

Flipping a House For Profit



How To Know When It's Right



Cathy Staup is
your ticket to
a sold home!
206-276-1070



Is this the time for you to start investing in real estate? Historically low interest rates, great inventory and prices say yes, it is possible to turn a profit flipping houses in this buyers market; if you have the skills and know what you are doing.

People have been flipping homes for decades but the last 5 years it has not been profitable because the price of homes rose so dramatically, you couldn't find a suitable home under \$300K. That just didn't leave enough room to make money.

We are now in a market where it is possible again. Not only are prices more affordable, interest rates are historically low, building materials cost less and in some cases are negotiable and labor is readily available.

There are different levels of real estate transactions commonly referred to as a flip.

Straight flip - Buy a home dress it up and re-sell it for more than the purchase price covering all costs and taxes.

Simple flip - Buy a home move into it and fix it up and sell it. With no structural changes and no permitting required. Target to spend between \$10 to 15K on a simple flip.

Complex flip - Buy a home move into it, live in it, "re-model" it and eventually sell it. Complex flips usually include structural changes or additions. Before any purchase check the zoning/permit process with the appropriate jurisdiction. Good projects include kitchen/bath remodels, roofing, windows, electrical and plumbing upgrades and additions. The amount to spend can vary widely but by definition a complex flip is anything over \$50K. Figure at least 1.5 to 2 times your budget and timetable in a project of this size.

All are re-sold with the intent to make a profit and in the shortest amount of time with the least amount of work and expense as possible. Flipping is different from home buying in that you need to look at the purchase as a *business* decision not an emotional decision.

Where do you find these types of houses?

Certainly bank owned, auction and foreclosures. Short sales are still owned by the seller and the seller wants to sell his property to avoid any of the repercussions that are forcing him to sell so they could be a source of suitable homes but not always. Expired listings, rental properties and estate sales are all good bets for straight and simple flips. Estate sales are quite often solid, older homes with deferred maintenance and in need of clean up. Condemned properties can be a source for complex flips. Another way to find a good candidate is to walk older neighborhoods looking for homes that have very visible deferred maintenance.



Don't bite off more than you can chew.

It is possible to research properties from home, the county sites are user friendly, and a lot of time can be saved in finding the right property. Make the effort to obtain valuable publicly available real estate information. Educate yourself on what types of homes and neighborhoods will generate a profit. Rather than look to buy all over town focus on a particular area and get to know that area well. What houses sell quicker than others, what features do buyers want, what are market values today? The more information you have the better equipped you will be when it comes time to buy. Have a plan or business model to follow as a guide and don't bite off more than you can chew. Within that plan consider not only budget but timing as well. Do not plan on condominiums as part of your business model – SFR only. Condo's have too many considerations that are out of your control.

Take into account how are you are going to fund the project – have a savings plan. Keep your credit score high, above 620 if you will need a mortgage. Consider if you are going to perform some or all of the work yourself and if partners are involved. Budget the time involved and plan on 1 ½ times the projected time for a particular project. Complete your project quickly. The longer you hold onto a house the more expenses you incur. For every day you own the house there is a cost whether work is performed or not.

Do not count on appreciation to make your budget work. Consider the hidden costs. There are holding costs; finance charges, utility bills, property taxes and insurance as well as the buying and selling costs; excise tax, agent commissions or marketing costs.

When selling the home you want to appeal to the broadest possible audience. Stick with neutral colors and popular finishes. Always keep ROI in mind and treat your project like a business. Avoid the temptation to add all the bells and whistles with the intent to get it back in the sales price.

Unlike the TV shows it isn't always that easy or cheap to do. With any investment there is the possibility to lose money and not get back what you put into the project. Prepare for the things that will come up you did not foresee.

Don't expect a fortune on your first project. This like all real estate investing it is not a get rich quick scheme. Know what you are doing, have your inspections, follow your plan, keep the work performed in the proper order, get professional help where needed and don't bite off more than you can chew.

A vertical real estate advertisement. It features a landscape photo of a house on the left and a smaller photo of a house on the right. Text includes "Buyers & Sellers", "The Path To Your Real Estate Dreams", "Cathy Staup", "Your Puget Sound Real Estate Expert", and "Preview Properties".

Buyers & Sellers

The Path To Your Real Estate Dreams

Cathy Staup

Your Puget Sound Real Estate Expert

Preview Properties



Cathy Staup experienced real estate agent in Washington State, a member of the Northwest Multiple Listing Service and a prestigious member of the President's Club. Experienced in all phases of sales and marketing single family, multi-family, condominium properties, manufactured homes, improved and unimproved land, new construction and presales, Cathy is passionate about going the extra mile for her clients.

An Agent you
can feel great
about!

She is an approved instructor for the Washington State Housing Finance Commission which provides home buyer education services. Through teaching WSHFC classes she has gained a unique understanding of the challenges either first or third time home buyers face and is dedicated to making the experience as stress-free as possible. Cathy believes in the importance of informed and educated buyers or sellers.

Sellers have benefited from Cathy's marketing experience since 2002. Having lived in the greater Seattle area her entire life Cathy understands the local real estate market. Cathy offers her experience, skills, motivation, attention to detail, follow through track record and ability to provide the most service with the least amount of hassle for her clients.

Learn More at: <http://www.positivepathhome.com>

A vertical real estate advertisement banner. It features a landscape image on the left and a house image on the right. The text includes: "Buyers & Sellers", "The Path To Your Real Estate Dreams", "Cathy Staup" in a large, stylized font, "Your Puget Sound Real Estate Expert", and "Preview Properties" at the bottom.

Buyers
&
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