



The Workshop

REAL ESTATE PRO'S GUIDE TO FLIPPING HOMES

WHAT WE'LL COVER

- ✘ Startup Expectations
- ✘ Searching for Property
- ✘ Your Team
- ✘ Buying and Valuation Decisions
- ✘ Quality Assurance Rehab
- ✘ Going on the Market
- ✘ Summary and Tips

About Brett Tanner; About You

BACKGROUND AND MINDSET

BRETT'S STORY

- ✘ Small town
- ✘ College dropout
- ✘ Married with 2 kids—baby on the way
- ✘ “Serial entrepreneur” who has grown a very big sales business..
 - + WSJ #9 in US for Homes Sold (2011)
 - + Keller Williams #3 for Homes Sold (2011)
 - + Pig Farmer, Online Books sales, Landscaping..

BRETT'S STORY

- ✘ How my flip business began, before I was licensed..
 - + Neighbor needed money..”I’ll sell you my house for..”
 - + It was worth..
 - + I made..
 - + It triggered opportunity..

How will you get started?

Now Is The Time

STARTUP EXPECTATIONS

WHY NOW?

- ✘ Markets in most areas are starting back up
 - + Affordability
 - + Low rates
 - + High Demand
- ✘ Most experts see a long, slow recovery
 - + Window of investment opportunity will last
- ✘ Flip margins far exceed standard sales transaction profits

WHY NOW?

- ✘ Low overhead
- ✘ Few employees needed
- ✘ You do need..

Your agent skills + proven business systems we'll share with you

HOW TO START

- ✘ Your goal
 - + Supplement sales business?
 - + Go down a new road entirely?
- ✘ Know your resources
 - + Relationships from existing business
 - + New resources you will recruit
- ✘ One property at a time to begin is smart

HOW TO START

- ✘ Modest expectations about profit margin
 - + 10% - 20%..closer to 10%
 - + That's 6-10 times per unit more than regular sales business!

EXAMPLE	Sales Transaction	Flip
Purchase Price		150,000
Selling Price	150,000	205000
Commission	4500	
Cost of Sales/Rehab	1000	19500-Cost of sale 15000-Rehab Cost
Profit	±3500	±19905 (Plus Commisson on Buy)

Your Target

SEARCHING FOR PROPERTY

WHERE TO LOOK

- ✘ Track your daily travel routes
 - + 5 mile radius of your base –Office Or Home
 - + Convenience will be key for selection, oversight
 - + Look for
 - ✘ Properties every day on or near your route
 - ✘ Areas you already know and or farm

WHERE TO LOOK

The image is a screenshot of the Google Maps website. At the top, there is a navigation bar with links for +Roger, Search, Images, Maps, Play, YouTube, News, Gmail, Drive, Calendar, and More. Below this is the Google logo and a search bar. The main content area is divided into a left sidebar and a main map area. The sidebar contains a 'Get directions' button, 'My places', and a section for 'Arizona' with options to 'Correct it' and 'Put your business on Google Maps'. Below this is a 'Experience MapsGL' section with a list of features: 'Take 3D photo tours of landmarks', 'View 3D buildings', 'Fly over 45-degree aerial view imagery', and 'Swoop quickly into Street View, without a plugin'. A 'Try it now' button is at the bottom of this section. The main map area shows a street view of Tucson, Arizona, with a red square highlighting a 5-mile square area. A yellow star is placed in the center of this square. The map includes various street names, landmarks like the University of Arizona, and a scale bar at the bottom left. A '5 mile square' text label is overlaid on the red square. A 'Satellite' and 'Traffic' dropdown menu is visible in the top right corner of the map area.

+Roger Search Images **Maps** Play YouTube News Gmail Drive Calendar More

Google Roger Hagle 0 +

Get directions My places

Arizona
Not your current location? [Correct it](#) ▼
[Put your business on Google Maps](#)

▼ Experience MapsGL

- Take 3D photo tours of landmarks **New!**
- View 3D buildings
- Fly over 45-degree aerial view imagery
- 'Swoop' quickly into Street View, without a plugin

MapsGL is our Beta Maps technology powered by WebGL, and has certain [system requirements](#).

