

# BestFlippingTeam

## Training Module 4

This training covers the cost to renovate. We break down the labor costs and material costs extremely accurately. Every week we give an easy way to market and find a deal. How to get a deal fast that doesn't involve spending much! This week's tip: Go to Craigslist FSBO, Facebook FSBO, Redfin, Zillow, Trulia and many other sites that may have a FSBO section in your area. Gather as many addresses as you like and have that call with the seller from week 2 module (if you have done it). Also, if you have already completed the in home appointment module, schedule an appointment and run it! A lot of FSBO listings are realtors trying to get new buyers, wholesalers trying to sell a property or any other type of indirect way to get real estate business (So make sure to follow everything we say in the entire training carefully, make sure the seller is on title and work with our attorney making sure any deposits go to the right place) This is a great assignment, just take your time and make sure you do it right.

Things to remember every week:

This is designed for you to train your people, many people have the end goal of being the money partner and having a team to handle every piece of the business. Once it is set up, this makes the most money in the least time.

This business is for you to have free time.

This is designed for you to work less and have more.

We always want to remind you of the "three places you could be" Anxious to find a deal, patiently tuning in and doing assignments, or lastly "You waited until the end and you are reviewing all of these together". Any one of these is fine, as long as you get into action.

This will take time and effort to get there.

In many cases you will be better off to do all the training and do the deals yourself at first, you are more likely to be the most committed to the process since you are leveraged.

In many cases you'll be better off to hire someone right away because it saves time, but realize the team member often times is not as leveraged as you. You have to decide and analyze that risk on an individual basis.

Weekly Reminder: Basic wholesale- Wholesaling is a niche in real estate that is 100% investor based. You are finding deals as investments at low, low prices and then "flipping" them to other investors (usually fix and flippers or landlords). Your goal here is to buy at wholesale prices and "flip" them to your investors at prices that are still below market value, leaving the majority of the profit for them. The golden thing about wholesaling is that you are making your money almost INSTANTLY, in most cases without ever owning the property. You do not need to use your own money or your own credit to make BIG profits on these deals

Weekly reminder 2: If you have enrolled into a training that has the network, then you have access to the network. You can use wholesalers in the network. A good goal for a wholesaler should be to set a goal for 2-3 deals within three months. Remember to email the office if you need to utilize the network. We reach out to the various people in the network that could fit your needs or we do a blanket marketing campaign for you inside the network (whichever way is most appropriate) and then get back to you with the response.

You should have a call rail number set up. If this is your first week on board, you may have to check your email and get set up. This is the number that you get set up for all of your marketing. We give you call scripts and common objections that we have developed over the past 17 years. These scripts are perfectly tailored to explain and demonstrate to the seller why it makes sense to sell their property to you. This call script works extremely well and you can rely on them.

Things to know about yourself. You are a cash buyer. With our network and support you have the ability to write offers as a cash buyer. In most cases what that really means is that you do not write your offer contingent on financing. You do not care about the condition of the home. You do not care about appraisals, you do not need inspections that are

required by lending institutions. They have nothing to worry about! Roofs bad, floor is bad, bathroom is missing? That is all acceptable. Many sellers have been involved with a buyer that needs to appraise and inspect the property and after a lengthy time period the buyer backs out due to an appraisal coming in low, or inspection comes back with lists of repairs that ruin the deal. Always remember to tell them they do not pay any realtor fees or closing costs. Title insurance, doc stamps, closing fees any and all of it. You will make it so whatever you offer, that's what they walk at closing with! No math! You offer \$110,000 that's what they get! This is very enticing for sellers.

Renovation costs vary by area and by overall quality of your project. A million dollar home will require a higher investment in kitchens and bathrooms than a one hundred thousand dollar home.

You can save money by managing projects yourself, but you will lose time. You can use a general contractor as a project manager and "probably" end up with less time spent checking the property as the project progresses. You can hire and train your own project manager and results can vary at first, but will save you time and money when you get it done right. On your first few deals feel free to manage the projects yourself, we recommend you get yourself a trained project manager as soon as possible. Everything we train and talk about, we are not talking about you doing work, we are explaining how you make sure your workers are doing their jobs. Expect to pay and additional 10% in labor costs with a general contractor and an additional 15% at the end of the renovation in total costs. This might seem expensive, but the sooner you realize your time is more valuable these expensive should be justified to free up your time (if not you are missing a piece of the system). You do have access to project managers if you are a part of the network.

All examples are done on a 3 bedroom 2 bath Florida style home with an ARV of one hundred and fifty to three hundred thousand dollars. All the budgets will be homes with a normal roof, normal number of windows. The examples are a typical square house with fifteen hundred square feet.

