

Module 4C

Fix and Flip



Increasing Value

Clean Property

Decorate

Create Usable Space

Create a View

Eliminate a Negative View

Reduce Noise

Features

Increasing Value

Updates

Plumbing

Electrical

Heating & Cooling

Windows

Appliances

Walls & Ceilings

Doors & Locks

Landscaping

Roof

Modernize - Kitchen & Bathrooms

Budgeting for Resale Value

Success = Correct Estimate of:

- Sale Price of the Property
- Amounts Invested (Holding Costs & Rehab)



Budgeting for Resale Value

Estimate Sale Price:

- Worst Case Scenario – break even at 20% below highest-priced property in the area

Estimate Costs:

- Due Diligence
- Over Estimate
- Comply with local laws and requirements

Profit Goal:

- 10% of Final Sale Price

Budgeting for Resale Value

Final Sale Price	\$200,000
<i>Less</i>	
Rehab Costs	\$ 30,000
Holding Costs	\$ 2,000
Financing Costs	\$ 10,000
Selling Closing Costs	\$ 1,500
Acquisition Closing Costs	\$ 1,000
Commissions (6%)	\$ 12,000
Profit Goal (10%)	\$ 20,000
<i>Equals</i>	
Maximum Acquisition Price	\$123,500

Working with Contractors

- Ask for referrals – other investors, REIAs, agents and property managers.
- Ask for references – better if bonded, licensed & insured. If not, put a clause on their contract stating that workers shall not hold you or your company liable for any claims arising from the job.
- Pay by the job, not the hour.
- Labor only – supplies separate.
- Pay only when the work is complete.

