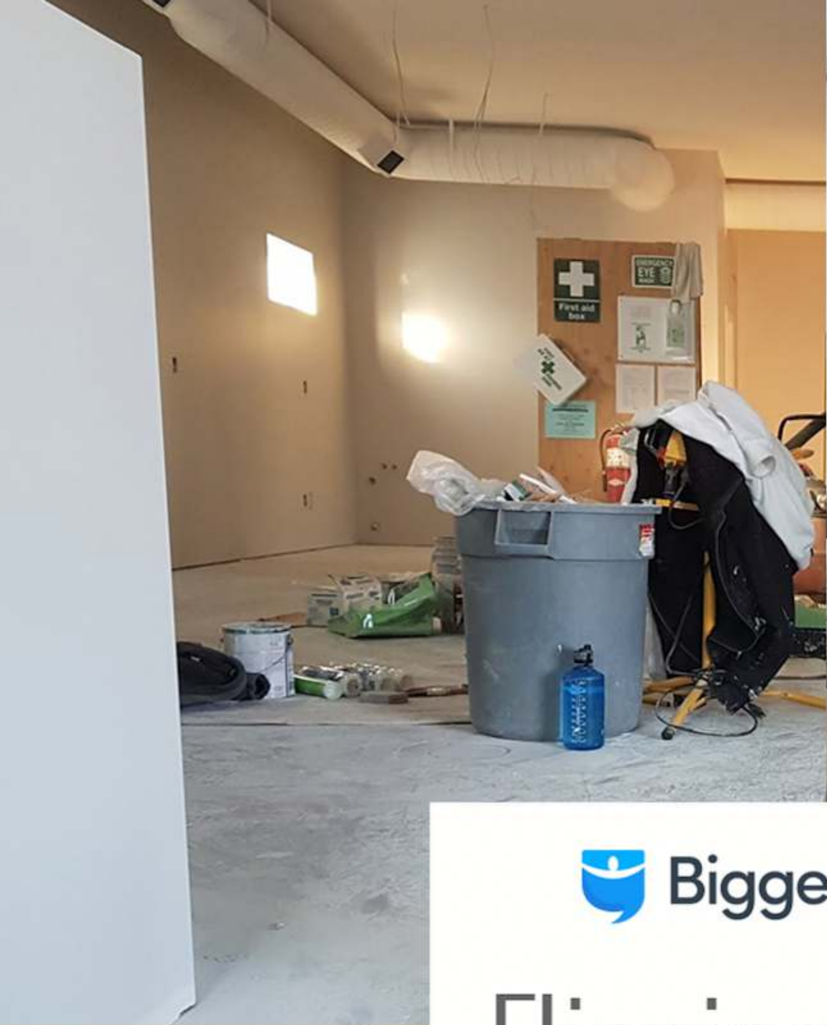

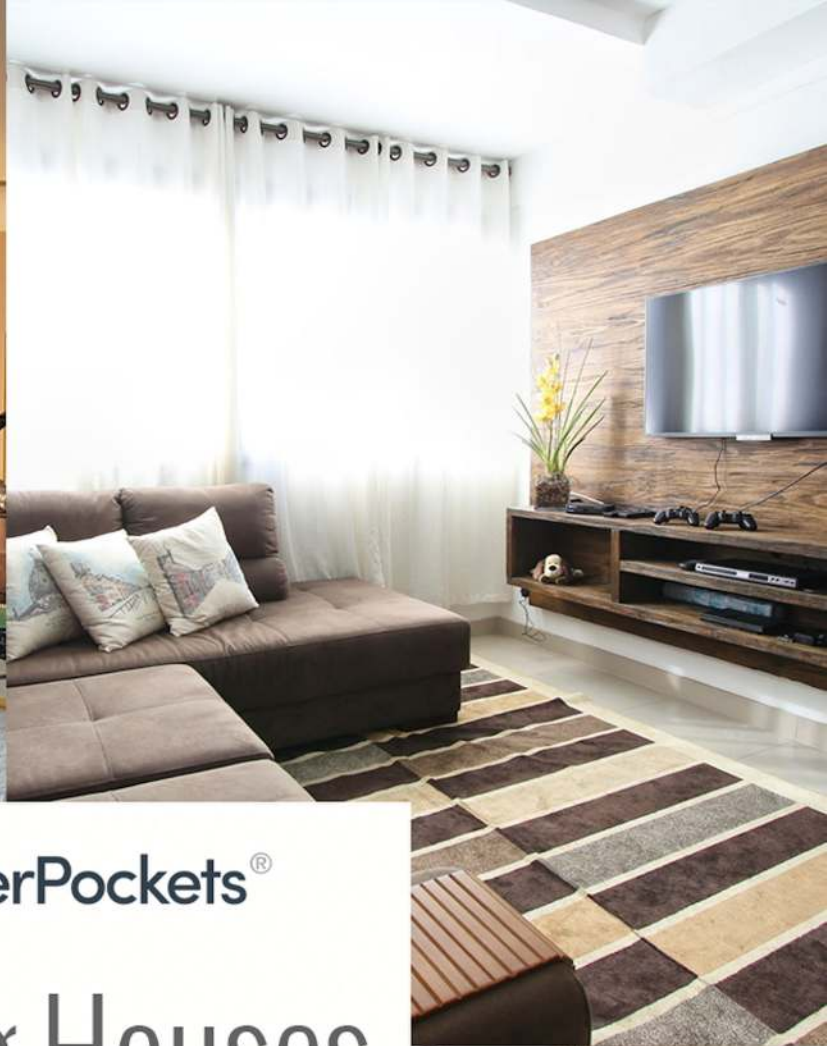

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