

REAL ESTATE LEARN TO SUCCEED THE FIRST TIME

*Real Estate Basics, Home Buying,
Real Estate Investment, & House Flipping*



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**Real Estate: Learn
to Succeed the
First Time**

Real Estate Basics, Home Buying, Real Estate Investment and House Flipping

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Introduction

I was once asked how I got into the real estate business and it was quite a hard question to answer. In my case, it was necessity. Having very little money to invest in real estate, but being a very practical minded person, I was able to purchase houses at relatively low prices and make sense of the market, so that I could sell these on and make a handsome profit. What I learned on the journey was

very interesting. It isn't just a case of speculating to accumulate. You do need to know what you are looking for and you also need to know what it will cost you to make the home that you have bought fit a specific market.

You also need to learn when to walk away and that's the hard point that some people who invest in real estate don't watch for. This can be the difference between making money and losing your investment. In this book, I will use my personal experience to explain how you

can make your experience as a home buyer or as a potential house flipper successful. You will learn all about buying houses at bargain prices, about the study that you need to put into the market, and how this study pays off long term.

It isn't as simple as buying a house and doing it up. The real estate industry is much more complex than that. You have to bear in mind the state of the market, the area of the market that you are competing in, the cost of refurbishment

and the overall length of time that you will have your money tied up in property. With the right attitude and the right way of approaching the real estate market, it can be a very profitable and worthwhile way to make money. Without the expertise and without taking precautions, it can be a disaster. This book will help you to understand how it all works and what you can do to ensure that your real estate gives you the best return. You will learn all about what to look for in a new property so that you avoid some of the more common the

pitfalls.

Chapter 1 – Real Estate Basics

You enter the real estate marketplace the moment that you buy your first home. To purchase that house, you need to have set your finances up to be able to pay your current bills as well as any bills that are incurred at the new location. During the time that you own the property, whether

you are buying it to flip or to live in, you are responsible for the utilities and all taxes related to that house.

Make sure you look around the market before buying. You want to have a comparison before making an offer. That means that you can weigh up one investment against another. Some people with less money to invest may choose to opt for a house that needs repairs over a longer period of time. The fact that the house is in a bad state of repair will mean that the price on the market will

have been relatively lower but the trick is working out what the home would be worth once all of these repairs are done and what the cost of those repairs is likely to come to.

Equity is the amount of money that a property gives you as the potential for another loan on a property. If your property was bought for \$100,000 and is currently worth \$150,000, then you have an equity of \$50,000 or you may find that your lender would be happy to advance that amount, depending upon how

convinced the lender is that the value of the property would be reached should you default on your payments.

There are different scales that you need to remember as well. The market value may differ from a valuation of the home for bank purposes because all a bank wants to know is if they will get their money back. The market value, however, may be something that is flexible depending upon changes in the market. For example, if there are not many houses for sale, then the house is more

valuable because it's a rarity and something that people will be looking for. If there is a housing surplus and there are too many choices, then it is likely that it's a buyer's market and you may get less for your house. The other valuation you need to keep in mind is the valuation for insurance purposes is totally different from the previous types of valuation. This should be based on what it would cost you to replace the house in the event of it being destroyed. An insurance company will be able to give you a valuation so that you know

what insurance is likely to cost you.

In real estate, you have different types of sales. Short sales are when you can buy a property at less than the amount that the seller owes to the bank. In a case like this, the bank may have given up on ever getting back the amount owed and may agree that the seller can sell to pay off as much as the house is likely to realize. The problem with short sale prices is that they don't always turn out to be as wonderful of a house as the purchasers think it will be. There may be repairs

needed that are excessive, but purchasers jump in blindly because they feel like they are getting a great bargain. A home inspection costs money, but it doesn't cost as much as the potential loss that you can make if you buy a short sale property that needs more care than its worth.

