



**FIXER-UPPPER FORTUNES**

***“How to make big profits from fixer-upper properties: Quickly!”***

**By Sal Vannutini**

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## **Introduction**

I can still recall the look on my friends' faces. They obviously thought that I had completely lost my mind when I told them I was going to become a real estate millionaire. A few years later, the smiles were wiped off their faces when they saw how much money I was making!

It was late 1987, when I finally concluded that I could no longer rely on my job for financial security. So, I decided to make my fortune buying and selling real estate. Unfortunately, my total knowledge of real estate investment added up to zero. So everything I did I had to learn the hard way. It was all a case of trial and error...mostly error! In fact, my lack of knowledge almost sent me into bankruptcy.

As time went on, I noticed other investors were accumulating a large portfolio, whereas I was searching around for my next down payment. You see, I realized that my problem was this: I had no effective plan for accumulating a portfolio of rental homes.

With the real estate market being flat and the rental prices going the Sale way, I had no way of coming up with the down payment or being able to purchase another property. All I could do was to wait and hope that real estate values would go up again; and therefore, my increased net worth would provide me with enough equity to purchase my next property.

Then one day I attended a real estate investment seminar. The speaker was a self-made millionaire. I sat there totally amazed for the entire day as this guy spoke about the ideas and strategies that he used. He spoke about all these creative techniques and strategies to acquire and fund the purchase of real estate which I had never heard before.

Sure enough by the end of the day I left the seminar full of excitement and expectation that I too could go out there and become a self made millionaire. But when I tried to apply these new ideas and creative strategies into my own real estate investing, I became confused and frustrated.

You see, I learned what to do but now how to do it. Deep within me I knew that there had to be an easier way the average person could make money from real estate. I was determined to find a better and easier way. And so I set about attending as many seminars and reading as many books on real estate investment as I could.

Time and again all I heard was what to do, but never how to do it. And maybe that's the whole idea, because to get the how to do it you have to pay large sums of money for more seminars, or more books or more videotapes. One guy was even charging up to \$15,000 for a 3-day seminar to learn how to become an instant millionaire.

By this stage, I was suffering from information overload and figured the easiest way to get inside knowledge was to become a real estate agent, and so I joined the real estate profession.

It was here that I met a client who was looking for old houses to purchase and fix up and then sell at a profit. I was amazed by the results that he was getting. When I asked him to explain how he did it, his words were simple: Buy low, fix up, sell high.

One month later I purchased my first fixer upper. I conducted a minor upgrade and sold the property for a \$33,000 profit in the space of 2 months and I've never looked back since. That was back in 1994. Over the next 12 months, I managed to buy, rehab and sell 3 more properties. Unfortunately, not every deal turned out to

be a winner. In fact, on my third property I actually had a loss. To tell you the truth, I was flying by the seat of my pants. Buying a property hoping I could make a dollar out it.

As I began to fine-tune my strategies, I discovered the power of buying foreclosure property, and was amazed at how effective and how simple these strategies were to apply, and how much profit I could actually make simply by purchasing houses below market value. Two years later I was introduced to the concept of Lease Options as a way to control property with virtually no money down.

As you can imagine, my friends and clients began asking what I was doing and wanted me to help them to do the Sale. You see, most of the investors that I talk to have all the right intentions for becoming wealthy, but they are so confused by all the information and creative strategies thrown at them, that they never get anything achieved.

I call this Paralysis by Over Analysis. All they wanted was a practical guide to help them realized their dreams. Just like me, many have listened to various so-called experts who fed them piles of hype that is next to useless when you get out to the real world. In 2001, I was approached by some clients and friends and asked to present my strategies to them. And so, Fixer-Upper Fortunes was born.

What I would like to share with you are the most powerful strategies that I have learnt over the years. These are concepts and ideas that I have fine-tuned to make big profits from fixer-uppers. So, if you have experienced some of the frustrations that I have talked about, then take heart, because you too can learn the secrets to making big profits from fixer-upper real estate.

In writing this book, I have attempted to share with you the highs and lows of fixing up houses. It contains powerful yet simple strategies that could make you a fortune in real estate, if you apply them. It is not a book of theory, but a book based on real life examples and proven strategies that have worked for both my clients and me.

This type of wealth creation is a lot easier than you think. Whilst many investors are aware of the benefits of a buy and rehab strategy, it is a fair estimate that 90% of them do nothing.

Either it all seems too hard, or they undertake a project that turns out to be a total disaster due to the lack of strategy and planning. As a novice property rehabber, I soon discovered that there are many traps for the inexperienced.

It is designed to be your step-by-step mentor that will allow you to make big profits from fixing up houses. The contents are aimed at bridging the gap between theory and practice, or if you like, the gap between theory and reality.

The formula, in a nutshell, is to buy a run-down house at the right price, using the correct finance structure, and fix it up for the least possible cost. You then sell it for maximum profit, or hold it and use the newfound equity to help fund your next property.

I will also draw upon my many years of experience in the real estate industry to break through a few myths and teach you how to make a real estate agent a valued resource that can speed your path to riches.

For almost ten years, I have made big profits fixing up houses for both personal and investment purposes. Along the way, I have helped clients make hundreds of thousands of dollars from the very Sale strategies.

