

Learn how to Find, Fund, Fix, and Flip Real Estate



Create passive income, buying and holding multi unit properties & flipping houses

FIX & FLIP HOUSES

Create passive income, buying and holding multi unit properties & flipping houses

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INTRODUCTION

I have some bad news for you: you can't learn everything there is to know about flipping houses in a single Saturday course, by reading a single blog article, or by watching an episode of House Flipping reality shows on TV. While the self proclaimed "gurus" would have you believe that you'll be an overnight millionaire, house flipping is not easy and simple.

With that said, there is a way to make money and the best way to learn how to flip houses is by doing it on your own, making mistakes along the way, while having safeguards in place to make sure that you minimize your downside risk.

Is it easy? No. If it were easy, everyone would be doing it! You can, however, shorten your learning curve with this guide. Just like anything in life, the more you do it, the better you will get at it.

Beware of People Who Tell You It's Easy!

Whether it's flipping houses or buying homes to rent or live in, real estate investing is not as simple as some people on TV may lead you to believe. Flipping is capital-intensive and can require a lot of hard work. Traditionally, you need cash to buy the house, cash to make the improvements and then *hopefully* you'll get it all back (with a profit) to make it all worthwhile. Each of these factors make house flipping a risky, but when you do it right, the profit margins are very sweet indeed.

Whether you are just beginning your journey of flipping houses or you're just considering getting into it, use this guide and the case studies outlined to help shorten your learning curve and turn a profit more quickly.



Below is a list of all of my flips. Many of the “guru’s” claim to have owned and sold millions of dollars worth of property – but they don’t back these claims. Any of the information I provide you in this guide will come with supporting documentation or can be easily fact checked. I believe transparency is key in doing business, especially when teaching people about investing their money in flipping houses.

Property Address	Purchased Price	Sold Price
• 30 Glen Brook Drive	\$81,000	\$117,000
• 161 Central Ave	\$72,000	\$195,000
• 1608 3 rd Ave	\$68,000	\$108,000
• 1410 1 st Ave	\$37,000	\$159,000
• 1432 1 st Ave	\$43,000	\$62,000
• 908 24 th Street	\$52,000	\$130,000
• 907 23 rd Street	\$95,000	\$185,000
• 17-19 Strong Pl.	\$64,000	\$225,000
• 1819 7 th Ave	\$14,000	\$135,000
• 6 McelWain Ave	\$80,000	\$153,000
• 29 Valdepenas Ln	\$165,000	\$260,000
• 84 Old Loudon Rd	\$230,000	\$350,000
• 79 Blue Jay Way	\$329,000	\$435,000
• Real Estate Owed	\$1,330,000	Net 1,184,000

Total \$2,514,000



HOUSE FLIPPING BASICS

Assess Your Cash Situation

You MUST know how much cash you have to invest on your own, or know if you'll need to find investors, personal lines of credit, other lenders. Finding investors is an art in its self, so this guide is written for the flipper with either financing or cash in hand to invest.

Build Your Team

You should build a team to help you to find, fix and sell the properties you flip. The collective experience and expertise of this team help you reach your goals much faster. No matter what level of expertise you may have, you simply will not be able to do everything on your own. Your team should include a real estate broker, contractors, insurance specialists, accountants and lenders. Each of these professionals can shorten your learning curve and help you make money faster than you would have flying solo.

Find A Good House to Flip

A good real estate agent can help you find good houses to flip. You may start with a focus on properties that may not need expensive repairs, but the repairs can markedly increase the equity.

Remember the most important fact when we are talking real estate investing is location, location, location! When you find a property under market value make sure its in a good marketable location.



HOUSE FLIPPING BASICS

Do the House Flipping Math

First and foremost, you need to determine the potential selling price of the house after it's all fixed up – this is called After Repair Value (or ARV). Next, subtract the purchase price, repairs and all your monthly carrying costs. What you have left over is your profit.

This math should point to profitability to determine whether you have an ideal house flip.

Manage the Rehab Tightly

In the rehab phase, don't just solely rely on your contractor to handle and supervise all the repairs. It's important to manage this process tightly if you are doing the management on your own. Hire a professional contractor to oversee all extensive rehabilitation, and personally supervise the repairs to ensure they are done properly and on budget.

Work Fast, Make Profit

Flipping houses is a race against the clock because the longer the rehab takes or the longer the house sits on the market, the less profit you make. Consider soft costs such as financing payments, insurance payments, town taxes, utilities and any and all other carrying costs. All of these add up to diminish your profits the longer you own the house.



