

HOW TO FIX AND FLIP



MILWAUKEE
HARD
MONEY

RULES OF ENGAGEMENT



1. We are going to cover a lot of material
2. We only have 1 hour of time
3. If you have any questions, please type them in the comments or email to: md@fstreetgroup.com
4. We will be sending out this material after the workshop for you to reference
5. If you would like to discuss this material or a project you have, please visit our website and submit our [Contact Us](#) form

RECENT PROJECT



Brookfield, Wisconsin

We recently completed a Fix and Flip that took approx. 4 months from start to finish. We'd like to walk-through our process and the steps we take to ensure each project is successful.



HOW HARD WOULD YOU
WORK TO EARN \$20,000?

IT STARTED WITH A WHOLESALER



We purchased the property through a wholesaler (who approached us through Milwaukee REIA), to which we paid an assignment fee to acquire the property. Based on the area, comparables, and the vision we had for the property, we were confident the price would allow us room to make profit, pending the outcome of our rehab work and ultimate sale price.



\$215,000
Purchase Price



\$20,000
Wholesaler Assignment Fee

Pro Tip: You make your money on the purchase and realize the profit on the sale. *So, buy wisely.*

DETERMINING ARV



Initially, we started where we always start... *with a map and comparables.* By reviewing MLS listings, we were able to compare the property vs. others in the area and look for similarities to draw conclusions on regarding the value we could extract from the property.

- Good to use pictures to help compare visually
- “Sold” properties help to validate comparables
- “Active” and “Active with Offer” are good, but not always accurate
- Start with 6-month history and .5 mile radius (expand as needed)
- Drive the area

DETERMINING ARV (Cont'd)

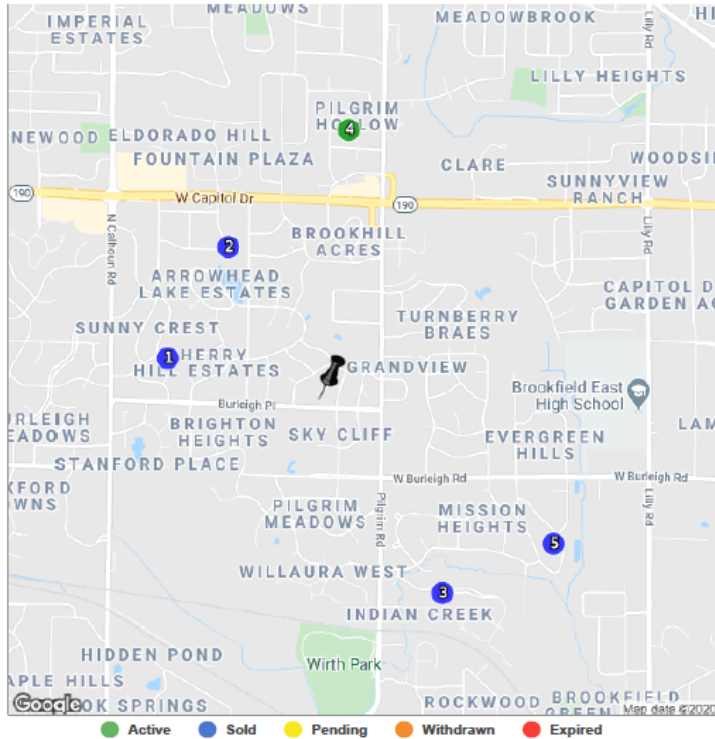


Important features to consider when determining After Repair Value:

- Square Footage / Lot Size / Year Built
- Like Style / Design Features
- Number of Bedrooms / Bathrooms / Garage Spaces
- Location (including demising lines and what they represent)
- Finished Basement



By establishing what the property has, you can then start to look at what new features or additions to the property would do to the potential value.