Now, it's your turn!

Sal Vannutini

# Chapter 1

## The Big Picture

Put simply, anyone can succeed in this business (make no mistake, this is a business and should be approached in the Sale way as any other business venture) provided they show a willingness to learn and work hard at the things that will bring them the greatest results.

Newcomers to this field are advised to devote considerable time to research and study. Before you test the waters, there are four factors that you should consider:

You must know something about remodeling and get an idea of how much it will cost to get the house back into shape. Consider what you will be able to do yourself and what it will cost if you have to have it done.

The location and design of the home are two of the most important factors to consider. Study the neighborhood, shopping and transportation facilities.

You make your profit when you buy. Therefore, you must learn how to calculate your ideal purchase price.

You should always finance the project in the most inexpensive way and use very little if any of your own money.

### **BUILDING WEALTH IS EASIER THAN YOU THINK**

Okay, so it's not exactly child's play, but it's not as impossible as most people would have you believe. As you read on you will learn step-by-step how to build a multi-million dollar property portfolio.

Like any job, all you need is a little know-how, an action plan, all the right tools and finally, action on your part. Read this e-book, read it again, establish your game plan and gather all the required tools into your 'wealth tool box', then get to work. You'll be amazed at how much you can achieve.

It really is easier than you think. What you do achieve is limited only by the restrictions that you place upon yourself. So, read on and discover the two most powerful tools at your disposal.

## **A SMARTER WAY TO INVEST IN REAL ESTATE**

*“If you’re going to work hard anyway, you may as well get rich - and do it as quickly as possible.” Harv T. Ecker*

Why fix up run-down homes? The answer is simple: Accelerated wealth creation.

Adding value to run-down homes through quick cosmetic rehabs is one of the most powerful leverage tools available to property investors. Traditional ‘buy and hold’ strategies are too slow for the investor looking for accelerated wealth creation.

So why should YOU fix up run-down homes?

## **INSTANT EQUITY AND FREE REAL ESTATE**

By applying a buy, fix-up and hold strategy, we are able to accelerate the equity and value of our property portfolio.

This instant increase in equity provides us with a down payment for the purchase of our next property.

It is therefore feasible that you can duplicate the process and acquire more and more property in a shorter time frame than using a traditional ‘buy and hold’ strategy.

## **FAST TRACK YOUR CAPITAL GROWTH**

The next great advantage of the buy, fix-up and hold strategy is that you can make instant capital gains of 10 to 30 per cent (some clients have achieved returns of up to 60 per cent).

By buying and adding value, you will instantly profit from any type of market conditions. When undertaking a 'buy and hold' strategy, the combination of buying in a growth area and adding value make this type of investing irresistible.

Imagine buying, fixing-up and adding an instant 20 per cent capital appreciation, then seeing values in your area taking off by another 20 per cent to 30 per cent over the next twelve months!

## **MAKE \$100,000 PLUS PER ANNUM?**

If your objective is to 'buy, fix-up and sell', then a six-figure income is not out of the question. Applying the previous example with only four properties would yield you a gross profit of \$160,000.

## **SACK YOUR BOSS**

*"We all have two choices: We can make a living or we can design a life." Jim Rohn*

You have probably heard the saying that the day you find a job that you love doing, is the day you stop work.

If, like me, you enjoy rolling up your sleeves and getting your hands dirty, then this may be the greatest career move that you make.

It is fair to say that when undertaking the work myself, I have never spent more than six hours in any one day on the job. The flexibility involved with being a full time renovator is enormous.

There can be no greater satisfaction than waking up in the morning, deciding that you don't want to do any work, then rolling over and going back to sleep.

We are assuming that you will be doing most of the work yourself.

What if you did none of the work? What if you decided to outsource all the work?

## **THE RECIPE FOR SUCCESS**

Warren Buffet is arguably the most famous value investor of our generation.

His recipe for success is to purchase companies that are undervalued relative to their income potential; buy companies and add value to them; or both.

His methodology is commonly known as 'Buffetology'.

Our recipe is similar in that we seek to apply 'Buffetology' to real estate instead of companies.

We are seeking to purchase properties below market value, add value through cosmetic improvements and sell them at a profit or hold them and use the equity gains to fund other properties.

If you want to bake the perfect cake, then you follow the recipe. It therefore stands to reason that if you want to create wealth, why not follow the recipe from the master 'wealth chef' of our generation?

## Chapter 2

### What's Your Game Plan?

The only way to succeed in the property renovation business is to actually get into the property renovation business. To do this successfully, you need a game plan.

Before you commit a single dollar or a minute of your time, you should step back and have a good think about what it is that you want to achieve. This may sound like a waste of time; I can assure you that it isn't.

Ask any top performer from any walk of life and I can almost guarantee that each one has set goals for themselves, and has a clear vision of what they want and, just as importantly, how to realize that vision.

Your game plan will give you a focal point to aim for. It will be your beacon for success when stormy weather sets in on your project. Without it your chances of quitting at the first obstacle are high. It will be your step-by-step guide to overcoming these problems.