Auction properties – These are usually properties which have been foreclosed on. The existing owner cannot afford to pay the mortgage and the bank wants back the money that is owed. Now these

can be a real bargain if you know what damage needs repairing and you are aware of the market. We will go into this later, but basically these are houses the bank is prepared to sell for the amount owed on a specific date. The advantage of these sales is that you can get bargains. The disadvantage is that you need to have inspected the property in a short space of time and should have the financing in place before you bid. The mistake that people make with this kind of purchase is that they bid above their budget and leave less money for repairs.

Sales through real estate agents – These are houses that have been put on the market for a variety of reasons. Perhaps the owners are moving to a new town. Perhaps they are simply moving to a larger home. In the case of seniors, these seniors may be moving into assisted living and don't need a large home any more. There can be all kinds of reasons a house comes onto the market. The advantage of this kind of sale is that you can usually find out the background of the house and have more time in which

to investigate and decide upon the value of the home. You also have more bargaining power because the real estate agent will act as a liaison between you and the seller.

For a rental investment, the disadvantage is that it ties up your initial money and unless you have more money for your next investment, this may not be a good move. However, if you have excess cash to invest, you may find that you will be able to recoup any mortgage payments from tenants which means that the

investment pays for itself over a period of time.

Chapter 2 – Deciding on Your Budget

When you enter the real estate market, you need to know how much you can afford to spend. This should include the cost of the home as well as the legal fees, agent's fees, sufficient money to renovate the house as needed and put it back onto the market. During the time

that you own the house, it will gain no income and will be a liability.

Therefore, your budget must include a fixed period of time where you will be expected to pay the mortgage while any work needed is being completed. People often forget about this aspect of cost but every month that you own the house will cost you money and should be counted.

When you are deciding upon your budget, bear in mind what the bank is prepared to offer you and what this will cost you during the time that you own the

property. You also need to ensure that you can afford home owners insurance for the period that you own the property and know what taxes apply to your ownership.

You must have a definite cap on what you can afford to spend because this allows you to only look at houses which fall into your price range and a little higher, bearing in mind that there is always room for negotiation It helps to be able to get a contractor to give you initial quotes on the cost to do any

repairs on the property. Remodeling can be expensive but necessary to raise the value of the home or to repair items in the home that need to be in good working order. Depending on the work that needs to be done, you may need to consult with plumbers, electricians, or just general contractors to get the best quotes and ideas for renovations.

I would say to anyone who wants to get into this business that you need to be fairly aware of what average repairs cost. For example, I have a list of

current costs that I refer to when looking at new properties:

The cost of rewiring a basic three bedroomed house

The cost of rewiring a two bedroomed apartment

The cost of installing a kitchen into X amount of square feet

The cost of replacing guttering

The cost of replacing slipped shingle or tile

The cost of installing a subfloor over X

amount of square feet

The cost of removing asbestos

The cost of getting rid of mold over a set amount of square feet

Before you even think of stepping foot into a house, have a folder put together with realistic costs that are hypothetical but which give you an idea of what you are looking at. The kinds of jobs that you will be able to use unskilled labor for are the initial ripping out of old items from the property and making it ready

for contractors. You will need to know what day rate someone charges because often this kind of work is done on a day rate. However, be careful. Make sure that your idea of a day is the same as theirs.

Other costs that will come into the picture are things such as dumpsters. In the initial stages of ownership these will save you a lot of time and you need to know of a local company who can deliver one on a fast turnaround and remove it when you need it and the cost

for such work.

Other ways that you can cut down on your budget is to set up accounts at your local stores so that you are eligible for discounts for supplies, lumber, fixtures, and other renovation needs. This will help you to save money. Builder's stores that sell dry wall and all of the items needed for the refurbishment should be able to offer you a credit account. This allows you to budget for the expenses rather than have sticker shock at the cost of supplies per trip.

Be informed

You may find that some improvements to houses will be eligible for grants and you need to be aware of this since working within the guidelines given can save you a lot of money. Find out if this only applies to your principal residence or whether grants are available for houses that you intend to sell. You also need to know from an accountant or someone who is qualified to tell you

what capital gains tax applies to houses. These rules will help you to work out what your budget is and what you are likely to make from a house.

