



**HARBOUR
GROUP
CAPITAL**
PRIVATE LENDER FOR REAL ESTATE INVESTORS



EVERYTHING YOU NEED TO KNOW FOR SUCCESSFUL FIX & FLIP INVESTMENTS

A fix & flip is a strategy of purchasing a property to then renovate it and re-sell it at a profit. The goal is to then sell the property as quickly as possible at the highest profit. A fix & flip project can be an exciting and profitable investment opportunity.

Let us make this process easier for you by outlining what you need to do to increase the overall value of your project, show you the top upgrades worth completing and some common pitfalls to avoid throughout the process.



www.harbourgroupcapital.com



516-512-7270



445 Broadhollow Rd #25
Melville, NY 11747



info@harbourgroupcapital.com



THE INS AND OUTS OF FIX & FLIP INVESTMENTS, WHAT YOU NEED TO KNOW

Choosing the right property and location is one of the first steps in fix & flip investing. Throughout the process keep in mind that the goal is to sell the property as quickly as you can for the highest profit.

What is a fix & flip investment?

A fix & flip is a strategy of purchasing a property to then renovate and re-sell for a profit. Usually, an investor will buy the property at a discount due to its condition. Whether that means the home has incurred some disrepair due to abandonment or the previous owner couldn't afford its upkeep.

Other times the property simply needs some aesthetic updating. Most often though some major renovations are required before it can be sold. The goal is to then sell the property as quickly as possible at the highest profit.

The cost of the property plus any cost of the repairs is the fix and flip value. However, a much more important calculation is the ARV or after repair value which is the estimated market value of the property once the renovations are completed.

For example, if you invest 15k in repairs, you want to sell the house for an additional 25k in value added to the property at resale.





How to Invest in a Fix & Flip Loan?

Many flippers need to rely on fix and flip loans to fund their renovations as these projects often become costly. Not only do you need to pay for the down payment, there are renovation costs and holding costs of owning the home until its sold. Holding costs include property taxes, homeowner's insurance, and HOA fees to name a few. Once the house is sold the flipper also must pay recording fees, title search fees and escrow fees.

A hard money loan from a private lender has some great advantages for this type of investment. With a hard money loan, you can be covered for up to 85% of purchase and 100% of rehab funds. There is no prepayment penalty and loans are available in amounts up to 25 million. With a hard money loan from a reputable private lender, there are no hurdles and it's a very user friendly and streamlined process. In addition, there's no interest charged on unused rehab funds.

How to Increase the Value in Your Fix & Flip Investment?

Flipping houses can be an extremely lucrative real estate investment. The best way to increase value and have a successful outcome is by choosing upgrades that increase your return on investment. A hard money fix & flip loan can assist with this as they offer quick access to funds.

Lenders will assess the potential of the property and your renovation plans. Before you invest it's important to know which property repairs are worth it so you don't increase the overall costs and decrease the value of the flip.

As a responsible investor your focus should be on how much ROI or return on investment you can obtain from each project and how this will affect the resale value.

ROI varies and depends on a multitude of factors such as market trends and location. But there are some current trends and upgrades that are generally helpful in increasing your ROI and resale value.





TOP 9 UPGRADES THAT BRING THE MOST VALUE TO YOUR FIX & FLIP INVESTMENT

1) Look at Single or Small Multifamily Properties

Be on the lookout for homes that may look a little distressed but have no major structural issues and are in relatively good neighborhoods. Aim to make improvements to enhance the home up to the standards of the surrounding houses. Be sure to prioritize the areas in the house where most time is spent, like the kitchen, bathroom and living rooms.

2) Replace the Siding & Upgrade the Front Door

Potential buyers don't want to see faded or chipped siding as it implies poor maintenance. Siding maintenance has an overall positive impact, and you can easily recoup those costs down the line. Consider siding that matches the siding of higher end homes in the area.

The front door is the first thing potential buyers see when entering the home and replacing the front door increases your ROI. Avoid an overly dramatic or bold door and instead consider something more mainstream that matches the aesthetic of the home.

A new garage door can also be profitable as it increases curb value and adds more functionality. If you have some unused space adjacent to the property, consider adding a carport.

3) Prioritize Curb Appeal

Most potential buyers make decisions about a home within the first 10 seconds upon arrival. So, making a good first impression is invaluable. What seems to be lacking from the front of the home? Be sure that you don't miss important details like a new paint job and a freshly mowed lawn. Get creative with landscaping and consider adding a well-maintained garden for some extra curb appeal.





TOP 9 UPGRADES THAT BRING THE MOST VALUE TO YOUR FIX & FLIP INVESTMENT CONT.