BANK OWNED PROPERTY WEBSITES

There are many bank owned property websites. Here is a small list of bank owned websites:



[Local ENYR MLS](#)

[Hudhomestore.com](#)

[Homepath.com](#)

[Auction.com](#)

[Xome.com](#)

[Hubzu.com](#)

[Reo.wellsfargo.com](#)

[offersubmission.com](#)

[Zillow.com](#)



These are just a few that exist. There are many to choose from.

WHAT IS A BANK OWNED PROPERTY?



A bank-owned or real estate owned (REO) property is one that has reverted to the mortgage lender after the home fails to sell in a foreclosure auction. Once the bank owns the property, it will handle eviction, if necessary, pay off tax liens and may do some repairs. Then the bank will contract with local Real estate brokers or agents to list the property on the market. Tax liens are another way to acquire properties through public auction, but we will discuss this later.



Find Properties

- Public notices - Notice of sale description in the newspapers and city, county, state court houses, libraries, sheriffs offices, and city, state and county office's.
- Below are some of the due diligence buyers should be prepared to do. Items to CHECK.
- Current Water and Sewer Bills;
- Past Codes Violations;
- Current Year Tax Bill (will be pro-rated at closing);
- Check county for all past due or delinquent taxes.
- Zoning and Planning Allowed uses after closing—prior use does not guarantee future zoning .

Creative ways of finding properties

Another way to purchase property is by buying from an owner that does NOT have a mortgage.

The seller may have a property that needs extensive repairs before it could be sold. You can acquire these property sometimes by the owner holding paper (promissory note) . This is an option when the property is not well marketable. When the owner holds paper meaning the promissory note, the owner now acts as the bank, you gain title to the property, and the deed is filed and recorded in your name with terms and conditions you and the owner set forth. All property payments are made directly to the owner, all taxes are paid by you, the new owner goes directly to the municipality, according to the local tax map. In some cases this may be a less expensive way to acquire property. Once the property is repaired, you can now borrow against the property and payoff the owner.

PREP WORK OF PURCHASING BANK OWNED PROPERTY

It's important to understand the prep work of purchasing bank owned property. Better than just telling you what's involved, I will use one of my former projects at 6 McelWain Ave in Cohoes as a case study.

There are many necessary steps to take, to purchase a bank owned property successfully. You should check all taxes to make sure their paid and current. Additionally, you should check for any liens. This is public information available through the county records clerk.

Be sure to walk through property to determine repair cost and figure out what will be replaced, fixed and rehabbed. Remember to always estimate repair cost higher. This means you shouldn't discount other peoples' labor and time as you would for yourself.

Prepare a detailed material list of supplies needed. This is also known as the scope of work. It's critical that you determine your order of repairs. Your repairs have to be made in a timely fashion, so one thing does not get ahead of the other. For example, re-sheet rocking an interior wall before you decide if there will be plumbing or electricity running through, deciding on floor plan and bath, and kitchen layout yearly in the planning stage is crucial.

You must also determine your timeline and expected completion date.

Do a market analysis to see what the value would be once property is rehabbed. This is also called ARV (After Repair Value). Your ARV MUST be determined before you purchase any property.



Funding

- FHA 203k Rehab loan, finance the property and cost of repairs.
- Conventional mortgage can sometimes be utilized if the property needs TLC, Conv. Mortgage will not qualify if the property is a rehab.
- Line of credit on residential primary, income property, commercial, and some SBA loans
- Utilizing lines of credit to purchase homes is one of the best ways, you are considered a cash buyer.

DOING YOUR HOMEWORK ON A PROPERTY

Once you find a property you would like to invest in, compare the neighborhood location. Again keep in mind that all real estate is about location, location, LOCATION!

You want to look for the worst house on the street, ideally there is only one on the street that needs rehab. If there is more than one property that needs repair, that falls in the category of possibly a bad location. Pick your location wisely or you might find it difficult to sell once all the repairs are completed.

The ARV on 6 McElWain Ave Cohoes was \$150,000. That was what I thought the property would be worth once all work was completed. I figured this out by the comparable sales of the houses in the area. Once you know the ARV, you can begin to calculate the cost of repairs, as well as holding cost. Take purchase price, repair cost, holding cost, and subtract the ARV, and that net figure must be attractive enough to take all the risk. Every flip is unique.