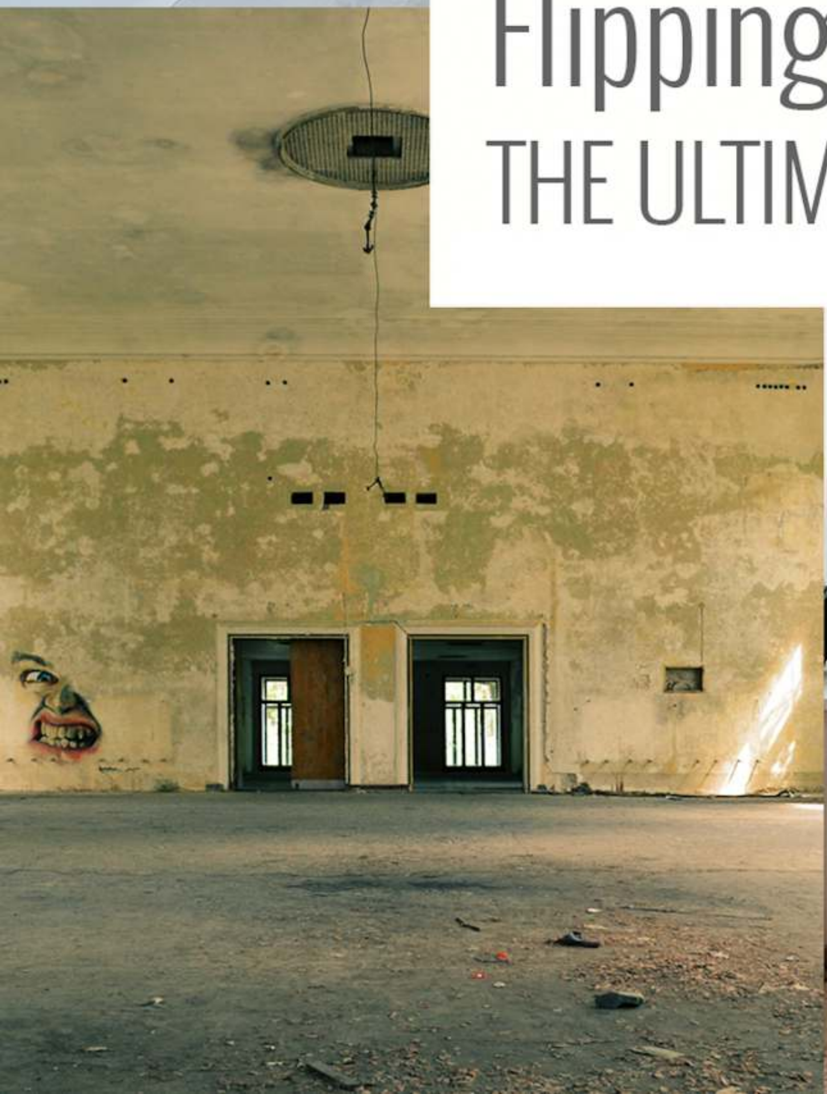
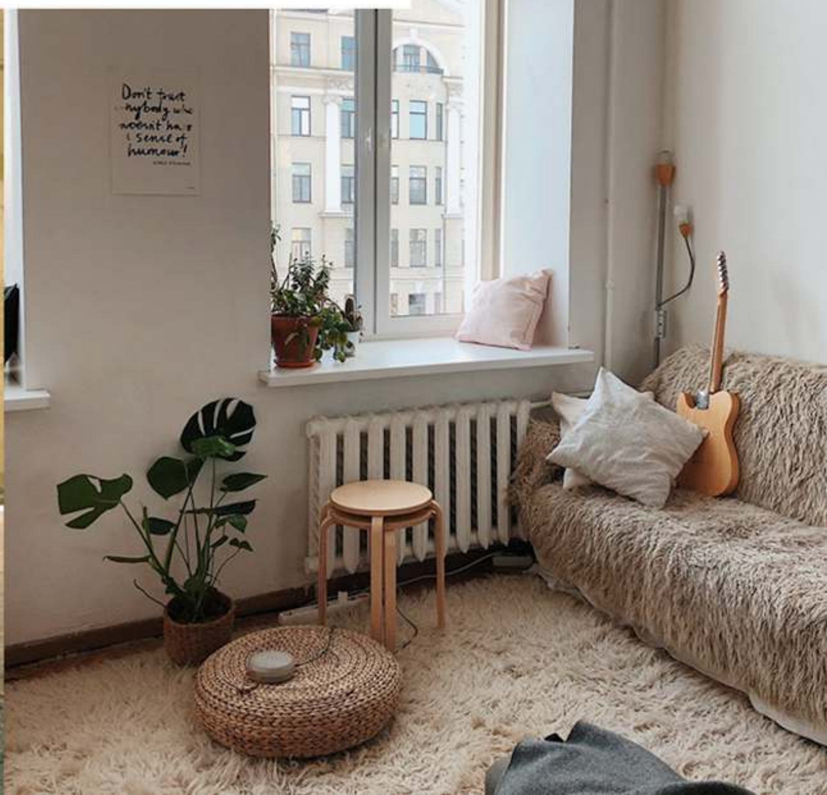
Flipping Houses
THE ULTIMATE GUIDE