4) Add New Flooring & Update Lighting

Hardwood flooring can increase the value of your flip if you're in a relatively good neighborhood where high quality furnishings are important. Engineered wood flooring is a cheaper option. If the home primarily has carpet, consider replacing older worn-out carpets. Use updated modern lighting fixtures to update and accentuate different areas of the home.

5) Upgrade the Bathroom & Kitchen

Modern bathrooms are at the top of list in terms of desirable upgrade. If a full bathroom redo isn't possible consider redoing just the fixtures and the vanity to update the space. If you have the budget, consider adding a new bathroom as it increases the value of the home.

As for the kitchens, take a look at other homes in the area to see what type of amenities they offer. If kitchen upgrades add to the after sale value of the home consider investing. If a full remodel isn't in the budget consider upgrading the cabinet fronts, painting, updating hardware and replacing the sink. In particular, newly renovated kitchen countertops will increase the home's overall appeal.

6) Seek to Increase Living Space

This may mean breaking down walls to enlarge a room, adding new storage options or increasing outdoor spaces. Consider adding a patio or deck, it extends the outdoor living space and if there's an existing deck on the property you could potentially reuse the existing material by flipping the boards, power washing, sanding and repolishing them.





TOP 9 UPGRADES THAT BRING THE MOST VALUE TO YOUR FIX & FLIP INVESTMENT CONT.

7) Prioritize Structural Issues & Safety

You don't want to buy a home with major structural issues as they often require expensive and extensive repairs. Before beginning your fix and flip have the house inspected for termites, mold and foundational integrity.

In terms of safety, you want to make sure the house is accessible and user friendly as possible. Common safety features like locks and well-lit areas are a must but, also consider security solutions so that homeowners can feel more secure.

8) Address the Interior

Consider repainting the interior of your home, a fresh coat can make a world of difference. Aim for neutral colors, white paint in certain areas will help increase natural light and make the room appear more spacious. Or use a color blocking technique to separate certain areas of the home. Get creative!

9) Consider Eco-Friendly or Tech Smart Upgrades

Eco-conscious consumers are looking for ways to incorporate more sustainability in their lives and including some eco-friendly upgrades to your home may attract this type of buyer.

Consider including energy efficient lighting and appliances, solar panels, and NFRC rated doors and windows. If you are flipping homes in a luxury neighborhood you may want to consider adding in smart lighting, temperature control or even automated sprinklers to get a higher return on investment.





What are Some Pitfalls to Avoid When Investing in a Fix & Flip?

Pulling off a successful fix and flip can be more complex than it seems. We've compiled a list of the top five common mistakes new investors make on fix and flips.

Now let's share a list of items that are best to avoid:

1) Choosing the Wrong Property

It's extremely important to choose a property that aligns with your budget and investment goals. Some properties will need renovations that are too expensive or take too much time, draining your time and budget.

Try to avoid homes that have foundation issues, leaky roofs or other extensive repairs. Hiring a contractor to perform an inspection of the property prior to purchase is a great move.

2) Buying at the Wrong Price

If you pay too much up-front for a property you are not likely to come out with a favorable profit margin. Be sure to conduct extensive research on homes that are selling far below the median market value.

One option is to be on the lookout for foreclosure auctions. Be patient and don't pull the trigger too early and possibly miss out on a better deal.

Use the 70% rule which states that an investor should only offer up to 70% of the property's ARV minus the renovation cost. With this strategy you can take home about 30% profit and have security against unexpected expenses or fees.





More Pitfalls to Avoid ...

3) Inaccurate Budgeting

It's very common for new investors to underestimate how much the renovations will cost. You don't want to be stuck in a position where you purchase a property and run out of money halfway through the renovation project.

Take the time to establish an accurate budget and communicate with a licensed contractor for estimations. It's always smart to pad the budget slightly to cover any surprise expenses.

4) Inaccurate Timelines

Don't attempt to stick to an overly strict timeline, instead establish a realistic one that is feasible to reduce stress. On average, a fix and flip takes about six months to complete. Some projects take longer and are dependent on how extensive the repairs are.

5) Doing it Alone

Of course, you can do the renovations yourself. However, for the more skill intensive repairs, it's in your best interest to hire professionals to complete the work and on time. This will help you avoid delays and expenses if something goes wrong.





**HARBOUR
GROUP
CAPITAL**
PRIVATE LENDER FOR REAL ESTATE INVESTORS



Harbour Group Capital

GET FINANCED TODAY

When fixing to flip, take your time to research, budget and plan accordingly before you buy. Once you purchase the flipper upper, stick to the renovations that bring the most value to your project and you will be successful. For any other questions or if you need a hard money loan, contact Harbour Group Capital today.



www.harbourgroupcapital.com



516-512-7270



445 Broadhollow Rd #25
Melville, NY 11747



info@harbourgroupcapital.com