When developing your game plan, you may wish to consider the following questions:

*How many rehabs do you wish to complete in one year?*

Your target should be realistic and reflect your available time and finance capacity. You should take into consideration all external influences and potential obstacles.

*Do you have sufficient capital/finance to achieve this target?*

Once you set your 'how many can I do?' you will have to make sure that you have the financial resource to back this up. As you can see, this will influence the first objective.

*Will you sell for profit or hold?*

What is your exit strategy? You must always include one in your game plan. Your exit strategy will be crucial if your circumstances change.

*Do you wish to create an additional income stream?*

How much do you need? This will also relate to how many you complete and how much time you have to spare.

*Do you wish to do it as a full time job?*

If the answer is yes, then you must understand that you are setting up a business and all that this implies. If your target is \$100,000 per year, then you will need to complete and sell a minimum of four properties per year with a \$25,000 profit each.

**A comprehensive step-by-step blueprint for creating your ultimate fixer-upper business plan is included in my home study course "Fixer Upper Fortunes"...**

**Click here for full details: [www.fastfixerupperprofits.com](http://www.fastfixerupperprofits.com)**

## Chapter 3

### Where's the Money Coming From?

Your first priority - before you even start looking at properties - is to establish your borrowing capacity. In other words, how much can you borrow and what price range should you be looking at. Your borrowing capacity will determine the area and property type.

#### **FIRST, PUT YOUR FINANCIAL AFFAIRS IN ORDER**

Obtaining pre-approval of finance from a lender puts you in a strong bargaining position when the right opportunity comes along.

Always remember that there are 3 critical factors that banks look for when you apply for a loan:

Credit history

Capacity to meet repayments

Collateral

It is therefore important to put your financial house in order before applying for a loan. The key to success is to ensure that you have a perfect credit record.

You will also need to set aside enough cash for the following items:

Down payment.

Closing costs.

Rehab costs.

Interest costs.

Loan costs.

Selling costs.

Taxes.

## **DECIDE WHICH FINANCE METHOD TO USE**

### ***Finance method 1: Loan assumption***

The assumption of existing low interest loans is without doubt the easiest and most inexpensive way to finance a real estate purchase. VA and FHA are loans that were originated by the previous owners, and are fully assumable by anyone without the need for qualification issues such as a credit report or loan application. The only requirement is a small assumption fee.

### ***Finance method 2: Land Contract./ seller financing***

A land contract is where a buyer agrees to purchase a home and pays principal and interest to the seller, along with a down payment. Whilst the buyer retains possession of the home, the title remains with the seller until the conditions of the contract are fulfilled. If at any time you default on the contract, the property reverts back to the seller.

### ***Finance method 3: Conventional lending.***

Conventional loans for real estate purchases are made through savings and loan associations, as well as banks. If a home does not have an assumable loan, then a conventional loan is another alternative way to fund the purchase. The usual loan application procedures will apply.

### ***Finance method 5: Lease options (or, rent to buy).***

If you do not have sufficient funds for a down payment, you may wish to consider the use of a lease-option to secure the property.

The lease-option is also known as the rent-to-buy. It basically involves you renting a fixer-upper with the option to buy it at a later date. The strategy is discussed in greater detail later in the book.

In a nutshell, you would pay the seller a small option fee, and rent the property at market rent. Since the property is run down, the rent is likely to be substantially low.

You then proceed to rehab the home and find a buyer at the new and increased price. The next step is to exercise the option to buy the home and simultaneously sell it to the purchaser.

**Full details on Lease Options as well as a Sale Lease Option Agreement that you copy and use are included in the Fixer Upper Fortunes Manual...**

**Click here for more details: [www.fastfixerupperprofits.com](http://www.fastfixerupperprofits.com)**

## Chapter 4

### How to Build Your 'A Team'

The second most important tool that you will need (apart from finance) is a team of experts to help your project run like a well-oiled machine. I like to call this team my A Team.

Your A Team is yet another example of leverage at work. Build a team of experts and leverage off their knowledge and expertise.

Apart from the obvious contractors, your A Team should also include experts from all other relevant areas of property renovation.

#### **ATTORNEYS**

When conducting business transactions of any kind, it is always wise to consult a lawyer so as to avoid legal problems. This rule applies equally as strongly to your real estate business. A competent attorney is an essential member of your A Team.

#### **ACCOUNTANT**

With taxation laws getting more complex by the day, the need for a good accountant is more relevant than ever. Your chosen accountant should be well versed in property investment.

#### **REAL ESTATE AGENTS**

Love them or hate them, eventually you will have to deal with agents. During a recent pause in my career, I spent three years buying and selling fixer-up real estate. It would be an understatement to say that my experiences with agents were interesting.

A good agent is also worth their weight in gold when it comes time to sell. It can make the difference between a good selling price and an outstanding selling price.

### **MORTGAGE BROKERS**

Banking policy and conservatism can be one of the greatest hindrances to real estate investors. That's why I never use banks to fund my property purchases (not directly anyway).

Yes, I do borrow from banks or some other kind of lending institution, but I do not approach them directly.

There are simply too many products and options out there. My recommendation is to find a good finance broker who is also a real estate investor.