SUMMARY OF 6 MCELWAIN AVE COHOES

- Purchased Property for **\$80,000**
- Repair cost **\$8,500**
- School and property taxes prorated 3 months were **\$1,400** , additional holding cost **\$300.00**
- Remodeled kitchen, bathrooms, basement, electrical, garage, landscaping, and plumbing.
- Listed the property for **\$149,000**
- Sold multiple offers **\$153,000**
- Net proceeds **\$62,600**



CLOSING CHECKS

There are many “Fix and Flip” seminar hosts who will tell you about the money they’ve made, but very few will actually prove it. Transparency is the key to earning your trust and making sure you know what you’re getting into. Each project I mention in this e-book will come with supporting evidence so you know that I’m not overinflating.



REAL ESTATE AGENTS: PRO'S & CON'S

The right real estate agent can be an amazing asset to your flipping venture. Long time investors, such as myself, have launched their own real estate brokerages to buy and sell properties. For the average investor, working with a local, knowledgeable agent is beneficial. On the downside, a real estate agent will take a commission. Nonetheless, it may be well worth the added expense to have someone by your side who speaks the language and understands your market.



REPAIRS

Before you start any fix & flip project walk through property multiple times to figure out what you can save from the materials and features that already exist in the house.

I personally always try to save kitchens, bathrooms, doors, and moldings on most projects which are very costly to replace. These items can be fixed or enhanced in some way to make them look better than they once appeared. Saving these items can mean staying within budget.

We will walk through the repairs and improvements for my flip project at 908 24th Street in Watervliet.



908 24TH STREET, WATERVLIET



REPAIRS

Be careful with your selection of repairs and renovations in your flip. Granite counters and stainless steel appliances in a low end starter home isn't a wise investment. As obvious as that may seem, there are exceptions. Location plays a big role in the kinds of upgrades that are in demand as well as how much value it will give the house. Pay attention to locale trends. Visit other open house to view quality of construction and materials used in comparable homes. Wisely consider who your buyer is. Think about what their desires and what their must haves are. Consider what you can offer without breaking your rehab budget. As you gain experience, you'll get a better idea of how to identify your target buyers and translate that into smart rehab choices.

HERE'S HOW TO MAXIMIZE PROFIT WITH REHABS AND REPAIRS:

- Start your renovation plans long before closing.
- Manage and pay contractors well to develop strong working relationships. Having a good team of contractors can be crucial to repeat flipping.
- Minimize waste by hanging on to materials and tools. They'll always come in handy later.
- Focus on quality rehab work. This will preserve and build your reputation.
- Consider a marketing budget in your initial figures. Check and re-check your numbers to make sure your project is on track financially.
- Keep the end-game in the forefront of your brain. The idea is to make a profit, with your reputation in tact.



Real Estate Compliance

- Certificate of Occupancy
- CO is needed to sell the home once it is completed.
- CO, states to the consumer (home owner) the property is free and clear of defects and is safe and up to code to occupy.
- Most home owners will get a home inspection as well, its up to the home owner to complete their due diligence.
- Check with you local municipality to determine what permits are necessary for you to obtain and at what stages to apply.

REHAB WALKTHROUGH CHECKLIST

EXTERIOR

- Curb Appeal
- Roof
- Exterior Paint/Siding/Stucco
- Concrete/Flatwork
- Pool
- Septic System
- HVAC System
- Foundation
- Fencing
- Garage Door
- Deck

INTERIOR WALLS

- Paint
- Framing
- Drywall
- Layout Changes

INTERIOR FLOORING

- Hardwood Sf
- Carpet
- Tile
- Laminate

INTERIOR KITCHEN

- Cabinets
- Fixtures
- Counters
- Appliances

INTERIOR BATHROOM

- Counter
- Vanity
- Tiling
- Shower/Tub
- Toilet
- Mirrors

INTERIOR PLUMBING

- Count number of wet walls
- Need full gut or just update each wet location

INTERIOR HVAC

- Does the house need new HVAC
- Possible upgrades

INTERIOR ELECTRICAL

- Electrical wiring
- Electrical box protection
- Amps

INTERIOR DOORS & TRIM

- Closet Doors
- Bedroom Doors
- Hardware
- Door Casing
- Trim



SUMMARY OF 908 24TH STREET

- Purchased Property for **\$52,000**
- Totally gutted property down to studs
- Total rehab cost **\$32,000**
- Total cost to hold property for 14 months **\$5,400**, including taxes, insurance, utilities.
- Entire inside of building brand new
- Sold property for **\$130,000**
- Net proceeds **\$40,600**