The Ultimate Guide to Flipping Houses

By Brandon Turner

I have an extraordinary hatred for puzzles.

Now, you are probably thinking *"that's a strange thing to have a hatred toward."*

Well who asked you? I can explain…

Where was I?

Oh yeah – puzzles. Ugh.

You know the kind – where you open the box and there are 1000 little pieces staring up at you with hatred.

Where do I start? The corners? Then what? Do I really have to try 999 pieces to see what's going to fit best with that corner piece? Why is this piece purple? Does this piece look "dirty" to you? I don't like this … I'm going to take a nap.

Whether you like puzzles or not, there is one simple task that nearly every person does before beginning… they look at the box.

That's right- the big photo on the front of the box that shows what the final puzzle should look like when it's completed. If you are like me, you probably lean the box up against something so you can see the "whole picture" the whole time while you work.

You might be wondering why I'm talking about puzzle pieces in an article about flipping houses. Here's the truth: flipping houses is often like a puzzle, and it helps to see the whole picture.

Ah… see what I'm getting at?

The internet is full of "puzzle pieces" about flipping houses.

- ARV
- Staging
- Hard Money
- Contractors

These are all pieces to the house flipping puzzle – and very important pieces at that. However, if you are new to house flipping, these little nuggets of information can look just like those 1000 little puzzle pieces on the table. It can be overwhelming.

I don't want you to look at flipping houses with hatred, the way I look at puzzles.

So consider this ebook to be "the box cover." This book is designed to be the whole picture, so you can understand what the puzzle looks like before getting started putting the pieces together.

It is my goal that you use this house flipping guide to gain a "big picture" view of the entire process. However, keep in mind that even this book (the longest most thorough piece I've ever written) is just a fraction of what's included in The Book on Flipping Houses by J Scott and published by BiggerPockets. If you are thinking of getting into house flipping, and haven't read that book (and the bonus Book on Estimating Rehab Costs that comes with it) you need to. So read this ebook, and then go order the Book on Flipping Houses.

You'll be glad you did.

With that, let's get to the puzzle. Below are thirty steps – one for each day of the month. No, I don't expect you to flip a house in 30 days (it takes much longer!) but if you focus on mastering just one of these steps each day for a month, you'll be an expert in just 30 days!

If you have any questions, I invite you to leave a comment at the bottom and let's talk about it!

1.) Commit to the Flip

The first step in any real estate adventure is to commit. So many people want to get into house flipping or landlording and get really excited, but they don't actually commit to going the distance. House flipping is not a hobby – it's a business that can affect your financial future (either positively or negatively) so don't go into this thing "willy nilly." (Yes, I just said "willy nilly.")

Decide you are going to do this and you are 100% committed to learning everything you need to learn to get there. Then, and only then, should you move on to step two.

2.) Educate Yourself on Flipping Houses

Step two is to get educated.

Although education is a lifelong pursuit, it's also necessary to do before jumping into a house flip. I'm not advocating that you go and pay $50,000 for some kind of guru training camp – but I am suggesting you take your education seriously and buckle down to learn the basics.

As I mentioned in the intro, I can think of no better way to learn the basics of house flipping than The Book on Flipping Houses written by J Scott and published by BiggerPockets Publishing. Seriously, if you are planning on flipping houses and haven't read this book through at least once carefully (and taken notes) you are not doing enough. If you've already read it – go back and read it again. Then read through "Flipping Houses for Dummies" and "FLIP: How to Find, Fix, and Sell Houses for Profit." They are both excellent books for basic flipping knowledge.

Then, start to teach your spouse/kids/mom/dad/dog/cat what you've learned – as teaching is the best way to truly internalize knowledge. Don't just look at the surface- try to get deep and understand how this stuff all works.

You don't need to know absolutely everything in order to start flipping houses, but I'd advocate getting really good at the basics.

However, one last word of caution: Don't get caught in this cycle for too long. You'll never know everything... so dive into the education for a short while, learn all you can, and then move on.

3.) Educate Yourself on the Flipping Math

I decided to separate out the basic education from the math education because both are so important!

Without the right math going into a flip, you'll never get the right money coming out of it. Understanding the math is the #1 most important trait in a successful flip, because the math determines how much you should pay, how much you should put into it, and how much you expect to get out.

To help with this, I want to encourage you to check out the BiggerPockets House Flipping Calculator. Watch the video below,and then go play with the numbers- find out how much you'll really make on a hypothetical flip.

