

FLIPPING HOUSES 101 eBook SERIES

Flipping Uncovered

Mastering the art of selling your
rehabbed property successfully



PART
5



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Introduction

House flipping, or fix and flip investing, typically refers to buyers who purchase distressed properties, fix them up, and then resell them for a profit. If you're just starting in fix and flip, you probably realize there's much to learn, and the process may seem overwhelming. If you're a seasoned investor, you know that in this business, you can never stop learning tips, tricks and strategies that can lend to maximized success.

Fix and Flip

Since the height of the housing crisis in 2009, the house-flipping market has experienced steady growth. In 2022, 114,706 single-family properties in the US were flipped in the first quarter alone—representing 9.6% of all home sales, or 1 in 10 transactions¹.

House flipping has also been popularized – and somewhat sensationalized – by reality television shows such as *Flip or Flop*, *Flip This House*, *Property Brothers*, and others, attracting tens of thousands of new investors to the space. But, unlike what you might see on TV, buying and flipping properties isn't as easy or straightforward as it appears.

About this eBook

Flipping Houses 101 is a series of eBooks that cover the “6 Fs”—**F**ind, **F**inance, **F**ix, **F**ill, **F**lip, and **F**un—of flipping houses. In this eBook, we examine part five—**flip**—and learn some tips and tricks for selling your flipped property.

¹ ATTOM Staff, “Home Flipping Remains Up In 2022 Across U.S. But Gross Profits Fall To Another Low” ATTOM, March 23, 2023, <https://www.attomdata.com/news/market-trends/flipping/attom-year-end-2022-u-s-home-flipping-report>.

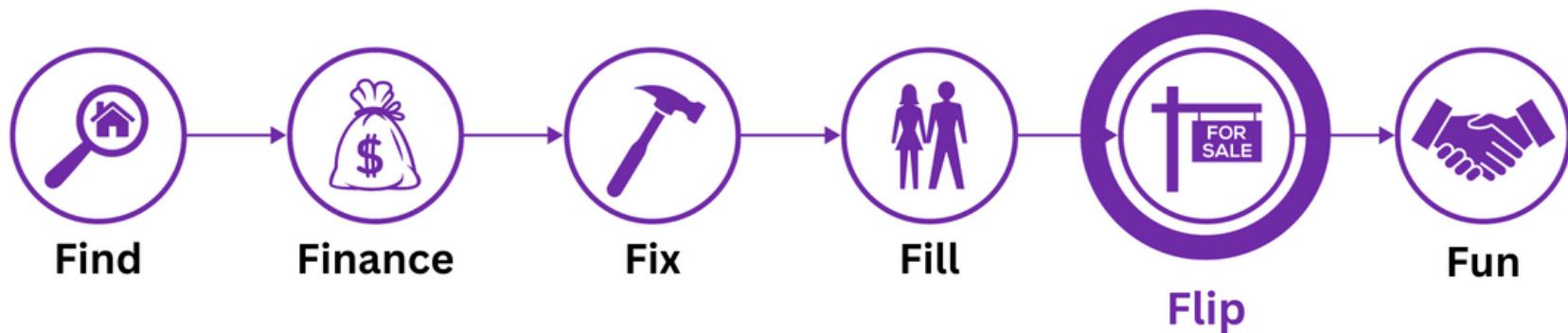
Part 5: Flip

How to Flip Your Fixed Property

We've gone through 4 of the 6 Fs of Flipping—Find, Finance, Fix, and Fill. Now it's time to Flip. As we've learned, house flipping is when someone buys a property, holds onto it for a short time and then sells it (the flip part) for a higher price.

