#1 Best Seller

FLIP OR FLOP

THE ULTIMATE GUIDE TO PROPERTY FLIPPING

Expert insights into buying, refurbishing and reselling UK properties

ABI HOOKWAY

8 Chapters

Discover

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FLIP OR FLOP:
The Ultimate Guide To Property Flipping

Introduction

Allow me to begin by introducing myself. My name is Abi, I am 36 years old and I'm a property investor. It is a pleasure to support you on your property journey.

I started my property portfolio at 31. At the time, I was building a (frankly exhausting) corporate career, I had just given birth to my second child, and I was beginning to question to what extent my values aligned with the life I lived. Juggling such a busy career with two small children under the age of three, I felt that I had been let down by the system. Of course, I lived in a nice house, with a nice car, and I could afford a nice holiday each year. It sounds like the dream, right? Totally wrong. My life revolved around counting down to the weekend. I no longer valued the 9 to 5 that had built my career so far.

It seems strange, doesn't it? Wishing your days away, unable to appreciate the present moment.

I would look forward to Friday and feel a giddy excitement when it arrived: two days off, two days without school and nursery runs, two days without working from sunrise to sunset. Saturday and Sunday were undoubtedly the highlight of the week, the best days. The challenge was when Sunday night arrived and I would feel overcome with the sheer knowledge of the busy week ahead. Holidays came and went too quickly and I soon found myself counting down my days at the young age of 31.

The straw that broke the camel's back came when I figured out that out of 365 days of the year, I only really lived and enjoyed 128 of these (including weekends and holidays). This equated to 35% of my life. Almost two-thirds of my time was wasted on a situation I didn't want to be in. In my 31-year existence, I had diligently followed the system everyone is trained to believe in: work hard at school, go to university, find a good job, buy a house, pay off the mortgage, pay into a pension, and retire at 67. It's a familiar blueprint we see replayed over and over again. BUT until your retirement age, you are expected to work (and work hard) for two-thirds of your years.

Because that's just what everyone does.

I had reached the point where I was fed up of adding to the credit card; I was fed up of saving all year for Christmas and then starting again each January. I mean, I had a good job. Yet, still, I was having to be careful about where my earnings went. Stuck in the system and, for 64% of my life, I didn't even have the freedom that I deserved.

It was then that I noticed the people who seemed to have it all. Those among us who lived their best lives on a daily basis, who travelled, who found themselves living in the moment. They never needed to wish their life away.

Could I have it too? Could I achieve this life that they have? Or were they just lucky? Two things were stopping me:

1. I was trading my Time for Money (and ended up with no wealth in time nor money)
2. If I stopped working, how could I afford this luxury lifestyle? How could I travel and be free to live my life? How could I ensure that I would never ever have to worry about the cost of Christmas or one of the kids' birthdays again?

It was around this time that I met Aniko and Paul Smith, Property Multi-Millionaires and extremely successful entrepreneurs. They took me under their wing, gave me all the knowledge and mentorship I would need to allow me to live my best life every day.
I could never repay them for the kindness they have shown and I am one of hundreds of thousands of students whose lives they have changed forever.

In this book, I will show you how to flip property for huge profits. I also want to take you through long-term wealth and what it means to build this successfully. I expand upon the teaching that I have received from Aniko, Paul and Touchstone Education, with real-life examples of how I succeeded in flipping properties.

Chapter 1: Decide

What is flipping?

Property flipping has been going on for a very long time. It basically means buying a property for a good price, doing it up, and selling for a profit.
You will have seen popular shows on TV like Homes under the Hammer, Fixer Upper, as well as other programmes that follow people flipping houses.
The concept isn't new and over the last few decades lots of people have done this. I can remember my mum showing me pictures of the first house my parents bought. They lived in it for a few years whilst they renovated it before selling to move into a bigger house to fit their expanding family. Flipping on a domestic scale.

There are two main ways to flip a property:

1. Flip property as an investment
2. Flip by living in the property during renovations (many people choose this method due to the Capital Gains Tax savings which we will discuss later in the book)

I flip property as an investment which means that I don't live in the property whilst I complete the renovations. It is more of a business for me and I have found that I can complete the work much faster in an empty house. Also, having lived in a house undergoing construction during my second pregnancy, I can admit that this is a particularly nightmarish experience and not one I would choose to relive.

Anyway, more of that later on. Successful flipping involves buying a property, efficiently managing the renovations, and selling it on for a lot more.

Why Flip?

Why do so many people flip property each year? Historically, flipping has been the domain of property developers, more recently popularised following the success of Homes under the Hammer.

I personally like to flip property due to the sheer amount of money you can make each time. You can flip part-time alongside a full-time job or throw all of your resources into the project and try flipping on a full-time basis. If you follow the rules and work efficiently, you could make up to £50,000 per flip, a figure which is more than the average UK salary. Each flip will take between four and six months including buying and selling, so if you were to do this twice a year, you could be earning up to £100,000 profit.

If, like me, you were brought up in a family who played a lot of Monopoly, then imagine flipping as one big game of buying property. You get to make the property beautiful and bring back its spark, then sell it to new owners who will cherish it.

Make money ✓
Bring back to life unloved properties ✓
Create a nice home ✓

What's not to love?

The Profits

Allow me to give you an example of a really easy flip.

Property Price: £215,000
Stamp Duty and Legal costs: £8,600
Refurb Costs: £55,000
Total Cost: £278,600

New Market Value: £354,000

Gross Profit: £75,400

To date, the biggest profit I have made from a flip is £188,000! The lowest profit I have made is £10,000.

In this book, I'm going to give you the blueprint to success, so you don't have to get things wrong and learn the hard and painful way like I did.

What you need to succeed:

1. Willingness to learn
2. Success mindset
3. Defeat fear and doubt

There are a few things here that you need to be successful in property. First and foremost, you need to have the right mindset to take a risk.

Everything in life is a risk; we are just conditioned to not think like that. Walking down the street is a risk. Flying in a plane is a risk. Being in the system is a risk: the system where they tell you to work hard at school, go to uni, get a job and work 9-5, work until you are 67, then retire on a pension that will leave you short and in potential poverty is a risk.

So, flipping is a RISK. If you follow the blueprint in this book, you will minimise the risk and increase your chances of success.

You need to be able to raise money to purchase and refurb the flip. I raised a few million pounds over the years in private finance which enabled me to fund my property flip business. On one of my earlier successful purchases, I borrowed £50,000 from a private investor to fund a small flip.
The great thing about lending money this way is that as soon as I sell the investor has his money back plus an agreed interest rate.

Once the funding is in place, anybody can learn the skill.

The System

D – Decide
I – Initiate
S – Search
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Initiate – we are going to show you the foundations you need to put in place to enable you to flip in the most professional and tax efficient way. We will also cover how to do this alongside a full-time job and how to create the team you will need.

Search – Here we get down to business: finding the perfect property you can flip. We cover what these properties look like, how to negotiate the right price, as well as navigating around agents and going direct to vendor.

Construct – this is the time to pull the deal together and buy the property and we cover due diligence, property viewing, conveyancing and what you need to focus on during this time.

Operating Finance – The big one! How to fund the PROPERTY FLIP, the different ways in which this can be achieved, and what works best for you.

Value Add – How to construct the refurbishment so you add the most amount of value to the property without overdoing it and breaking the bank. How to manage the builders in order to complete the project on time and within budget.

Exit – How to sell for the right price fast!

Real Wealth – What happens when you decide you want to keep the property for long-term passive income and start developing what we call real wealth. Holding rather than flipping; we investigate the options.

To round this chapter off, I want to talk to you about the first flip I ever did, the wrong way! It cost me Time and Money.

This was before I educated myself in the art of flipping property. I had seen Homes under the Hammer and decided I should give it a go.

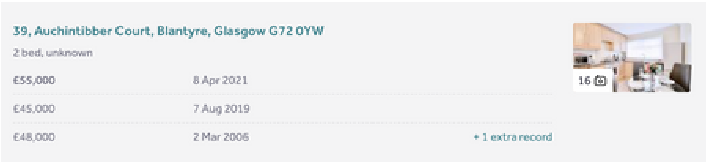
I chose a little two-bed property in Blantyre, Scotland. I find that buying property in Scotland is clear and transparent.

I wanted to turn the two-bed apartment into a three-bed, so I made the purchase on the 7th August 2019. I eventually sold it in April 2021.

Mistake Number 1 was the price. Thrilled as I was to buy this direct from the vendor (meaning it hadn't been on the market with a local agent), I didn't remember to negotiate the purchase price to lower than what I could afford. I ended up buying the property at market rate, which is never the best start.

I then started to learn about Serviced Accommodation and how much money you can make as a long-term investment. Serviced Accommodation means that you turn the property into nightly accommodation for contractors or holiday-makers. With this new insight, I decided to stop the flip, furnish the property, and rent it per night through Airbnb and booking.com.

Again, I hadn’t done my research correctly and found myself getting carried away. Once I realised this property wasn’t making any real money, I sold it for £10,000 more. Taking into account the furniture I had invested, I likely made a profit of £7,300.



So, it wasn’t a complete disaster but I definitely did not want to make the same mistakes again. Eighteen months of hard work with minimal profit.

In this game, Time is one of our most valuable assets and we need to know how to use our time to the fullest advantage.

Chapter 2: Initiate

In the next few modules, I will consider what changes you need to have put in place in order to do your first FLIP.We call this ‘Initiate’. It’s like going through the final Nasa checks before the spaceship launches.

5, 4, 3, 2, 1. BLAST OFF!

So, as I go through each step, you can either sit back and relax knowing it is already in place or go ahead and set it up.

1.Register as a Limited Company
First of all, it’s more efficient and professional to flip properties as a limited company. Investors prefer to lend money to a professional entity, and if you set up contracts with the builders in the professional entity, you have some financial security in case anything goes wrong. We won’t discuss the ins and outs of companies and structure in this book, but if you want to understand more about company structure and set up of limited companies, please see: www.touchstoneeducation.co.uk/limited-company-essentials

When I first launched my limited company, I was terrified of all things accounting. I didn’t understand how everything worked and had visions of the HMRC hunting me down over a mistake I had made. For the first few months, I didn’t even spend money from the business bank account, just in case I’d need to pay it back.

I laugh now but the fear was real!

However, it is simple and straightforward once you know how to navigate the new processes. It’s no surprise that the rich keep the wealth locked up in limited companies. The payback is limitless.

2. Open a business bank account

Once your company is set up and registered in Companies House, you now need to open a business bank account. Make sure you take some time to research the different options. Some banks will offer good lending for businesses, some will offer good online banking. Make it work for you. I went with Metro, purely because they are open seven days a week. I was allocated an account manager and everything just seemed easy to deal with. Depending on the bank, your business bank account should be open within 7-14 days, so make sure you have this set up first. Remember, this is where all the transactions for your business and Flip will go through.

3. Professionalism

This is critically important if you want your business to get great property deals, raise funding, and deal efficiently with the contractors. Building a professional business should be top priority for you as it will help you excel. What do I mean about being professional?

Being professional encompasses everything you expect from a good businessperson.

1. Reliability - turn up on time, respond to queries, organise your schedule
2. Truthfulness – live up to your work
3. Good quality work – don’t cut corners
4. Accountability – thoughts, words and actions

For me, professionalism means treating everyone I meet with respect and always doing what I say I am going to do. If I say I’ll meet or email at a certain time, or give them any other timeframe, I hold myself to this. You are no longer simply representing yourself as a limited company.

In my role at Touchstone Education, my inbox and calendar are always full of requests for meetings. People see me on YouTube and want to sell me something. I immediately discount anyone who does not approach the first communication with the professionalism that I expect of myself.

One day, I had finished a refurb down in Windermere and the owner of a local hot tub business gave me a call. He wanted to take me for a coffee and find out about property investing. On the call, he was very nice and polite and I decided it would be a great networking opportunity and a chance to help someone else.

He texted me the place to meet up using short-hand text which seemed unprofessional. He wasn’t clear on the meeting time either, so I had to chase him for this. When we arrived at the actual meeting day, he was 20 minutes late and looked scruffy.

It was immediately clear to me he didn't take pride in himself or value this meeting, so I spent 10 minutes with him and left.