Then – do the numbers by hand as well, just to make sure you understand the math behind the calculators. If you are struggling with the numbers, go ahead and ask for help in the Deal Analysis forum here on BiggerPockets. There are thousands of investors in the forums every day, waiting to help.

Reach out and don't move on until you understand the math.

For more on learning the math behind house flipping, including the popular 70% rule, be sure to check out:

- Do You Follow These Two House Flipping Rules?
- How Much Does It Really Cost to Flip a House?
- The Ultimate Guide to Determining House Flipping Costs

4.) Market Research

Next, you are going to want to take a look at the market and decide where the best place to flip will be. In some areas, $200,000 for a home would be absurdly cheap, where in other areas this $200,000 would be absurdly expensive. Every market is different, so you need to have a good handle on the market you plan to flip in. Ask yourself these questions:

- How much are average homes selling for?
- How much are bank REOs selling for?
- How fast are properties selling?
- What areas seem to be selling the fastest?
- What property types/size/layouts seem to be selling the fastest?

Do a thorough job of understanding and honing in on your local market. Walk through as many open houses as you can, and meet with local experts to discuss the state of the local economy.

Then, cycle back to the math and see if flipping makes sense in that area.

5.) Arrange Your Flip Financing

At this point, I know you are excited to get started, but let's not put the cart before the horse. You first need to ask yourself a very basic question :

How are you going to pay for this flip?
There are a lot of different strategies you can use to finance your next house flip. Here's a few of the more common methods:

- All Cash – if you have the cash in your bank account, you can simply write the check. This is obviously the easiest solution, but for most folks, this is not likely.
- Conventional Financing – Some people utilize a normal bank loan to flip houses, but this can be difficult if the house is not in great shape (most banks won't lend on unfinished homes.)
- Home Equity Loans/Lines – If you have a large amount of equity in your personal home, you may be able to tap into this equity in the form of a "home equity loan or line of credit." If you are interested in more of these strategies, talk to your local bank or credit union.
- Hard Money Lenders– A hard money lender is a private individual or company that lends on high risk loans (like flips) and charge high

fees and interest to get the money. Hard money loans are ideal on flips, because they typically have only a one year or less maturity date. For the web's largest directory of hard money lenders, see The BiggerPockets Hard Money Lender Directory

- Partners/Private Money – If you know people who have money to lend, they may be interested in partnering or lending their cash at a certain interest rate. Private money can be one of the cheapest sources for funds, though raising private money can be difficult and legally-cumbersome.
- Combination – Finally, you can mix and match nearly all of the above methods to finance your next flip.

You have a lot of different options, but you'll need to pick one in order to move on. Finalize whatever source you plan on using BEFORE shopping for your investment property. Try to get a loan commitment if you plan on using any of the loans listed above, so when you find a property, you can quickly jump on it. In today's hot market, speed is key in getting a great deal.

6.) Find a Real Estate Agent

At this point, you understand what makes a good deal a good deal, have the financing lined up, and you are ready to rock. However, you don't need to do it all yourself – there is one member of your team you definitely need to find: a Real Estate Agent. Why? BECAUSE THEY ARE FREE.

Yep, your seller is going to pay the agent, so why not use one?

The agent can open doors, write up offers, get you comparable sales (so you know what properties are really worth) and so much more. Again, these agents are free so it only makes sense to find a good one – especially an investor-friendly agent (be sure to check out How to Find an Investor Friendly Realtor). If you just call the agent who listed the property – you'll be dealing with the seller's agent who has a legal obligation to get you to pay the most possible. Do you really want that person helping you? Nope. Find a good agent.
One caveat here: if you plan to use Direct Mail to get your first flip (sending letters to thousands of individuals, hoping a small percentage will turn into deals) you DON'T want an agent. The same applies if you are looking to buy homes FSBO (For Sale By Owner.) Real Estate Agents are ideal for buying homes off the MLS (the Multiple Listing Service… a collection of all the homes listed by other agents.) If you want to learn more about Direct Mail, check out How to Successfully Use Direct Mail In Your Real Estate Business.

7.) Define Your Prospective Deal

Before you start randomly looking at properties, you first need to funnel all the possible choices down to some specifics. This is when the Education and Market Research come in handy. You want to flip houses that people want to buy – so what kind of homes are they buying, and where? Let your Agent know this stuff, get a list of all the possibilities, and have them set you up with some Automatic Emails when properties that fit your requirements come on the market. Specifically, define for yourself the following information:

- What location will you flip in?
- What is the most you'll pay?
- What is the least you'll pay?
- What is the minimum/maximum number of bedrooms?

You should now have some specific criteria to begin filtering through all the properties on the market- mostly automatically. Keep in mind, however, that sometimes a 2 bedroom home could become a 3 bedroom or a 1 bath house could become a 2 bath – so keep your criteria a little liberal.

8.) Start Analyzing Potential Deals

This is a really important step in the process, so don't skip it. It's time to take everything you've learned and start doing some deal analysis on real-live properties!