In this section, we will cover the following:

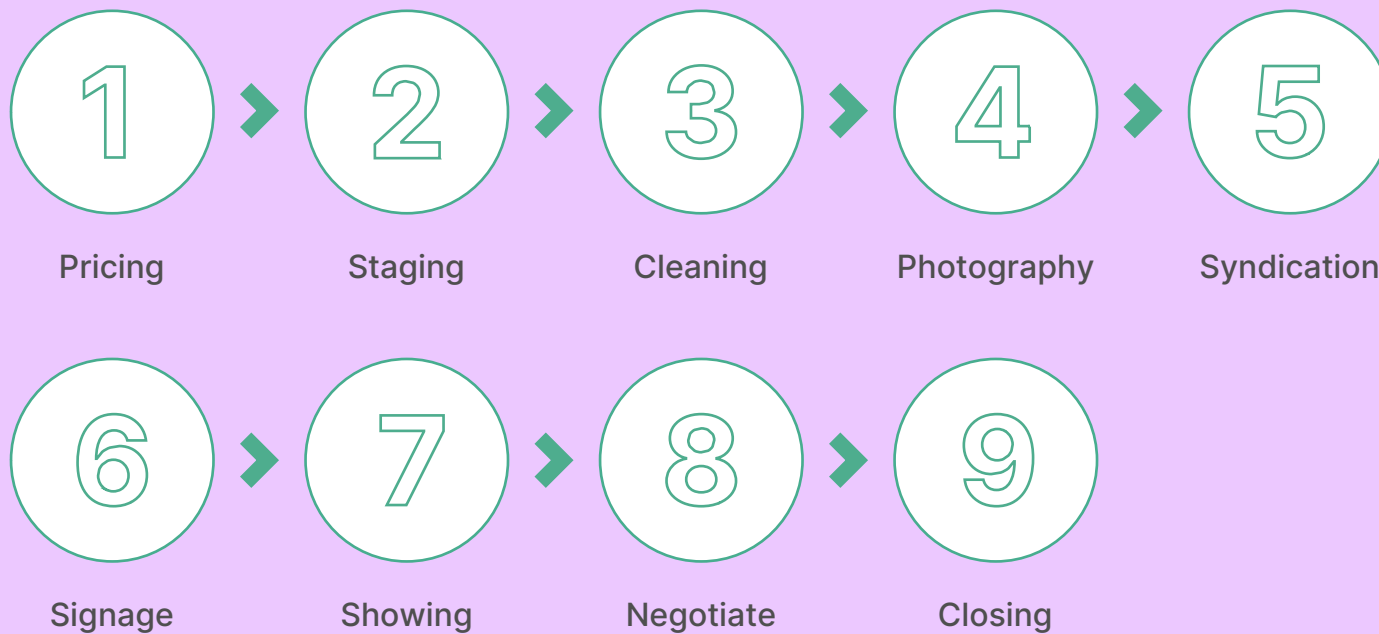
- **9 steps to selling a house**
- **Sell yourself or get a Realtor?**



9 Steps to Selling a House

You've found, financed, fixed, and potentially filled a property with tenants. Now it's time to sell it and make a tidy profit. Let's look at 9 steps that go into selling a house fast.

Sell Your House Fast Using These Steps



Step 1 – Pricing

Decide on a Pricing Strategy

First, you want to ask, “how much can I sell my house for?” This will depend on the state of the market (sellers’ market vs. buyer’s market), comparable sales in the area, the specific property, and the extent of the rehab project. We’ll dig more into list pricing later.

Here are some tips on deciding the best-selling price for your rehabbed property.

Look at Comps in the Area

A comp, an abbreviation for comparable sale, is a recently sold home in your area similar to your home in location, size, condition and features.

Lenders also look at comps in your area to help determine the best representation of what this property will be worth after the work is 100% complete.

Package comparable sales and your property to send to prospective buyers to justify your asking price. If a home like yours sold for around the price you’re asking, it makes the case that the price is fair.



Did You Know?

When determining comps, 1st Truitt Financial looks at similar properties that have sold within the last 6 months within a one-mile radius of the property. Anything “for sale” or “pending” doesn’t count as a valid comp.