Summary of Active Listings

MLS #	Address	Orig. List Price	DOM	CDOM	List Price	Total Adjustments	Adjusted Price
1695709	4210 Cherry Stone Cir, Brookfield WI	\$499,900	61	61	\$499,900	-	\$499,900

Summary of Sold Listings

MLS #	Address	List Price	DOM	CDOM	Sold Date	Sold Price	Total Adjustments	Adjusted Price
1688105	16855 Martha Dr, Brookfield WI	\$449,500	34	34	02/21/2020	\$449,500	-	\$449,500
1691319	16545 W Woodview Dr, Brookfield WI	\$489,900	3	3	06/29/2020	\$510,000	-	\$510,000
1684132	15225 Woodbridge Rd, Brookfield WI	\$499,900	20	20	06/30/2020	\$480,500	-	\$480,500
1684238	2905 Monterey Blvd, Brookfield WI	\$424,900	7	7	06/01/2020	\$432,550	-	\$432,550

Low, Average, Median, and High Comparisons

	Active	Sold	Overall
Low	\$499,900	\$432,550	\$432,550
Average	\$499,900	\$468,138	\$474,490
Median	\$499,900	\$485,000	\$480,500
High	\$499,900	\$510,000	\$510,000

Overall Market Analysis (Unadjusted)

Status	#	List Vol.	Avg. List Price	Sold Vol.	Avg. Sold Price	Avg. Sale/List Price	Avg. Est. Total Sq. Ft.	Avg. List \$/Est. Total Sq. Ft.	Avg. Sold \$/Est. Total Sq. Ft.	Avg. DOM	Avg. CDOM
Active	1	499,900	499,900	0	0	0.00	2,933	170.44	0.00	61	61
Sold	4	1,864,200	466,050	1,872,550	468,138	1.01	3,095	159.40	161.23	16	16
Overall	5	2,364,100	472,820	1,872,550	468,138	1.01	3,063	161.61	161.23	25	25

DOM: Days on Market
 C: Offer with Contingency
 List Price vs. Sold Price

Cullen Comps for Listing [Reset Columns](#)

MLS #	Status	Addr	Price	Sold Date	Est. Total Sq. Ft.	Bedrooms	Full Baths	Half Baths	G Spaces	Garage Type	Est. Year Built	Est. Acreage	Architecture
1 1668105	Sold	16855 Martha Dr	\$449,500	02/21/2020	3,548	4	2	1	2.5	A	1961	0.5	Colonial
2 1684238	Sold	2905 Monterey Blvd	\$432,550	06/01/2020	2,768	3	2	1	2.5	A	1962	0.64	Ranch
3 1691319	Sold	16545 W Woodview Dr	\$510,000	06/29/2020	2,125	4	2	0	2.5	A	1966	1	Colonial
4 1684132	Sold	15225 Woodbridge Rd	\$480,500	06/30/2020	3,940	5	3	1	2.5	A	1967	0.47	Colonial
5 1695709	Active C	4210 Cherry Stone Cir	\$499,900		2,933	3	2	1	3	A	1989	0.67	Ranch

FINALIZING SCOPE OF WORK



In addition to negotiating our purchase price and determining potential value of the property, we also started working on establishing our budget for repairs to get the property ready to list for sale, which we based off our determined ARV. We focus primarily on:

- Kitchen
- Bathroom(s)
- Additional Sq. Ft.
- Basement Refinish with Egress Window(s)
- Exterior / Roof



SCOPE OF WORK (Cont'd)



For this project, we focused our rehab efforts accordingly:

Exterior: New roof, windows, patio, and landscaping

Interior: Updated kitchen / bathrooms (expanded master), new paint, lighting fixtures, and flooring

Basement Remodel: New drain tile / foundation work, finished rec room, additional bedroom with egress window, additional bathroom (we were looking to add 1,000 sq. ft. of new livable space)

Pro Tip: We use a signature 60" stainless steel refrigerator in most of our rehabs. *We're consistent.*



HOW HARD WOULD YOU
WORK TO EARN \$40,000?