Chapter 3 – Inspecting Houses

When you inspect houses, be aware that in the area where houses are located, there may be a lot of houses for sale. If this is the case, look at the competition. See what homes are selling and for what price. Getting friendly with a real estate agent will help you because if they think

that you will give them your business, they will be happy to provide you with information.

There are several things that you need to take into account when you inspect a home. These are as follows:

- How the house compares with others on the market in the same area
- How the price compares with other houses
- What the home offers

- What disadvantages there are

Let me go into this in more detail because at the moment, you may not be accustomed to the housing market. If this is your first investment, you need to get it right. The first of the criteria about is pretty obvious because taking a look at other homes within the area will give you an idea of what the market is like. If you are looking at a family home, is the area in which the home is located suitable for family life? You need to know what's available and at what price

and whether the home can fill some gap in the market.

Family homes need:

- Access to good schools
- Safe streets for kids to play
- Good transport links
- Good shopping facilities

Executive accommodation would need other things:

- Up to date and modern accommodation
- Nearness to transport links
- Parking
- Availability of evening entertainment in the area

Different kinds of people need different things. Knowing the market that you're going into is important. If your market is saturated with family homes, the executive bachelor pad may not be the best option and you may end up losing money on the transaction.

What disadvantages are there?

The moment you enter a home, you should be looking for problems. Are the floors solid or are there areas that squeak? Are there repairs that were never finished? What is the decor? Does the kitchen and bathroom need replacing? Are the floors in the property in good condition? What state is the woodwork in? Is there double glazing and if so to what standard? Is there off

street parking? How much work will need to be done before the house can be put onto the market and what will the repairs cost you?

You are better off going into a home with your eyes open to all of the detail. If you notice old electrical sockets hanging off the wall, chances are you may need to rewire the house. If the tile is cracked, why? If this is on an upstairs floor, you may have to replace the tile, but it's quite likely that the subfloor that it is sitting on is the reason for the cracks.

You need to be a detective to a certain degree.

Take a note pad or clipboard and note everything that you see. Take a camera points and shoot images of anything you are in doubt about so that you can discuss this with contractors as needed.

When you have inspected, if you are serious about making a purchase, never part with your money before you have assessed things correctly and do get a property appraisal that highlights any of

the things that you may have missed.

These are done by professionals who know what to look for.

Chapter 4 – Getting Ready to Make an Offer

There are several things that will tell you how desperate someone is to sell a home. Signs that there is room for negotiation in the price are the following:

- The house has been on the market a long time
- The house is priced too highly compared with other houses in the area
- There are repairs to be done that will be costly
- The owners have already moved out so are desperate to break links with their past life
- The home has been neglected

These are all circumstantial items but

they give you a clue about the property and they also tell you whether the home is likely to sell at its existing price. The real estate agent will be able to tell you if the price has been dropped recently. They will also be able to talk to you about the circumstances of the seller. Be friendly. Learn as much as you can because all of this information can help you to get a bargain.

When you have your property report, you will be able to make a more detailed assessment of what it will cost to do any

renovations that may be needed, although that may not stop you from making an offer. If there is a lot of interest in the home, you may be able to make a tentative offer, bearing in mind the repairs that you have already noted with a provision that the offer is subject to a satisfactory property report. That covers you in case there is something drastic that you didn't pick up on when you were looking around the house.

If you are dealing with buying the house through a real estate agent, you should never make the offer direct with the seller. Talk things through reasonably with the real estate agent. For example:

“Taking into account the amount of repairs needed to get the house up to date, I would like to propose an offer of \$ X amount subject to a satisfactory property report.”

The real estate agent will have been

working with the seller and should have a good idea of whether your offer comes anywhere near the amount that the seller needs. In fact, you get more information from real estate agents because selling the house is their main priority.

