01 / Buy the right deal

Companion to Fix & Flip: From Deal to Resale | Rehabbers, Realtors and loan officers

Property / state / legal unit count / occupancy and possession status

Strategy: flip / rental hold / ground-up build; entity and project experience

Purchase price / contract dates / inspection and financing protections

Support the after-repair value (ARV)

Closed comparable / address	Date / price	Why comparable?

Conservative ARV / competing listings / expected marketing time

- [ ] Condition and major systems reviewed with qualified contractor / specialists
- [ ] Zoning, permits, violations, title, taxes and tenant issues reviewed
- [ ] Finished design and budget match the neighborhood buyer segment

ARV is an estimate, not a promise. Active listing prices do not establish a sale value. Keep sensitive financial documents out of this worksheet; submit them through a secure channel.

02 / Scope the rehab

A trade-by-trade scope makes bids, approvals and draw requests easier to reconcile.

Trade / work item	Bid $	Timing / responsible party
Structural / foundation		
Roof / exterior		
Electrical / plumbing / HVAC		
Kitchen / baths		
Interior finishes		
Windows / doors		
Site / landscaping		
Permits / specialist work		
Other / long-lead materials		
Contingency		
TOTAL REHAB + CONTINGENCY		

Excluded work / allowance assumptions / conditions needing specialist review

Contractor licensing, insurance, references and written contract verified by

Set contingency according to project uncertainty. Keep it separate from cash needed before reimbursement. Obtain written pricing, schedule and financing approval for changes before relying on additional loan funds.

03 / Understand the loan and cash

Compare initial proceeds, future draws and total cost - not the rate alone.

Financing question	Written answer
Total commitment / rehab holdback	
Initial acquisition advance	
LTC cap / eligible cost definition	
ARV cap / accepted completed value	
Acquisition advance limit	
Interest: drawn or committed funds?	
Points / fees / draw inspection costs	
Minimum interest / prepayment terms	
Maturity / extension cost and conditions	
Cash to close / required reserves	

Illustration only - not offered terms

Purchase $200,000 + rehab $60,000 = $260,000 eligible cost in this example. An assumed 80% LTC cap gives $208,000. An assumed 70% ARV cap on $340,000 gives $238,000. The lower cap is $208,000, before other limits.

With $60,000 held back for rehab, initial acquisition funding is $148,000. Purchase cash is at least $52,000, plus closing costs and other required cash. A separate acquisition limit can reduce funding further.

100% of approved rehab does not mean 100% financing of the entire deal. Ask Paul to reconcile the actual commitment, closing statement, draw agreement and post-closing liquidity.

04 / Keep the job funded

Use a cash calendar and draw log. Update at least weekly.

Cash available now / cash reserved for contingencies / loan maturity date

Week / phase	Bills due $	Draw expected $	Cash remaining $

Next draw: request date, work complete, inspection date, conditions, funding date

Draw package checklist

- [ ] Approved scope and budget line items match the completed work
- [ ] Invoices, payment evidence, photos and required lien releases available
- [ ] Inspection scheduled and payment / servicing conditions addressed
- [ ] Cash available to bridge reimbursement timing and next contractor bills

Reimbursement-based funding can require you to pay for a phase before receiving the draw. Inspectors confirm financing progress, not every quality or code issue. Extensions and extra funding are never automatic.

05 / Stress-test the profit

All figures below are illustrations. Profit is before income taxes.

Cost / result	Base case	Lower price + delay
Sale price	$340,000	$323,000
Purchase	$200,000	$200,000
Rehab	$60,000	$60,000
Contingency assumed spent	$9,000	$9,000
Acquisition costs	$5,000	$5,000
Financing + carrying costs	$18,000	$24,000
Selling costs assumed at 8%	$27,200	$25,840
Estimated project profit	$20,800	-$840

The stress case assumes a 5% lower sale price and $6,000 additional financing / carrying cost. Selling costs are an assumption, not a commission requirement; actual charges are negotiated or transaction-specific.

Your base case: sale proceeds minus purchase, rehab and ALL project costs

Your stress case: lower sale price, higher rehab costs and longer holding period

Your walk-away purchase price / minimum acceptable profit cushion

Do not subtract loan principal twice in project profit. For cash returned at sale, deduct selling costs and the actual loan payoff, then compare the result with all your cash invested. Use the linked Excel analyzer for your own assumptions.

06 / Team review and exit

Make the backup plan credible before the project needs it.

Rehabber

- [ ] Scope, contract, cash calendar, contingency and draw documentation aligned
- [ ] Insurance, permits, contractor payments and completion schedule tracked

Realtor

- [ ] ARV supported by relevant closed sales and current competition
- [ ] Resale financing timing / property conditions discussed with buyer's lender
- [ ] Listing plan, disclosures, permits, photos and price adjustments prepared

Loan officer

- [ ] Business purpose, initial advance, holdback and all leverage caps reconciled
- [ ] Maturity tested against rehab, listing, contract and closing timeline
- [ ] Rental backup independently reviewed for rent, value, seasoning and qualification

Sale plan: expected list date / price / target closing / payoff and lien review

Fallback plan: trigger date / action / required cash / evidence of qualification

A preapproved buyer does not automatically clear the property. Resale timing and additional appraisal requirements can affect an end buyer's loan. Confirm current rules with that lender. This workbook is education, not a loan commitment or a forecast of returns.