[Try it now](#)

[Report a problem](#) - [Maps Labs](#) - [Help](#)

Google Maps - ©2012 Google - [Terms of Use](#) - [Privacy](#)

5 mile square

Map data ©2012 Google - [Report a problem](#)

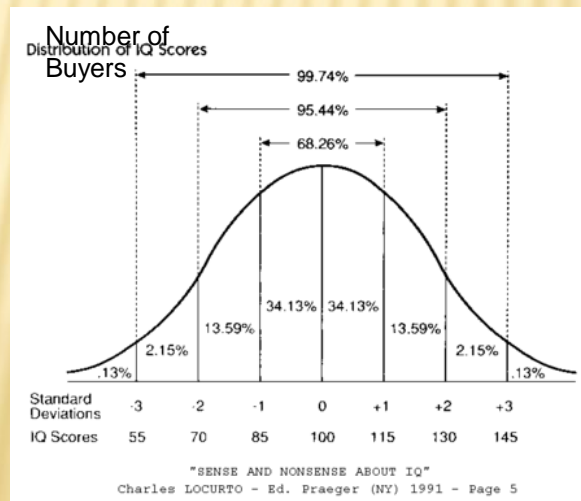
WHAT TO LOOK FOR

- ✘ Signs of distress
- ✘ Up and coming areas
- ✘ Areas in transition
- ✘ Areas to avoid



PRICE POINT

- ✘ 50% above and below market median
 - + 150K median?
 - ✘ 75K – 225K is your target
- ✘ It's where the majority of buyers are!



OTHER MARKET FACTORS

- ✘ Days on Market = Holding Time
 - + Turn Time = Your Return on \$\$
 - + What's the market time for well-conditioned properties (that's what yours will be!)

- ✘ Price Trend
 - + \$/Square Foot 12 month trend

- ✘ Sales Volume/Inventory (absorption rate)

OTHER KEY RESEARCH

- ✘ ID top investors' activity, pricing, and market times (ID most frequent LLC names, etc.)
 - + Public transaction records
 - + Courthouse steps
 - + Ask your title companies
- ✘ Call the top players for info. They're likely to talk with you.

Low Overhead; High Expectations

YOUR TEAM

YOUR TEAM MEMBERS

- ✘ Investment partner (you initially?)
- ✘ Banking/Lending
- ✘ Real Estate attorney
- ✘ Title and Escrow
- ✘ Home Inspection
- ✘ Suppliers
- ✘ Contractors/vendors

INVESTMENT PARTNER

✘ My partnering story..

YOUR INVESTMENT PARTNER

✘ Strategies

- + Their money grows your buying power
 - + Sell, and replace the capital
 - + Share the profit
-
- ✘ Try a one-project test with your investor 'candidate'

YOUR INVESTMENT PARTNER

✘ Options

- + Individual investors
- + Investment groups
- + Small local banks



✘ Your first partner might be you

BANKING/LENDING

- × Business Banking accounts partner
 - + You'll earn 'preferred customer' status
 - + Money must flow smoothly and quickly
 - × Wire transfers, etc.

- × Lending partner
 - + Qualify ALL your buyers
 - + Drive loan business to them

They might be the same bank or different ones

REAL ESTATE ATTORNEY

- ✘ Create your business entity
- ✘ Protect you and your business
 - + Contract issues
 - + Vendor issues

Your Business, LLC

TITLE AND ESCROW

- ✘ Knowledgeable firm with investor/investor transaction experience
 - + Handle deed and survey issues
- ✘ 'Hold open' title policy will mean important savings for you

HOME INSPECTOR(S)

- ✘ You will be inspecting with same inspector before purchase, and after rehab



SUPPLIERS

- ✘ Major construction supplier 'contractor' relationship
 - + Lowe's and Home Depot
 - + Others..?



CONTRACTORS

- ✘ Selection is critical
- ✘ Standards must be high
- ✘ References you know and trust
- ✘ Build a Bench



Your contractor relationship drives quality and turn time of your product!

PROJECT TURN TIME

- ✘ 90 days to maximize return on capital over time!
- ✘ Target timeframes
 - + 45 days to rehab
 - + 2 weeks to sell
 - + 30 days to close

The quality of your team is a big driver of turn time and therefore return on investment!