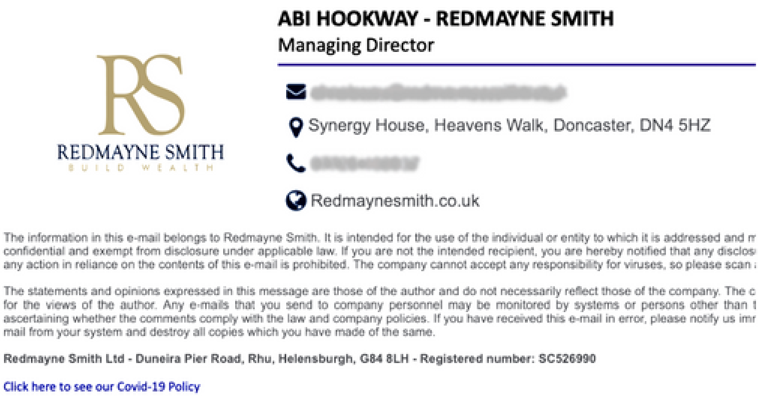
Professionalism wins every time. Have pride in yourself and always go the extra mile.

4. Set up your professional email

How you communicate is important, and email is one of the biggest communication tools used today. The next step is for you to set up your professional email. Quick and easy.

One of my companies is called Redmayne Smith. I bought the domain and set up the email so that when I send business-related emails, it's from an @redmaynesmith.co.uk email address. I paid to have a logo created and I use this at the bottom of each email alongside a professional email signature (see below).

It costs around £10 a month to have a professional email, but I certainly see the value in mine.



5. Online and offline presence

A lot of people have asked about whether they would need a website. To succeed in your first few flips, you don't need a website. If deemed necessary, you could utilise a free Facebook/LinkedIn business page until you have mastered the art of the business itself.

In time, you will need business cards which you can give out at networking events. This would help you to attract good tradespeople to work with you and also investors who could help fund your property business.

6. Time

The next part of Initiate looks at time. Like any new business, Flipping requires time. Things that you might not have considered that will take up your time are:

1. Viewings
2. Meetings
3. Analysis of the property value and predicted profits
4. Solicitor paperwork
5. Refurb and project planning
6. Checking quality of the property and the work completed by external companies
7. Paying invoices
8. Dealing with agents
9. Selling the property

The good news is that this can be done alongside a full-time job and with kids. When I did my first flip, I was still in my corporate career. This was a particularly demanding work schedule. I was typically working 50-60 hours per week in addition to time spent looking after my children.

I needed to learn how to manage time (fast!) and how to be really efficient with it. I would suggest 8-10 hours a week would be enough to flip a property and develop a really good system.

I plan every month out week by week, day by day, so I know time is set aside and what I need to do. You can use a diary or a printed calendar; I tend to use my Outlook calendar which pops up and reminds me of my tasks periodically.

Each month I set goals depending on which stage of the Flip I am working at. For example, if I am at the start of the Flip, Month 1 Goal would be to buy a property. To achieve this, I would need to view six properties, having analysed twenty properties.

All of this activity is booked into my calendar so I start my month in the correct mindset.

At the end of the month, I review the goals I set and whether or not I achieved them. For those I didn't manage to achieve, I consider why and use this to inform my planning for the following month.

When I reach the end of the Flip and it is safely on the market, this is when I start looking for the next one.

'Fail to prepare, prepare to fail.' A piece of advice from my mum that has always stuck with me. You need to start each month with a clear understanding of what you want to achieve and how you will get there. Always take the time to plan.

I know the first time will be challenging; you need to break habits and find the time. I worked out that I would work a few mornings from 5am start and then late at night when the kids were tucked up in bed. Otherwise, I'd take the odd weekend day or evening to visit the property. I had to sacrifice my Netflix Time as it wouldn't change my life. Don't get me wrong – I love a good Netflix binge as much as the next human being, but this now happens rarely and after my work is done.

Plan your time to be efficient. Look at what you are doing and make time to develop and work on your wealth (your flipping business).

As you build, you can outsource some of this work and you step into the natural role of business owner, supervisor etc.

7. Build your Power Team

This leads me quite nicely into the Power Team part of Initiate. Who do you need around you to be successful in flipping?

1. Virtual Assistant (VA). Now, you might not need a Virtual Assistant during your first few flips, but you will need someone to help with admin as you scale your business up. My first VA, Faye, from the Philippines worked 5 hours a week for me for £20. I gave her a company email and she would complete Personal Assistant tasks for me (such as booking viewings and meetings, chasing paperwork etc.). She also helped to analyse the property deals available. I trained her in this and she would analyse ten properties each week for me, the results of which I would then use to book three viewings. Faye would also post on social media in local groups to find direct-to-vendor and off-market properties.

   Working with Faye allowed me to work really efficiently and build my flipping business alongside my full-time job and children. It was sometimes challenging trying to juggle all the balls, work, family, property investor, but the rewards outweighed this.

   You can get a good Virtual Assistant from sites such as www.onlinejobs.ph or www.theviva.club.

   Faye is a qualified accountant in the Philippines, she earned 4 times more with me than her previous job, and didn't have to travel 2 hours a day, which meant she can spend time bringing up her daughter. I now have her working full time for me and I couldn't run my business without her.

It is crucial that you set up a detailed job specification in advance. How do you want your virtual assistant to spend their time? What do you need them to prioritise? What qualifications do you want them to hold? You can then interview and recruit. Most virtual assistants are self-employed workers and will invoice you for the hours completed, either weekly or monthly.

I now have several virtual assistants working in the company, including a marketing VA, finance VA, and a deal analyser VA. They have allowed me to greatly expand my workload and progress quickly with flips. The last thing I want is to be bogged down with admin work when I could be viewing and purchasing the next property which will make me £50K +.

That's the way you need to think of it. What adds value to your business? Who can support you in this? How much training do they need? You can then focus on growing the business, becoming tax-efficient, meeting with investors, and getting the next property over the line.

It all depends how big you want to grow. If you plan to flip for additional income and want to keep your career, then you might only need a few hours of help from a virtual assistant every now and then.

If you are building this to be your full-time role and you plan to do ten Flips a year (Average £500K Profit), then you will need some additional assistance. Create an Operations Manual and prepare for Growth. Every time you do something new with the business, you want to consider how you might train someone else to do the same thing for you in three years' time. Document the process with an Ops Manual.

Next, it is important to consider other Power Team players we need.

1. Law Firm, friendly conveyancer
2. Mortgage broker
3. Architect
4. Insurance broker
5. Builder & All Trades
6. Accountant

Law Firm

When you talk to other people about buying and selling their home, most will complain about how slow the process was, particularly the paperwork and time spent on hold.

So, how could you avoid this?

Firstly, it’s important to understand that you need a conveyancer who is specialised in property. People tend to generalise and call these people solicitors. However, you need a conveyancer. You want to work with one who can move quickly and get the job done by managing the other side if needed.

Most legal processes nowadays can be done online so you don’t even need to find a conveyancer in your own town or city. A quick note – If choosing an online conveyancer, research into how ‘online’. You don’t want to be waiting for post that you have to sign and send back each time you move forward.

I use Paragon Legals Ltd. for all of my conveyancing. They have an app which makes it easy and stress-free to monitor updates and sign paperwork. Flipping is all about buying properties quickly. Most properties you buy will be off-market for cash. For this, you need speed and someone who knows what they are doing. When we discuss funding in the next few modules, you will also need someone who can write up a loan agreement, securely handle the investors funds, and be professional.

You can contact Paragon Legals Ltd. here: Office@ParagonLegals.co.uk or by visiting: paragonlegals.co.uk/contact-us/ (at the time of publishing they do not act in Scotland).

There are plenty of good legal firms out there. Just make sure you ask the right questions and check reviews from previous clients. I would say they need to know:
Exchange delayed completion
Loan agreements with First charge
Buying with Cash in two weeks
Auction packs
Lease agreements/head lease

They also need to be able to work online and move with the times. (Here, I am talking about companies who predominantly use e-signatures, not paper files.)

Mortgage broker

This person will be fundamental in you putting the right finance deals in place. You may want to make use of bridging loans from time to time and instead of Flipping you may choose to keep and hold the property long-term (we will discuss this later on).

Therefore, you need a good broker who has a clear understanding of the whole market and can offer you the right finance products to meet your needs.

Bridging is a type of finance that is short-term and acts like you have cash. So, if you have 30% of the property value, you can get a bridging loan to cover the rest. In some cases, it is useful to agree to the deal over the line. Now, these loans can be expensive, depending on monthly interest and fees, so you need to make sure you know all the facts before you agree to it.

Instead of selling, I sometimes refinance the property onto a mortgage in order to release the cash and keep the house for the passive income each month. Again, to do this you will want to find the best BTL (buy-to-let) mortgage rates and the best deal for you and your business.

There are many brokers in the market. Shop around and speak to a few before you find the one you can work with.

Architect

For some of your flips, where you want to significantly alter the inside of the house or build extensions, you will need an architect.

The architect will visit the property, help to clarify your vision, and develop plans that maximise the space and value for you. They will ideally work with the local planning team and can advise what you need to consider when submitting planning applications (my architect usually submits this on my behalf).

It can be useful to have clear layout plans for the building team to work towards. I have also used plans like this in the past to presell the property (start marketing it for sale as I am doing the work).

Once you start reaching out to investors, it would be useful to add your architect and his/her work with you to the investor information packs. Investors like to see a track record of what you have done so far – before and after photos, floor plans and build plans all tend to attract more investment.

Find a good architect that knows their work inside-out, someone who understands planning locally and is recommended by others.

Just beware that architects can sometimes get carried away if a clear budget hasn’t been agreed in advance. Therefore, working on the plans together is key. I normally have draft plans drawn, then go onto site with my builder to work out the cost and end finish. I can then return to the architect and redraft the plans with this in mind so that I can stay within budget and still deliver my end vision.

I once added a double-storey extension to my Buy Refurb Refinance house. This helped to add £175,000 value to the house (£200,000 to £375,000) and cost me about £130K.

The funny thing is when we designed it with the architect, I had no idea how large the extension – and how big a project - this would be. Reflecting on this, I would have mapped out the extension plans with the architect during an on-site visit so that I could properly understand the scale of the project.
Fortunately, the risk paid off and the property was left with a big garden, but keep this in mind.

Insurance Broker

The word 'insurance' often makes me think about boring quotes, terms and conditions, and lack of pay-out if and when you need it. However, it is necessary to insure your property and you may need specialised insurance too, depending on how much of a refurbishment you plan to do.

You need to ensure you are covered for when the property is empty, during refurbishment, and having tradespeople working in the building. Note – the businesses you work with should also have their own insurance and show you a copy of the contract before you start working with them. However, it is important that both parties are covered in case anyone has an accident.

If you are choosing to hold the property as a buy-to-let, then you will need to switch the insurance policy to cover this.

A good property insurance broker will clarify what you plan to do to the property, how much you are spending, how long it will take, and provide you with a comprehensive list of the cover you need.

Builders and Tradespeople

These people are like Marmite; they are either loved or hated. There are amazing trades and there are awful trades. You simply need to find the good quality tradespeople anddevelop a long-term working relationship with them.

Time and budget is crucial to you turning the project around. However, please remember that you are dealing with property and people. You never know what you might come up against, so having a contingency in place is important.

Decide how you want to do the refurbishment:

1. Employ a main contractor builder. This person will project manage the whole process for you. They may bring in sub-contractors but you only have to deal with one person. You pay the main contractor builder who will then ensure his subcontractors receive a cut of this.
2. Work as the Project Manager yourself. In this scenario, you manage the project timeline and tradespeople from start to finish. This means dealing with different trades, getting them in on time and in the right order, quality checking before sign off and invoicing payments.
3. DIY. I would not recommend this at all. Just because you can doesn't always mean you should. This method is time-consuming and you are limited to how much you can do with your own resources.

All said and done, it is clear that you need to develop good relationships with trades. How do you find them? Well, there are a few ways which work well.

1. Checkatrade.com – this is a website which has different trades on it and customers leave reviews so you can hand-select the right tradesman for you and know he has delivered a high-quality service before. The site is regulated so any trouble and the tradesperson can be removed, so you can be confident of finding a reliable and decent trade to help with the refurbishment.
2. Word of mouth - you can normally get a good recommendation from friends, family, and neighbours, all of whom have used tradespeople in the past and can give honest feedback.
3. Community groups – these are groups on Facebook and other social media (either local groups or property investor groups) who can direct you to good local tradespeople and how to contact them. Check our Touchstone Education community which has tens of thousands of active property investors. Ask them for a recommendation and they will help.
4. 4.Find tradespeople through the people you work with.

The best practice is to use common sense and beware of deals that seem too good to be true.