### **APPRAISERS**

Appraisers are an important part of your 'A Team'. Their opinion of value regarding your properties can either make you or break you. Banks are a very conservative lot and will instruct the appraiser accordingly.

The trick is to build up a relationship with appraisers and get them into the habit of valuing your property on your terms, and not the bank's.

### **CONTRACTORS**

Finding good reliable contractors can be one of life's greatest challenges. These days, it's hard enough to get them to turn up and quote the job, let alone do the job. Your contractors are without doubt the most important members of your team. Without them, the renovations may never get done.

### **CERTIFIED PROPERTY MANAGER**

The last, but by no means least, member of your team should be a competent property manager. As is usually the case, if they own investment properties, they will better understand your needs.

## Chapter 5

### **The Three R's: Research, research, research!**

No doubt you will be familiar with the three L's of real estate: location, location, location.

Before you go out and purchase a property, you must first familiarize yourself with the three R's of property investment: research, research, and research. Extensive and thorough research enables you to make correct and informed decisions regarding your investment strategy. Without it, you are simply inviting trouble and potential losses.

Armed with the facts regarding your chosen market, you will be able to easily identify a great opportunity from a poor one. Your goal is to become an 'area expert' with an intimate knowledge of values, infrastructure and any other aspects which may affect values in the area.

If you want to profit when you buy, then you must have an intimate knowledge of values in your chosen area. By researching your area, you will be able to identify fair market value and therefore, spot that special opportunity when it arises.

Always maintain a detailed record of sale prices in your area. Once you have determined the type of property that you wish to pursue, study sale prices for both original and renovated types.

The following are good sources of information of property values:

- Local real estate brokers.
- County clerk's office.
- Tax assessor's office.
- Real estate appraisers.

## Chapter 6

### Select Your Area

*“Some homes are better suited to fixing up than others.”*

Where you buy and what you buy, will determine not only the salability of your property, but also its potential for future capital growth. When we refer to location, we must also evaluate the location within the location.

#### **BECOME AN AREA SPECIALIST**

First, you need to become an area specialist. Once you have chosen a geographic area in which to work, you will need to go over it with a fine toothcomb.

Find out the typical home styles; find out about schools; find out about shopping facilities; and how much houses sell for.

Yes, I know that it sounds boring and tedious, but hey, you want to make money, right?

The truth is that these bargains come along quite frequently. The problem is that most people simply don't know how to identify them when they do come along.

Your number one secret weapon will be your innate capacity to identify a bargain when you see one.

#### **GO FOR AFFORDABLE HOMES**

My experience has shown that it is wiser to aim at affordable homes rather than expensive homes. Not everyone can afford to rent or buy expensive homes.

It is therefore logical that fixing up lower priced homes greatly lessens your risk of not achieving a quick sale, or finding a suitable tenant.

## **THE RISKS OF EXPENSIVE NEIGHBORHOODS**

Firstly, homes in expensive neighborhoods require higher cash outlays. Not only will you need a larger down payment, but you will also require more funds for the rehab work, finance, and closing costs.

The second big risk with expensive homes is that your exposure to sudden movements in the market is far greater than lower priced homes. It is also true that the reward potential is also higher.

What if there is a sudden increase in interest rates? Herein lays the risk of expensive properties. Any sudden correction in values can see your potential profits disappear into thin air. You may even find yourself facing a potential loss.

### ***What makes up a good neighborhood?***

In contrast to expensive neighborhoods are the run down neighborhoods. These suburbs should also be avoided at all costs.

The reason I say this is that these neighborhoods generally contain a high degree of run down homes, higher crime rates, and higher ratio of renters to owners. In short, many people live there because they have to, and not because they want to.

There is simply no point fixing up a house in these neighborhoods, only to find that nobody will buy it, or worse still the tenants destroy it. Think about it for a moment. If you could afford it, would you buy a good home in a bad neighborhood, or an average home in a good neighborhood? It makes sense, doesn't it?

Okay, so let's get back to what makes a good neighborhood. On top of your checklist should be a history of rising values.

If we take one step back and revisit why people buy in areas, and how they are prepared to pay a premium, a strong history of steadily rising values indicates that demand for these areas is usually greater than the supply of good clean ready to move in homes.

People are too busy to fix up their home. Give them a beautiful home that is ready to go, and they'll be knocking on your door, almost ready to throw their money at you.

It is worth repeating that given the choice of two identical homes of which one is run down and the other in mint condition, people will go for the one in mint condition.

My ten years of experience marketing real estate have proved this to be the case more than 90% of the time.

Next on your list is that there should be obvious signs that other homes are being upgraded and improved.

The logic applied here is quite simple: The constant upgrading of homes is a sign of confidence that people want to live in that particular neighborhood. Improved housing and streetscapes lead to higher demand, and therefore higher values.

## Chapter 7

### Selecting the Right Home

The next step in your quest to finding the best investment property is to decide on the actual property type.

**Rule Number One** is to select a property that is appropriate for the suburb. In other words, if the area is predominantly old style timber homes, then don't buy a modern home that is completely out of character with surrounding homes.