#### MATERIAL COSTS

Flooring - \$2/square ft. =	\$3,000
Interior Paint - \$100 per 5 gallon - typically 5 buckets including trim	\$500
Exterior Paint - Body - Trim - \$100 per 5 gallon - typically 5 buckets including trim =	\$500
Driveway Paint - \$150 per 5 gallon concrete paint - Use 1-2 buckets	\$300
Doors - Exterior - Single Door - \$250 / French Door \$400 - Typically 3 single doors=	\$750
Doors - Interior - \$50 bed/bath (5), \$150 bi-fold closet doors (4) =	\$850
Trim - Baseboard and Door Trim - \$1 / ft =	\$500
Landscape - Mulch, weed screen, edging, plants, =	\$500
Fixtures/Fans/knobs =	\$1,500
Kitchen:	
Cabinets - Real Wood - Soft Close - Shaker Style =	\$2,000
Countertops - INSTALLED Lvl 1 - Usually Including Island - Including Sink =	\$2,000
Appliances - Basic Level Stainless - Fridge, Range, DW, Microwave =	\$2,000
Backsplash - More expensive tile - \$6 / ft average =	\$400
Cabinet Hardware - \$3 - \$6 / piece =	\$200
Kitchen Faucet =	\$150
	-----
	\$6,750

Bathroom:

Toilets =	\$100
New Tub - Tub, tile surround, concrete board drain, inlet plumbing =	<\$600><one or the other>
New Shower Built - Pan, concrete board, tile, drain and inlet plumbing =	<\$600><one or the other>
Vanity - Between \$400 - \$1,000 depending on size (with top and sink) =	\$600
Vanity Light =	\$60
Plumbing Fixtures - Sink Faucet \$80 + Shower or Tub Kit =	\$200
	-----
	\$1,560

LARGE PURCHASES / HOPEFULLY NOT NEEDED

Roof = \$300 - \$350 per roof sq. INCLUDING LABOR (100 sq ft) Typical roof being 30 sq. =	\$10,000
Windows - NOT IMPACT WINDOWS - INCLUDING LABOR =	\$5,000
A/C - Repair or Replace - INCLUDING LABOR - A typical 3 ton unit will run us \$3,000=	\$3,000
Pool Pump - Replace New INCLUDING LABOR =	\$500
Pool Resurface INCLUDING LABOR =	\$5,000
Well Pump INCLUDING LABOR =	\$500
Septic System = REPLACE NEW??? INCLUDING LABOR =	\$6,000
Rescreen a pool enclosure - INCLUDING LABOR =	\$1,500
Electrical - Full rewire INCLUDING LABOR =	\$5,000
Plumbing - Full Inlet re-plumb INCLUDING LABOR =	\$4,000
Standalone Tub (higher end but found in some 200-300k homes) INCLUDING LABOR =	\$1,200
Drywall (if entire house is showing the studs) INCLUDING LABOR=	\$5,000

ADD 10% FOR MISC. / UNFORSEENS

ADD (6% - 7.5!)for tax

LABOR COSTS

Flooring - \$1.50/sq ft. =	\$2,250
Interior Paint =	\$1,500
Exterior Paint =	\$1,500
Driveway Paint =	\$300
Doors - Exterior - Typically 3 single doors =	\$450
Doors - Interior - \$50 bed/bath (5), \$150 bi-fold closet doors (4) =	\$250
Trim - Baseboard and Door Trim \$2/ft x 500 ft =	\$1,000
Landscape - Mulch, weed screen, edging, plants, =	\$200
Fixtures/Fans/knobs =	\$1,500

Kitchen:

Cabinets - Real Wood - Soft Close - Shaker Style \$60/cab x 13 cabs =	\$780
Appliances - Basic Level Stainless - Fridge, Range, DW, Microwave =	\$200
Backsplash - More expensive tile - \$3 / ft average =	\$200
Cabinet Hardware - \$2-\$3 / piece =	\$100
Kitchen Faucet =	\$50
	-----
	\$1,330