This game is largely a number's game: every property has a price that makes it a great deal. Your job: find that sweet spot. So actually get out some paper and start analyzing some real life flips, like I do in this video. Your goal is to find properties that are close. For example, if you run the numbers and decide that you could pay $100,000 for a particular house, and it's listed at $275,000 – you could probably just skip that one. However, if it was listed at $140,000 for the past 4 months… they might go down to $100,000. If it's at $105,000 – you probably have an easy deal to put together (but there may be reasons why!)

As I mentioned earlier, if you haven't yet, be sure to check out the BiggerPockets House Flipping Calculator, which will help you very quickly plug in numbers to see the potential of any house flip deal.

I'd advocate analyzing at least 20 deals before you submit a single offer. You need to be extremely confident in your ability to judge the potential of a property. Head over to Zillow or Realtor.com and start grabbing some potential properties that look like good options. Do you your best to make assumptions about the rehab costs and other potential expenses. It's more important to understand the process of analyzing these deals than actually knowing the exact values. This way, when you get a real potential deal across your desk, you'll know what to do.

In addition to running the numbers with the BiggerPockets House Flipping Calculator, I also recommend asking for help in the BiggerPockets Deal Analysis Forum if you need some extra assistance. Every day, there are hundreds of real estate investors hanging out there, willing to help (completely for free) you look at a deal. Go ahead and get specific!

Also, during this process it's important that you get out there and start physically looking at homes. Walk through as many as you can to see what's inside. Ask a lot of questions and seek to learn as much as you can. This will not only help you find the best properties, it will motivate you as well!

9.) Driving for Dollars

In addition to looking on the MLS, it's not a bad idea either to get in your car and start driving – looking for deals.

In the real estate investing industry, we often call this “driving for dollars.” You are usually looking for properties that are vacant or need some serious cosmetic help. Often times, if you can find the owners (through public records) you’ll find them very willing to sell for a great deal. For a great step by step guide to driving for dollars, don’t miss Driving for Dollars Bible: Finding Distressed Properties and Marketing followed by Driving for Dollars Bible 2: Tracking Down Owners & More Tips.

10.) Find the Perfect House for Flipping

After walking through and analyzing dozens of properties, talking with your agent about what you want, and getting everything prepared… you are eventually going to find the perfect potential rental house. You may find one right away, or it may take you months to find the perfect property. Don’t worry so much about the time it takes – focus on finding the best deal possible. You don’t want your anxiousness getting in the way of your financial future, so be patient and stick to the criteria you created.

At this point, there is a very important lesson you need to understand:

Don’t let emotion take over the deal.

It's inevitable that you are going to be excited. After all, you've put a lot of work into this thing and you really want to see it come together. However, this is no time to toss out everything you've learned so far. So be calm, stick to your numbers, and get ready for the real excitement to start.

11.) Make an Offer

You've found the perfect property you want to pursue, and now it's time to make an offer. Typically, in real estate negotiations, the potential buyer will present the seller with a proposal that will include:

1. How much the buyer wants to pay
2. What financing the buyer will use
3. When the deal will close
4. Who is going to pay what closing costs
5. Important "contingencies" that the deal hinges on, like having an inspection done.
6. and a lot more.

If you found it through your real estate agent, your agent is going to help you through this entire process so it's actually fairly easy. If you found the property yourself (through word of mouth, driving for dollars, direct mail, or another source) you won't have the luxury of a real estate agent on your side (unless the home is listen on the MLS.) Instead, you can usually pick up the "Purchase and Sale Agreement" form from a local title company or office supply store, but if this is your first time, you may want to hire an attorney or a real estate agent to look over the paperwork and make sure you aren't missing out on anything.

12.) Deal with Contingencies

When you hear real estate agents or investors talk about "contingencies" we are referring to the parts of a legal offer that are "escape clauses" – in other words, things that let you walk away from the deal without losing your earnest money (which we'll get to in a moment.) For example, you could have a contingency that says "this offer is contingent upon my cat fitting through the cat door" – though I wouldn't recommend it. Too many contingencies will make the seller reluctant to accept your offer, but too few can put you in a difficult place.

So what contingencies should you include?

Typically, there are several contingencies most offers should have. Here are the most common:

1.) Appraisal Contingency – This contingency typically says one of two things. 1.) If you can't get an appraisal on the property that is at least as high as the purchase price, you can back out of the deal; or 2.) if you can't get an appraisal on the property that is at least as high as the purchase price, you can ask the seller to drop the price, and if they refuse, you can then back out of the deal.

2.) Inspection – It's hard to know what a property's true condition is just by walking through it for a few brief moments. For this reason, most people will want an "inspection contingency" that allows for you to hire an inspector to do an in-depth analysis of the condition of the home to hopefully uncover any hidden problems.

3.) Financing – Many real estate contracts included a financing contingency, which means the buyer can back out of the deal and get their earnest money back if they cannot obtain financing. This is the contingency most-often waived by real estate investors, because they can often purchase with all-cash.

Keep in mind, the fewer contingencies you have, the greater chance you'll have of getting your offer accepted. Many investors choose to avoid contingencies altogether, hoping to make their offer as strong as possible. This obviously opens the investor to greater risk, so I only recommend this for experienced investors.