However, don't be talked into something that your instinct tells you is a higher price than you are prepared to pay because you will inevitably stand to lose more. The normal procedure is for the real estate agent to contact the seller and to come back to you either with a counter offer, which you can walk away

from or details of what the seller is likely to accept.

When you are making offers on houses, you may find that you are left with this sense of anticipation. Do not telephone again. It shows the real estate agent that you are too keen and that's not a good thing. If you show all of your cards, you leave yourself vulnerable and it's not worth it. There will always be another house and another possibility. Do not be talked into paying more for the home than you feel it is worth, bearing in mind

the checks you have done against other houses and also the amount of repairs you would have to do to get the house up to the same condition as houses that are selling for more money. The more you give away at this stage, the less chance you have of turning a profit.

When you are looking for a house to live in rather than to flip, you should still look from a commercial viewpoint. This is probably the biggest investment you will make in your life. At a later stage in life, you may want to sell it on. If it takes

you an absolute fortune to get it into shape, you may not get your money back on it and it's not worth getting yourself into that situation in the first place. If you have doubts about the costs and are being pushed to make a higher offer, walk away.

Be sure of what you are getting into and don't sign anything until you have all of the facts and are happy with them.

Chapter 5 – Refurbishment

When you know that you are going to buy a property to flip, you also have to know the timescale for the work that needs to be done. If you are completely new to the process when it comes to the property, you need to get all of your job bids in from electricians, plumbers,

drywall experts, and whoever else will be doing to work to get the house into the best condition possible. There is a set order to work and if this is not respected, you will find it costs you more to actually get things done.

Initial preparation – If you have plans about what you are going to do to the house, you will know if internal walls need knocking down or if you need a kitchen ripped out or a bathroom ripped out. The initial preparation stages are done by someone who is a laborer and

these people usually charge you a day rate. It is my experience that you need to be as hands on as possible to save you money. Remember, if you leave someone who is on a day rate to their own devices, they may stretch the job out simply to earn more. If you are there during this time, you can make sure that this doesn't happen.

This initial preparation needs doing before you have qualified contractor into the property because it's basically getting all the bad stuff out. You may be

able to save money in some areas. For example, the kitchen units may be good quality and have a lot of life left in them, but you may want to replace the doors of the units. At this initial stage, you need to have ongoing notes so that you can order all of the items that you need so that they are there when your qualified workmen need them. It costs you money to have contractors waiting for building materials to be delivered.

First fix – This is the stage that happens before dry wall is done. This includes

things like fixing subfloor problems, assessing the damage you may have found while ripping things out etc. You may have found rot and perhaps there is asbestos that needs to be removed from the property. You can't do this work. You will need to make sure that a qualified person comes in and does it. Pipework and wiring that goes behind walls is done at this stage. You will need to schedule plumbers, electricians and other contractors to come in stages so they will not be vying for the same spaces at the same time. This time will

also include being aware of what lighting needs to be installed to bring the house up to modern standards as all the wires need to be laid ready for this.

Second fix – This includes all of the items such as dry wall additions, tiling and the things that you will see such as kitchen worktops, fitting kitchen units, making sure that all the sockets are put in place. Make sure that you know when tilers are going to do their work because this needs to be done in conjunction with the kitchen or bathroom fitting and is

important. Similarly, you don't want to do floors when you know there is still messy work to be done unless you are able to protect them fully.

To keep this organized, make sure that you use a spreadsheet. Even if you don't know how to use a professional one from your computer, at least create a listing that shows all of the dates and all of the times that you need workmen to be at the house so that you can schedule everything and it runs smoothly.

A potential mistake you can make here is having contractors on site before they are required. This costs YOU extra money because even if they are sitting around doing nothing, YOU are getting charged for them being there. You may see this as unreasonable. However, if you scheduled them in to start a job and they are there but the building materials are not you are still responsible for their time.

