

Funded Capital Insight Report: Guide to Fix & Flip Success



Funded Capital
The Key To Limitless Capital

A Comprehensive Guide to Your Loan Agreement with Funded Capital

Thank you for choosing Funded Capital as your trusted lending partner. Fix & Flip investments offer tremendous potential for wealth creation and financial freedom. With the right tools and knowledge, you can successfully transform properties, maximize profits, and build a strong portfolio. This guide will walk you through every step of the process, providing essential insights, strategies, and case studies to set you on the path to success.

Goals	Objectives
Empower investors for Fix & Flip success	Provide a comprehensive guide to navigating every step of the Fix & Flip process.
Build investor confidence and trust	Explain critical concepts like ARV, budgeting, and financing strategies in clear, actionable terms.
Protect investor interests and profitability	Detail how to avoid common pitfalls and maximize ROI through strategic planning and execution.
Minimize delays and unexpected setbacks	Offer step-by-step guidance for efficient project timelines and cost management.
Promote transparency and professionalism	Deliver expert advice and case studies in a user-friendly format to support investor decisions.



Understanding the Fix & Flip Opportunity

Fix & Flip remains a top-performing investment strategy for those seeking high returns in a relatively short timeframe. In 2024, the average gross profit per flip reached **\$73,000**, equating to an average ROI of 30%. In high-demand markets like Florida, Texas, and North Carolina, profits often exceeded **\$90,000**, making this strategy particularly appealing to savvy investors.

Key Stats to Know:

- **Median Days to Flip:** 144 days from purchase to sale, highlighting the importance of efficiency.
- **Most Profitable Market Segments:** Properties priced above \$300,000 yielded the highest ROI due to broader buyer demand.

Key Factors Driving Fix & Flip Success

1. Local Market Trends

Understanding neighborhood dynamics is critical for identifying properties with high appreciation potential.

- **Look for:** Areas with strong job growth, good school districts, and increasing property values.
- **Hot Tip:** Proximity to public transport or urban centers can boost ARV by **10-20%**.

2. Strategic Renovations

Focus on improvements that maximize ROI:

- **High-ROI Areas:**
 - Kitchens: Average ROI is **75-85%**.
 - Bathrooms: Typically yield **65-75%** returns.
 - Curb Appeal: Homes with improved exteriors sell **20% faster** and for higher prices.
- **Avoid Over-Renovating:** Align upgrades with neighborhood standards to avoid diminishing returns.

3. Efficient Execution

A streamlined timeline minimizes holding costs (e.g., taxes, insurance, utilities) and maximizes profits.

- **Stat to Remember:** Each additional month of holding can reduce ROI by 1-2%.
- **Pro Tip:** Use a project management tool like Trello or Asana to track milestones and ensure contractor accountability.

With strategic planning, localized insights, and disciplined execution, Fix & Flip investing can unlock unparalleled profit potential.



Comprehensive Roadmap to Fix & Flip Success

Step 1: Lay the Groundwork for Success

- **Build a Network:** Cultivate relationships with real estate agents, wholesalers, and contractors to access off-market deals and skilled labor.
- **Set Your Budget:** Define your financial parameters, including acquisition, renovation, and holding costs, with a 15% contingency buffer.
- **Secure Financing:** Utilize Fix & Flip loans like those offered by Funded Capital to optimize cash flow and preserve personal capital.

Step 2: Identify the Right Property

- **Analyze Market Data:** Use tools like Redfin and Zillow to research neighborhood trends, school ratings, and comparable sales.
- **Apply the 70% Rule:** Purchase properties for no more than 70% of their ARV (After Repair Value) minus renovation costs.
- **Inspect Thoroughly:** Conduct professional inspections to uncover hidden repair costs and assess structural integrity.

Step 3: Develop a Renovation Blueprint

- **Prioritize ROI-Boosting Improvements:** Kitchens and bathrooms typically deliver the highest returns. Curb appeal enhancements (e.g., landscaping, exterior paint) can significantly increase buyer interest.