Targeting Price and Pricing Right

BUYING AND VALUATION DECISIONS

BUYING SOURCES

- ✘ Work your own inventory
- ✘ When out with clients
- ✘ Agents in your office or marketplace
- ✘ MLS monitoring, especially aged inventory
- ✘ Wholesalers
- ✘ Trustee sales?
 - + Public record
 - + Use a bidding service (scan inventory for you)

BUYING SOURCES

- × REO
- × Pre-foreclosure-The break even Seller
- × Short sales
 - + Valuation issues; there's no % of BPO standard
 - + Open market value “when repaired” must be your standard.. if you buy
- × Traditional

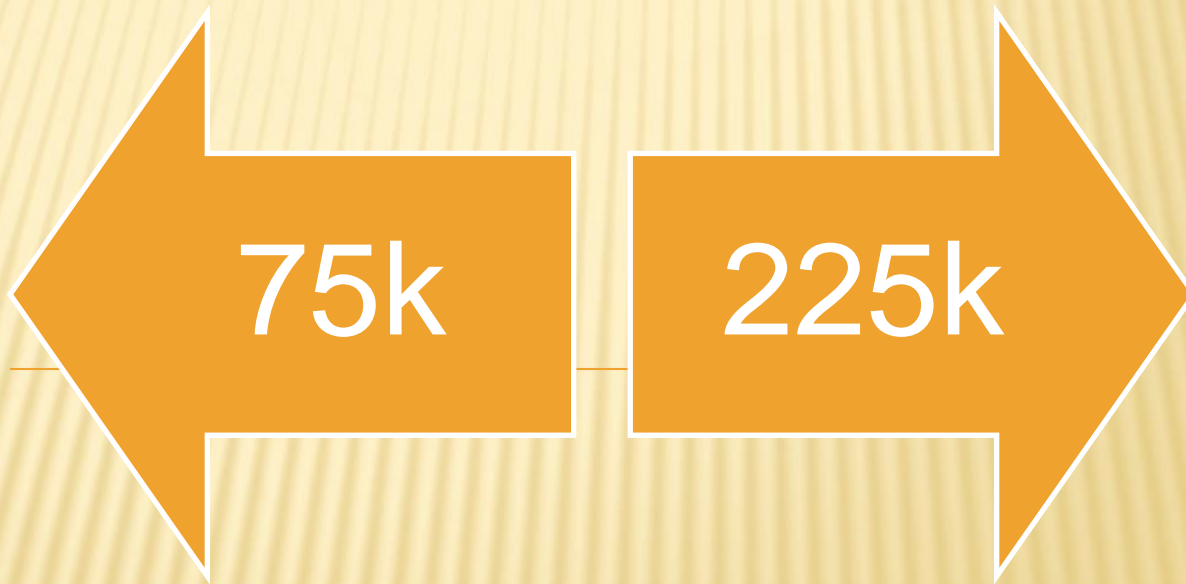
VALUATION AND OFFERS

MLS data = 90% of what you need to know on valuation



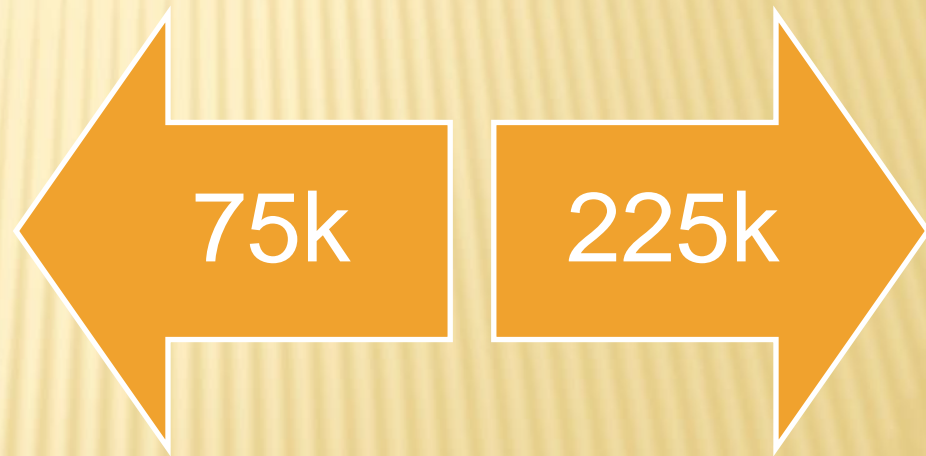
VALUATION AND OFFERS

- ✘ Properties within 50% of your market median
- ✘ Say it's 150K



WHY THIS TARGETING?