Decide Whether to List High or Low

Depending on the comps in your local area, listing on the high or low end of your range will yield different results and determine different strategies. List high to signify a high home quality. This will bring in highly interested buyers but could take longer. List low to generate multiple offers quickly. Multiple offers will give you the leverage you need to negotiate—it's illegal to represent phantom offers—so low pricing ensures you can truthfully say you have other offers.

Sell Fast to Save Money

Keep in mind that you have a carrying cost that's eating into your profit every day you don't sell the home. (Insurance, taxes, mortgage payments etc.). A good rule of thumb is that 1 month = 5-7% of your gross profit.

Don't Use a Round Number

Psychologically, we know “charm prices” give the impression of a discount, so don't use big round numbers in your list price. (\$299,999 feels like a lot less than \$300,000. At least, it feels like more than just one dollar less.) And keep yourself in people's search ranges! People will likely use round numbers in online filters, so stay under them to appear in search results.

Step 2 - Staging

Stage the Property

This is optional, but you may choose to stage the property. According to a 2021 study by the National Association of Realtors (NAR), 82% of buyers' agents reported that staging affected how buyers viewed prospective homes¹.

Margins can be tight when you flip houses, especially for your first few deals. Staging your property could help expand those margins, but it can just as quickly bite into them. When you talk to your Realtor about whether to stage a property, ask about its impacts on pricing and speed of sale.

2021 National Association of Realtors (NAR) study says:

Staging the living room was found to be very important for buyers (46%), followed by staging the master bedroom (43%), and staging the kitchen (35%)².



46%
Living Room



43%
Master Bedroom



35%
Kitchen



^{1,2} National Association of Realtors®, "Profile of Home Staging," www.nar.realtor, March 14, 2021, <https://www.nar.realtor/research-and-statistics/research-reports/profile-of-home-staging>

Step 3 - Cleaning

Keep it Clean, Inside and Out

This is one of the top home-selling tips we always recommend. You'd be surprised how much can happen to an empty property over a few months. Roaches may find their way in and die, dust will settle, open blinds could discolor a cabinet or flooring, and more. Even if you don't decide to stage the property, you must make sure the interior is pristine.

Interior Checklist

- ☐ Repair everything that needs to be repaired, even if it's small
- ☐ Get everything as clean as possible
- ☐ Make sure all woodwork and cabinetry shines
- ☐ Sweep, mop and vacuum all flooring
- ☐ Clean and polish all light fixtures
- ☐ Thoroughly clean all windows, walls and doors
- ☐ Clean and polish all countertops and other hard surfaces
- ☐ Consider adding plug-in air fresheners throughout to make the house smell clean and inviting (**but use them sparingly as some people could be allergic**)
- ☐ Polish all stainless steel or metal surfaces to a bright shine



The same goes for the exterior. Curb appeal is a huge factor when selling a home, so ensure that the landscaping is kept tidy while buyers are touring the property. This is your property's first impression to potential buyers—you want it to shine. By investing some effort in relatively easy fixes, like planting colorful flowers and repainting the front door, the outside of your property can beckon prospective buyers to come on in.

Exterior Checklist

- ☐ Start with the front door—make sure it's clean and inviting (**consider adding a brand new welcome mat for an added inviting touch**)
- ☐ Make sure windows are clean, and screens are in perfect condition
- ☐ Clear out any gutters
- ☐ Get your grass green—the lusher and weed-free, the more appealing
- ☐ Trim the trees of any dead branches
- ☐ Clean out garden beds, clearing out any weeds (**don't forget the garden bed edges by ensuring that you use an edger to properly trim the lines between the garden bed and lawn**)
- ☐ Remove any dead plants and replace them with springy new plants to bring in some color
- ☐ Remove dirt and debris from your driveway and sidewalks (**a good pressure cleaning treatment is ideal**)



Step 4 - Photography

Time to Take Pictures

You'll need to take extensive photos of the property, staged or otherwise, for the various listing sites and services. Make sure they are high-resolution and thoroughly depict what the interior and exterior of the home look like.