Ordering of all the materials that you need for the house must be done in

advance. Try to work with off the shelf items as much as you can because anything that is made to measure will cost you extra and may take more time to be delivered and this can cost you extra money.

Make sure that your contractor's quotes are all inclusive and that they are itemized so that you can drop items off the list if necessary to keep your budget in trim. Do not change your mind and add extra items. It is far better to make a thorough plan for your refurbishment

rather than add things at a stage that will cost you extra money.

Make sure also that your contractors are available on the dates that you need them to be and that they have been tied down to a finishing date because this gives them the incentive to get the job done and leaves you knowing what stage the renovation is going to be at, at all times during the renovation of the house.

Chapter 6 – Work You Can do Yourself

There may be ways to save money during the renovation of a house and if you are trying to stick within a budget, it's a good idea to try the following ideas to help to save you money. If you have skills that you can employ you can save a fortune. Here are some of the

ways that you can try and save money.

Laboring – During the initial ripping out of the old fixtures and fittings, it doesn't take a lot of skill, but it does take many hands! If you are there and able to supervise, you can also help with some of the jobs such as ripping out old kitchen and bathroom fittings. Laboring isn't that hard. It's just a case of getting involved in the day to day processes that are going on at the house. This helps you to keep your costs down. For example, ripping out old tiling or taking out an old

bathroom are not that hard, but need doing. If you can free yourself up to help with this, you will be saving money.

Help with contractors – When you approach contractors for their quotes, do ask if there is anything that you can do to help out and to make the costs a little less. There may also be labor that they are happy for you to pitch in on and this can save money. For example, in one renovation, I was asked to tear out the walls to get them ready to take additional wiring and once I was shown

how this was done was able to save the electrician a lot of time. He also plastered after he put in sockets and if he had made any holes in the walls. If you think that you are up to it, you can probably do this just as well as he can and save yourself money.

Just be honest and upfront about your budget and try to win over the favor of your contractors. Areas that you can help with may be all the decoration that needs doing at the end of the job. If you feel that you are up to the task, then it will be

worthwhile doing it. If, however, this is not something you are good at, then make sure that you can help by doing clearing up and preparation to save money. Don't get in the way of the contractors but show that you are willing to get your hands dirty if it helps you to keep your work within the budget that you have set.

When you start to clear out your first house, you will find that there are always things that you can do to save money. You can be on site while the work is being performed and will be

able to make sure that you are getting things done correctly and in a timely manner. When all the contractors have finished their work, the actual preparation and finishing touches are what make that house sell. People want to see neutral interiors, so don't make the house too colorful. They want to be able to imagine their lives within that home. If that means that you can use any of the existing fittings within a house, it's cheaper for you to actually hire a sanding machine than to replace flooring. It's cheaper to take off

cupboard doors and replace them yourself than to install a new kitchen.

The contractors where you really cannot skimp are electricians, plumbers, carpenters, and roofers. However, having a first class carpenter available, you may be able to cut corners using their expertise. They may also be willing to work with you and welcome your interaction with them during the course of the work.

At the end of the day, it's your investment. You are the client, but you should never get so blasé about the work that you think yourself above doing any of the physical labor yourself. If you get into this state, and I have known people who have, you will spend more for your work than had you rolled up your sleeves and done the work yourself. Time costs money.

For those who are willing to pitch in on the work, there are multiple ways that you can save. You can also make

yourself available to help out when you see that contractors need you, but remember to ask in advance. Some contractors work faster when they are left to it, so getting to know the character of your contractors is essential. Be welcoming, provide them with something to drink as they work and try to create a relationship that works well for both you and them.

Chapter 7 – Marketing

Before you are able to put a house on the market, you need to be sure that the market is ripe and ready for it. You should have done a lot of investigation of the housing market in the area where your house is BEFORE you bought it, but as soon as the house is ready for

inspection, you need to know how the current market is doing. Check your newspapers to see the prices of houses in the area. Make sure that the presentation of the home is first rate. People can be put off by arriving at a house to see garbage outside. They want to see a pretty front yard. Make sure the windows are clean and that the house is presented in a neutral fashion.