**Rule Number Two** is to only buy properties that need cosmetic makeovers and not major structural repairs. This style of home can achieve far greater prices, due to their appeal to both homebuyers and investors. Homebuyers tend to get more emotional when purchasing a home.

Their decision is more lifestyle focused and therefore they don't mind paying a fair bit more if they believe that owning the home will help them achieve the lifestyle and status that they are seeking.

#### **COSMETIC REHABS ONLY**

The home should have "good bones". In other words, all the major areas should be in good repair, and the home should only require a quick cosmetic makeover to unlock its potential.

Therefore, only look for properties that require cosmetic improvements. Extensions and structural repairs can prove costly in both time and money.

Your aim should always be to add maximum WOW factors for minimum cost. Therefore, properties that require a fresh coat of paint and new fixtures are prime targets for property renovators.

Minor works such as painting, new carpets and landscaping can drastically improve the overall value of the home.

### **A CLEVER LAYOUT CAN ALSO ADD VALUE**

No amount of cosmetic improvements can cover up a bad layout. Always ensure the floor plan is practical. Also, look for potential improvements that can enhance the property.

## Chapter 13

### How to Buy Below Market value

#### **CALCULATE THE MAXIMUM PURCHASE PRICE**

To do this effectively, you need a formula that factors in all costs as well as your profit margin.

The following table best illustrates this formula:

*Work out the end selling price and deduct-*

*Purchase/ closing costs*

*Renovation costs*

*Selling costs*

*Profit margin @ 25% of purchase price (or any other profit margin you desire)*

The final figure is the ideal or maximum price that you should pay. Not a dollar more!

#### **MAKE AS MANY LOW OFFERS AS YOU CAN**

Eventually, one will stick. An agent's job is to negotiate the best possible price for the seller. They are also required to submit all offers to their clients, regardless of how ridiculous they are. It is not their job to make judgments on behalf of their client.

There have been many occasions when a distressed seller has been happy to accept a lower offer due to their particular circumstances.

Always insist that the offer is written on a contract to show that you are serious. If the agent refuses because they perceive the offer to be unacceptable, politely remind them that they are obliged to present the offer to their client.

Should they still refuse, approach the seller directly.

## Chapter 16

### Doing the Job - Step by Step

The following chapters set out your step-by-step guide to rehabbing your fixer-upper. Chapters 17 and 18 deal with internal and external improvements respectively.

Quick tips

- Arranging and completing the rehab is another great example where the application of the business plan can greatly help you get organized.

Before you begin any work it is important for you to determine what, if any, of the work you wish to complete yourself.

To help you decide, here is a quick summary as to which tasks you may be able to undertake and the ones that may be best left to the professionals.

#### **DO IT YOURSELF**

- Painting
- Landscaping
- Kitchen face-lifts
- Removal of old fixtures
- Cleaning
- Sanding/filling
- Trash removal

#### **LEAVE IT TO THE EXPERTS**

- Major kitchen remodeling
- Major bathroom remodeling
- Electrical repairs
- Plumbing repairs
- Heating/cooling systems

The next step is to draft a to do list which lays out a logical sequence for completing each task. Listed below is the order that works for me.

It covers all possibilities so feel free to ignore the ones that don't apply to your particular project:

1. Decide which items need to be removed. These come out first.
2. Keep any old carpets down. These make great cover sheets and should only be removed when you are either re-carpeting or polishing the floors.
3. Remove any wallpaper.
4. Scrape off any loose paint.
5. Wash down all walls and ceilings prior to sanding and filling. The reason for this is that any sanding will grind grease and grime into the surface and the fresh paint may not adhere properly. Make sure to cover any electrical switches and fittings, as water and electricity don't get along too well.
6. Have your electrician and plumber come in and do any work that may be required.
7. Once you have washed everything down, fill any cracks and dents. Once the filler has dried, you may need to sand the areas.
8. Install your new kitchen or bathroom and then have the tilers come in to do their job.
9. Paint.
10. Do the floors.
11. Have your bath resurfaced.
12. Install window furnishings, light fittings, light switches and door handles.

See, it's easy.

#### CHAPTER REVIEW

- Determine which tasks you can complete yourself.
- Draft your to do list by referring to your business plan.
- Leave difficult tasks such as electrical and plumbing to experts.

## Chapter 17

### Interior Improvements

The wow factor: when prospective buyers or tenants step inside, you want them to say, wow and literally throw their money at you.

#### PAINTING

This is an area where big dollars can be saved if you do it yourself.

**WARNING:** If you are not confident in your ability, then pay someone. Any savings will cost you more when selling due to a poor paint job.

When it comes to deciding on the color scheme, do not allow your personal taste to interfere (unless you are an interior decorator). Apply the K.I.S.S. principle - Keep It Simple Stupid. Give the market what it wants.

Feature walls are a great inexpensive way to add some flare to your paint job. Do not use dark colors if a room is small or dark, as this will only highlight the problem.

If the property has dark colors, or there are stains on the walls, then you are advised to use a special sealer. If you don't, then you will find yourself applying extra coats of paint and that the wall remains stained anyway.

#### KITCHENS

Kitchen remodeling can cut a big hole in your budget. Wherever possible, a face-lift will suffice. This can include new bench tops, wall tiles and repainting cabinet doors. Other low cost improvements include modern door handles, new faucets and wallpaper trims.