Most home buyers do window shopping online before they get a chance to see a property in real life. High-quality photographs of the inside and outside of the home can convince a potential homebuyer to visit your property.

For high-end properties, filming virtual tours of the inside of the property can give prospective buyers a sense of the flow of the house and allow more showcasing than traditional still images would be able to.





Creating Great Real Estate Photos

Here are some helpful tips from HomeLight¹ on what to consider when taking photos for a property listing.



Tell a Compelling Story of the Home

Consider the order in which you present the photos with the listing. First, the exterior, then the entryway, kitchen, dining room, living room, master, and follow with any additional bedrooms.



Shoot Photos of Each Space From Different Angles

Since every space is different, try shooting at each of those angles: take a shot head-on, take one from the corner of the room, and then take a photo from another spot in the room you think will come out well.



Use a Wide-Angle Lens

A wide angle lens is the difference between shooting one image and getting half the room and shooting one image where you can see the full space.



Don't Forget About Lighting!

The best lighting for indoor photos is when the sun is bright and shining. Outdoor shots are best taken at dusk. Avoid cloudy, rainy, and overcast days, as they can cause bad lighting and an uneven white balance.

¹HomeLight, "How to Take Real Estate Photos That Will Sell Your House 32% Faster" August 23, 2018, <https://www.homelight.com/blog/how-to-take-real-estate-photos/>

Step 5 - Syndication

Syndicate the Listing

One of the most important steps to selling a house is getting the word out! Make sure you list the home through services that access the MLS, the national listing service that most homes in the US are bought and sold through. Post the listing in multiple places.

Remember, this isn't the time to be shy on social media or with friends and family. Shout from the rooftops that you have a great rehabbed property for sale that someone would be lucky to live in. The goal is to get as much foot traffic into the home as possible, no matter how it happens.





Email

Send a monthly newsletter of your active listings to contacts when new property listings are available. Include images of the properties that link to the complete listing, a video walkthrough of the property, or a virtual staging of the home.



Virtual Staging

Pique buyer interest by giving them a sneak peek of what the home looks like using a virtual staging website. This also can save you the time and money of physically staging a property.



Instagram

Instagram is another tool to connect with home buyers and promote your listings. Plus, your most beautiful listing photos can reach even more people with a paid promotion.



Create a Zillow Profile

Your profile allows you to share your listings with a large audience and connect with potential clients, increasing the likelihood of gaining a new buyer.



Film Video Walkthroughs for Social Media

Conducting thorough video tours of your properties and posting those clips can add a degree of credibility and intrigue to your real estate marketing.

Step 6 - Signage

Put Out a Yard Sign

Don't forget the yard sign! The iconic FOR SALE sign gets much more attention than you think. Make sure to put the sign up to show people passing by that the home is for sale. A neighbor who's moving out of their rental and wants to stay in the neighborhood could easily be your next buyer. It's also a great way to let neighbors know the house is available if they are trying to find opportunities for someone they know.

Here are some tips to make your yard signs stand out:

- 1 Explore unique shapes and sizes
- 2 Use bold colors
- 3 Add photography
- 4 Add lighting to illuminate the sign at night



Step 7 - Showing

Take Calls, Show the Property, Follow Up with Buyers

Once the word is out, hopefully, people will be reaching out! You or your real estate agent must answer the phone, respond to emails, show the property, and follow up with potential buyers. It's easy to get lazy and not make the extra trip to show a potential buyer, but the top priority needs to be creating opportunities for a sale.

Future buyers typically have a couple of hours on a Sunday to visit all the homes on their wishlist, and making the property available after hours is a great way to get more visits. If you use a real estate agent, adding a lockbox is a helpful way to allow people into the property without making the trip yourself.



Step 8 - Negotiate

Receive Offers, Negotiate Terms of Sale

Price is a crucial term, but it's not the only one you need to consider. While the objective is to ensure the house gets sold, not all offers are created equal. You should consider how much money they are putting down, how quickly a potential buyer could close, and whether borrower contingencies are attached to the offer.