You may want to consider renting furniture to put into the home. Often people are more tempted by seeing a

home with living spaces already set up so they can start to visualize their own use of the space. The idea is that you present the house as a potential blank canvas, but with enough in it for people to be able to consider it as a potential home. If it's cold and doesn't look that nice, they may not be able to see past this, so you do need to dress the home ready for viewings.

You need to aim at the particular market you think the house suits. When the real estate agent calls, make sure that they

have the right details to share with potential buyers. Marketing the house is essential and you need to be satisfied with the photographs. If you are not, take better ones and ask them to adjust their documentation. They will usually be okay with this if you approach it in a pleasant way.

Choosing the right real estate agent is essential. You need to know that the real estate agent has a good clientele base, a good quality website, plenty of contacts, and the potential to advertise your

property sufficiently. If you find that one local real estate agency is more prominent than another, then this may be a time to make a choice between the two.

You also need to know if you are permitted to advertise yourself. When people go into flipping houses, often they create a website to give their properties more prominence although in the initial stages your energy would be better spent on a real estate agent. There may be general real estate websites

where you can advertise but it's helpful to work with with a real estate agency and ask them if you can point inquiries toward them. Find out if there are discounts for sole agency. That means that you leave the property with one agent and they charge you less. Find out as well if they are willing to give a discount if a potential purchaser gets near to the asking price.

The price at which you market the property should be competitive, but it should also be high enough to make sure

that if someone makes an offer, they feel like they are getting a bargain. Add 10 percent to what you'd like to get for the home and hope that someone will really come up with the price that you want. Make sure that the house is warm and welcoming at all times. Presentation is everything. Also make sure you ask for feedback so you can make adjustments if something has been spotted that you didn't think about.

Turning a profit on a house should be possible if you have studied the market

before you started the renovation of the house and know what kind of accommodation people want. The house that you bought may have had many rooms, but by turning it into open plan, you may also bring more people in to look at the house. The marketing of the home is vital. You may even want to have an open house day, but if you do this, make sure that the house is perfect on those days, so that people don't just turn around and drive away.

The more welcoming you can be the

better. Walk through the house and look for strong points to give ideas to the real estate agent about things you feel will sell the place. Make sure all jobs are done and that the potential purchasers have nothing in the way of repairs that need doing to use as bargaining power when they make offers.

There are various sales ploys that you can use, like providing visitors with freshly brewed coffee which always smells inviting and makes a home feel great. You may even want to offer

visitors a buffet snack, but that's up to you and the real estate agent. If you are having an open day, make sure you maximize the potential by lining up the advertising so that people have time to make arrangements to be there. Ask your real estate agent what times of day give the best results. If you are aiming at families, then there may be times when parents are more available to come and look at the house and even if this means marketing the house at a weekend.

Chapter 8 – The Potential of Buying a House at Auction

If you are thinking of buying a house at auction, you need to know what you are getting yourself into. People want quick sales, but there may be reasons behind it other than the obvious. You need to

investigate the house thoroughly but you only have a short space of time in which to do it. To make the most of this situation, you need to follow a set procedure:

Set up your financing

Know from your bank how much you can borrow at short notice and work out your budget the same way you would for buying on a regular sale. The house is only worth a set price which should

consist of:

- The asking price
- The cost of refurbishment
- The potential asking price
-

If the house costs \$200,000 and the potential repairs look like they could come to \$90,000, you will need to have \$290,000 available to you, but you will also need some kind of assurance that the fully refurbished house could see at more than \$290,000 to make a profit.

Because of that you will also need to be aware of the real estate market in the area where the house is located. Look at similar properties. Ask around. Be aware of what you are getting yourself into because you don't have time to go back on your word that you will buy the property. You need to know what the house is worth to you.