For an excellent article on the different contingencies you should use, check out Contract Contingencies and 4 Rules for Using Them.

13.) Negotiations

After you submit your offer, it's time to wait to see what the seller has to say.

Usually, they will send an offer back to you (via your agent, if you have one) that is amended to what they want to see in the transaction. This is known as a "counter offer" and you can choose to accept or send the seller a counter offer. The seller could, however, simply accept your offer and end negotiations, though this is generally not the case in my experience.

During negotiations, it's vital that you stick to your numbers that you determined earlier. Emotion can run high during this phase, and you may be tempted to raise your price to numbers that no longer work in order to get the deal... but don't do this! Stick with what you will work, and be willing to lose the deal if you can't make it work. This is a number's game, so stick to the numbers.

If you want to read an amazing article on negotiation, don't miss How to Negotiate: 7 Real Estate Negotiation Tips.

In the end, one of two scenarios will occur:

1. You come to an agreement (known as mutual acceptance)
2. You can't come to an agreement and you go your separate ways.

If you can't come to an agreement, don't necessarily think the deal is lost. I've bought numerous rental properties that were originally turned down. I once offered $65,000 on a property, and the offer was rejected. Six months later, however, after numerous price drops, I offered $45,000 and it was accepted! So don't be afraid to wait it out. Stick to your number and maybe later (weeks, months, years) the seller will become more motivated and may sell at a much lower price.

14.) Mutual Acceptance and the Earnest Money

Finally, when your offer is accepted and both parties agree on a price and terms, you'll need to pay the "earnest money" to make it all official.

Some agents prefer you give this money with the offer, but I try to wait until an offer is accepted before handing my money over to someone I don't know. This is especially important when you make a lot of offers. Whether working with a real estate agent or directly with a seller, this money is NEVER held by the seller themselves. This money should be kept by a third-party, typically the Title and Escrow company or attorney who will be closing the deal (we'll talk more about this in a little bit.)

15.) Pick a Title/Escrow/Attorney

Once the offer has been accepted, the paperwork moves over to either a Title/Escrow company or an Attorney, depending on what state you live in (if you don't know, just ask any real estate agent. They'll tell you.) From this point forward, I'll probably just use the term "Title and Escrow Company" but if you are in a state that uses attorneys, just understand they serve the same function.

The Title and Escrow company is responsible for getting the deal closed. They will check the property for liens or other problems with the title, as well as prepare documents and schedule times for everyone to sign the paperwork.

Typically, if you are working with a real estate agent, your agent will suggest their favorite Title and Escrow company – or the seller may ask that you use their favorite. If you are working directly with a seller, don't be afraid to ask a few agents what Title and Escrow company they prefer.

16.) Get the House Inspected

One of the first tasks to do once the property is under contract is to hire a professional inspector to come through and look at the property. Unless you are a contractor yourself, this is not a place to cut corners and try to save some money. A qualified, licensed home inspector can tell you a lot about the property you are about to buy – including the things you probably wouldn't notice yourself, such as the condition of the wiring, plumbing, roof, and more.

I'd recommend actually, physically doing the inspection with the inspector, and ask a lot of questions. The information you learn will serve you for years to come as you pursue flipping houses with more efficiency.

A home inspection typically runs between $400 and $600 for a typical single family home, and higher for multifamily properties. Again, this is no place to skimp.
One final note on getting the inspection: a home inspector's job is to find problems, so don't be scared when you get a 20 page list of problems. I've never purchased a property that didn't have at least 50 things on that list to be fixed. No property is perfect, and if you wait for the perfect property, you'll be waiting a long time. Instead, you want to find properties that have no major problems (roofs, foundations, etc) and/or budget to fix everything up.

Keep in mind – you may not want to fix every single thing in the inspection report, but the inspector will usually let you know what's most important and what is just a good idea. For example, you'll probably want to fix a roof leak, but you may not want to fix a bent gutter on the back of the home (or maybe you do?)

After the inspection, you will have one of three choices:

1. accepting the condition and moving on with the sale,
2. Rejecting the condition and walking away from the deal
3. Renegotiating the deal

Obviously if everything looks good, move forward and sign a document letting the seller's know you accept the condition (your agent will have this if you are working with an agent.)

But what if there are serious, game-changing problems?

I would recommend not pursuing step two without at least pursuing step three first. For example, if you discovered that the home has bad wiring and needs to be totally re-wired, don't immediately run. Instead, ask the seller to either fix the problem or credit you the cost of fixing it after closing. After all, now the seller knows about the problem and will have to deal with it in the future with another buyer anyways, so at least attempt to salvage the deal if possible.

17.) Create Your Scope of Work

Creating your scope of work means making a detailed list of everything that needs to be completed on the project in order to get it ready to sell.

Although this step could be completed before the offer is accepted, I usually only do a "light" version so I don't waste time on deals that won't ever happen so instead, I usually wait until after the property inspection. Another benefit of this is that the property inspection will essentially give you a detailed scope of work that you can work off of.

