



## Find It, Fix It, Flip It!

Make Millions in Real Estate--One House at a Time

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### Take-aways

- You're not just buying a house, you're buying a neighborhood.
- Find a balance, depending on their neighborhood, between spending too much or too little on renovation – “over capitalize” or “cheap out.”
- 20/20 rule - It's always going to cost 20% more than you planned, and always going to take 20% longer than you planned.
- Twenty percent has been the norm forever. It really serves to ensure that the homebuyer has “skin in the game” and is financially viable for the homeownership responsibility.
- More money down means you borrow less, which means you will have a smaller mortgage, which means you will have a smaller, more affordable mortgage payment.
- The interest charged on a loan with 20 percent down is often lower than the interest on a loan with less money down. Your lower interest rate will save you thousands if not tens of thousands of dollars over the life of the loan.
- Restore as much original detail as possible. You'll get more “bang for your buck” if you “stay true to the architectural character of your building, accentuate the age of the property, the period, take advantage of those details.
- Find a smaller house, start with that. Make your mistakes on the first property that's a small one, because they're smaller mistakes and there is a big learning curve. Once you've done your first house, it is so much easier to get a second and third. So buy the first house, and buy it small. Don't spend a lot of money on it and be smart.
- When looking for a property to flip, to find the one with the greatest potential for profit, look for a house that has lifestyle upgrades.

## Relevance

In this summary, you will learn how to find, fix and flip.

## Summary

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### House upgrades

Increase the liveability in a house. Those things aren't necessarily the most expensive fixes. For example, in a metropolitan city, if you have a home that is sort of near the street but set back a little bit, you want to create a wonderful fence with wisteria vines and a sense of privacy. Or putting in hedges around the backyard to create a backyard oasis. Those are lifestyle upgrades that don't really cost a lot of money, but they increase the value and the perceived value of the house. So looking for houses with lifestyle upgrades such as those, those are the houses that really will make you the greatest profit potential.

### Instant Equity Building

A significant down payment builds instant equity in your home. A 20 percent down payment immediately puts equity into a property when you purchase it. That down payment safeguards you if the market turns downward temporarily.

Smaller Monthly Mortgage Payment. More money down means you borrow less, which means you will have a smaller mortgage, which means you will always have a smaller, more affordable monthly mortgage payments.

### Rules for First-Time Home Buyers

If you can't afford it, don't buy it.

Don't jump into a home purchase blindly. Do your research, learn about the area, get advice from others, and study all the available data.

No more creative financing: buy properties with traditional 30- or 15-year fixed loans – and know what your mortgage payment will be each month for the entire mortgage term.

Always put 20% down.

Whatever the bank says you can afford, subtract 20%, and you'll never be house poor.

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You're not just buying a house, you're buying a neighborhood.

It's harder to get a mortgage because qualifications are more stringent these days. Keep great financial records, and be patient throughout the process.

Don't expect the market to bail you out. That means no overpaying for a house you can't really afford in hopes of market appreciation making up the difference.

Less is more. A smaller, practical, easy-to-maintain house is the new, big, rambling mansion. Stay on top of your credit, and shoot for an excellent score (above 750).

Plan to stay in your home at least 5 years. Think you'll need to sell before then? Keep renting until you know you can stay put for a while.

Budget for all the ongoing costs of home ownership – not just the monthly mortgage payment.

Be sure you have the funds for property taxes, insurance, maintenance, upkeep, and even an emergency repair fund.

If you are questioning your job security and your ability to get a new job quickly in the event of a layoff – don't buy yet.

### What to avoid

Do not sell your house alone. Always try to sell your home with a professional. Work with a agent. Do not Over-price or under-price. Be knowledgeable about the market.

Do not sell without fixing your house. Always fix your house before selling – You will lose money if you don't take care of repairs before the house goes on the market. It's always going to cost you less out of pocket to fix things ahead of time. One of the least expensive improvements you can make to your home is to declutter and create a sense of spaciousness throughout, from the kitchen countertops to the overstuffed closets to the trophy-lined shelves in the den. It costs you nothing to get rid of all that 'stuff,' yet it reaps big rewards.

Do not sell your house empty. Selling an empty house makes buyers feel the same way: empty. A home should be dressed or 'staged'. This will also attract more buyers.

Take your ego out. Create a win-win deal. This is a business transaction. Take your ego out of the equation and put your head back into it.

Do not hide any issues. Being upfront and forthcoming about any of your home's issues will save you lots of money and time, especially if the buyers end up uncovering problems themselves. Do not forget to contact your accountant always. Make sure you talk to your accountant to find out if any long term capital gains tax breaks apply to you, and check your calendar to determine when



they come into play.

Do not forget to request and confirm a list of fees and expenses long before closing day. Make sure you and your real estate agent review estimated closing cost statements long before it's time to hand over the keys. Because the closing table on sale day is way too late to be fixing costly mistakes or asking for discounts and credits. Make sure you and your agent nail your home's close up! You won't ever get a second chance to make the perfect first impression.

## About the Author

**Michael Corbett** is an American actor, television correspondent, host, and real estate investor.