Accountant

This Power Team player is going to help you keep more of the money you make.
The accountant will look after your company and help you remain compliant from a HMRC point of view. It is good to find someone that has property themselves and can help set up the right structure for your property investing. Most property accountants advise an Op co Prop co type structure.

So one company to keep the assets in and another company to manage the assets. Again you need to get the right knowledge on this structure and speak to an accountant about your circumstances.

It all depends on your personal circumstances. What is the right company structure for you? I recommend getting to know an accountant from the very first project and let them help you set up in the right way.

Each year you will need to book-keep and submit annual company accounts, paying the relevant corporation tax. You also need to understand how dividends work, as well as the cost of goods and VAT rules for refurbishment (sometimes 5% or 0% rate applies on certain properties).

Don’t worry too much about the ins and outs of this: A good accountant can keep you straight and compliant.

Lastly in this chapter we discuss time management. Time is our most important asset. Each of us only has 24 hours. You cannot buy more.

Therefore, we need to use your time more effectively. Most people don’t do this very well and end up being controlled by other factors.

When I started flipping, time management was one of my first obstacles. I focused on planning and prioritising the work.

Here are a few quick tips to get started:

1. Determine your goals for the month at the beginning.
2. Plan your calendar using a diary or digital calendar (I use Microsoft Outlook).
3. Don’t be afraid to make sacrifices. Swap out Netflix for focused education and analysing properties. If you don’t sacrifice for what you WANT in life, the thing you WANT in life becomes the sacrifice.
4. Review how you are doing each week and make corrections for the week ahead if needed.
5. Control your time. Each morning, make sure you get the most important tasks planned and done. Then prioritise the rest of your day.

That’s the end of the Initiate module. You are now ready to move forward onto the next step: searching for the best property to FLIP!

Chapter 3: Search

Let’s get cracking and find a great property to FLIP.

Firstly, remember to have an abundance mindset. There are thousands of great properties out there to flip. Just click on Rightmove and you will find so many properties in need of some TLC each day. Many people are simply put off if the property needs extensive work, particularly those who do not plan to flip their purchase.

One of the secrets of the wealthy is that they do not have a scarcity mindset; they have an abundance mindset. There is plenty out there for everyone. They know this. And now, you do too. Keep this in mind.

The properties we need to look for are the ones below market value. This means they are being sold for less than the market value of the street. It is our job to find them and secure them at the right price (a win for us and a win for the vendor).

Definition of Market Value is the estimated amount at which a property will sell. Now, there are two main professions who value property: estate agents and RICS (Royal institute of chartered Surveyors). Before a mortgage is granted, the lending bank will usually send out one of these to confirm the value of the property.

Estate Agents will value a property on recent sold prices and also what they think it will sell for in relation to other property that is on the current market or under offer.

RICS valuers will value a property only on sold prices, they usually use three metrics:

1.Like for Like (they will compare the property to another similar property with the same components e.g. same number of bedrooms and build type)
2.Properties within a half-mile radius
3.Properties sold within the last twelve months

They normally like to analyse three comparable sold prices to decide what your property value should be.

You need to learn to value properties like estate agents and valuers as this will Help you to analyse the properties before viewing. End Value is extremely important, you don't want to buy a property and spend time refurbishing it only for it to sell for peanuts and not give you a return on your investment.

When I come across a property, I normally print out a google map of the half-mile radius round the house and use dots to mark what has sold and for what price. I look at the following:

4.Size, Square Feet
5.Floor plan
6.Garden
7.Parking/garage situation
8.Number of bedrooms
9.Number of bathrooms
10.Has it been renovated or does it need work?

This gives me a really good idea of the market value of the area.

I then look at what I would do to the property.

For example, if I pick a 3-bed, 1-bathroom house with parking, then my plan would be to create a 4-bed property, with a master bathroom, ensuite and downstairs WC. I would do my analysis on 4-bed properties that meet these criteria in the area to get a good idea of how much I would be able to sell it for.

Before we delve into the analysis, I will cover the steps to finding great properties and the tools you can use.

The most commonly used websites are Rightmove and Zoopla. These have the majority of houses listed on them through agents and are marketing the property for the whole of the market. You can get great deals here (although, be aware you are competing with the average Joe).

You are more likely to get dragged into bidding wars and being gazumped. Also, it is well-known that some agents give the very best deals to the investors on their list.

A few of the agents I work with have me on their VIP list, as I've bought from them before and built up a relationship. Therefore, I get the deals first before anyone else and often get to view the properties first. This means that the properties on Rightmove and Zoopla are more than likely to have been passed up by other agents beforehand. This doesn't mean that there aren't deals to be had, it just means you need to have your wits about you.

You need to cultivate a relationship with agents so you can work your way onto their VIP list. This means being professional, friendly, and not wasting their time. Agents hate showing you around a lot of properties only for you not to buy anything. Good initial analysis is key. Before viewing any property, I work out figures and talk to the agent about the vendor's willingness to negotiate. If I need £15,000 knocking off the property purchase price so that it makes me the right profit level to flip, I check with the agent before viewing. If the agent says that the vendor has already turned down a higher offer or is unwilling to negotiate, I choose to walk away to save everyone time.

It all comes down to the pre-analysis work and being able to have that discussion on the phone with the agent.

Sometimes, if you go direct to a vendor and find that there is no chance to negotiate, it would be good to set the vendor up with your chosen agent, in order to solidify the working relationship with the agent. A warm referral, where you hand over the vendor and new property can go a long way and mean that time spent with the vendor has been a worthwhile investment.

The next thing to help you cultivate a relationship with agents is to go in and chat with them frequently, Tell them what you are looking for and show them pictures of your current property project. Involve them in some of the decisions as you renovate and ensure they know you will be selling through them. This will help them spread the word and you could even have an offer before the project is completed.

Take them a little gift, I like taking in cupcakes which don't cost me much and are a really lovely treat for the agents. When you buy a property through them, make sure on completion you thank them and send them a little gift. They won't forget that you are a buyer and a nice person to do business with.

The real gold is in finding properties off-market and doing business directly with the vendor. This is a skill and, by doing the extra work, you can get some great deals here and make even more profit.

The top ways of finding off-market deals:

1. Gumtree
2. Social Media
3. Facebook Marketplace and Community
4. Post Office
5. Community notice boards
6. Word of mouth
7. Leaflet drop
8. Undertakers and care homes
9. ‘We buy houses for CASH’ sign

Gumtree

This is a site where people list all sorts of things for sale, from children’s toys to cars. Some people list houses for sale here too. Note – there are agents that list properties on there, so if you’re looking to go straight to the vendor, avoid the ones with agency in the name.

The one thing to consider is as these are direct-to-vendor, the quality of the listing might not be as good. It is very rare to find vendors who can deliver a premium listing with good-quality photos and a fully-detailed summary. You will need to contact the vendor to ask for details and a viewing. Sometimes, the vendor might own more than one property, so it can be very worthwhile to make a positive connection. I once went to view a property from Gumtree lead and it turned out that he owned 42 properties in the area and had more he would consider selling.

Social Media

This is one of the biggest places I get my direct-to-vendor property leads. So many people don’t know how to or are afraid of using social media.

Social Media usage has surged with more people seeking connections and entertainment. More than 4.62 billion people log on and use social media on a daily basis. £705 billion is spent by companies using paid adverts on social media (this is now more than TV and Radio advertising). The top platforms are Facebook, LinkedIn, Instagram, Twitter, and Tik Tok.

Because of the way I have cultivated my online presence, the average post I share on any platform reaches about 600 people.

I regularly post that I buy houses for cash and therefore I can save people estate agency fees. This normally brings in a few off-market property deals each month.

The process is different for each of the platforms and some are more useful than others. A general rule for being a successful social media manager is to post and post a lot. Don't be shy and don't worry that you are spamming people.

If you want to develop a social media presence under a business name, that works too. Just remember it will take you longer to build than on your personal profiles because you will need to start from scratch.

If your friends don't like it, you can simply unfriend them. Whenever any of my friends would moan in the early days, I used to say that if they helped me get more houses, I'd stop spamming them. Plan different posts, always use photos, and always talk about the benefit of an off-market sale (quick easy sale, no estate agency fees, no endless viewings, confidential, you wouldn't offer them a silly price etc.).

When using Facebook, make sure you target community sales groups and Facebook Marketplace as this will ensure that your post is seen by a lot of people.

On LinkedIn, use hashtags and let estate agents know you would be happy to help with properties they are struggling to sell or work with them on leads.

For Instagram, you need to use photos and videos to let people know what you are looking for and add a hashtag for the local area to ensure the right people see your post.

Post Office and community notice boards

These are a great easy way to get leads for off-market properties. I would recommend buying brightly-coloured card that you can print on. Here's an example of what you might say:

Do you have an unwanted home, one that has started to be a burden? Do you want to downsize and move or upsize? Do you have an extra house which is causing you hassle?

We specialise in helping owners with unwanted homes find a quick easy sale that benefits both parties.

1. *No silly low offers*
2. *No estate agent fees*
3. *No endless viewings*
4. *Quick sale*
5. *Private and confidential*

Call or Message XXXX to get more details or book a visit.

The post office charges 50p a week and some of the community boards will be free. You can put a notice up at your local Co-Op, Sainsbury's, medical centre, community or leisure centres, or pubs.

Change these notices every three months and use different coloured card so that people don't get used to seeing them up.

Leaflet drop

Using the same message as the notice board signs, a leaflet drop is a really popular way to attract more vendors. Design a professional leaflet and print them to be delivered to a local area of around 3000 homes. You would need to do this for 3 months each time 3000 leaflets to the same house, this is likely to cost around £150 each time so £450. This should get you three or four good-quality leads. A flip should make you £50,000 so £450 for marketing is a relatively small cost. Get help with designing the leaflet from a marketing company and put the effort in to establish yourself as a professional who can deliver.

(You also need to make sure whoever is delivering it does deliver them and your 3000 leaflets don't simply end up in a bin somewhere along the way!)

This leads me nicely onto 'WE BUY HOUSES FOR CASH' estate agency signs, so when you have bought the first property to flip, you need to start generating leads for the next one. Consider putting a sign in the first-floor window to get leads from people who walk and drive past the new house. Having and working on a house already adds to your credibility as the locals can see you have already made good on your promise to buy. Estate agents generate 60% of their business from a similar trick so take advantage of the system here.

Every property we buy, whether we flip it or hold it, we also pop a sign up during the refurbishments. This sign normally says 'We buy houses for cash, contact and our phone number' You need a pipeline of deals and should always be on the lookout for new opportunities. Even if you are not quite ready, you could always consider different options. Find a way to fund it or pass it on to another investor for a fee. We call this deal scouring and investors will pay up to £3000 for a great deal.

Undertakers, care homes, and executors of wills

This may sound a little insensitive or morbid. However, when people die or go into care homes, something needs to happen to the house they lived in.

These houses have normally been lived in for a long time and are in need of work. The typical family would usually have a lot going on and the pressure to deal with the house becomes just another thing on the long to-do list.

Offering a quick, painless solution might be what the family needs.
You would need to design a special leaflet to let people know how you would help and you could negotiate for these to be given out by care home providers as part of special packs to support the families and relatives.

Normally, care homes and undertakers provide the families with a pack containing useful contact details. Your leaflets could end up in here.

You might also agree to provide a charitable contribution. For example, for every family that makes a sale with your company, you would donate £1,000 to a charity of their choice. There are many ways to ensure that you give back to the community and continue to build positive relationships with potential vendors.

Word of mouth

This will be your biggest lead generator of all time, simply telling people what you do and letting them pass on the news. The power of word of mouth is amazing. The average person will tell six to nine people about a service or product they like. So, if you tell ten people that you help people with unwanted homes, this could convert to almost a hundred people becoming aware of your business.

As we would say in Yorkshire, “shy bairns get nowt”, meaning if you are shy and don’t tell people what you want, you won’t get it. Simple as that. So, make sure you tell everyone what you do and how you help people.

The key is in the positioning of the offer. Don’t tell people that you buy houses to refurbish and flip, and make £50,000. Even though you do, you need to lean on the fact that you are supporting the local community by bringing back to life empty, unwanted houses in the middle of a housing crisis. Most of the time, you will upgrade these houses to make them safer and environmentally-sound by improving the electrics, plumbing and improving the EPC rating. Focus on the positives that you bring to the community.

The housing crisis is worse than ever. The number of new-build homes has been on the decline since the 1970s, yet the population has grown by over 8 million people. To meet increasing demand, the government set a target of 300,000 new homes a year back in 2017 and hasn’t hit this figure once.