- **Align with Market Expectations:** Ensure renovations meet neighborhood standards to avoid overpricing or under-delivering.
- **Leverage Energy Efficiency:** Modern buyers value energy-efficient upgrades, which can increase property value and marketability.

Step 4: Assemble Your A-Team

- **Contractors:** Vet multiple contractors and sign clear agreements with timelines and penalties for delays.
- **Real Estate Professionals:** Partner with a knowledgeable agent to accurately price and market the property.
- **Inspectors and Appraisers:** Use experienced professionals to validate your renovation progress and final property value.

Step 5: Execute with Precision

- **Stick to the Timeline:** Holding costs can add up quickly, so maintain strict adherence to project deadlines.
- **Monitor Progress:** Regularly visit the site to ensure renovations meet your standards and budget.
- **Stay Flexible:** Be prepared to adjust your plans to address unforeseen challenges.

Step 6: Market and Sell Effectively

- **Stage the Property:** Professionally staged homes sell faster and for higher prices.
- **Use High-Quality Visuals:** Invest in professional photography and virtual tours to attract more buyers online.
- **Set a Competitive Price:** Work with your agent to price the property based on recent comparable sales.

Step 7: Maximize Your Profit Potential

- **Negotiate Smartly:** Accommodate reasonable buyer requests during closing to avoid delays.
- **Review and Learn:** After each project, analyze what went well and identify areas for improvement to refine your strategy.

Step 8: Build Long-Term Success

- **Scale Strategically:** As your experience grows, consider flipping multiple properties simultaneously to increase profits.

- **Leverage Technology:** Use project management and accounting tools to streamline operations.
- **Expand Your Network:** Continue building relationships within the real estate community to uncover new opportunities.



Expert Tips for Fix & Flip Investors

Properly evaluating a property and understanding your target buyer are essential for Fix & Flip success. To secure a healthy ROI, start by calculating the After Repair Value (ARV) using tools like Funded Capital's ARV calculators. Apply the **70% Rule**—purchase properties at no more than 70% of the ARV minus estimated repair costs. For example, if a home's ARV is \$300,000 and repairs cost \$50,000, your maximum purchase price should be \$160,000.

Once you've acquired the property, tailor renovations to appeal to your target demographic:

- **Families** prefer open floor plans, functional kitchens, and kid-friendly spaces.
- **Millennials** value modern aesthetics, smart home features, and eco-friendly upgrades.
- **Empty Nesters** seek low-maintenance living, single-story layouts, and accessibility.

Buyer Type	Top Priorities	Recommended Renovations	Impact on ROI
Families	Functional spaces, safety, and storage	Open floor plans, durable flooring, ample storage, fenced backyards	High ROI from family-friendly features; faster sale in suburban areas
Empty Nesters	Accessibility, low maintenance, and comfort	Single-story layout, updated bathrooms with walk-in showers, low-maintenance landscaping	Quick sales in senior-friendly markets; premium resale value
First-Time Buyers	Affordability and move-in-ready condition	Basic kitchen and bathroom upgrades, fresh paint, energy-saving lighting	Consistent ROI with shorter holding periods
Young Professionals	Location, style, and convenience	Contemporary finishes, compact spaces, proximity to transport hubs	Moderate ROI from high-demand metro areas
Retirees	Tranquility and easy maintenance	Quiet neighborhood settings, accessibility upgrades, community amenities	Steady ROI in vacation or retirement-heavy regions



Case Study

Challenge

A first-time investor, Emily, identified a distressed three-bedroom, two-bath property in a gentrifying neighborhood. She purchased the property for \$180,000, anticipating \$70,000 in renovations to bring it to market standards. However, midway through the project, Emily encountered unforeseen plumbing issues, requiring an additional \$12,000 in repairs. Faced with rising costs, she worried about jeopardizing the property's appeal by cutting corners on key upgrades. Emily was also concerned about delays that could eat into her profits due to increased holding costs.