If no amount of cosmetic surgery can save your kitchen, then you have no choice but to install a new one. This is a great opportunity to re-configure the kitchen. Once again, do not go over the top. A basic kitchen will be adequate. Astute choice of colors and the right door handles will create a great effect

## **BATHROOMS**

Light and bright is the aim of bathroom refurbishments. As with kitchens, the condition will determine whether a face-lift or total re-fit is required.

When refurbishing, it is quicker to re-spray the tub, shower, bath and tiles.

Finish the bathroom with shiny new faucets, a new shower screen and mirror.

## **FLOORS**

Wow factor clearly dictates that if the property has good timber floors, then polish them. The only exception to the rule is if the boards are in poor condition.

At the very least, the entrance and living areas should retain the timber floors and bedrooms can be carpeted.

## **DOORS**

Replacement of doors will depend upon the condition of the original doors. Choose a design that is sympathetic to the property style.

## **WINDOW FURNISHINGS**

The type of furnishings that you decide upon will ultimately depend on the type of property and whether you decide to sell or rent the property out.

Timber shutters are extremely popular and add a quality feel to any property. They can however be quite expensive, and I therefore only use them if I am reselling the property, or the property style warrants their use.

## **THE FINISHING TOUCHES**

Ask anyone who knows something about fashion and they'll tell you of the importance of accessories; without them, it's just another outfit. In property, the Sale rule applies.

Once you have dressed your property, then it's time to accessorize. Door handles, light fittings and light switches are all accessories that will enhance the appeal of your property.

When it comes to buying accessories for your property, make sure that they are only inexpensive versions and not the expensive type.

## **THE FINAL CLEAN UP**

At the risk of repeating myself, I'll say it one last time: You only get once chance to create a good first impression. Regardless of whether you intend to sell or hold the property, you should give it a final clean inside and out.

Pay particular attention to windows, kitchen and bathroom, and floors.

## Chapter 18

### Exterior Improvements

You only get one chance to make a good first impression. Entice prospective buyers to stop and look at your property - don't give them a reason to drive on. It's called "Curb Appeal".

#### LANDSCAPING

This is one area where thousands of dollars can be spent if you're not careful. In most cases, a few plants and mulch are all that is required. In other instances, a complete overhaul will be needed.

My recommendation is to strip the garden (leaving any established plants in place), installing some decorative edging, re-laying some instant turf and of course, some new plants and mulch. That special touch can be added with some

#### WINDOWS

These are big cost items. If you have chosen the property correctly, then you shouldn't need to replace the windows. Once again, use your better judgment.

#### ROOFTOPS

Your rooftop falls into the first impression category. If it needs painting, then do it. If it needs repairing, then do it.

Roof repairs should always include the repainting or replacing of gutters.

## **FENCES, GATES and PORCHES**

We all dream about owning a home with a picket fence, don't we? Running a close second to polished timber floors, this is the single most impressive, major wow factor item that you should include in your budget.

Many homes have existing porches. Sometimes these have been closed in or covered to make an additional room. The removal of any cladding or covering will usually reveals the original features and helps create instant curb appeal to the home.

Where an original porch has been removed, it is advisable to construct a new one that matches the original style of the home.

***Combine these improvements with a classic paint job  
and you'll have them lining up for miles.***

## Chapter 19

### Buy, Fix Up and Rent

This strategy is appropriate when renting the property generates a positive cash flow, and the investor seeks long-term capital growth.

Therefore, the strategy will be to have the property re-appraised, draw out the equity and duplicate the process. Although the process sounds easy enough, there are a few issues that will need to be considered before you rush out and purchase your next property.

#### ***Can you afford to hold the property?***

This is especially relevant if the property has a negative cash flow. Careful calculations of your holding costs should allow for potential vacancies, broker fees, taxes and insurance fees.

#### ***What's the best LTV (loan to value ratio) to have?***

This will depend on your personal objectives. When you re-appraise the property, the amount of equity that you draw out will determine your LTV. There is no hard and fast rule here.

A higher LVR of 90 per cent means that you can apply more leverage and acquire more properties sooner. The danger of this is that your properties may be cash flow negative, and therefore the more you accumulate, the more 'out of pocket' cash will be required to service the holding costs.

You can therefore adjust the loan size to suit your capacity to service the holding costs. For example, an 80 per cent LVR will make your loan repayments lower, therefore requiring less of your own money to hold it.

If you have purchased correctly, the new value of the property should allow you to maintain an 80 per cent LTV and still be able to draw down your original cash outlays.

You are then free to purchase your next property and shouldn't have too many problems with your friendly bank manager.

Generally speaking, if the property does not generate a positive cash flow with 10% to 20% equity (your money), then it may be wiser to sell it

## Chapter 20

### Buy, Fix Up and Sell

When selling, the name of the game is to maximize the sale price of your property. Experience in marketing properties has taught me that there are three main factors that will influence the salability of your property. These are presentation, selling agent and price.

