



BUILDING, REMODELING OR FLIPPING A NEW HOME- INSIDER INFORMATION

When it comes to remodeling, investing in, or "flipping" houses there are a lot of things to take into consideration. For the new guy, this can soon become an overwhelming process and you can easily lose money if you are not careful! Here are some tips if you are wanting to Remodel/Flip Houses (Buy a house fix it up and then Resell it for profit) If you are into real estate investing then you more than likely have been thinking about the idea of buying and selling houses. I have been doing it for quite some time and here are some tips for you. 1. If you know nothing about construction then I HIGHLY recommend you hire a General Contractor (GC). A reputable contractor will meet you onsite and look at the subject property. You should be able to get some estimates of repair. Make sure he/she is licensed and insured. Get a copy of his contractor's license. Absolutely DO NOT try to go into it thinking you get everything done yourself in 4 weeks on a budget of \$10,000.00 2. When arranging your financing with a lender ask for an interest only loan for 1 year. Your payments will be lower. If for some reason it takes longer than a year to sell the house you can sign for another year. Make sure you confirm this with your bank. 3. Make sure that you figure your carrying costs into your loan. By doing this you will have financed the payments and be able to draw from the bank when a payment is due. The amount of payments you can include will vary depending on the Loan to Value (LTV) This will keep you from going out of pocket for a few months. Hopefully the property will sell. 4. When you have received the estimate from the contractor add about 3-5% to it. I am not suggesting that your contractor is trying to scam you. The fact is all budgets (when flipping houses) run over. So count on it up front so you are not surprised in the end. 5. Call your insurance company get the premium amount and add those numbers into your loan. When the payment is due draw from the loan. 6. Make sure you figure in utility expenses. Take into consideration the season and the type of utilities the property has. You may need to add more or less depending. 7. Strongly evaluate the market in which you are investing. Do your homework and see what other properties are selling for. Too many times I see people get into this business, not figure in all that there is and then try to sell for more because they are over budget. Have all your numbers together. 8. Go to the job EVERYDAY or at least every other day. If you do not have time to do this ...then do not flip houses. Whether you are doing the work or a GC, the project will go more smoothly, closer to budget and be completed on time. If you are using a GC this is imperative. He or she will need your opinion daily. 9. Always install new appliances. 10. Pick out all of your colors out before you start. Write them all down and make sure your GC has a copy. This is crucial to getting the job done on time. If anything needs special ordering you will know it upfront. Not to mention if you have to be unavailable for some sort of emergency...everyone can still keep working. 11. Allow a reasonable time frame. Take into consideration holidays and weather. Do not kid yourself. Be realistic. Don't expect anyone to work on Christmas day unless you are. I have had good flips and bad ones. Every flip has had a surprise. With my most recent one I encountered over 200 bats in the roof. It cost me \$1,800 to have them removed and I did not have that expense figured into the budget. Have you ever flipped a house. If so please share. To your success, Sean Make sure you look at the [Building Home Checklist](#). This is a must have tool considering building a new home. Wishing you the best

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