Bathroom:		
Toilets =		\$50
New Tub - Tub, tile surround, concrete board drain, inlet plumbing =		<\$1,000><one or the other>
New Shower Built - Pan, concrete board, tile, drain and inlet plumbing =		<\$1,000><one or the other>
Vanity - depending on size (with top and sink) =		\$300
Vanity Light =		\$60
Plumbing Fixtures - Sink Faucet + Shower or Tub Kit =		\$200
		-----
		\$1,610
	Materials	Labor
New kitchen	\$6,750	\$1,330
2 new standard baths	\$3,120 (\$1,560x2)	\$3220 (\$1,610x2)
Flooring	\$3,000	\$2,250
Paint inside and out and driveway	\$1,300	\$3,000
New roof	\$10,000	
Fans fixtures and knobs	\$1,500	\$1,500
Interior and exterior doors	\$1,600	\$700
New trim	\$500	\$1,000
New A/C	\$3,000	
	-----	-----
	\$30,770	\$13,000
Misc 10%	\$3,077	\$1,300
Tax (7%)	\$2,400	
	-----	-----
	\$36,247	\$14,300
		Total Reno Budget
		\$50,547

Categories as covered above:

Remember the averages we use are what you might expect to see. If you have a bedroom with 2 exterior doors or French doors, or a stand alone tub, or one window that needs glass or any other variance, you just plug in the numbers above adjusted to the home you are looking at.

Materials:

If you need to replace the flooring we use price per square foot for material.

You will always paint the homes ceilings walls trims and doors. We will give you schemes and sku numbers when you get to this point. Remember you may just be using these estimates as a wholesaler to bring the end numbers to the end buyer that is the investor that will be doing the rehab, they will appreciate your accurate and safe numbers.

Always plan to paint the exterior paintable surfaces like driveways and lanais when needed.

When you replace interior and exterior doors remember that the exterior doors may just need some paint if they are in good to great shape. Interior doors we usually replace unless they are great shape and they are nice 6 panel doors with a touch of grain.

When you renovate a home you almost always replace the trim. Make sure to email us if you have trouble finding the numbers we recommend. These prices vary, so make sure to look around.

We always recommend a simple landscape plan with mulch and weed screen with a nice wave design of edging. We like to but a half dozen or a dozen cost effective plants along the front of the house.

We always do the fixtures fans and knobs. We use a higher number than expected because this can commonly take more time and effort than someone may expect to get right.

You will almost always replace the entire kitchen. Using Shaker cabinets, soft close doors, dovetail construction, real wood construction and a stone counter tops. Use above the average home depot or Lowes grade.

Bathrooms will nearly always need fully renovated including toilets, showers, tubs and vanities and anything else in the bathroom. Shower, pan, concrete board, tile, light plumbing for tub and vanity, tile for the walls, light fixtures, exhaust fans even, the entire bathroom.

You may need a roof on 50% of the deals, new roof, new A/C is a huge factor for homeowners and tends to help sell the house.

Windows are usually best to be repaired. The permitting and issues with all new windows is usually not worth the alternative of cleaning and fixing them

New A/C is always a great idea.

Pools are another issue. You will want to replace pool pumps on a lot of homes.

Shock the pool. We rarely if ever do any type of work to a home that is only under contract. This is one area, we recommend you shock the pool immediately when it goes under contract, you will need to see that water clear and estimate what the costs will be. Inground concrete pools. This is very important to note and remember.

If the house is on a well, the subterranean pump is usually good but the above ground pump may need replaced. If its old, replace it.

Septic system may need replaced (uncommon). Get it checked. If it needs replaced they dig it out and crush it, with a new septic tank and a new drain field. Make sure if you have a septic system you don't need a new septic system.

If you need rescreen pool enclosure (common) will look much better. Adds value

If you need a whole new rewire. Aluminum wire needs to be rewired. Romex copper wire is a standard update.

If you need all new plumbing or wiring you may want to just wholesale the house as opposed to deal with all the permitting and time frames.

If you have to do a stand alone tub in the master you have to add the extra cost.

If you have a house that is down to the studs and you need to re-drywall an entire house.

Add 10% for miscellaneous and unseen expenses

Add tax for your area 6-8%

Labor costs:

The stores will do installs for \$1.50 per foot, so beat that price.

We have been doing a lot more laminate lately as opposed to tile.

Inside and outside paint should be about the same amount for labor. The driveway and exterior of the house will commonly need pressure washed, this should be included in the paint estimate for either.

Door replacement is easy in some cases and occasionally need a lot of labor, shims and resizing and more.

Trim as well is usually super easy, but has to be done in the right order, like doors its usually easy but there are cases when it gets difficult and you need a skilled carpenter.

Fixtures fans and knobs will usually be replaced. The can lights in the kitchen are a big part of this number.

The kitchen faucet and cabinet hardware can be easy, but occasionally a leak or something can make it more difficult.

Tearing out and replacing everything in the bathroom is usually standard work, occasionally there are light plumbing issues, maybe some mold and leveling issues, but usually pretty standard. The shower and tub kit has some intricate details that can get labor intensive as well.

When you come up with the total budget you will take the ARV and subtract out your other costs and come up with your offer.