Inspecting the property

We have already told you in another chapter what to look for when you are buying a property but bear in mind that when you are buying at auction, you have a limited time to get all your estimates together. If you can take your contractor with you, you may have to pay them a little to give you the time but it will be worth it because they will know what to look out for and will be able to give you an idea on remedial costings.

If there are questions that you have about the property, make sure that you have

asked them before the sales day. They will be dealing with a lot of inquiries and it's up to you to ask relevant questions. You don't have the same level of control when you buy at auction so if this means writing things down, do so and make sure that you know exactly what it is that you are buying.

Decide on a set budget

This is vital because it is very easy to get carried away with bidding. If the

home reaches the amount that you have decided is viable and there are still bids coming, walk away. You won't make money on the house and it's one of the biggest mistakes that real estate flippers make. They hear others bidding and they up their bidding beyond what is reasonable. Then when it comes to renovating the house, they are already working with a shortfall of money, making the budget very tight and may end up taking a loss on the property.

On the auction day

Have a set budget for how much you can spend on the house and do not go beyond it. When the auction is in progress, don't be too keen to get your bids in. Wait and see how the bidding goes so that you know who your competition is. Go in with a bid when you are ready and remember that you have a top budget and stick to it.

If you are the winner of the auction, you will be expected to pay for the property

up front. It will be worthwhile finding out what fees are involved when you purchase the house and just before the auction, you can find this out from asking the staff at the auction house. This kind of purchase is suitable for those who are cash buyers because they know their exact financial situation and also know how much money they have left to do the repairs. If you do not have cash, but have arranged a loan, you have to work out your potential profit less whatever that loan will cost you and you should make sure that the lender is prepared for early

repayment and will not charge you too much in the way of fees for early repayment.

Chapter 9 – Flipping Houses in General

If you really feel that you have it in you to make a business of flipping houses, it may be worthwhile thinking of forming a partnership because this may give you more funds to play with. If you know people with the right kind of skills, you can discuss how you can make this work

for both of you. There are a few things that you need to think about before committing yourself. For example, if you do form a partnership, who is responsible for what? The reason that I say this is because I have seen partnerships go wrong when one person has different ideas, but I have also seen very successful partnerships, where one person is responsible for the work while the other is the investment partner who looks out for property and knows the property market well enough to make good investments. That way, you split

the expertise and can each stick to your own specialty.

The other advantage of going into business with someone else is that gives you a potential increase in the amount of funds that you have available to spend on houses. You need to go into this in detail and find out how much you are both prepared to put into the business. If you do this, then you should set up contracts with a lawyer so there is no question or debate down the road about profit sharing or responsibilities of each

party. You will need to take out necessary insurance to cover the usual risks during the renovation of a property, but you may be able to get business rates as opposed to individual insurances in the case of a partnership.

Other things that you need to look at are long term investments. If you are flipping houses and find yourself with extra cash, you can consider buying properties that are rentals and increase your potential cash flow. Cash flow is extremely important when you are renovating a

house and keeping all the records up to date is essential to ensure that you don't go over budget. A monthly income from a renter could actually pay the mortgage and that's a good investment. If you buy multiple properties, the cash flow is improved and you will be able to use some of the cash coming in for the improvements that you have to make on other properties.

There is a good living to be made from

flipping houses, but there are times when the cash flow will be hard to cope with. If you have set up accounts with all of your suppliers, having monthly payments in place may be prudent so that you can keep an eye on exactly what funds are going out at any one time.

If you are prudent with your purchases and always allow enough cash flow to cover the renovations, you can keep this in a bank account that accrues interest so that you are actually making money off of your own money. If you are working on

more than one job at a time, you will find that it is beneficial to have arrangements with a team of subcontractors who you can rely upon and move them from one job to another as needed. You will need to keep for your tax records.

Fostering relationships with contractors and with suppliers is essential because this makes you more likely to get bargains along the way. When you see

that the budget is stretched, you can also get together with your partner and agree where cuts can be made to bring the projects that you are working on back on track.