When it comes to money, the sooner it's in the bank, the better. If your objective aligns with community building, you could also consider accepting someone based on a letter they have submitted alongside the offer.



How to Negotiate with Prospective Buyers

Negotiation is a critical part of the home-selling process. Here are some tips on negotiating effectively and getting as much for your home as possible.



Don't Negotiate Unless You Have an Offer in Hand

You can waste a lot of time by negotiating with people who are not serious about buying the home. Do not negotiate with anyone who hasn't made an offer to avoid wasting time.



Set a Deadline

Hopefully, you'll have multiple offers for your home. If so, request everyone's "highest and best" offer by a specific date and time. Take all the offers and compare apples to apples, and make sure to pay attention to all the terms of the offer, not just the amount.



Require an Earnest Money Deposit

An earnest money deposit is cash that a prospective buyer will put down in exchange for the seller taking the listing off the market while the home inspection and appraisal are done. The more serious the buyer, the bigger the deposit they will put down. Even better is if the deposit "goes hard" on day one, meaning there are no contingencies tied to the deposit, and the money is yours no matter what happens in the inspection or appraisal.

Step 9 – Closing

Coordinate the Closing

Here are a few final things that sellers often forget when offboarding the property that can cost you money if you're not careful.



Shut the Utilities Off!

Remember to cancel your utilities when transferring ownership of the property. Otherwise, you'll keep getting charged, and that money may be tough to get back from the new owners.



Cancel the Insurance

Same as with the utilities, unless you cancel the insurance on the home, you will keep being charged no matter who lives in the property. Make sure to cancel it upon the sale of the property.



Don't Forget the HOA

Make sure you stop paying any homeowners' association fees as well. These will have been prorated at closing, so you have already paid your share! HOAs probably won't tell you if people are paying them that shouldn't be, so be proactive about this.



Sell Yourself or Find an Agent?

Given what we've learned so far, there are a lot of steps involved in selling a house. Before starting with any of them, determine if you are willing to undertake this selling process alone or do as many Americans do and hire a real estate agent.



Selling Yourself

Selling a house without a real estate agent can be a lot of work, but it can present some advantages. Let's look at some.

Save Seller Commission

The biggest reason to sell by yourself is to save money. Seller commission usually amounts to 2-3% of the sale price, which doesn't initially sound like a lot. But, on a \$200,000 home, \$4-6k of commission fees could reduce your gross profit by 10-15%, depending on the margins of your deal. Once flipping at scale, it's possible to negotiate much cheaper rates with real estate agents since you'll be an active source of business for them on both the buy side and the sale side of the flip.

A Lot Less Work in a Hot Market

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Increase Sale Price

You may be able to sell your rehabbed property for more than an agent. There are a variety of reasons for this. Agents are motivated to sell your house as quickly as possible to get their commission and show you results. Thus, they will likely accept a slightly lower sale price than you.

Also, if you renovated the house before selling, agents probably won't be able to show the property as well as you would because they weren't involved with the project. You'll probably know more about the minute details of the property (what kind of granite in the counters, what type of flooring, etc.) because you probably decided to put them in.

That said, while buyers will appreciate this extra level of knowledge, it's also important not to get too emotional about the home. Leave buyers room to feel comfortable being upfront about what they like and don't like.





Using a Real Estate Agent

Selling your house on your own will save you money, but if you're working full time, have a family, or are operating in a slow market, hiring a real estate agent is likely the better option.

Real estate agents will take care of most of the steps to selling a house in exchange for a commission fee and save you from having to do many hours of legwork. A real estate agent's commission fees are usually around 2-3% on each side of the transaction in exchange for their services.

If the real estate agent is going to do the work of selling the home, the onus is on you to find the right one. Let's review some things to look for to ensure that your real estate agent is a fit.