#### **PRESENTATION**

Everyone seems to remember first impressions. The eventual purchaser of your fixer-upper will want to like it, or better still, love it. If the home looks fresh and well maintained externally, then you are likely to make a good first impression.

#### **SELECTING THE RIGHT AGENT**

The right agent can be the difference between a sale and a non-sale. Selecting the right agent can be a bit tricky for the inexperienced seller.

Always remember that the job of the agent is to introduce prospective buyers to your property and negotiate the highest possible price on your behalf.

How you ultimately decide to sell your property (use an agent or do it yourself) is your decision.

When interviewing a prospective agent, there are 10 critical questions that you should ask them. If the agent can't answer, or avoids the questions in any way, then you have the wrong agent.

How long have you been selling real estate?

How long have you worked in the area?

Where do you rank in your office?

How many properties do you sell per year?

What is the best method of sale for my property? Why?

What is your marketing plan?

Will you release me from the sale authority if I am not satisfied with the level of service?

What systems do you have in place to generate buyers for my property?

Will you provide us with regular feedback on the progress of the sale? How often, and how will you do this?

Do you have a list of references that we may call?

## **PRICE**

Getting the best possible price for your home and selling it sooner rather than later is no doubt the result you want.

There is an old saying in real estate, that 'price turns glass into diamonds'. The point is that priced correctly, everything sells. Price should not be an issue if you have calculated the numbers correctly from day one. You should however, determine an ideal price (also known as your dream price) and a walk away price. The walk away price is like a quick sale price. You will need to exercise your own judgment when setting these prices.

Here are some pointers that will help you to be realistic when determining your price.

1. Recent sale prices of properties in the area similar to yours

To get an idea of the range, look in the local papers, attend open homes, or ask your agent.

2. Properties in the area similar to yours competing for sale at the Sale time

For instance, if yours is the only 3-bedroom home for sale in the area at the time, then you can expect competitive offers and a healthy return. And of course, less so if there are lots of others like yours on the market.

3. The strength of your marketing campaign

The more buyers you can attract to your home, the more chance there is of creating competition and getting a higher price for it.

4. Type of buyer/reason for purchase

Investors will be looking for a certain price point from which they can make good returns and are less likely to be emotionally involved in the purchase. Your home type and the type of buyer will affect price.

## Conclusion

We live in a very confusing world where everyone is offering you the magic pill that will make you an instant millionaire. We are constantly bombarded with information offering you a quicker and easier way to fulfill your dreams.

This information can often overwhelm us to the point of inaction. That is why I have written this ebook in a simple step-by-step way.

The truth is that the magic pill doesn't exist. Like anything you do in life, the rewards you enjoy will be a reflection of the effort you put in. Success doesn't just happen. You need to make it happen. There is no substitute for real life experience.

To sum it all up...

**These Strategies Really Work!**

Here are just a few examples of how our clients have applied The 7 Golden Rules of Renovation Success to create extraordinary results:

- Pastry chef and self-confessed College dropout has just purchased his third fixer-upper and by using the purchase price calculation formula, he has successfully purchased \$30,000 below market value.
- Another client who is a finance broker turned a \$207,000 home into a \$295,000 home with only a \$26,000 rehab.
- Husband and wife team didn't have enough equity to buy another property, so they did a quick renovation on their own home (using a credit card) and have now accumulated enough equity to purchase their next renovator.
- Yet another client converted his dining room into a third bedroom and added a \$40,000 value increase as well as a \$50 per week rent increase for just \$3,000.

I could go and on. But instead, let me ask you this important question:

Do you want to achieve dramatic, measurable, and exceptional results from your real estate business as quickly as possible... with the least amount of risk?

Do you also want to learn how to create a sustainable 5 to 6 figure annual income stream... and live the lifestyle that you dream of?

If so, I guarantee our home study course can help you achieve your goals in the shortest possible time. In fact if our products fail to deliver everything we promise, we want you to ask for and get a full refund. That's how confident I am.

Think about it. Wouldn't you like to become your own renovation success story? Don't you want to generate tens... or possibly hundreds of thousands of dollars of additional income from your very own real estate renovating business... and have it up and running in less than six months?

Of course you do! It doesn't matter what your level of experience is, or if you want to create an additional income stream, or create long-term wealth with a "buy, renovate and hold" strategy. We have the expertise to help you succeed at every level.

It doesn't matter if ...

1. You have no money to get started; or
2. You have very little real estate experience; or
3. You have extensive experience.
4. You can't tell the difference between a paint brush and paint roller.

You see what I've found is that most real estate investors fail to achieve their full potential because they don't know what to do, how to do it, and why it should be done.

And since most successful renovators don't really want to reveal their trade secrets, there are few models or information sources that can reliably put it together for you.

That's exactly what we do at [Fixer Upper Fortunes](#). We help you implement the most profitable strategies for using renovating to exponentially grow your real estate business.

My program can help you avoid the painful learning curve that I went through, which will save you thousands of dollars and months of time.

The program includes all the background information you need to get started as quickly as possible, as well as other indispensable business tools to ensure you'll be successful.

