



Five Things You Need To Know To Create A Successful Career Flipping Real Estate Properties

LONG ISLAND, NEW YORK, UNITED STATES, April 8, 2021 /EINPresswire.com/ -- 1. You should always leverage hard money loans.

If you were to give me \$1,000,000 I would use \$100,000 on each house and get a hard money loan from a lender and close on 10 houses; which will enable me to double the million dollar investment. A lot of first-time flippers make the mistake of thinking they need to do everything with cash, and it is just not true.

With a hard money construction loan, I can get up 90% of the house financed and 100% of the construction cost financed as well. Some lenders will even let you make all your payments at the end when you are closing on the resale of the property. When you are first starting out, lenders will probably require you to put down 25-35% because you need to prove yourself to them first. Once you have a history; they start giving you prime deals.

2. Always pay attention to the market activity while you are flipping.

The real estate market is always shifting and changes every 3-6 months. You can buy a house in one market but by the time you sell it; there can be completely different buyer activity. It's important as an investor to keep your ear to the streets and hear what the buyers are saying about properties.

Right now, in COVID times, the cost of construction materials is the highest it has ever been and that has caused a big problem for most investors who were mid-projects in 2020. If you were watching the buyer's activity you can anticipate how long the property will take to sell and make sure you do not get caught at the end of a market dip or a slow season. Time your project to finish as fast as possible.

3. Speed is the name of the game.

The faster you finish the more money you make; and you cannot sacrifice quality in the process. When flipping a house, you have to calculate the property tax cost, insurance, mortgage payments, and investor interest that you will have to pay each year. If you are going beyond one year, there is an all-new set of costs to cover.

It would be smarter to take a \$100,000 cash pile and put it into a house that needs less work but can make a quick \$65,000 and then let you move on to do another project rather than tying it up in 1 house trying to make \$100,000 of profit. The reason I say that is the more flips you can get under your belt the better the rates, closing costs, and contractors costs you can get each time you reuse the same people.

You only need to get the first 2 or 3 before you notice a drastic difference in the costs to borrow money and the lower contractor rates. Now those same \$65,000 jobs will make you \$80,000 since your overhead dropped and you can get more volume done.

4. Find the smallest house on a block full of big houses.

If you cannot find a quick flip house, then it's time to go big or go home. Usually there is opportunity in a neighborhood where you find a small ranch or cape cod house in a town full of colonial homes. Buy the house, add a second floor, and build an extension out of the back to bring up the value drastically.

If you are uncertain about the potential resale value and you're not under pressure to make an offer fast, you can hire an appraiser to give you an after-renovation value based on the work you are going to do. Usually, a hard money lender requires this so if you are working with one, you're going to have that appraiser double check your numbers anyway.

If you are under pressure to make an offer quickly; then do it and if the loan is not approved, you get your deposit back anyway and move on. You might spend \$500 on an appraisal fee but it is the cost of doing business; move on and find another property.

5. Make sure you buy materials based on the price range you plan to sell the home.

If you are selling a Million-dollar home, make sure your kitchens and bathrooms are built with fixtures that buyers in the million-dollar price range want in their home. Do not put the home depot on-sale-special or the discounted and discontinued kitchen in your million-dollar home.

If your home is in a \$400,000 area; do not put a \$50,000 kitchen in the home. You have to make sure your fixtures and finishes match the norms for the area. First time investors make the mistake of putting too cheap or low-quality fixtures in the home and the buyers (and their home inspector) will notice the difference every time. You have to find the right balance between affordability and style.

About Andrew Ragusa

Andrew Ragusa is the CEO/Broker of [REMI Realty](https://remiagency.com/) in Plainview, NY(<https://remiagency.com/>). He is a Licensed Real Estate Broker, Sellers Representative Specialist, Accredited Buyer Representative,

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Andrew Ragusa Previous TV Clip

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