Don't Make These 5 House Flipping Mistakes

Flipping houses is one of the most popular choices for investors because it can turn a substantial profit. Of course, those profits depend heavily on the skill and decision-making of the investor.

It can take years to build a knowledge base that allows investors to make quick decisions without compromising the potential of any flipping venture. With these tips, you'll know the most common problems to avoid.

1. Spending Too Much

The best way to make good profits when flipping a house is to buy a decent property at a bargain. Good deals can be found in almost any neighborhood, but it takes time and skill to find them. It's tempting to snap up a great property in a fast-growing neighborhood, but the sale price is key.

Paying too much for the property may make it impossible to finance upgrades, especially for new investors. Generally, investors should avoid spending more than 70% of the home's after-repair value. If you spend more than that, you'll be eating into your profits.

2. Failing to Research the Market

There are different types of real estate investment, so investors must look for opportunities that particularly suit their goals. To do that, you'll need to research the market. A neighborhood that is great for flipping has lots of demand and rising home values, with good homes that need some updates.

Beyond that, it's important to research what buyers are looking for in the area. If you don't know what buyers want, you're more likely to waste money on improvements that don't recoup expenses. Over-improving a home can hurt your profits and hinder the sale process as much as under-improving.

3. Hiring a Team You Can't Trust

As part of each house flipping project, you'll hire a team of contractors and other professionals to help prepare the home for resale. If you rush this step, you may end up with contractors who don't answer your calls, or who do subpar work that you have to pay extra to fix.

Before starting the project, it's crucial to research each professional you hire for experience, proper licensing and insurance. Communicate with each one to get a sense for the working relationship you can build. You're looking for experts in the field who will make your project a priority.

4. Buying a Money Pit

Almost every house flipping investor has a horror story of the property that turned into a money pit. The best thing you can do in this situation is to keep it from happening in the first place. Don't skimp on the inspections, because they can reveal a history of serious problems, such as water damage or mold.

If you end up with a money pit, your best bet is to make a good exit strategy. Sometimes, it is better to get out without making much of a profit than it is to lose every spare dime trying to fix a property that keeps producing unexpected problems.

5. Taking Too Long to Sell

The goal of flipping a house is to earn a good profit in the most efficient time possible. For many investors, this means buying a home, making improvements and having it ready to sell within a few months. If you're trying to make upgrades on the evenings and weekends, you might lose profits due to delays.

Once you are ready to list, make sure that the price is right for a quick sale. It's fine to have a specific list price in mind, but that price must be realistic for the type of home and the neighborhood. The longer it sits on the market with no interest, the less likely you are to find a buyer.

Real estate investment is a lot easier when you can avoid these house flipping mistakes and increase your potential for profits. At Renovo Financial, we offer several **loan programs < https://www.renovofinancial.comloan-programs/>** that are convenient and tailored to the type of investment. Our rehab loans are customized for investors who want to fix and flip or fix to rent.

To learn more about our loan programs or to start, **contact us < https://www.renovofinancial.comcontact/>** today.

Contact Us

Ready to get started? Want to learn more about how we can help you grow your investment business? Call us at **(888) 568-8894**, email us at **origination@www.renovofinancial.com** or fill out the form below and a representative will be in touch within 1-5 business days.

First Name*

Last Name*

Email*

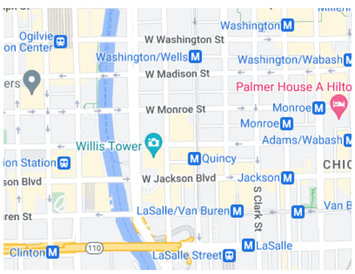
Phone number*

Message

I'm interested in getting started...

Submit

Renovo Financial
222 W. Adams St, Chicago, IL 60606
origination@www.renovofinancial.com
(888) 568-8894



RENOVO FINANCIAL < https://www.renovofinancial.com>

Renovo Financial
222 W. Adams St, Chicago, IL 60606
origination@renovofinancial.com
888-210-6225

Client Login < https://renovo.force.com/Customers/login>

Get Started < https://renovofinancial522196682.wpcomstaging.com/get-started/>

Loan Programs

Rehab Loans
Rental "Term" Loans
New Construction Loans
Multi-Family Loans
C3 Fund – CDFI < https://www.c3.fund>

Our Process

Local Knowledge
One Stop Shop
Fast Timeline
Lending Flexibility

Locations

Boston
Chicago
Connecticut
Denver
New Jersey
New York
Phoenix
Raleigh
Rhode Island
San Diego
South Florida
St. Louis
Tampa Bay
Texas