If you watch programs like Property Brothers, you will know that this partnership works particularly well and that there is that partnership of skills – organizational and practical – and that’s important when it comes to flipping houses. You may even develop such a reputation that you will be able to offer

your services to people buying homes so that you refurbish the home using someone else's money but are able to mark up the price so that you turn a profit anyway just by giving that client the benefit of your expertise.

Conclusion

I remember the first house that I bought on a speculative basis. I learned from mistakes and you will too. The thing is that I have used my mistakes to try and set you in the right direction so that you don't make the same mistakes. This is a huge investment that you are about to make, so it's important that you know what you are doing. If you are using the

equity in your own home to finance your first house to flip, chances are that you are using the same lender and if this is the case, you may be able to negotiate advantageous terms for that loan. I was able to do this on the first couple of houses and that helped a great deal.

I was able to get great discounts on all of the building materials by letting the builder's merchants know of my intention to go into business. They want your business and the mark up that they use in their sales allows them a little bit

of leverage. If they think you will be a regular customer, they will be happy to discount what you buy.

Have lots of catalogs available to cover things such as tiling, work top counters, bathroom fittings, shower fittings and flooring as well as kitchens. These are your mainstay supplies and if you keep yourself up to date with what's available, you will be able to switch suppliers when new lines come out that are more cost advantageous.

Flipping houses may be something that you have always wanted to do and you can do it. You just need to be able to recognize the houses that you should walk away from. If you see unexplained cracks in a house and cannot find the cause, walk away. If you find that floors move as you walk on them, find out why or walk away. If you see electrical installations that are faulty and it's fairly obvious that the wiring is not up to code, check further before you buy. You need to know that all of the costs are under

your control at all times and by being careful from the beginning, you really can save money and buy wisely.

As far as code goes, if there is any alteration to be made to the exterior of a home, you need to know that the local planning department is likely to agree to your requests. If you do find that homes are protected because of something historical, beware. These homes may have to be renovated using specific skills to keep their authenticity and may not be the best kind of properties to

consider if you are considering moving the property on.

Look out for those deals that come from foreclosures because often the banks only want to make back the original debt, but have them checked out thoroughly before parting with money.

You may have to look up changes to code where there are septic tanks involved as the world is becoming more and more conscious of the environment

and septic tank installations are particularly expensive. In rural areas, make allowance for this when you are buying a house. You may find that the cost of bringing the home up to code is excessive. Bear in mind also that people want a home that is a viable proposition from the point of view of economy, so check this out from home owners before you buy. Outdated central heating systems can cost a lot of money to run and may not be viable for the future.

If you follow the advice given in this

book and inspect the home from top to bottom before you buy them, you can save yourself a good deal of problems down the line. The roof condition is important. The straightness of the walls is important as is the stability of the foundations. You also need to bear in mind the climatic conditions and the likelihood of flood damage or damage by the weather, particularly in areas where flooding and tornadoes is concerned. Know everything you can know about the property and you will be able to move forward without nasty

surprises lurking.

I have been in the business of flipping houses for the past twenty years and have found that I enjoy putting imagination into the renovations that I do. If I can offer potential buyers something that they cannot get elsewhere, then it will have been worth the extra effort. Adding artistic flair to a renovation and really thinking out the space that the house provides helps. If you don't have this expertise, then by all means talk to someone who is good at

layouts and décor because the help they can give you may help you to make more money. A friendly architect in your area may become your best ally.

Above all else, read this book through again. The information is there and you need to make a shortlist of all of the things you need to do before you actually go ahead and make an offer. That includes doing background checks on the market that you are aiming for and preparing the house for that market, knowing that the market is vibrant and

offers you a chance to give the potential buyers what it is that they are searching for. That's a satisfying feeling and once it happens, you will be spurred on toward the next project and the next because that's what flipping houses is all about. The next challenge is always going to offer even more scope than the last one did. People in this business don't let up. They simply get better and better at doing what they are good at.

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