Finding the empty houses, breathing new life into them, and putting them back on the market makes me proud to be a property investor.

A few years ago, I bought a property that hadn’t been lived in for ten years, owned by a wealthy person who had multiple homes and travelled a lot. This little house had simply been forgotten. I was able to purchase it off-market for a great price and it is now a family home for a lovely couple.

I once moved my own family into a house and the neighbouring property was empty. It was a beautiful detached house and I enquired as to why it was empty. The neighbours told me it had been empty for two years and was owned by a couple who moved to Australia and rented it out. The tenants started to receive letters as it looked like the couple had stopped paying the mortgage and no one could contact them. They soon moved out of the house, fearing it could be repossessed.

I looked on Land Registry UK (the register of ownership of land and property in England and Wales) and tried to contact the owners with no luck. On Land Registry UK, it shows you which bank is the mortgage lender. I decided to contact the bank to see if I could buy it and take it over. At the time, they were still trying to contact the owner and would contact me if they decided to repossess the property. The council has a department who deal with empty homes so I contacted them and registered my interest. They said they would try to track down the owners. I never heard from them and didn't follow up either.

Three years later, I saw the property had been repossessed and was finally up for sale. Why did it take five years? A decent 4-bed detached house. What a waste. It has now been bought and turned into the family home it should have been.

Spread the word about the good that you bring to the local community.

Auction Houses

This is another great place to buy Below Market Value (BMV) property which is ideal for a flip. The caution with auction properties is you have to have your wits about you to avoid buying the wrong kind of property.

One of my acquaintances bought a piece of land via auction. Their plan was to build a house on it and sell the whole lot off. This person wasn't aware of the risks at this time and was not prepared for the auction house.

Two months after the purchase, he gave me a call and told me he had gotten into some difficulty; as it turned out, the land he had bought was locked in on all sides and there was no way you could get a road to it. Due to this, his planning permission to build a house had been denied. He was left with a piece of land that he couldn't do much with.

To add insult to injury, he had to pay £5000 to the owner for some sort of debt on the land.

An old phrase always rings true for me 'YOU DON'T KNOW WHAT YOU DON'T KNOW'.

Do your research. Touchstone Education runs an online course on how to deal with auction house properties.

Now, if a solicitor had reviewed the auction pack, he would have pointed this out to him and he could have saved himself a lot of time and money.

You have to be so careful with auctions. I've witnessed people put two years-worth of rent arrears into the auction agreement, among all sorts of weird and wonderful things. You need a solicitor on your side who can check everything is legitimate and that your plan for the property or land can be achieved.

At auctions, when the hammer goes down and your bid is successful you have just exchanged legally and have 28 days to complete. Now, the auction places can ask for a 15% deposit to be put down as well as their fee on exchange. This is normal and you will need to adhere to this.

Here is the process with auction property:
1.View the property or land.
2.Request the auction pack and pay a solicitor to review it, this can cost between £300 to £500 on residential purchases and £500+ if it's a commercial building.
3.If any information is missing, you may request it from the auction house.
4.Make sure that your funding is in place so you can complete within 28 days. As soon as the hammer goes down, you have officially exchanged so you have to complete or lose your deposit.
5.Complete on the property and get cracking with the refurbishment.

There are great deals to be had at auction provided that you are careful and don't go overboard with the bidding. Set the maximum price you are willing to pay and if the bidding war exceeds this, you must be prepared to walk away. If you overpay for a property, it will eat into your profit at the end. Remember to ditch your scarcity mindset. There will always be another property or piece of land to bid on.

Auction property Course: www.touchstoneeducation.co.uk/your-first-auction-deal

In summary, remember to build a pipeline. You ideally want ten properties in the review stage, to then pursue three and buy one. This way you won't get upset if the only property you are working towards is sold or if the numbers don't work.

Don't get emotionally attached. Abundance mindset.

Chapter 4: Construct

Now, we get back to some of the more operational bits and, within this chapter, I want to help you navigate the world of viewings, offers, and conveyancing.

Viewings are critical in finding and acquiring the right property for a flip. You need to make sure you get everything you need out of them. You need to negotiate the right price and estimate the correct refurbishment budget. Firstly, we will start with direct-to-vendor viewings. Since these vendors are not working with an estate agents, they are unlikely to have had professional photos taken of the property or have advertised their property on a larger scale. This means that the version of the house you see online is likely to be the one you will see at the viewing.

When I view a property direct with the vendor, I always thank them for showing me around and find something about the house to compliment. It puts them at ease and helps me to build a solid foundation for future work with them.

Your task during the property viewing is to gain as much background as possible on the vendor and their property. Why do they want to sell? Are they working to a schedule or budget? The aim of this is to see if you can come up with a good win-win situation for you both.

You want to ask powerful questions like:
Why did you decide to contact me?
How quickly are you looking to sell?
What do you love about the house?
What would you like to happen with the house?
If you could keep this house, would you?
How much mortgage do you have left on the house?
What do you think the house is worth?
What would be a great outcome for you?

You don't need to ask all of these, just get them talking and really listen to what they are saying as well as any body language cues.

While they are talking, you should be taking good notes and some photos. Please make sure you get their permission first and explain that the photos will give you a better understanding of what needs to be done. The fastest way to ruin a flip is to either pay the wrong price or plan under budget for the refurbishment.

Depending on the feel I get from the vendor, I sometimes take my 7-year-old daughter, Ellie, with me. The added distraction allows me to get photos of boilers, fuse boards, and any cracks or damp I may need to further investigate. The plan is always for Ellie to talk to the vendor while I take photos. Ellie is normally rewarded for her work with sweets from the vendor or a stroke of their pet.

You need to check each room and look for the following. Try to take photos to refer back to:

1. Electrics and consumer unit
2. Boiler and plumbing and age if possible
3. Condition of the kitchen
4. Condition of the bathroom
5. Roof
6. Gutters
7. Signs of any damp
8. Signs of any cracks internal and external
9. Attic

Take a piece of paper and draw a rough floor plan whilst you are there if one has not already been provided; this will help you work out value-adding refurbishments you might want to do. For example, you might knock through a wall to create open-plan living. If you have a digital tape measure, I would recommend measuring each room so you get an accurate plan. Of course, properties on Rightmove and through estate agents usually have a floor plan, so make sure you check this first.

Do not pay attention to any of the owner’s furniture. Try to imagine the house without it.

If you are viewing with an agent, this makes it slightly easier to inspect the house. You can freely look through cupboards and be a little more objective with the estate agent. I would ask the agent what they have noticed in the time they have been presenting the house and what they think of it. If they have done a few viewings, they may tell you what other potential buyers have picked up or noticed. They can also explain what others would do to add value to the house. I once viewed a property that was a repossession and the agent pointed out a stud wall and how I could open plan relatively simply. He said he had shown a builder around the day before and that was what they had discussed.

Remember: relationships and being able to build rapport quickly is key to being able to find great property deals. Always be polite, friendly, and kind to everyone you meet. People like to meet warm, smiling, friendly people, so use this as part of your toolkit to help you navigate getting the best properties for your Flip.

In Scotland, the viewing process is made easier as you are given a home report, which tells you of the state of the property and any refurbishment needed. This gives you a clear starting point when deciding the refurbishment budget.

If the vendor is selling to you privately in Scotland, they are not required to give you a home report. However, it could still be beneficial for you to ask for one.

Once the viewing is complete, it is time to look at the full deal and do your analysis. This is critical in getting the right property at the right price and making a successful FLIP.

Work out all of the costs (below is an example):

Purchase Price: £350,000
Stamp duty: £18,000
Legal costs: £1,250
Refurbishment (include here any planning costs, building control, materials, and labour): £50,000
Finance fees (we will discuss this in the next module): £10,500 *
Total costs: £429,750

Predicted market value once completed: £490,000

Total net profit (before tax): £490,000 - £429,750 = £60,250

This would be a good FLIP to do as you would make more than £50,000 net profit for your time.

The purchase price is £350,000. You could attempt to negotiate a lower price which would add even more profit to your end result. I always ensure that any price I agree on is a win for both myself and the vendor.

If your FLIP needs planning permission (for example, if you are building an extension or adding a bedroom over the garage), you would want to finalise these details and ensure that it is possible before you exchange. You do not want to purchase a property only to find out you cannot make the changes you want to make.

A few ways to work out if the planning permission will be accepted:

1.Look at the street and see if any of the neighbours have done what you are planning to do. This is a good indicator as precedence has been set for you to get planning.

2.Most planning departments will allow you to put in a pre-application, where they will assess your proposal and let you know if it has a good chance of being passed.
3.Put in a full planning application: these take around eight weeks.
4.Talk to a planning consultant who has experience with your local authority and be able to advise you on the best course of action.

I would normally wait until my offer has been accepted, and then start the planning process so that before the exchange takes place, I know what I can do to the property. This way you will be able to exchange confidently and move quickly with the refurbishment.
Once you have done your analysis and crunched the numbers, you are ready to put your offer in.

If it is a direct-to-vendor sale, all you need to do is call them and have a chat about the price you propose. Be careful here - you don’t want to offend them. It is a good idea to get a full understanding of what they expect from the sale on the first viewing so you can see if the price is something that would work for you.

I once contacted a vendor and admitted that I couldn’t offer a price because I couldn’t meet what they needed and did not want to offend them. The vendor thanked me for the call and I gave them details of a trusted estate agent should they need one. A few days later, I received a call and the vendor asked for my offer, reassuring me they would not be offended. I told them my offer, which was £22,000 below what they had proposed, and they accepted. They said the time spent with agents, including endless viewings and emails, had put them off and they would be happy to go ahead with a direct-to-vendor sale instead. It turned out to be a win-win for each of us without me offending them.

Now this doesn’t always happen, but I feel that it’s a great way to navigate the seller-buyer relationship if the numbers don’t add up for you.

If you are dealing with an agent, the agent wants the sale too and will normally give you guidance around if the offer will be accepted or not. The agent does not want to be messed around so it is always a good idea to have the finance in place so that you can show them when making the offer.

The process is as follows: Call the agent and verbally give your offer. Back this up with an email in writing and attach the finance information and solicitor details so the agent knows you are serious.

In Scotland, the process is slightly different. All properties in Scotland normally go on the market with vendors requesting offers over a certain price (for example, offers over £225,000). You would normally ask your solicitor to contact the agent and note your interest in the property, which means you would then be updated with developments on the property sale.

There is usually an end date for property sales in Scotland, so it is expected that you declare your offer before the end date, both verbally and in writing from your solicitor. Once the offer has been accepted, you will receive official confirmation and can start the conveyancing process. At this stage in Scotland, no one else is allowed to make an offer on the property so you don't get gazumped. In England and Wales, even up to the exchange date, someone else can make a higher offer and gazump you. This doesn't happen very often, but it is something to watch out for.

Remember the rule: Analyse ten properties to view three and buy one. Expect and plan for rejection; it's all part of the process. Every single NO takes you closer to a YES.

One of the biggest lessons I have learned in flipping is to remain logical and use the numbers to guide you. Don't be swayed to buy the house for more simply because you like the vendors, location, or master bedroom. Keep your emotions out of this and stick to the numbers. The analysis you do will keep you and your property business secure.

Once the offer has been accepted, it is crucial that the buying process continues in a timely manner. You don't want to be gazumped at the last hurdle. So, you need to make sure that all of the paperwork for your solicitor has been filled in and put money on account(this is normally about £300 but will vary from solicitor to solicitor).

Get the finances moving and touch base with your solicitor every few days to make sure everything is progressing as it should.

Most people leave this to chance and wait until they hear from their solicitor, but I find this method ineffective. This is your business and you need to take control. I routinely check in on my solicitor and ask when they are expecting to hear from the vendor's solicitors and what they want from me. Once they confirm when they are expecting to hear back, I make sure I add this date to my calendar. This keeps things moving nicely.

You have to remember that your solicitor will deal with 50-75 cases at a time, which means they deal with the urgent ones first. If you keep touching base, and making sure things are moving at the right speed, this ensures that yours will be dealt with and kept at the top of the pile. Now, don't make a nuisance of yourself and become a pain to your solicitor; always remain professional. Just make sure that you support them to do the best they can. For example, I support my solicitor by chasing the agent who can chase the other side if certain enquiries haven't been dealt with or the contract hasn't been sent yet.

