the drywall.

Hidden problems like that are common in almost every house because people don't often update things like wiring. It's expensive to have a home professionally rewired.

A problem like that can add thousands to your budget costs. The same thing can happen if there's a problem with the plumbing. A slow draining toilet or tub is often dismissed as a possible clog but it's actually a major plumbing problem such as the pipes in the yard are cracked or full of tree roots.

Then you have to dig up the lawn, replace the pipes and then repair the damage to the lawn. Problems always slow down the renovation schedule as well as add to the cost.

The best way to prepare to be thrown off schedule is to budget more time than you think each step of the renovation will take. This way, you build in a time buffer.

A lack of knowledge on your part can slow you down. If you're doing part of the renovation yourself, the lack of experience can make the job take longer. Or it can take longer because you messed up and now you have to find a professional who can come out and redo it.

Having to depend on other people in a team to help you get the house ready to go on the market can add to the time and the cost as well. Not everyone shows up when they're supposed to be on the job.

They might arrive a few hours to a day late or not at all. This can throw you behind if you don't take into account working with others can be a time buster. Plus, you might be given an estimate by someone in the team and then it turns out that it's more work and material than he anticipated so now he has to tell you it's going to cost several hundred dollars more.

Weather delays should also be figured in to the house flip. If it needs a new roof or you have to put in a new driveway, you can't do that in the rain. By budgeting in potential problems and overages, you'll still be able to get done on time and within your budget.

### **Using Foreclosures as a Primary Source of House Flipping**

One of the first things that you learn about flipping houses is that you need to buy cheap. You don't always get that opportunity when a house is being sold on the market.

But a foreclosure home is different. The bank or lending institution has taken back the property because the homeowner couldn't or didn't make the payments anymore.

Home mortgage lenders are in the money business and they won't want the hassle of having a foreclosed property on their hands so they try to unload the home as quickly as possible.

The longer they hold the home, the more money they lose. That means you can get a property for a whole lot less than you'd normally pay for it. Some people are reluctant to get involved with buying foreclosures because they think that means the house is in terrible condition.

While that can sometimes be the case, more often than not, it isn't. You can find foreclosed homes through multiple sources. They can be listed in the newspaper or at online real estate sites or other sites.

You can also find them at local auctions as well as listed on bank and mortgage lending sites. You can also check the U.S. Department of Housing and Urban Development for their list of foreclosures.

You'll want to look at the property before you buy it but keep in mind that foreclosure homes are sold "as is" which means that you don't get any kind of guarantee.

These homes could have minor issues such as needing to be cleaned and painted to major issues such as foundation problems. Keep in mind that not all foreclosed homes are open to an inside viewing.

This can happen if the home carries a risk to health. But you can gauge if the home might be worth it by looking at the price of the home, and the neighborhood that it's in.

If you can't get inside, always expect the worst possible scenario. For homes where you are able to check out the inside, it can be helpful to take a professional with you who can give you a rough estimate of the expenses that you're looking at if you buy the property.

Know the budget you have for flipping the house. It's not a good deal if you're just going to break even. You need to know what the repair costs are going to be and if you do go to an auction, don't get caught up in the frenzy and go over your budgeted buying price.

Just like with any other flip, you have to rehab it fast and get it back on the market to get the most out of your investment. When buying and selling a foreclosed home, you have to figure in the price you pay to buy it, closing costs

or fees, the amount of money you spend on fixing it, the selling costs and any taxes paid.

Then you subtract that from what you turn around and sell the house for. That's your profit amount. If you divide that profit amount by the time it took you to get the house back on the market, that gives you a percentage figure for your ROI.

### **Renovation and Décor Tips to Help a House Flip Sell Fast**

To sell your flipped house, you're going to need it to be inviting both inside and out. When a possible buyer looks at the house, he's either drawn to it or he isn't. You have to make sure that the exterior of the house makes potential buyers want to stop and have a look inside.

The outside renovation is where you can easily go over budget. Making a home have an inviting exterior isn't expensive. You need to make sure that it's clean. If the front door is in bad shape, replace it.

If it's not, then you can clean or paint it. Take out any dated hardware on the door and replace it. Do the same with any porch fixtures like lights, doorbells or faded shutters.

You can put in landscape lighting fairly cheaply and put in some flowers either in a bed or in pots. Put up a mailbox and new house numbers. These are all updates that can make a house look more welcoming.

Inside the house, if the walls are in good shape, paint them. It can be tempting to put your own personal stamp in a home when it comes to choosing colors, but you have to think what a buyer would want.

Buyers want colors that are neutral. They can imagine a clean slate to work with to put their own personal touches in the room. Stick to soft colors and choose the same if you have to put down new carpeting.

New carpet is cheaper to put down than most other types of flooring when you're renovating but keep in mind that carpet can be a turn off to some buyers. They want the clean look of laminate or hardwood floors.

The areas that can make or break your renovation budget and ones that can help sell a house are the kitchen and the bathrooms. But that doesn't mean that you have to completely gut the existing kitchen and start over.

You can just update what needs to be spruced up by doing things like painting, putting in a new backsplash or flooring and new appliances. If the cabinets are solid but look worn, you can refinish them or repaint them and still end up with a great looking kitchen.

Countertops do matter - so those need to look high end but not necessarily be high end. Update the bathrooms by putting in new faucets and replacing anything that needs to be replaced.

New hardware can make older cabinets look new. Remember when you're flipping a house not to fix it up like you'd like it to be. You don't want to spend a lot more money by putting in top of the line appliances or upgrading things that don't need to be upgraded.

When it comes to décor, make the most of your homes features such as large windows, fireplaces and furniture. Group your furniture so that the room feels bigger in the living room.

Make sure you use soft lighting. This casts a better glow in the room and makes it look warm and inviting. Go minimal when you stage the house. Have fresh flowers on the table and have it set for dinner with nice dishes. Remember to think of the buyer when decorating the home for staging rather than what your own preferences are.





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