Experience with a Property Like Yours

Ensure the real estate agent works with properties similar to yours in terms of location, size, quality, etc. A real estate agent who works with million-dollar homes probably won't be great at marketing and showing your 3-bedroom, 2 bath, \$300k house. The same applies vice-versa. Go on the Realtor's site, check their listings, and ensure there's a strong match.

Strong Understanding of the Local Market

Real estate is hyper-local. You want an agent who knows what it takes to compete for buyers' attention in the local market. The agent should be able to speak to the local market confidently and provide examples of homes they've sold in your property's neighborhood or surrounding areas. This is especially important if you're investing remotely.

Who is Doing the Work?

Sometimes, real estate agents will assign work to their subordinates or less experienced people at their firm, meaning you will likely be overpaying for the services you receive. Make sure the real estate agent you research and speak with will be the one actually selling the property and not someone else—especially someone less experienced—at the company.

Secret Shop

A great way to determine how well your real estate agent will do is to pretend to be a prospective buyer. Call and inquire about one of their listings, and take note of the customer experience. Is the real estate agent responsive, friendly, and helpful? Take careful note—how they sell that house will likely be how they sell yours. You should also secret shop your own listing once you settle on a real estate agent and provide feedback on things you don't like.

Due Diligence

How many properties have they sold? How many listings do they currently have? How big is their team? Do as much research as you can, and always check references. Once you find a good real estate agent, you can use them again and again, so it's wise to invest the time upfront.

Conclusion

Congratulations on completing “Maximizing Your Returns: Unleashing the Profit Potential of Your House Flipping Ventures,” the fifth installment of our Flipping Houses 101 eBook series. Throughout this journey, we’ve explored strategies and techniques to amplify your returns and achieve remarkable success in the world of house flipping.

This eBook delved into the crucial aspects of maximizing your returns in house flipping. We provided valuable insights on strategic property selection, effective renovation planning, and smart budgeting to ensure that every dollar invested yields the highest possible returns. By understanding the key factors that impact profitability, you can make informed decisions and optimize your financial outcomes.

We also explored the importance of effective project management and team coordination. From assembling the right team of professionals to utilizing project management tools and techniques, you now have the tools to streamline your operations, minimize risks, and ensure the timely completion of your projects.

As you continue your journey in the world of house flipping, we encourage you to explore the final eBook in the Flipping Houses 101 series, “The Fun of Fix and Flip Investing: Enriching your house flipping ventures while amplifying your business’s success.” In this eBook, we’ll explore the exciting aspects of enjoying the process, expanding your business, and taking your house-flipping ventures to new heights.

Thank you for being a part of the 1st Truitt Financial community and trusting us as your partner in real estate investment. We’re honored to support you on your path to success. Should you have any questions or need further assistance, our team

is always here to help. Let’s continue flipping houses, maximizing returns, and building a thriving business together.





Since 2013, we've believed that real estate investors could benefit from the power of modern technology and tailored industry expertise. In just a few years, we've built an industry-leading team and a powerful technology platform that delivers flexibility, speed, and simplicity that our customers rely on.

Together, we've funded more than **\$16+ billion** in loans, unlocked **\$4.1+ billion** of value for real estate investors to help them scale their business, and completed over **65,000 projects**.

As we look to our future, we're committed to helping real estate investors revitalize the approximately \$25 trillion worth of aged U.S. housing stock to provide move-in ready homes and rental housing for millions of Americans across the country.

Ready to Get Started?

1st Truitt Financial's advanced tech platform removes many traditional barriers, automates time-consuming manual steps, and provides quick approvals and true transparency throughout the entire process. We provide robust backing with expert guidance for both new investors as well as seasoned professionals.



Fix and Flip / Bridge Loans

Short-term financing for purchasing and rehabbing investment properties with high leverage, competitive terms, and fast closings.

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[Learn More](#)



Rental Portfolio Loans

Consolidate 5+ properties under one low monthly payment and customizable loan to make managing your growing portfolio easy.

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