Be professional but take control of the timeline. This way, you will hopefully complete on time without being gazumped.
During the conveyancing time, you should return to view the property with a builder, finalise the contractor quotes, and build the timeline to get the refurbishment work done and the property marketed.

I once did not have the funds in the bank to complete on the property so I spent this time raising the finance so I could go ahead and purchase the property. There is nothing more motivating than a strict timeline to help you raise the funds you need.

Now onto conveyancing.

The steps of conveyancing:

1.The buyer's solicitor instructed (complete your paperwork and add money to the account).

2.The vendor's solicitor will ask the vendor to complete a fixtures and fittings form, check the title deeds, and prepare a draft contract and accompanying paperwork.

3.The buyer's solicitor will order searches and, if you are having a survey done, you would need to organise this.

4.The buyer's solicitor will check the draft contract and accompanying paperwork, and raise any enquiries they have.

5.The buyer’s solicitor will do anti-money laundering for the funds to purchase.

6.The vendor’s solicitor will answer all enquiries and return the paperwork.

7.The buyer’s solicitor will send search results over to the buyer and also enquiries and full report on title.

8.The buyer will need to confirm that they are happy with all of the above and want to proceed.

9.The buyer would ensure that insurance is in place and send details of this to the solicitor ready for completion.

10.The buyer’s solicitor and vendor’s solicitor will then agree on a completion date.
(Ideally, when you have an offer accepted, you want to ensure that the agent sends you the Memorandum of Sale. This is a document which shows the property, agreed purchase price, and details of the buyer, vendor and both solicitors. The agent would normally complete the Memorandum of Same and it would be useful to agree on a completion date to add to this document before it goes to solicitors. This way, both parties have set expectations and this ensures that everyone works to the same timeframe).

11.If the buyer is buying with a mortgage, then the mortgage offer would need to be included at this stage for the solicitor to process and request drawdown of funds.

12.The buyer’s solicitor will draft a transfer deed and send this over to the vendor’s solicitor for signing before it returns for the buyers to sign.

13.The buyer’s solicitor will then send a completion statement and the buyer must ensure all funds are with the solicitor to complete.

14.The exchange and completion process then happens with funds being sent to the vendor’s solicitor and the buyer is informed where to collect the keys.

The biggest challenge that causes delays is solicitors not responding in a timely manner or taking a long time to review contracts and paperwork. I think it is mainly to do with the workload they have.

I once worked with a solicitor who refused to call the other side and only would correspond by email. The conveyancing took too long and I didn’t work with that solicitor again. The solicitors I work with now pick up the phone and work to the timelines we have set in advance.

They have higher fees than normal solicitors, but this is worth every penny when I complete on time, especially with a cash purchase where I am not doing searches. Sometimes, if I buy at auction with a 28-day turnaround, or if I have made a quick direct-to-vendor cash sale, I need my solicitor on side.

Some solicitors still live in the dark ages and paperwork is posted out for you to sign and send back. I would choose a solicitor where you can do E-signature as it saves so much hassle and is so much more efficient.

A few rules I have learned along the way:

1.Time is your biggest asset. You don't want to waste it and anything that improves efficiency is a win. My solicitor has an app and does electronic signatures so I can see in real-time what is happening with my case, and sign and complete paperwork on the go.
There is no such thing as cheap or expensive. The price is what you pay and the value is what you get. Don't undercut others or go for the cheapest option, go for the value. My solicitor costs more than most solicitors, yet I am rewarded with a competent job done quickly and professionally. This is critical for me as it allows me to focus on more important tasks that are needed to build my wealth.
You might also need a conveyancer or solicitor when you consider long-term opportunities of the property. We will consider this during Module 8.

The majority of my flips are completely funded through Joint Venture development finance. To achieve this, I need a solicitor who can write up a loan agreement and apply the first charge to the investor on the property.

Sometimes I don't give them first charge as I may have done a purchase option on the property so I give them a second charge on another one of my properties. Again, this process necessitates a competent solicitor to help you navigate it.

If you agree to a 50/50 split with an investor (meaning that they provide the initial funds and you use your time and experience to manage the property before splitting the profit equally), a legal agreement would need to be drawn up. This would specify which party is responsible for which part of the process.

Take the time to find a good quality, specialist law firm. You will reap the rewards of this sooner rather than later.
I use Paragon Legals Ltd. and you can contact them here: www.paragonlegals.co.uk

Chapter 5: Operating Finance

In this module, we are going to explore the ways in which you can finance your property flip. The amazing news is that there are so many possibilities. Quite frankly, I wish I had known this years ago.

Firstly, we are going to focus on how to buy the new property with cash, completing the refurbishments and then selling it for a profit.

You can do a flip by buying it with a mortgage:

Let's set the scene. There is no lack of money in this world. If we divided all of the money in the world equally, each person would receive £34,000. The reality is that a mere 10% of the population controls 85% of the wealth. So, what are the rest of us missing? It seems to me that the top 10% understand wealth and how to make more.

With this in mind, the only place there is a lack of money is in your own head. You may not be able to see the money in your bank, but this doesn't mean that your goals cannot be achieved. Too many people limit themselves based on their own resources. Understanding that you can raise unlimited funds for your property business is key here.

Make your money work for you

The next thing you need to understand is that wealthy people stay wealthy because they make their money work for them. Instead of hoarding any extra money in a savings account, they are constantly looking at new opportunities to invest and grow their wealth.

The bank interest rates are poor and the best I have found recently is 1.7%. At the time of writing, the average yearly inflation was 4%. This means that keeping your savings tied up devalues your money each year.

Now, where could the wealthy put their money to make a good return?

1. Stocks and Shares – this can give them a return, although it can be volatile and risky.
2. Gold – this is a good investment and does go up in value over the years but the profits are locked in long-term.
3. Cryptocurrency – again, this can be volatile and is considered high risk.
4. Collectors' items

This is where you can offer another solution: Option 5 is to work with you, to lend funds to you which are secured by bank-grade lending for a % return of 6-10% every 12 months. This option has a very small risk associated and provides its investors guaranteed returns monthly. They would also be helping an entrepreneur build his/her business and they could involve themselves in the property project.

Most of my investors lend to me for 12 months. At the end of that term, I return their money back with their interest and then normally they want to go again. It's truly a win-win!

Before property, I never realised you could lend privately from people and that it was completely legal. They don't teach you this in school. The wealthy understand it and have done it for hundreds of years, lending money to build businesses and expand their own wealth.

There are a few ways you can do this, we call it Joint Venturing.

1. Straight loan (as described above)

2. 50/50 partnership - this is where the investor provides the money and the other party has the knowledge, time, and experience needed. You share any profits equally

3. Yin and Yang - this is where you both have skills you bring to the table that complement each other. For example one of you might be exceptional at sales and raising finance from private investors whereas the other is skilled in managing projects and trades. You work on flips together and build a property business.

4. One4me One4you – this is more for long-term wealth where, instead of selling the property at the end, you mortgage the property to retrieve the cash invested and keep the property for the monthly income. In this scenario, one person would invest the cash and one of you would use their knowledge and time to do the property. With the same pot of money you would flip one of the properties for the investor and one of the properties for yourself, hence called 'one for me and one for you'.

5. Property Bonds – again for long-term wealth and not for selling the property on. In this case you take a pre-agreed amount of money from the investor and you keep it for 5 years. You would typically use that money as a deposit to buy a property as a buy-to-let, put your tenant in and earn the income each year. After 5 years you re-mortgage and give the investor back the deposit. Each year you pay a certain percentage interest to the investors. It's a win-win: the investor's money is safe for 5 years making them a return each year and you build a property portfolio using none of your own money.

Using joint venture partners is a great way to finance your property flip, by either giving a % interest back or sharing the profits 50/50.

It gets so much easier when you have finished your first flip with a private investor and have a case study to show other potential partners. During your first flip, you will need to work a little harder at your credibility, trust, and knowledge.

Now, where to find these people? Normally you start with your inner circle - your family, friends, and acquaintances. Tell people what you are doing and ask if they know anyone who would be interested in getting a fixed return and bank-grade security for their money? This way, you are not asking outright, and it gives them a chance to either put themselves forward or recommend someone else. The people in your inner circle already know you and have a relationship with you so they are the easiest people to begin a partnership with.

The next step would be going to local networking events, property networking events and simply meeting as many people as possible. There are a lot of people who like the idea of property, but due to other commitments, they don't have the time to do it themselves.

A Joint Ventures partnership is one of the best ways to fund your property business and the more you learn how to do this, the more you will be able to fund your property business. I help my investors with a safe investment and a good return on their money, and they allow me to expand my business.

I now have a waiting list of investors hoping to work with me because I have built up a track record of delivering. It won't be long before you have your own waiting list, and can fund any property flip and build your business.

Equity in Property

Another way to fund your property business would be by using equity from an existing property. This could be your own home or another property you own. Equity is how much the property has grown in value; it's the difference between what you owe on the property mortgage and the market value of the property.

For example, if you have a £500,000 4-bed house with a mortgage worth £181,000, you would have £319,000 of equity. This money can be used to fund a flip and is a cost-effective way to finance your first flip.

Now, there are a few ways to release the equity. Firstly, you can put a brand-new residential mortgage on the property, repay your existing mortgage, and loan more (up to 90% Loan-To-Value (LTV)) or you can put a second homeowners' mortgage on the property to release it.

Some of you will know that I think it's completely bonkers to pay off your mortgage. 99% of people stress about their mortgage. They look forward to paying it off, overpay, and count down the years and months they have left. They would never ever take out equity. These people play it safe and follow the system; they will continue to work until retirement without truly living. Once you have paid off your mortgage, you don't have that cost going out. And that's great! However, you still have the same challenge of finding adequate income to cover bills, food, and living costs.

I figured out a few years ago that I could use my equity to build a property business rather than paying my mortgage off. Now, I have passive income and my mortgage is paid entirely from this passive income so I don't have that expense anymore. I make more money so I don't actually need to work and trade time for money.

Paying off your mortgage is not smart and something 99% of the population have been trained to keep them poor. Instead, do what the 1% do: leverage the asset and build passive income instead.

Savings

Some of you reading this may have a lot of savings in the bank from years of saving. Use this to fund your property flip. The purpose of a flip is to get your original investment back plus minimum £50,000 profit. So, your savings would be safe and can help you build your property business. Good practice would be to keep 6-months' worth of living expenses in the savings account (work out your monthly living costs and then ensure your savings meet this). Then use everything else to invest and make you more money.

Bridging Finance

Bridging finance is another type of finance. It acts as a very short-term mortgage to help bridge a gap. Typically, you would need 30% of the property's value and the bridging company will bridge the rest. The bridging company will take first charge on the property like a normal mortgage would.

You need to make sure you have the money and the maths works out to use bridging effectively. Throughout the bridging finance, you would normally pay a monthly amount or you would roll it up and pay it at the start or end. The fees for bridging will be much higher than normal mortgages as they are short-term finance options, so you need to factor this in.

When flipping property, you need to take into account what would happen if you don't sell straight away. This is even more important when the funding option is a bridge, as every month you pay more and more interest is due. So, look at the worst-case scenario and ensure that there is enough in the deal for you to cover this.

The best way to get a bridge is to talk to a good mortgage broker who can assess what would be the best bridge for you and your circumstances. For example, a bridge where you make monthly payments might be more cost effective but it will impact your cash flow monthly. On the other hand, a bridge when you pay all back at the end may be a higher cost upfront, but still be the best way to do it for your specific circumstances and goals. As long as there is enough profit in the flip and you factor in any delays that may occur, then a bridge is a good idea.

Bridging is less cost-effective than other avenues to finance your property flip, so for me it should always be a last resort.

I would also advise before going to get a bridge that you check out private finance, as we have discussed in this module. Raising private finance is the best solution for your flips, more time- and cost-effective than bridging. Most people convince themselves that no one will lend them money and they spend time instead making less profit as they give more away to expensive finance options or stretch themselves and cut corners.

Remember to approach this with an abundance mindset. There is no lack of money in this world. The only place there is a lack of money is in your head. Adopt the mindset of “I can finance any deal I need to and I’m not limited by my own bank account”.

I hope you have found this module useful. There are only two things you need to be a property investor:

1. good property deals
2. money

Once you master both of these, you will be unstoppable.

Chapter 6: Value Add

We are at the stage now where you have set up your company, found a great property and bought it. Now comes the next part: the refurbishment. We will consider how you can efficiently plan and manage this process so that you work within time and budget limits and get maximum value for your investment.