THE UPS AND DOWN OF REHAB



While getting hit with a pandemic isn't typical, there are always things that come up during a rehab process that require the team to be nimble and adjustable in order to continue pushing the project toward completion.



THE UPS AND DOWN (Cont'd)



- Submitted a drawing for basement design, city inspector took a month to reply
- Material supply and contractors were difficult to maintain as a result of pandemic
- Water issues in the basement that required multiple fixes

Common risks in the rehab process:

- Contractors
- Inspectors
- Material backorder
- Foundation issues
- Not pulling proper permits

Pro Tip: Always pull permits.

GETTING READY TO LIST

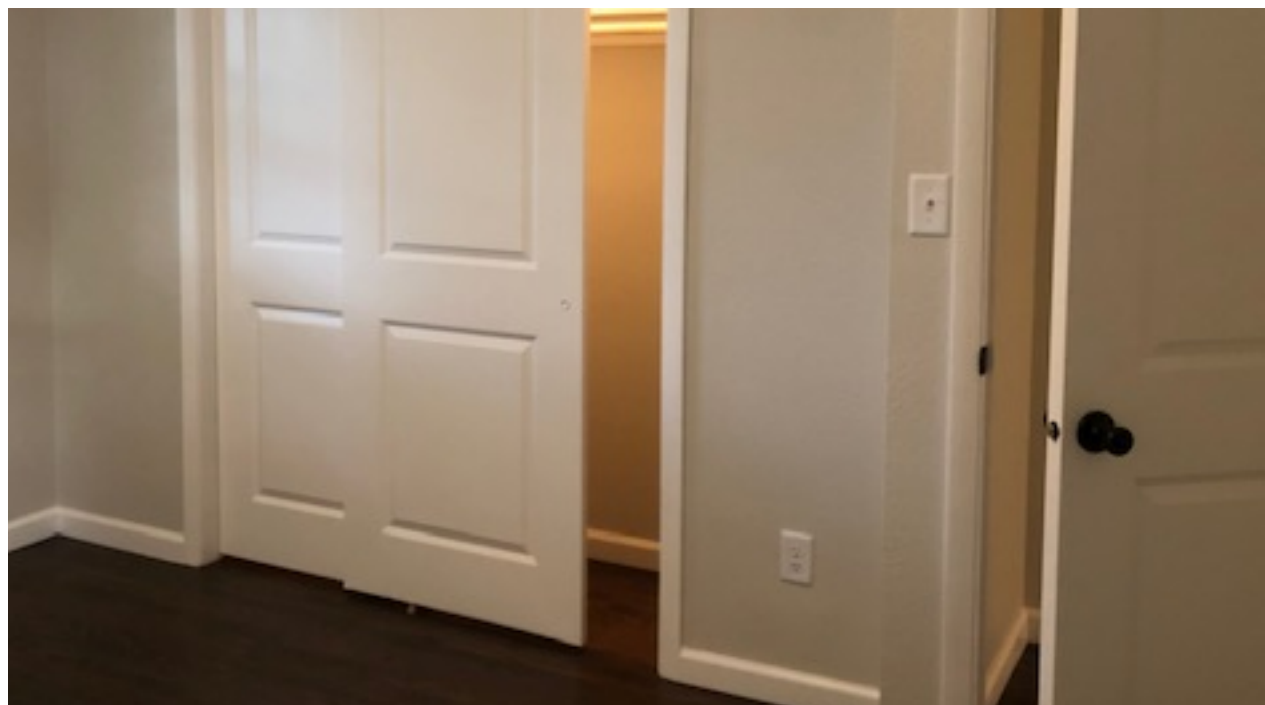
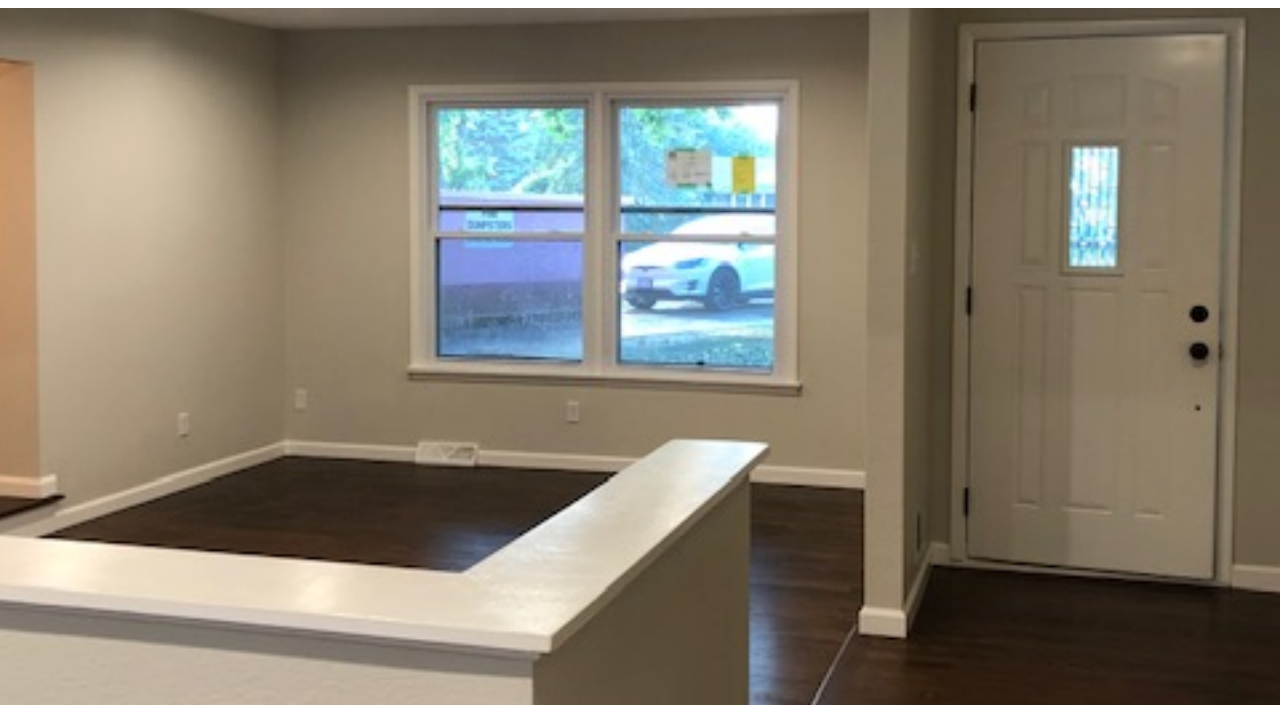


- Stage property to be as visually appealing as possible
- Make sure it has been deep cleaned after repairs
- Make sure exterior is presentable and without debris
- Make sure everything is in working order
- Choose the right agent to list the property



Pro Tip: You never get a second chance to make a first impression.





THE SALE AND PROFIT REALIZATION



After listing the house for sale, we didn't have to wait long for our buyer.

In fact, we had an accepted offer within 8 hours of listing. The work we put in on the front end made the sale for us. By understanding the value in the market, as well as having clearly defined budgets, we were able to price the house attractively to move fast.

SALE PRICE: \$480,000

HOW HARD WOULD YOU
WORK TO EARN \$80,000?



THE RECAP

Purchase Price: \$215,000

Acquisition Costs: \$22,410

Rehab Costs: \$123,755

Holding Costs: \$22,243

Resale Costs: \$14,612

Total Cost: \$398,020

Sale Price: \$480,000

TOTAL PROFIT: \$81,980

THANK YOU!

www.milwaukeehardmoney.com

(414) 269-5300