908 24TH STREET DEED

LIBER 3028 PAGE 865



Albany County Clerk
16 Eagle St. Rm 128
Albany, NY 12207

Return to:

BOX 3

Instrument: Deed

Document Number: 11109394 Book: 3028 Page: 865

Grantor

CARR, RICHARD

Grantee

SHARPE, J NEIL

Number of Pages: 3

Amount: \$1,300,000.00

Transfer Tax Receipt
Albany County Clerk Received:
Trans Tax # 3583
.....\$520.00

Recorded Date/Time: 03/14/2012 at 9:36 AM

Receipt Number: 690666

Note: ****DO NOT REMOVE - THIS PAGE IS PART OF THE DOCUMENT****
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319 OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK.

Thomas G. Clingan, County Clerk



SCOPE OF WORK

When purchasing a house to fix & flip, you must know your capabilities. Basically you must know what YOU will repair & fix ,and what you will sub out the work to be completed.

Our next case study will be 1410 1st Ave. This property needed extensive brick foundation work, estimated to be over 2 months full time with a mason. I found a mason named Tony on craigslist for this job. Tony was laid off from his union job, and was willing to work for me on this project for \$12.00 per hour.

When you are buying and selling properties, you must try to find quality cheap labor (It does exist)! Tony ended up working for me for an additional 4 months until he went back to his previous job.

1410 1st Ave is one of my favorite properties. The next couple of pages show examples of additional improvements made to this flip.



KITCHEN BEFORE & AFTER



SUMMARY OF 1410 1ST AVE WATERVLIET

- Purchased property for
\$37,000
- Total all repairs cost
\$45,000
- Rehabbed 90% of entire 4
store building
- Additional holding cost for
13 months
\$4,500
- Taxes & utilities
- Sold property for
\$159,000
- Net proceeds

\$64,500



1401 1ST AVE DEED

LIBER 3031 PAGE 495



Albany County Clerk
16 Eagle St. Rm 128
Albany, NY 12207

Return to:

BOX 7

Instrument: Deed

Document Number: 11132645 Book: 3031 Page: 495

Grantor

CARR, RICHARD

Grantee

GAURILOFF, JEROLD E
GAURILOFF, JANICEM

Number of Pages: 3

Amount: \$159000.00

Transfer Tax Receipt
Albany County Clerk Received:
Trans Tax # 4097
.....\$630.00

Recorded Date/Time: 04/18/2012 at 1:46 PM

Receipt Number: 696989

Note: **DO NOT REMOVE - THIS PAGE IS PART OF THE DOCUMENT **

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319 OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK.

Thomas A. Clign



MUNICIPALITIES PERMITS

Permits are needed on all major changes that are made to the property. Those individual permits are needed for major construction floor plan change, Insulation (new walls) , all electrical, water heaters, HVACs, all roofing, all siding, and all foundation work. These permits are necessary at all stages of completion. Without permits, it would be very difficult to obtain a COC, or Certificate of Occupancy.

A COC is needed to sell the home once it is completed. It states to the consumer (home owner) the property is free and clear of defects and is safe and up to code to occupy. Keep in mind that most home owners will get a home inspection as well.

Check with you local municipality to determined what permits, if any, are necessary for you to obtain and at what stages to apply.

NOT ALL FLIPS ARE MADE FOR RESALE

Our next case study, Blue Jay Way , was intended to be a Fix and Flip project. I purchased the property 12/03/2015. At Saratoga County Courthouse.

I was the only bidder, and bidding started at \$328,000. The attorney conducting the auction accepted my bid of \$329,000. I also negotiated to finance the property with her and the bank right at the same location, to which they accepted.

Normally, all auctions are paid in cash within 30 days of auction being completed. Otherwise, you forfeit your 10% deposit.

After showing the property to my wife two days later we decided to make the property our personal home instead of flipping it! The following project is an example of how you don't have to sell homes you flip to benefit from the project.





