

# *Flipping* WITH PURPOSE

**10 STEP PROCESS** FOR A SUCCESSFUL FLIP

## 1 GET PRE-APPROVED

The first step in the fix and flip process is to get pre-approved from a rehab lender (list provided)..You must have or form a company to be approved for a flip! They do not do hard money loans in your personal name.. it does not matter what type of company you chose to start or use. It could be an LLC; S Corp; corporation etc.

## 2 FIND A PROPERTY

Now that you are pre-Approved, the next step is to Find a property! You should have a great real estate broker at this time.. Your broker should understand flips and the true cost associated with the deal... After your broker take in consideration all of the real expenses associated with the transaction , we want to make sure your profit is \$35,000 or more.. \$50k profit is the target.

## 3 SUBMIT AN OFFER/EARNEST MONEY

After you find the property, you have to submit a formal offer, at this point you need a real estate attorney. You should not have to pay any up front cost to your real estate broker or attorney (there are some that charge up front, I advise not to pay upfront). Yourself and your broker will come up with a price you should offer for the property. After the offer is accepted you will need to put up earnest money.. earnest money let the seller know you are serious about buying the property and now they can take it off the market.. earnest money is usually \$1000-\$3000 for the type of properties we are buying.

## 4 SCOPE OF WORK & APPRAISAL

Now that you are under contract you need a contractor and or a project manager to write you a scope of work. The scope of work is a form that informs the lender, the work you plan to do to the property and the price of the rehab. The lender also Required you to get an appraisal. A licensed appraiser comes and evaluate your property to let you and the lender know how much the property is worth. When doing a flip the appraiser gives you 2 values, the “as is” value you, and the ARV after rehab value... You have to pay \$500-800 for an appraisal depending on the type of property being appraised.

## 5 CLOSING & FUNDS

After the loan process is complete and you get the clear to close, this is when you will need to have your money ready to bring to the closing table. You will need to have 10% of total purchase and rehab cost.. example:( property is \$100k need \$30k to rehab the property...total is \$130k... you would need 10% of \$130k =\$13k. You will also closing cost which is usually 3% of price.. 3% of \$130k =\$3,900....\$13k+\$3.9k=\$16.9k(out of your pocket)... There are some different options available but this is the most common.

## 6 CONTRACTORS & DRAWS

Congratulations! The property is now yours! Now you need a reliable crew to rehab the property (this is the hardest part of the process and where most new investors fail). Get at least 3 estimates from different contractors if you do not have a set crew in place already.. Lenders do not give you the rehab money up front! You have to make repairs before you can receive a payment from lender also known as a draw. Example: (you pay for new roof \$5k and new windows \$5k... you call your lender and they send an inspector to your property to make sure the roof and windows are complete... within the next 1-3 business days they will wire 10k back into your account.

## 7 REHABBING

It usually take about 3-4months to rehab a single family or 2 unit property... you want to put something to add a little splash in your property...You need to protect your investment.. getting a alarm and other security items is very important, don't want your materials and tools getting stole.

## 8 SELL THE PROPERTY FAST

About 1 or 2 weeks before the property is complete, your broker start to show it, to ensure a fast sale! When the property is completely finished and clean, we send a professional photographer to get pictures. We use the Photos for social media marketing, print marketing and on the MLS.

## 9 ACCEPTING AN OFFER

After you accept an offer for the property all the paper work is reviewed by your attorney... The buyer usually get a home inspection, the inspector always find something that can be fixed or that was not done right, you agree on what you are willing to repair. It takes about 30-45 days for a deal to close after the contract is executed.

## 10 IT'S CLOSING TIME

You have made it to the finish line. Your attorney and the buyer attorney pick a closing date at a title company...this is when you get your check for \$50k or more at the closing table.



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EARN **\$50,000** EVERY 4 MONTHS

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