I speak to so many people at our online conferences and it always astounds me how many of them have had bad experiences with builders or have seen the TV programmes and this has put them off doing any refurbishments. When they raise this point with me, I always ask them if they had had any training in managing a builder or a refurbishment and they normally say no. A very powerful lesson I learnt as I was starting in property was ‘you don’t know what you don’t know’. When things go wrong, it’s normally due to people going all in without the right education and knowledge.

You need to understand how a refurbishment works and how best to manage trades and builders; people have been doing this for thousands of years. We are going to work through the steps in this module to ensure you are ready to take on the refurbishment.

The Refurbishment Process

The process is simple once you have a plan and we will go over each step in detail in this module.

Step 1 – Decide what type of refurbishment you will have: Fluff and Buff or Full Refurbishment?
Step 2 – Agree on the full scope of work to be done. This would include writing up a detailed list of what you plan to do to the front of house, garden, and each room (including corridors).
Step 3 – Agree on the materials you will use, then make sure you source these materials at the best price prior to the refurbishment.
Step 4 – Agree on the timeline and staged payments.
Step 5 – Bring this all together in a project plan (using Gantt chart).
Step 5 – Get started and manage the project, sticking closely to the project plan.

When you initially view the property, you will already have ideas about what you would like to do and how you plan to add value to the property.

Adding Value

There are rough percentage guidelines in terms of what will add value to a property; use these as a guide and always check comparable properties that have sold within the last twelve months.

The following list provides some idea of what refurbishment can add the most value to the property, taken from the Nationwide House Price Index.

Extra bathroom 5%
Extra bedroom 10%
Extension increasing floor area 20%
Landscaping 5%
Converting a garage into useable space 10%
Open-plan kitchen diner 5%
Additional parking 2.5%
Utility area 2.5%

Interior design and aesthetic perks also help to increase value. For example, highlighting original features, redesigning the layout, and including French or bifold doors for inside-outside living space can all add the wow factor to a space.

As you view the property for the first time, you need to review the floorplan and consider what would make the property more functional. I love opening up small kitchens to larger kitchen diners with big French doors which lead out to the garden. I also like converting 3-bed houses into 4-bed houses by adding a bedroom downstairs (if space allows). Garage conversions make great extra bedrooms with ensuites.

I like to consider the interior design: how can I use panelling to make a boring living room wall look exceptional; how can I keep the original features? How can I use clever decorating to really make this home come alive? Pinterest is a great app to use if you are struggling for ideas and helps you to decorate for greater mass-market appeal.

Review your plans ahead of time and think about what would add the most value to the property based on its investment requirements (time and money). The house may have capacity for a loft conversion, but will the return be worth the initial cost? Could you get the same financial result by changing the existing layout and making the space downstairs more functional? Could you build a single-storey extension for a similar cost and add space to the kitchen area?

Remember that this is not your house. It is a business project. You will not be living here, so don't get carried away with the perks that you would like. The ultimate goal is to attract a buyer and make the best price.

Do your research. Look at the properties in the local area that have recently been told for a top price. You can work with an estate agent when you do this. Explain that you are flipping a property and will be listing with them to sell it once the refurbishments have been done. Ask them to view the house in its initial stages and give their opinion on what would work well with the local competition in mind. Ask for links of what has recently sold quickly and for what price. Then you can factor this into your estimates.

Tip: Photocopy the floor plan and print three versions. Then, using different coloured pens, edit the floor plans to include the three different refurbishment ideas you have. Always make one that does not involve as much work as the others; it would be good to review this against the finished project.

Once you have your three different floor plans, you can then estimate what the end value will be. You will then have three ideas and three end values. Factor in the plan to make £50,000 net profit and this will allow you to work out your refurbishment budget.

Your three different floor plans and ideas should be shown to tradespeople or your builder. In Module 2, we discussed the advantages and disadvantages to working with various types of teams (main contractor builder or individually managed trades).

Let’s look at this scenario:
You bought the house for £200,000 (Stamp duty and legal fees on top push this figure to £213,000).

Option 1:

1. Layout remains the same
2. You landscape the garden, and do a Fluff and Buff refurbishment
3. This includes new flooring throughout
4. A redecoration of every room with a general clean and tidy
5. The estimated end value = £240,000

Option 2:

1. Knock through a wall and create a kitchen diner
2. Add ensuite to the master bedroom
3. Landscape the garden, and decorate throughout (including a brand new Kitchen).
4. The estimated end value = £270,000

Option 3:

1. Add a single-storey extension
2. Create a large kitchen diner
3. Turn the old dining room into an additional bedroom with ensuite
4. Replace the main bathroom and add a utility room.
5. Landscape the garden and decorate throughout.
6. The estimated end value = £350,000

Option 1 - End value is £240,000 and we have so far spent £213,000 which leaves £27,000. This is short of our £50,000 profit goal so we should evaluate if it’s worth doing the project. This is before we factor in the refurbishment costs and selling fees so the profit would likely be cut to around £17,000.

This might be a good option for the first flip, to help you get your systems and processes in place. You would still come out with profit. An easier project will still allow you to build relationships with tradespeople in the local area.

Most Flips take six months, so it would be six months of work to earn £17,000.

Option 2 - End value is £270,000 and we have so far spent £213,000. This leaves £57,000. The work involved to create the open plan space, add an ensuite, and landscape cost about £24,000 so the rough profit would be £33,000. This, of course, is better than option 1 but still not near our £50,000 net goal.

This option means more building work will be done and you will be using more tradespeople. Again, it does not reach the profit margin we would want. However, £33,000 for the first or second flip would be a good starting point. It's a little more risk, more reward, and an overall good learning experience.

Option 3 – End value is £350,000, and we have so far spent £213,000, which leaves £137,000 to complete all of the work. Usually, this would cost around £75,000 (including building control, hiring an architect etc.). This will leave us with £62,000 and £50,000 net profit after sales costs.
This is the option I would go with as an experienced investor. Additionally, if you are already a tradesperson or have experience, I would suggest this one. It takes more refurbishment and more input but offers better rewards and higher profit.

Importantly, you need to have a full project plan and timeline completed before you pick up the keys. The timeline will be tight so you want to start work straight away.

This decision relies on accurate refurbishment estimates. There are a few ways to do this and it all depends on whether you work with a main contractor or if you will individually manage the tradespeople.

It will also depend on your personal circumstances and how much time you are able to invest in the property yourself. When I started to flip properties, I had a full-time job and two children. It made sense to me to work with a main contractor and although it meant that I didn't make as much, I was able to focus on growing my property business.

When I am working out a very general budget, I use rough estimates of cost per square metre. These costs can vary, so it would be worth asking property investors within your area to give you accurate and up-to-date figures. You can do this by asking in the Touchstone Education community Facebook page:
https://www.facebook.com/groups/touchstoneeducation/

Plastering: £10.00 per m2
Painting: £7.50 per m2
Bricklaying: £40-£60 per m2
Laminate (flooring): £12-£16 per m2

Engineered: £20 per m2
Hardwood: £20-£30 per m2
Carpets: £12-£17 per m2
Kitchens (including tiling): £4-5,000 per m2
Bathrooms (including tiling): £3-4,000 per m2

If you work with a main contractor, you would need to do some research by asking for three quotes on each of your options from local main contractors. Then work out the average and choose someone to work with for this price.

If you are going to individually manage trades, you would need a detailed list of exactly what work needs to be done. Again, find three quotes from different trades for each separate task and work out the average costs.

Now, the cost of materials can vary widely. If you employ a main contractor, they would normally be responsible for sourcing materials and it would be included in the overall price. It is possible to provide the materials to your main contractor, but please make sure that everything is on site in advance to avoid delaying the job and upsetting the contractor. It is easier to give this task to the main contractor in my experience. It means they are fully accountable for working to the timeline and agreed price.

If you are individually managing the trades and the full project then you will be responsible for purchasing all material. I use LNPG – Landlords National Purchasing Group. They agree discounts with suppliers so you can get good deals for boilers, carpets, paints, kitchens, and bathrooms. This will help to keep the overall cost of materials down.
Again, the main point to note here is, as per your project plan, if decorating is due to start on a specific day, then you need to make sure all materials are all on site in advance and at the right quantity needed (a good decorator will tell you how much you need).

I would advise that you open a trade account with some main suppliers (such as B&Q) as this will help save money on supplies. Having a Ltd company will allow you to open trade accounts.

Finally, you will need a pot of money for contingency, for anything unexpected that you have not budgeted for or may be out of your hands. For example, if you take up carpet and note some of the floorboards need replacing or a section of wiring needs to be rewired. The best practice would be to account for 10% contingency in your budget, so 10% of the cost of work would be added and kept aside for anything that may crop up.

The next step in this process is how do you manage the main contractor or individual trades? How do you get the work done without them doing a bad job or taking all your money and doing a runner? We have all seen what can go wrong on TV or in the news. This comes down to expectations and a contract.

Here are the absolute essentials you must have in place:
1.When working with a main contractor you need: a contract which outlines the work to be done in detail, materials to be used, and the timeline. This should have scoped out what the cost is and when payments will be made.

For example, you may decide to give the main contractor £10,000 to get started; that £10,000 will be to do the initial stage rip out (so labour and skips will be needed).

At each stage when payment is due, you would visit the site with the main contractor and sign off everything as being completed and to a good standard. I normally have a detailed list of work to be done and when I visit the site, I am aware of the ten tasks that should have been finished. Once this check is completed, you agree with the main contractor when the next payment will be made and which tasks will be prioritised. Alternatively, if the work has not been adequately completed, then you discuss what needs to happen to fix the problem, set another deadline and return to complete the checks again. It is extremely important that you do not pay unless you are happy that all the work has been done. I take photos so we can document the work at each stage and compare, especially when working on wiring, plumbing, insulation, and things that will eventually be hidden from sight.

Don’t unnecessarily withhold payment either, it has to be a fair working relationship and you need to reach an agreement with the main contractor. The relationship with the contractor needs to be good at all times; you both want the same thing - the project completed on time to a great standard. You should treat the contractor like you are going to work with him again and again, and develop the relationship.

A property investor once told me they had withheld a £7,000 payment as he had arrived to site and found the floor hadn’t been swept. Yes, the contractor needs to keep a clean and tidy site and highlighting this to the contractor is good practice. However, I would not have withheld payment for that. As it turned out, the labourer on site had gone home poorly earlier that day and the other tradespeople had worked hard to finish to deadline ready for inspection. The flooring was just one of the things that couldn’t be prioritised at this time.

Be reasonable and develop a good relationship with the main contractor and tradespeople. Word spreads quickly and you do not want to develop a reputation for being difficult to work with.

Important points:
Contract (between you and your builder, this can be a small works contract or a Timeline)
Staged Payments agreement
Detailed scope of works
Quality control
Penalties for missing deadlines
% held back at the end for 2 weeks whilst snags are addressed and the work is finished.
H&S are all with main contractor
Insurance and liabilities for others on site
Main contractor insurance

You can get this as part of a JCT (Joint Contracts Tribunal) contract. They do specialised contracts for those in the construction trade, available online and editable to suit you and your needs.

Normally you would do one of these contracts for work costing more than £50,000.

If the main contractor does not want to sign one, or go into detail about the scope of works planned, my advice would be to walk away. Even if they have offered a cheaper deal, it is still not worth it. Make sure you work with a professional. A contract ensures win-win on both sides. It protects you both, keeps everything fair and clearly defines the expectations from both sides.

If you are going to project manage the property flip yourself and bring in individual tradespeople, you will need a minor works contract. This is typically a one-page contract which clarifies what work they will carry out, quality expectations, start and finish times, and an agreed payment. It also checks they have the right insurance to do the job.

Again, having a professional contract will help you to manage the relationship and get the best job done for the refurbishment.

By now, we have discussed everything we need to start the project. You've reached Day 1 on site and the project has started. Here are some tips to manage the work:

1.Stay in communication with the main contractor/tradespeople.
2.Keep checking in and making sure everything is moving on time and on budget; you may need to slightly adjust this due to minor delays or last-minute fixes (use your contingency for this)
3.Keep photos which will help to keep a record of the refurbishment from start to finish
4.Make the staged payments as agreed

5.Conduct regular quality inspections
6.At the end of the project, snagging is the most important part. Check all bathrooms and kitchens, check that the heating works. Do a last-minute check of the property to ensure that everything has been completed to the right standard.
7.For anything new you have had installed, ensure you get all user manuals, guarantees, and any keys,

A few ideas to help add value without the huge cost:

1.Consider the use of panelling instead of having plastering done. You can get full sheets of panelling that can be applied to the full wall (this can be wood panelling or fabric panelling. These look high quality and are a cost-effective alternative to plastering.

