

Contents

About the Author.....	xv
Introduction.....	xvii
I Initial Decisions	1
1 Establishing Your Goals.....	3
Should you flip?	4
Assessing profitability	4
Non-flip real estate investments.....	6
Calculating ROI.....	6
Using someone else's money	7
Just the facts	8
2 Doing Your Research	9
How's the market?	10
Economic considerations.....	10
Looking at demographics.....	11
Government information	12
<i>Government activity</i>	14
<i>Investigate permits</i>	15
<i>Benefiting from disaster</i>	17
Brain picking	18
Just the facts	20
3 Deciding What Type of Flip to Do	23
Personal concerns.....	24
The three types of flips	25
<i>The cosmetic flip</i>	26
<i>The intermediate flip</i>	27
<i>The total gut</i>	29

Which type of flip is right for you?	29
Flipping other properties	30
Just the facts	31
4 Conversations: Moving Forward	33
A conversation with yourself.....	34
Expanding the conversation	35
One last check of government activity.....	37
Make the decision	38
Just the facts	38
5 Setting Your Budget.....	41
Budgeting for your project.....	41
Cost considerations.....	43
<i>Acquisition costs</i>	43
<i>Soft costs</i>	45
<i>Hard costs</i>	55
<i>Labor expense</i>	57
Planning for the unexpected	57
Potential income tax savings.....	58
Profits: your “take-home”	60
Just the facts	60
II Acquiring the Property	63
6 Locating the Right Property	65
Condition of the property	66
Design and size.....	67
The age factor	69
It’s all about location	70
Timing is everything	72
<i>Project timing</i>	72
<i>Market timing</i>	74
Searching for properties	76
<i>Using a Realtor</i>	77
<i>Doing it yourself</i>	78
Just the facts	79

7 Buying the Property.....	81
Making the offer	81
<i>Pay as little as possible</i>	82
<i>Factor in estimated costs</i>	82
<i>Condition of the market</i>	83
<i>Contingencies</i>	84
<i>Loan approval</i>	84
Counteroffers	85
Due diligence.....	86
<i>Seller's disclosures</i>	86
<i>Physical inspections</i>	89
<i>Discussions with permitting authorities</i>	92
Just the facts	94
8 Financing Your Purchase.....	95
Institutional lenders	95
<i>Financing terms</i>	96
<i>Cross-collaterization</i>	97
Mortgage brokers.....	98
Which method is better?	99
Seller carry-back.....	100
Self-financing	101
Plan financing in advance.....	102
Just the facts	103
9 Paperwork and Closing	105
Taking title.....	106
Title insurance	107
<i>Legal form of holding title</i>	108
<i>Cloud on the title</i>	109
<i>Easements</i>	111
Hazard and liability insurance.....	112
Other closing documents.....	113
Other closing issues	114
Just the facts	115

III Planning the Flip	117
10 Cosmetic Flips	119
A few words about permits	119
Finding materials.....	120
Paint and paper.....	120
Cabinet refacing	123
Appliances.....	124
Light and bright	124
<i>Bring in more natural light</i>	124
<i>Add light fixtures</i>	128
Tile and stone.....	129
<i>Kitchen and bath</i>	129
<i>Fireplace and hearth</i>	132
Curb appeal	133
Just the facts	134
11 Intermediate Flips.....	135
Kitchens.....	136
<i>Countertops</i>	137
<i>Cabinets</i>	139
<i>Appliances</i>	141
<i>Sinks and fixtures</i>	143
<i>Vents</i>	144
<i>Floors</i>	145
Bathroom	148
Family/great room	149
"Going light"	150
Just the facts	151
12 Total Gut and Remodels	153
Permits and entitlements.....	154
<i>Public hearing</i>	156
<i>Consider the neighbors</i>	156
Local regulations	158
Construction issues	160
<i>Electrical</i>	161
<i>Plumbing</i>	162
<i>Structural</i>	164

Interior design details	165
External additions.....	166
Recreational extras	168
Just the facts	169
IV Doing the Work.....	171
13 Picking Your Team	173
The professionals	174
<i>Attorney</i>	175
<i>Accountant</i>	176
<i>Banker</i>	177
<i>Architect</i>	178
<i>Realtor</i>	179
<i>Escrow or title officer</i>	179
Contractors	180
<i>The role of the general contractor</i>	180
<i>Licensed and bonded</i>	181
<i>Why hire a general contractor?</i>	182
<i>Subcontractors</i>	182
<i>Paying the contractors</i>	183
Working with a partner.....	184
Just the facts	185
14 Doing the Construction	187
Establish a work schedule	187
Empty the house	188
Order materials and schedule subcontractor work.....	189
Cosmetic flip schedule.....	190
Intermediate flip schedule	193
<i>Demolition</i>	194
<i>Basic structural work</i>	195
<i>Operating systems</i>	197
<i>Interior walls</i>	199
<i>Flooring and finishing</i>	200
<i>Outside the house</i>	202

Total gut schedule	204
<i>Demolition</i>	204
<i>Framing</i>	205
<i>Roofing</i>	206
<i>Finishing up</i>	206
<i>Yard and exterior</i>	208
<i>Lawn and garden</i>	208
<i>Irrigation systems</i>	210
<i>Trees</i>	211
<i>Hardscape</i>	212
Unexpected problems	213
Progress inspections.....	215
Just the facts	216
V Taking It to the Bank	217
15 Selling Your Gem	219
Pricing expertise.....	220
<i>Absorption rate</i>	221
<i>CAMO</i>	222
Market knowledge	222
Property marketing expertise	224
<i>Electronic marketing</i>	225
<i>Virtual tours</i>	227
<i>Traditional marketing</i>	228
<i>Realtor's network</i>	230
<i>Disclosure</i>	231
Just the facts	233
16 For Sale by Owner.....	235
Doing a FSBO	235
Getting the word out	239
Staging the property.....	240
Outside the house.....	242
Just the facts	243
17 It's Done! Final Considerations	245
Closing documents.....	246
Tax ramifications	247
"Thank you, sir! May I have another?"	249
Just the facts	249

A Glossary	251
B Resource Guide	257
C Recommended Reading List	261
D Words of Wisdom	263
E Before and After	269
Index	273