Here's a small Salple of what you'll learn in this comprehensive program:

- 5 powerful reasons why rehabbing is a smarter way to invest in real estate. Most gurus would have you believe that the best way to create wealth is to buy and hold. This is fine if you want to wait 10 or even 20 years. I call it the "Buy and Hope" method.
- How to get started if you have little or no money to invest. You'll discover how to gain valuable experience and accumulate quick cash with no risk to you, so that you can then start buying your own properties quickly.
- How to double (even triple) your returns by combining this strategy with foreclosures. If you could buy run down foreclosure homes and make an instant \$20,000 profit, then add another \$20,000 profit with a quick makeover... How many times would you do it?
- How to find and use Joint Venture partnerships. I'll explain just how easy it is to find other investors that will fast-track your wealth creation. I've even included a Salple Joint Venture Agreement!
- How buy real estate "no money down" using Lease Options, fix them up, and sell them at massive profits. Learn the insider secrets on how to control real estate with Lease Options. Salple Contract included.

- Understanding the qualities required for succeeding, and how anyone can do it... Even you! I don't consider myself to be very clever. In fact, I was a high school drop out.
- How to assemble a team of experts at your fingertips. Let's face, most of us don't have the time, energy, and skills to do it all ourselves. The biggest wealth creation tool that you can apply is "leverage". Leveraging of other people's expertise will fast track your success.
- How to calculate how much money you will need to get started. My easy to follow forms will show you how to calculate exactly how much you will need so you never end up in financial difficulty.
- How to select the best finance option to suit your objectives. Let's cut to the chase... There are many sophisticated methods that are too hard to use for beginners. I'll show you the easiest methods so that you can start immediately.
- A little known finance source that will lend you money when the banks say no. If you have poor credit, or don't want to go begging "cap in hand" to your bank manager every time you need a loan, you won't want to miss this secret!
- How to create sufficient funds to get started using your own home. No down payment? No problem. I'll show you how.
- How to select a neighborhood that has the greatest profit potential. You'll only want to invest in areas where people will line up to buy your home and pay top price. You will learn the essential elements of a "profitable" neighborhood.
- Why expensive neighborhoods are too risky. You can make bigger profits in expensive neighborhoods, right? Wrong! I'll show you why.

- How to understand the homebuyer / renter mentality, and use it to maximize your profits. In this chapter you will learn why you need to understand your market.
- How to find the hidden potential in run-down properties. Learn the ingredients of a good fixer-upper.
- How to evaluate a property's floor plan for potential profits. Minor alterations can unlock massive hidden profits... As long as you know what to look for.
- Why you should never buy at full market value. You make your profit when you buy. It's easy to do once you learn how.
- How to use a "Comparative Market Analysis" to evaluate before and after property values. This simple form shows you how to accurately research values, so that you never pay too much, or incorrectly set your selling price.
- How to quickly and inexpensively rehab the home and add maximum value for minimum cost. I've held nothing back here! I've spilled the beans and given you an in depth list of over 100 tricks and tips to add massive value to any property.
- The 3 secrets to maximizing the selling price. Get these wrong and you could see all your hard work go down the drain in a flash.

To find out full details and view some actual case studies and see how my program can benefit YOU, simply visit the website at

[www.fastfixerupperprofits.com](http://www.fastfixerupperprofits.com)

## About The Author

If You Could Quickly & Easily Renovate a Home  
For ONLY \$9,031; And Immediately Resell It For A  
\$25,669 PROFIT in only 3 weeks...  
How Many Times Would You Do It?

*Sal Vannutini*  
*Millionaire Real Estate Investor*

Sal Vannutini has successfully renovated real estate for both personal and investment purposes for over 10 years where he has built up a multi-million dollar property portfolio.

His knowledge and expertise in renovating is based on the many lessons learned from his hands-on experiences; as well as his many years in the real estate industry where he has helped clients to do the Sale with his private workshops and mentoring.

It was during the mid-1980s that Sal realized that he could no longer rely on his job the financial security –he became sick of surviving from pay packet to pay packet and never having enough money to enjoy his preferred lifestyle. He then decided to make his fortune buying and selling real estate.

Unfortunately at the time he started, his knowledge of real estate investment added up to zero. So everything he did he learnt the hard way. It was all a case of trial and error... mostly error.

Following the recession of the early 1990s, Sal found himself on the wrong end of some bad investment decisions and on the verge of bankruptcy. This hardship was to become a critical turning point in his life.

Despite this major setback Sal never lost sight of his dream to one day become a multimillionaire.

After becoming frustrated with much of the hype and bad information being taught in the 1990's Sal decided to teach others what really works, and what doesn't.

And so in 2001, Fixer Upper Fortunes was born: a training company created with the sole purpose of teaching "ordinary" folks how to become successful at real estate investment using renovations. He is now an internationally published author of two books and study courses on fixer uppers and real estate investment.

At the time of writing Sal has just turned 40 and had retired from full-time employment. He now lives his "perfect" life and divides his time between his renovation projects, as a private mentor to his clients, as a public speaker, traveling the world and "hanging out" with his wife and children.

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Learn how you to can create an outrageously profitable real estate rehabbing business and quit the "rat race" forever... Even if you have very little money, no real estate experience, and no building skills!

Click here to find out more: <http://www.fastfixerupperprofits.com>

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