2.Using different coloured wall paint and wallpaper can add value without the huge price tag. I normally get help from an interior designer even when I'm not purchasing furniture for the property just to help me make more of the room.

3.Changing your sockets from white to chrome can add perceived quality to the room, despite minimal added cost.

Finally, stage the property ready for selling. Some people will refer to this as "dressing the property". Depending on size, you can get a 3-bed property professionally staged for about £1400 for 6 weeks. This is a must for selling the property for the best price. It will bring the property alive and help the potential buyer visualise it at its full potential. There is a reason why houses with furniture sell for more and quicker than empty houses.

Normally the staging firms will dress the kitchen, bathroom, ensuite, living room and one bedroom.

Or you can get the full house done.

Another benefit of this is that you can take professional photos after the stage to include in your case studies and to attract future investors. By this point, you should have photos of the property when you bought it and all the way through the refurbishment to the point of sale.

You might think it's better to save the £1,400. However, this would be a false economy which may cost you in the sale price and time taken to sell. The last flip I did was staged and it fetched £5,000 over asking! That's £1,400 for a £5,000 return! It sold within eight days too!

Having done all the hard work to get the property in a great condition, it's worth going the final extra mile

Chapter 7: Exit

Now we reach the final stage of the property flip. All that is left to do is sell for the best price.

The Estate Agent

The first, and most traditional, way is to sell with an estate agent.

Make sure to pick a good estate agent who you will work alongside. I would normally do this at the start of the project as they can help you with end valuations and, hopefully, they will also help get your next property deal in place. One of my agents sends me properties 24 hours before they go live on Rightmove and this allows me to analyse and plan viewings early. Why do they do this? The simple answer is that they know I will buy and then look after them, sending any further business their way. Remember in module 3, we discussed all of the work you do in finding properties off-market. When you decide not to buy, you can always pass them to the estate agent.

I would get the estate agent to start talking to prospective buyers before you have completed the work. They can start to get people excited about the upcoming property and start getting potential buyers to register for viewings. I once had an offer on mine two weeks into the refurbishment. The buyers then got involved and they picked the kitchen finish. Beware here that you need to legally protect yourself in situations like these. When I accepted the offer, we exchanged legally, and then I allowed them to pick their kitchen and the colours in each room. I would not have done that if we hadn't exchanged as they could have pulled out at any point leaving me to try and design around their choice. It was really nice working with them and they enjoyed being involved in the refurbishment process. They were a young couple with a 1-year-old child; they would never have taken on a refurbishment like this but were more than happy to secure the property and watch my team make it into their dream home.

You just need to make sure the agent is on side and happy to build interest in your property. They need to understand the vision. A 'coming soon' banner or sign outside the property tends to help you with this too.

Once the property has been staged and the agent has taken professional photos, you can do an open viewing (which typically takes place either on a morning or afternoon during the weekend). Fill these viewings with as many prospective buyers as you can. Sometimes, this drives interest further as people fear missing out on a property; it could potentially help the process move quickly. Ideally, at the end of the open viewing, you end up with a few offers and can cherry pick the one you want to accept.

The Open Day

To prepare for the open day, make sure you have ALL of the lights on, even if it's a clear day. Make sure the temperature is ambient and this might mean you need to put the heating on. Add reed diffusers and make sure it smells lovely all throughout the property. Make sure the driveway is kept clear. Park your vehicle elsewhere and showcase this property to its full potential.

Make sure the landscaping has been completed and, if needed, ensure the grass has been freshly cut. All of these small details make a huge difference.

Move the wheelie bins so they are not in full view. If my budget allows, I sometimes buy a wheelie bin store which hides the bins and makes the garden look tidier (you can get a nice wooden one for around £400).

Make sure the agent has the brochure printed out so it can be given to all viewers as they tour the house.

If you have not sold from the open day, continue to work with the agent to book viewings. I would regularly share the property on social media. Make sure the Rightmove and Zoopla listings have the best photos, floor plan, and all the necessary details. Consider what you would need to see as a potential buyer.

Again, relationships are huge here and learning how to work with the agent and get a win-win will massively help you going forward. What you have to consider is that agents have up to 50 listings at a time to sell, therefore you need to agree on a plan and how you will be kept up to date.

You will also want to agree on the price at which you will list it. This is dependent on your strategy. Some people list the price a little lower and then encourage a bidding war. Others list at the higher price so, as soon as the offer comes in, they can accept. You will need to consider how far you would be willing to reduce the price and when. The estate agent should help you to make these decisions as they will know your area and what will get you the best price in the quickest way.

Once you accept the offer, you need to move forward with the conveyancing and get to exchange as quickly as you can. The risk with the traditional way of selling a property is that the buyer can pull out or ask for the price to be reduced and then you have to go back to the start. To prevent this, you need your solicitor on board to help you speed up the process.

Make sure you have filled in all your paperwork with the solicitor, added funds onto the right accounts, as well as anything else your solicitor needs. If you have funded the property via a private investor, your solicitor will need details to remove the first charge and repay the investor once the sale completes (and again for a bridge loan if applicable).

The Auction House

The next way to sell would be via an auction, online or otherwise, so the sale has auction terms and conditions. I like selling this way as it means the buyer can't pull out or reduce the price once the auction exchange has happened. Again, you need to check whether this would be the most feasible and convenient option for you.

The timeline is important when doing the flip as you need to sell to release the money to then reinvest again. Every day matters and you want to make sure you control the process. The golden rule at this point is to remain in the driver's seat; don't just sit back and relax, thinking the estate agent has got everything covered. Assume that they haven't. You need to understand that your property is not their only sale to manage. Keep in contact and check the process is running smoothly. When it comes to conveyancing, keep in contact with the legal firm and again make sure everything is going through. Part of an estate agent's role is sales progression so they will contact both sides - vendor and buyer - and both sets of solicitors. Stay on top of the situation to avoid delays.

The best advice I was given by a conveyancer was to have the completion dates on the Memorandum Of Sale. The MOS is the document that is filled in by the agent and has all of the details referring to a particular property sale, including the address, agreed price, buyer and seller details, and solicitor details. You should make sure it has the completion date agreed by both sides on here before it goes to solicitors. This then ensures both sets of solicitors understand the deadlines and will prioritise the workload correctly.

Once the sale has been successfully completed, I would normally buy my solicitor and agent a gift to thank them for their time and effort. Not many people take the time to do this, so you will stand out to both parties as a good client to have and this will help you to build a positive working relationship.

During the conveyancing process, apart from making sure everything is going through as planned, I am also on the lookout for the next property to buy. Ideally as soon as you complete on one, the next should be ready to go.

A final tip is to leave a pack in the house for the buyers. This pack would contain all of the user manuals, spare keys, and any useful information for the property. I also leave a box of chocolates and a bottle of wine in the fridge, and a card congratulating them on their new home.

I ask them to recommend me to other people, so my message in the card looks like this:

'Congratulations on your new home, I hope you will make amazing memories and enjoy every moment!

P.S.

I am constantly on the lookout to buy more properties that are in need of TLC. If you know of any, or know anyone wanting to sell, please give them my details. I can buy fast and save them the estate agent fees. I love bringing properties like this one back to life.'

Chapter 8: Real Wealth

Onto the final chapter of this book and it is something quite close to my heart: real wealth. Now, I love property flipping. What's not to like? You get to take a run-down, unloved property and bring it back to life. You get paid well and it's such a rewarding process to witness the transformation.

You also get to then hand the property over to someone to have as a home (in some cases, their forever home).

I will continue to flip property for many years to come and it will remain one of the strategies to my investing.

Property flipping is what we call a cash strategy and not a real wealth strategy. Property flipping gives you a lump sum of cash that you can use, however it does not give you long-term passive income. That's the difference between wealth and cash, real wealth is where someone no longer has to work for money. They have assets which pay them instead and they are able to take their time back. Wealth is having the freedom to do what you want when you want.

When we talk about property investing, we can talk about a number of property strategies that give you long term passive income instead of a one-off lump sum of cash.

I'll briefly talk about some of these strategies and then we can look at some of the reasons why you may never have considered this.

1. Buy to let

This is simple: buying property, holding it, and letting it to a tenant. You would then make an income each month from the rent being paid.
You can follow the same model you would use to flip a property; we call it Buy Refurb Refinance. You buy the same type of property you would flip (run-down, needing work). Buy it for cash, do the work, then add a mortgage to it and pull the cash out that way. You would then put a tenant in, the rent would cover the mortgage payments and make you extra money each month.

This way, you get to keep an asset which is going up in value (property prices normally double every ten years) and also gain extra income.

Take my newest Buy to let property:

On the market for: £200,000

Purchase price: £164,00. (after my negotiation)

Tax and legal fees: £6,700

Refurbishment costs: £32,000

Total cash needed: £202,700

New market value: £250,000

75% loan to value mortgage: £187,500

Total cash used: £202,700 minus £187,500 for the mortgage means £15,200 left invested in the property

That's cash left in the property as equity.

Basically, it has cost me £15,200 to buy a property worth £250,000 and one which will make me £480 net profit each month.

Rent from tenant: £1200
Mortgage, insurance and lettings fees: £720

Net profit: £480

I have an asset worth £250,000; each year it will make me a net profit of £5,760 and it will increase in value.

If the cash deployed is £15,200 and return is £5,760, the return on investment (ROI) is 37.8%.

You can find property deals where you get all of your money back out, so the return would be infinite.

Purchase price: £320,000

Tax and legal fee: £16,600

Refurbishment costs: £54,000

Total cash: £390,600

New market value: £530,000

75% loan to value mortgage: £397,500

The total cash spent is £390,600, so all money is returned plus an extra £7,500 that you would also get as cash when the mortgage is paid.

It is well worth considering building your portfolio this way instead of just selling all of the properties for a lump sum of cash. You could consider each property deal you analyse and pick one for a flip and one to keep. This way, each year, you would make a nice lump of cash and build real wealth too.

The best part is you can raise Joint Venture finance for this too. Instead of selling the property, the re-mortgage would release the money to pay back the private investor.

2. Serviced Accommodation

This is one of my favourite property strategies and, for those who are on the fence regarding tenants, this strategy does not have tenants.

This is where you would take a property and rent it out per night instead of on a tenancy agreement.

You would advertise it on sites such as Booking.com, Expedia, and Airbnb. There are extra running costs involved, so you need to make sure the money can cover the online travel agents fees (typically at 15%), the house keeping (the cleaning and laundry change over), as well as other services such as utilities and Wi-Fi.

Normally, the nightly rate is much more profitable than the monthly rent would be.

There are two types of serviced accommodation:
Corporate/Contractor: these people come and stay at your property for work. You need to consider location if this is your goal.
Holiday: these people book your property as a weekend or week away on holiday. Again, you need to consider locations as holiday destinations.

You need to understand the ins and outs of serviced accommodation as there are compliance rules and planning regulations to consider. Get my mentor's bestselling serviced accommodation book: https://shrtlnk.co/GRRuK

3. Commercial Property

Commercial property is one of the ultimate passive income strategies, mainly because commercial tenants have a Full Repairing and Insuring (FRI) Lease which means they become responsible for all maintenance. Commercial tenants will normally sign 10–15-year leases, so once they have the keys, you can sit back and enjoy the income without worrying about voids or maintenance issues.

A cool fact about commercial property is that it can be bought in with a Self-Invested Personal Pension (SIPP) or a Small Self-Administered Scheme (SSAS). It means you can take control of your pension instead of it being in stocks and shares and subject to market disruptions. At the age of 32 I transferred my pension to a SIPP and was able to take control of what it invested in. This means I will have more money in it when I retire than from traditional stocks and shares.

Once you move from a SIPP to a SSAS you can take more control. by lending the money out to your business.

The other cool fact is that commercial property can have what is called 'capital allowances' which are a way of offsetting tax relief.

Therefore, if you are looking for a great way to make passive income, be tax-efficient and hands-free, then commercial property could be right for you. Again, you need to understand what you are doing with this: types of leases; yield; commercial surveyors; how to buy a commercial property and add value. If you can manage that, then this is another property strategy that will help build real wealth.

4. Lease Options

This is a clever strategy that means you can take advantage of someone else's mortgage and start earning before you buy the property.