If you are not comfortable with doing the work yourself, be sure to bring a qualified contractor with you to bid out these tasks. You don't want to buy the property and suddenly realize your to-do list is much more expensive than anticipated. This is the fastest way to lose a lot of money and fail at your house flipping business.

18.) Find Great Contractors

This step could actually be done at any place earlier in this process, but now is as good of time as any. If work is needed on the properties, and you don't plan to do that work yourself, it's time to find some dependable contractors. We've asked dozens of guests on the BiggerPockets Podcast "How do you find good contractors" and by and large, this seems to be one of the most difficult tasks for real estate investors. However, success can be found when you approach it like a business by proactively seeking out the best contractors.

I believe the best way to find a good contractor is through the referral from another real estate investor, house flipper, or property manager. Always get multiple bids from different contractors to ensure you are getting a good deal – but also don't assume the cheapest is the best. In my opinion, there are three (loosely defined) types of contractors:

- Low-end Contractors: These are the guys who have a few tools and will do work for you on the side. They are typically not licensed,bonded,or insured, and you'll have very little recourse if they do something wrong. I'd recommend staying away from these guys if at all possible, except maybe simple jobs like mowing lawns, putting up signs, etc.
- Average Contractors: These are the contractors that are licensed, bonded, and insured but typically work for themselves or for smaller companies. They are accustomed to working with real estate investors and property managers, so their rates are reasonable. I use these contractors for the majority of tasks.
- High-End Contractors: These are the high end finish contractors who are building million dollar homes and renovating shopping malls. These are the guys that charge $2,000 to paint a bedroom because they have clients who will pay it. I'd recommend only using these guys sparingly on jobs that require high quality work (like countertops, fireplaces, etc.)

Be sure to get all bids in writing – and get them in detail. If the contractor says they will paint the exterior for $2,500 – does that include the doors? Does that include pressure washing? Get down to the nitty-gritty and get it all in writing; it will save you and the contractor a lot of stress in the future.

You will likely need several different contractors to do different parts of the job – so be sure to coordinate who will do what, when. Also determine how you will pay the contractor for the work they do.
If estimating rehab costs is not in your list of skills – I'd recommend checking out The Book on Estimating Rehab Costs, which comes free with The Book on Flipping Houses by J Scott.
Did I mention this book was awesome yet?

19.) Finish Your Due Diligence

There are a number of tasks you'll need to complete during your due diligence period. For example, during this time you will want to:

- Make sure utilities have been paid and there are no outstanding debts.

- Sign various disclosure documents from the Title and Escrow company as they are sent to you
- Open up a checking account and order checks
- Purchase property hazard insurance and (if needed) flood insurance
- Schedule your contractors to get started.

It's also important during this period to determine your schedule for getting the flip completed. As the person in charge of running the flip, you need to ensure work is getting done quickly – which means planning the different phases of the flip with your contractors to ensure there are no "dead days" where nothing gets done.

20.) Close on the House

Finally, all your work is about to pay off – but it's not the end of the journey yet – it's just the beginning!

Your Title and Escrow company will schedule a time for you to come in and sign paperwork. Depending on what your state's tradition is, you may or may not actually sit down with the seller at the closing table. At this time, the money from your lender (or your checking account) will be wired to the Title and Escrow company who will be responsible for making sure the correct amount is paid to each party.

Finally, the Title and Escrow company will send the deed to the county to be recorded and the property ownership will officially pass on to you! Congratulations – you are now an investment property owner! Now, it's time to get to work…

21.) Manage the Rehab

Hopefully during the due diligence period you arranged and organized all of this, so it should run pretty smoothly (Haha… yes, that was a bit of a joke. Flipping houses is never easy!) Your contractor should be ready to get in on day one and knock out the punch list of tasks needed to get the property ready to re-sell.

Your job (unless you hire a project manager) is to ensure the contractors are getting the work done that they are suppose to, when they are suppose to be done. Contractors are notorious for taking significantly longer than they originally said, and without pressure from you, they'll take even longer.

22.) Manage the Financials

You'll also need to ensure bills are being paid, including the utilities, contractors, supplies, and other expenses as they add up. Keeping a close eye on the bills will also help ensure you stay in budget. This is by far one of the most frustrating parts of house flipping if you are not prepared.

The main piece of advice I have here is this: be organized. Seriously, you'll thank me later if you go overboard on the organization during the phase. There may be hundreds of receipts, bids, documents, and more floating around, but take a few moments every single day to organize them and enter them into a spreadsheet so you can keep track of your spending.

Please don't underestimate the need for systems and organizations in your house flipping business.

23.) Make Your Final Punch List

Finally, when all the contractors have finished their work, I usually find it's time to jump in myself and create a "final punch list" of things that my contractor forget.

No matter how good the contractor is, they will forget some small details. It's your job to go in, create a punch list, and get those things knocked out as quickly as possible.

And don't pay the contractor until this is all done!

24.) Consider Staging

Staging is the practice of placing furniture, wall art, knick knacks, and other objects throughout the home to make it look more "lived-in." Although it may seem counter-intuitive, most real estate experts agree that a staged home simply sells much faster and for more money than one that is un-staged.