FAMILY ROOM INTO KITCHEN



AFTER





KITCHEN







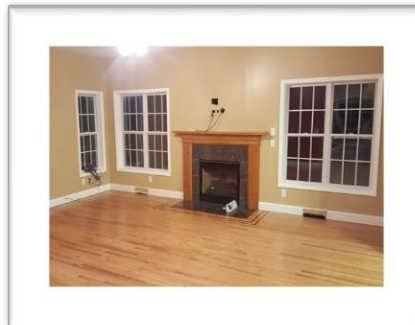
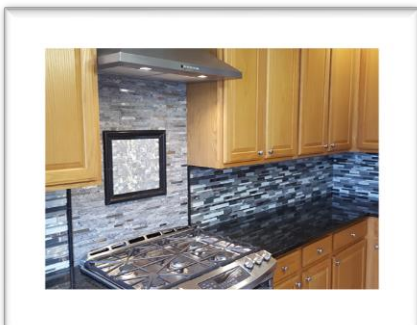


SUMMARY OF 79 BLUE JAY WAY

- New hardwood floors entire first floor **\$5,400**
- Granite counters kitchen and bathroom **\$5,100**
- Kitchen back splash tile **\$2,000**
- Custom paint job entire inside materials **\$1,500**
- All appliances **\$6,500**
- Pool liner and repair **\$4,500**
- Landscaping **\$2,000**
- New deck **\$7,200**
- New driveway **\$5,200**
- All repairs cost **\$39,400**
- Acquired property for **\$329,000**
- All repairs cost **\$39,400**
- After market value **\$425,000**
- If property sold, estimated net return **\$56,600**
- All repairs took 2 months to complete part time.



Estimated Net Return **\$56,600**



PROPERTY ACQUISITION CHECKLIST

Upon Contract Acceptance

- Ensure Access to Property:
- Make Copy of Property Key(s)
- Purchase New Lockbox
- Place Key(s) in Lockbox and Install at Property

If Certified Funds are Required for EM:

- Get Certified Funds for EM from Bank
- Submit Certified Funds to Agent

If Financing the Purchase:

- Send Contract to Loan Officer
- Provide Loan Officer Property Info
- Connect Loan Officer with RE Agent
- Have Loan Officer Schedule Appraisal
- Make sure Loan Officer Knows Anticipated Closing Date
- Due Diligence

Inspections:

- Turn On Utilities for Inspection (water, gas, electric)
- Schedule Termite Inspection
- Schedule Property Inspection
- Attend Inspection and Take Notes for "Scope of Work"
- Get Final Inspection Report and Review for "Scope of Work"
- Get Termite Letter/Pest Inspection Report

Contractor Prep:

- Create Scope of Work
- Create Materials List
- Schedule GC Walk-Through(s)
- Get Contractor Quotes

Determine Which Contractors Are Needed:

- GC
- HVAC
- Roofer
- Electrician
- Plumber
- Painter
- Landscaper
- Carpenter
- Pest/Termite Control

Purchase Decision:

- Perform Both Flip and Rental Analysis
- Perform Final Financial Analysis Using Estimates/Quotes
- Make Go/No-Go Decision on Purchase

Upon Contingency Finalization

Final Purchase Prep:

- Get Closing Date from Lender/Agent
- Arrange Landlord Insurance Policy
- If Financing, Connect Insurance Agent with Loan Officer
- Follow-Up on Appraisal with Lender
- Get Pictures/Video
- Choose a General Contractor
- Choose Sub-Contractors (if no GC)
- Determine Exit Strategy
- Create Rehab Schedule (if no GC)
- Create Final Budget
- Prior to Closing

Final Loan and Closing Prep:

- Obtain and Review HUD-1
- Obtain and Review GFE (if financing)
- Ensure Loan is Ready for Closing (if financing)
- Get Certified Funds for Closing
- Determine How to Hold Title
- Get Partnership Agreement Documents Signed (if partnering)
- Upon Closing

Day of Closing:

- Get Keys
- Change Property Tax Records to Home Address
- Get GC and Sub Contracts/Docs Signed
- Arrange GC and Sub Start Dates



CONCLUSION

Flipping houses is not an easy, and there is no simple “golden solution” for it. Anyone who tells you otherwise is more than likely trying to sell you something! If you learn the fundamentals and surround yourself with the right support system, this business can help you reach achieve an incredible level of success.

Please feel free to utilize me as a resource. As an experienced flipper, I’m also an experienced real estate broker, contractor, plumber, electrician, and landlord. If you’re ready to try your hand at flipping houses, I can guide you through this process one on one so you can avoid some of the pitfalls and mistakes I made early in my house flipping career.

Keep in mind that this is a process and it’s much easier when you can enjoy it! Find an ideal flip that speaks to you on some level, something you will enjoy fixing up. It will make the whole rehab process easier and is likely to help you sell the home much easier. Your passion for the house will show in the way you care for it.



GET STARTED TODAY!

FOR SALE


Carr

REAL ESTATE GROUP

LICENSED REAL ESTATE BROKER

Rich Carr
518-488-2434