Lease options work by you agreeing to buy the property for today's price at a later date, when the lease is over. These usually last 5-10 years. You take over the property and become responsible for all the repairs and you add your tenant in. Each month, you pay the owner the mortgage amount which they use to pay their mortgage. You then collect your rent and look after the property as the landlord. When the end of the lease option is approaching, you buy the property for the price you agreed on at the beginning.

This is a great way to build up a portfolio without owning property and having the option to purchase later on. You might be wondering why anyone would agree to do this with you? Well, imagine you own a property you can't sell as you owe too much mortgage on it. You can't rent it out either as you would need to spend some money to make it compliant. So, you can't sell or rent and are left with this empty house which is costing you each month. You are already suffering from financial difficulties and can't see a way out. Here comes the lease option, which is a win-win for both parties.

5. Other cash strategies (Property Finder)

Instead of creating wealth at this point, some people in the property industry might focus on cash flow. Another strategy for this would be deal sourcing.

A property finder or a deal sourcer is someone who locates a great property deal and passes it onto another property investor, in return for a finder's fee.

Property finders will charge £3,000 - £5,000 per property deal and some people turn this into full-time businesses. However, you have to make sure that you are aware of regulations and fully-compliant in this role, so make sure you do the research first.

Reasons why some people would never consider this:

"I don't want mortgages"

This one takes us back to 'the system'. We are all taught by the system to go to school, complete higher/further education, get a good job, buy a house, pay off the mortgage, and then retire. Most fears around mortgages arise from being taught to pay their mortgage off as fast as they can so that they can live mortgage-free.

The reality of this is that living mortgage-free will not take financial worries away; it won't help you live a better life. Yes, you will no longer need to pay a mortgage payment each month. However, you will still need to work and make money to live.

Instead of paying off my mortgage, I took out equity and increased my mortgage. With this, I bought a BTL property. That BTL property gives me £500 net profit per month which pays half of my mortgage payment and I have another asset going up in value. After my second BTL went live, the two properties paid my mortgage each month.

You see, what the system fails to teach us is passive income. All we are taught is to trade time for money, since the system wants us to be good workers. However, to truly achieve freedom and what we want in life we have to understand that this way is lose-lose.

Taking control of your finances and creating passive income will help you get the life and freedom you were born to have.

Mortgages are a type of good debt which help you create assets that will pay you without you having to trade your time. It's like a farmer taking a loan out to buy a tractor; the debt is good debt if it helps him make more money long-term.
Don't be afraid to have mortgages; see them as good debt and use them to build financial freedom.

"I don't want tenants"

In reality, less than 1% of tenants cause problems; the majority pay on time and look after your property.

This comes down to understanding tenants and the process. The following points to consider will help you get the balance right:

1. Good references (Landlord reference, work reference, credit check etc.)
2. Up-to-date tenancy agreement
3. Right-to-rent checks
4. Inventory and schedule of condition
5. Deposit scheme
6. Regular inspections

I always use a letting agent to look after my properties; they are the experts and I pay them to ensure I get a good tenant and that the property is looked after.

If you absolutely do not want tenants then you can try other property strategies, such as serviced accommodation, commercial property, or renting the property to a social housing charity?

The fear of bad tenants should not stop you from building a property portfolio.

"I don't have the cash to do this"

This stops so many people getting involved in property. 99% of people in the world do not have wealth; only 1% do.[1] This comes from the mindset that the 1% have and which helps them succeed. The 1% do not limit themselves by their own bank account and what they can see; they understand how to raise the resources needed to be successful.

Yes, you may not have the cash to do property investing, and it may not be in your bank right now, but you can learn how to raise it. See Module 5 for funding options; you don't need your own money to build a property portfolio.

"I don't have enough knowledge"

The great thing about this is that you can change that instantly. In today's world, the average billionaire reads 5 books a week. The more you learn, the more you will earn.

There are so many avenues from which you can build up your property knowledge. Touchstone Education has a Youtube channel where we post videos twice a week. We also have a blog on our website and we run seminars. Finally, we host a Wealth through Property two-day seminar which is the best place to get started. Get your ticket here:

https://shrtlnk.co/yd7IR

Don't underestimate how powerful the right knowledge can be and make time to increase your understanding of property each week. Read books (like this one), go to seminars, and keep learning.

"I don't have the time"

'If you don't sacrifice for what you want, what you want becomes the sacrifice'

If you want to build wealth, flip property, and create a property portfolio you will need to make time. I would say that you need about six hours a week to properly commit to your wealth. Some people do a few hours in the early morning, some late at night. Some people devote time to this during the weekend. It doesn't matter when; just find whatever works for you and your family and get the balance right. It is worth the effort now to make the time to learn and build your future.

A challenge some of us face is that the life we lead in the system promotes working. Working is our comfort zone and if we are paid well enough, we don't develop the urgent need to move on.

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[1] BBC News, 2016 "Oxfam says wealth of richest 1% equal to other 99%".

I worked out the other day if I hadn't started property and just stayed working until I was 69, what financial position would I have ended up in? Working 9-5 and paying into a pension and saving, what would that mean for me? It would mean poverty! With the rate inflation increases and the amount I would need for the pension, I was around £3,000 short each month. Can you believe it? I've worked hard all my life and at the time I want to retire and enjoy not working, I end up suffering financially. I would go onto a pension calculator and work yours out, it will shock you and then maybe use this to help you commit the time to learning and taking action.

Now that's a wrap, you now know all you need to for flipping property and other property strategies to achieve real wealth.

Property has changed my life and is still changing my life as i go to new levels, every time i earn more i get to do so much more life. We weren't born to pay bills and die, we were not born to trade so much of our time every year. We were born to have excitement and fun, to truly live, travel and give back.

The question is will property change your life? Now you have the knowledge, will you take the action? 99% of you reading this book won't, the system has us comfortable, we do ok and for most of us that's ok. For the 1% who will go forward I can't wait to see all the amazing things you will accomplish.

Thank you for taking the time to read and educate yourselves in the art of property flipping, I hope you have found this useful and that I have given you food for thought.

To take the next step I'd love to invite you to our Wealth through Property event (the UK's leading investment course, this will help you develop real wealth.

Join at: https://shrtlnk.co/yd7IR

Case Studies: Abi Hookway and Gordie Dutfield

4 Pickford Villas

The afternoon that I viewed this property the sun was shining and it felt like the right property to buy, it was just as we were going to be locked down again during Covid-19 so I didn't have a lot of time to get any builders round. The agents had another offer so I had to move fast.

The offer was accepted at £375K and we completed it 3 months later.

The refurb went over budget. Originally I had not intended on replacing the Kitchen and I didn't realise the amount of electrics we would need to do.
As we wanted this to be high quality due to its location and use as a holiday home, I spent more on interior design, bathrooms etc.

Once the refurb was complete, we ran it as serviced accommodation for 7 months, guests loved the place and we received a high offer from one of the guests who wanted to buy it.

After considering the offer we sold the property so we could buy a bigger property in the lake district.

Before






Figures

Bought for £375,000
Refurb: £54K (including T&L's)
Run for 7 months as serviced accommodation: £48K

Sold for £542K

Made £188K net profit!

After








Case Study: Rikki Lennon Touchstone Student

Glasgow


The house which we flipped was a 3 bedroom bungalow. It was in a very desirable location, but the house itself was by far the worst condition on the street. It was the perfect house flip project and we knew it would generate a lot of interest when it went to market in a finished state.

The garden was overgrown, the tiles were off the roof, windows had cracked and there was a sofa and mattress on the lawn. Inside and outside everything needed to be replaced. It needed a new kitchen, bathroom, 3 bedrooms, living room, conservatory and new windows throughout, and both the front and back gardens needed landscaping. It was a huge amount of work to do.

To add to this, we were trying to get hold of materials and do the work during early 2020, when Covid-19 lockdowns were in place, which only added to the challenge.

The whole project took longer than planned due to project delays (due to increases in the cost of materials etc), but we knew that once finished we would create a lot of demand, and when it first went to market there were over 35 viewings in the first week of it being on sale.

Before

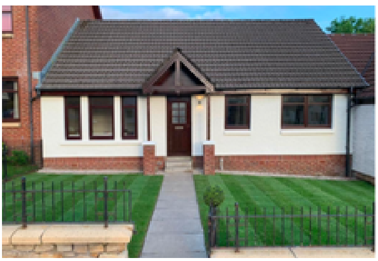



Figures

Bought for £89,000
Refurb: £69,000

Sold for £210,000
Profit: £51,000

After




Case Study: Karen and Barry Marshallsay - Touchstone Student

Cumberland Close

We decided to add flipping as a strategy to generate a lump sum of cash each year to enable us to top up our investment funds. This particular project was found on Rightmove.

The project was funded with £200,000 of investor finance and we financed the refurb. It was completely turned around within seven weeks, which included: installing a 3 metre steel beam in the wall between the kitchen and dining room, blocking up a precarious loft entrance and adding an alternative access point, blocking up an internal window in the lounge, adding an ensuite to the Master bedroom, adapting an airing cupboard to create a larger bedroom, installing a new kitchen, adding new flooring throughout the property, landscaping both the front and back garden and installing a new driveway.

Completing the internal refurb on a project like this in 6 weeks means sticking to a very tight project plan. However, due to weather conditions, the roofers were unable to start on the dining room roof until week 3 of the project and this means that we had to almost complete 1 half of the bungalow before the other half had event started.

We had to make sure we coordinated all trades to meet our strict timescales which enables us to get our returns much quicker and we managed to complete the internal work in 6 weeks and the garden in week 7. We were very pleased with the end result and achieving such a big refurb in such a short time.

Before







Figures

Bought for £186,000
Refurb: £75,100
Sold for £315,000
Profit: £53,900

After






Case Study: Mary Cullen Touchstone Student

5 Garrick Street, Nelson, BB9 8JA

I bought this 4 bedroom multi-let property in December 2018. It was from a retiring landlord, who agreed to vendor finance.

The property was bought for £55,000, with rental income on the property generating £14,292 per annum.

In 2021, I decided to sell the property due to the demand in the market. Taking as this property was not in an area that I had any other properties, I decided to sell it on and take advantage of the market demand. Prior to the sale I spent a further £2,500 branding the property to give it the co-living feel.
This property exceeded any other property sold in the area by £29,000. I believe that was due to the interior design that I did and the valuer really recognising it as a mini mo (type of HMO).

Before

Figures

Bought for £55,000
Refurb: £7,000
Sold for £94,000
Profit: £32,000

After

FLIP OR FLOP

THE ULTIMATE GUIDE TO PROPERTY FLIPPING

I love property flipping. What's not to like? You get to take a run-down, unloved property and bring it back to life. You get paid well and it's such a rewarding process to witness the transformation. You also get to then hand the property over to someone to have as a home (in some cases, their forever home).

When I was 31 years old I realised of the 365 days in the year I only really enjoyed 128 of them. Two-thirds of my life wasted on a 9-5 job.

It was then that I started to look at the people living their best lives. I was in awe with people who had the time to travel the world and live life in the moment.

I wanted what these people had and for the last few years I have dedicated my life to achieve it.

I want you to have the freedom to live, work and play surrounded by loved ones. You should be wherever you want to be in the world, spending your time doing whatever you love doing.

Whichever style of fix and flip that you are looking for, this 'how to' guide can be used as the benchmark for your success.

Property flipping can be the key to fulfilling dreams. I want you to achieve the vast array of choices available to you, and this book allows you to have the best chance of doing that.

"Abi is a testament to what can be achieved through the powerful combination of knowledge backed by MASSIVE action. By consistently applying basic fundamental principles laid out in this book, Abi has built her property business from a standing start to owning an impressive multi million pound portfolio and achieving the lifestyle she once dreamt of. As we know, success leaves clues and throughout this book Abi lays out an easy to follow step by step guide that you can use to successfully flip property and avoid the pitfalls that someone not armed with the knowledge will inevitably encounter. I wish I had a book like this when I started on my own journey!" - Steve Doran

Abi Hookway is a shining example of the wealth that can be achieved through property once three common obstacles have been overcome. She is a classic product of the educational "system". Work hard, get good grades, go to university and work really hard for a good salary. She did all of these things yet ended up in a cold dark rented house, with two very young children, going through a divorce with only a few hundred pounds to her name. Once Abi gained clarity about why she wanted to learn "what they do not teach you in school" she rapidly gained mastery for her children's sake and for her own self-determination. In a few short years Abi has gone from a property portfolio of zero to over £5.2 million which provides more than £10,000 per month passive income to support her family and her dreams." - Paul Smith