Although you could hire a professional staging company to fill your flip with furniture and more, you could also save money by heading to your local furniture rental company (the "rent to own" ones) and having them stage the home for you for several months.

If you have a tight budget, consider just installing curtains (you can get cheap ones from places like Target or WalMart) and some cheap house plants from Lowes or Home Depot can do wonders.

25.) List the Home on the MLS

Finally, the property is finished and it looks FANTASTIC. It's time to see what all the work has been for – and it's time to list the home for sale. Although you could list it "For Sale By Owner" – most investors choose to list the home with a real estate agent and place it on the MLS for maximum exposure.

You will sign an agreement with a listing agent that spells out:

- The sale price
- The agent commission
- How long the listing will last
- and more.

Before actually listing the home, your agent will likely look at the comparable properties in the neighborhood that have recently sold and come up with a great listing price. Although you looked at the comps when you started the whole process, the real estate market may have changed, so be sure to re-evaluate to make sure you are listing at a competitive price.

26.) Have Your Agent Keep Tabs

While the home is on the market, there is not a ton of things you personally can do, besides maintaining the cleanliness of the home and answering questions when they come up.

However, your agent can do quite a bit during this time, so make sure they are! Ask for weekly reports (or better yet, have a phone conversation about the progress at least once per week) and make sure your agent is keeping your property a priority.

Chances are – your agent is listing dozens of properties at the same time, but as the saying goes "the squeaky wheel gets the grease." So be squeaky!

27.) Get an Offer- Don't Celebrate Yet!

Finally, an offer! It may feel like time to break out the champagne, but don't yet!

In my experience, 50% of offers never turn into sales, so don't count your chickens before they hatch.

Instead, look at the offer for what it is: a business proposal. How does it look, financially? Are they offering enough – or are they sending you a low-ball offer? What about contingencies? Are the pre-approved for a loan? Do they appear to be serious?

Instead of celebrating, sit down and go over the offer with a magnifying glass (figuratively) and talk about it with your spouse, your agent, your partner, and whoever else "needs to know."

28.) Negotiate a Fair Price

Chances are – you are not going to simply accept the offer presented (though, there is no rule that says you can't.) Instead, you'll probably want to "counter" the offer with one that is better for yourself. Most buyers and sellers in a real estate expect a little back-and-forth, so don't be afraid to counter with a slightly higher number – most times people won't run for the hills.

The paperwork may go back and forth a few times, and in the end you'll either have a signed deal … or the agreement will simply fail and you'll both go your own ways. Hopefully, however, you find success and can move on.

29.) Allow Buyers to Do Their Due Diligence

Just as you had to do your due diligence when you bought the property, now your buyer will do the same. During this time, your buyer will probably hire a professional inspector to walk through the property and find every problem they can.

I'll offer the same advice here as I did earlier: an inspector's job is to find everyproblem. Even after a complete rehab, the buyer will likely get back several pages of problems that you will need to address. The buyer will probably ask you to fix the majority of those problems, and the choice is yours as to whether or not you will. If you don't – they may walk away from the deal, so consider each repair carefully and do what you can to keep the deal together.

Additionally during this time, the buyer will be finalizing their financing and doing the necessary steps needed to buy the home.

You will likely communicate several times with the Title and Escrow company (or attorney) concerning topics like loan payoff amounts and other details. Be as prompt as possible in returning phone calls and ensuring the sale goes as smoothly as possible on your end.

30.) Close on the Sale, Pay Taxes, and Move On

Finally, on the day of closing (or several days before) you will sit down at a big table and sign the closing documents at the Title company. Be sure to look over this paperwork carefully and inspect it for mistakes – which can be common. If you find any errors, immediately address them with the closing agent.

The Title and Escrow company will handle all the payments, accepting the incoming funds from the buyer and paying off the loans that you have on the property, giving you a cashier's check (or wiring your bank payment) for the difference.

One final note about these funds … they are not all yours to keep. Instead, any profit you make needs to be shared with the government when tax time comes. House flipping is generally considered "active" income and therefore taxed at the highest levels. However, with good tax planning, you can often avoid a good portion of the taxes due so be sure to seek out a qualified tax professional BEFORE selling your flip.

Finally, take your profit and sink it into the next flip or use it as cash infusion to buy rental properties or to buy real estate notes. House flipping can be a lot of fun – but it IS active income, so continue to build up your passive income at the same time to build real wealth.

Flipping Houses Conclusion

There you have it – 30 steps for completing the perfect house flip!

As I mentioned in the beginning, if you are serious about wanting to flip houses – don't rely on this eBook alone. Dive into the educational world of house flipping by checking out The Book on Flipping Houses by J Scott here on BiggerPockets. Seriously… like, right now.

If you have any questions or comments, I invite you to jump into the conversation in the comments below and let's chat!

Finally, I would like to ask a favor. This eBook took weeks to write – so if you found it valuable, I ask that you share it on your Facebook, Twitter, G+, Linked, or whatever other social network you use! Just click one of the social media below to share this with your friends!

Thanks for reading,

Your friend,

Brandon Turner