Solution

Emily turned to **Funded Capital**, her trusted financing partner, for support. Funded Capital's flexible loan structure allowed her to quickly secure additional funds to cover the unexpected plumbing repairs without derailing her renovation plans. With guidance from her dedicated loan strategist, she prioritized high-ROI upgrades, focusing on:

- **Modern Fixtures:** Replacing outdated hardware and lighting to appeal to millennial buyers.
- **Open Floor Plan:** Removing a non-load-bearing wall to create a spacious and inviting living area.
- **Curb Appeal Enhancements:** Adding fresh landscaping, exterior paint, and a new front door to create a lasting first impression.

Funded Capital also provided Emily with access to educational resources, including ARV calculators and insights on local buyer preferences, enabling her to make informed decisions throughout the process.

Outcome

Despite the unexpected costs, Emily completed the project within 90 days. The property was listed at \$315,000 and received multiple offers within the first two weeks, selling above asking price. After accounting for the \$192,000 total investment (purchase price + renovation costs), closing fees, and holding costs, Emily netted a **\$53,000 profit**.

Key Takeaways

- **Flexibility Wins:** Funded Capital's ability to adapt to unexpected challenges ensured Emily stayed on track.
- **Strategic Upgrades Matter:** High-ROI renovations, like the open floor plan and curb appeal enhancements, drove buyer interest and competitive offers.
- **Market Insights Pay Off:** Leveraging Funded Capital's resources gave Emily the confidence to focus on what buyers in her market valued most.

Emily's story highlights how **Funded Capital** doesn't just provide financing—it offers expertise, flexibility, and tools to empower investors for success. With the right partner, challenges become opportunities, and first-time investors can achieve significant profits in the Fix & Flip market.



Key Metrics for Fix & Flip Success

Target Profit Margin: 20% or Higher

Aiming for a 20% profit margin ensures your investment is worth the time, effort, and financial risk. If your total investment, including purchase price, renovation costs, and holding costs, is \$250,000, you should aim to net at least \$50,000 in profit. This target provides a buffer against unexpected challenges such as contractor delays, market fluctuations, or unexpected repairs. Always include a 10-15% contingency fund in your renovation budget to protect your profit margin and prepare for unforeseen expenses.

Renovation ROI: Focus on Projects with Returns Above 60%

Not all renovations add equal value. Focus on high-ROI upgrades that significantly boost the After Repair Value (ARV). Kitchens typically offer an ROI of 75-85%, with updates like modern appliances, fresh cabinets, and quartz countertops being most effective. Bathrooms yield an ROI of 65-75%, especially when upgrading to walk-in showers, dual sinks, and new fixtures. Curb appeal improvements, such as landscaping, fresh exterior paint, and updated lighting, can boost buyer interest by 20-50%. Avoid over-personalized or overly expensive upgrades in neighborhoods where the market won't justify the added costs. Tailor renovations to the area to ensure your improvements align with buyer expectations and deliver maximum returns.

Average Days on Market (DOM): Aim for 30 Days or Less

Minimizing the time your property spends on the market reduces holding costs such as taxes, insurance, utilities, and loan interest, which can erode profits. Homes priced competitively and marketed well sell significantly faster. Staging your property can make a dramatic difference, with professionally staged homes selling up to 20% faster and often at higher prices. High-quality photos, virtual tours, and engaging online listings help attract more buyers and generate interest early. Additionally, listing your property during peak buying seasons, such as spring and summer, can further reduce DOM and maximize your returns. Pricing your home within 5% of comparable properties in the area ensures it's competitive and attractive to buyers.

By keeping these metrics in check—hitting a 20% profit margin, focusing on renovations with 60% or higher ROI, and minimizing DOM—you can maximize profitability while minimizing risks, ensuring success in your Fix & Flip investments.



Contact Information

Thank you for trusting Funded Capital. Our team of experienced loan officers is here to support you every step of the way. If you have any questions about your documents or the closing process, feel free to reach out. We're committed to making your experience seamless and successful.

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