- ✘ Where most buyers are buying
- ✘ Where your investment is manageable
- ✘ Maximum inventory
- ✘ TIP: Watch low end for vandalism, theft risk



VALUATION DECISION

× 3 Main Factors

Buy Price – Rehab Cost = Final Sales Price

VALUATION DECISION

✘ Factoring your selling costs is crucial

Buyer Agent	3%	If not double sided
Buyer Closing Cost	3%	
Your Closing Cost	1%	
Post Inspection Repairs	1%	Depends on your rehab quality
Utilities, My Inspections, HOA Fees, etc.	1.5%	Do your own inspection
	9.5%	Conservative estimate; you'll do better sometimes

Standardize; Inspect What You Expect

QUALITY ASSURANCE REHAB

BREAK GROUND

✘ From now on, *time is money!*

Break ground the first day after closing!



TERMS AND CONDITIONS OF WORK

- ✘ Delivery date - 5 weeks by contract
- ✘ Late penalties - \$1000 a day
- ✘ Payment schedule
 - + 50% at start
 - + 25% at 75% completion
 - + 25% at end – after inspection of work and punchlist
- ✘ All major subs are licensed (a few are not)

STANDARDIZE WORK

- ✘ Use standard materials
 - + Paint and colors
 - + Wall texturing inside
 - + Countertops
 - + Carpet
 - + Appliances..

- + Think System



QUALITY ASSURANCE

- ✘ Routinely inspect work!
- ✘ The goal:

Reduce Buyer Inspection repair requests to near zero -- remember the 1% final repair you've allowed for

Final inspection of work by your original home inspector

Priced Smart with Terms That Demand Commitment

ON THE MARKET

QUALITY ASSURANCE SELLS

- ✘ The rehabbed property is your brand
- ✘ Attract buyer agents and buyers to your workmanship
 - + Few repairs, if any, make for an easy sale
- ✘ Get your price



ON THE MARKET

- ✘ Go for maximum dollars per your plan
- ✘ You have quality you can believe in
 - + Walk buyer agents through your quality assurance process
 - + Show off your 'before and after' portfolio

ON THE MARKET

- ✘ Pricing strategy
 - + Monitor first week and weekend activity with care
 - + Get agent and buyer feedback
 - ✘ What did you like best?
 - ✘ What 1-2 things would you change?
 - ✘ If you get consistent feedback on something, FIX IT
- ✘ Price reductions every 14 days, 10% each time

Bad deals do not get better with time!

ON THE MARKET

× Priced right?

- + Multiple offers are likely
- + If you're close, first drop should trigger offers
- + No activity early?. You missed the mark!

ON THE MARKET

× Marketing

- + Virtual tour
- + High quality photos
- + Call capture phone numbers on signs and all online/offline marketing material
- + “Before and After” portfolio of photos
- + You are you own listing agent

ON THE MARKET

Remember: Property holding time is the enemy of return on investment

Remember: Work with the offer you have

Opportunity is Knocking..

TIPS AND SUMMARY

TIPS

- ✘ Be looking for an investor partner
 - + Quality of your product
 - + Margins you have earned
 - + Individuals or groups can work
 - + Keep track of your deals, create a portfolio

At some point, as you grow, you will want to be leveraging someone else's money..and sooner rather than later

TIPS

- ✘ TAX: Get with your CPA and look at options, Professional Real Estate Investor Status.
- ✘ RECRUITING: Invest time and effort to *secure loyal partners*, whether service providers or your investors (in KW take 'RSTLM Lite')
- ✘ RISK: Avoid big risks and big hits. Your goals are *quality product, conservative profits per unit* and timely turns—Base hit

YOUR SUCCESS MANTRA

- ✘ Be in business with *solid, loyal people*—
whether investment partners or your
suppliers
- ✘ Buy where the action is.. *where the largest
numbers of buyers are buying*
- ✘ Insist on offer terms that demand
commitment

YOUR SUCCESS MANTRA

- ✘ When you hire, commission and/or incentivize your people
- ✘ Keep accurate records of everything you do..
 - + Pricing
 - + Before, during, and after photos
 - + Final HUD-1s, etc..

They're all part of your quality product showcase

REMEMBER MAXWELL'S LAW

“Nothing is as hard as it looks..
Everything is more rewarding than you expect..
If anything can go right, it will, and at the best
possible moment!”

I WANT TO KNOW MORE.....

FROM THE TEAM..

THANK YOU FOR JOINING US!

Q & A

Contact information for follow up inquiries...

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