

House Flipping Business Plan

Every house flipping project needs a business plan. This one document can keep you from going into a project blind and being surprised by unexpected costs or renovations. From your overall goal to the nitty-gritty details, a solid business plan maps out every part of your house flip. It also serves as a comprehensive guide for potential investors and can be crucial to gaining funding for your next project.

What is a flipping house business plan?

A business plan for a house flipping project lays out the goals and steps of your project. It creates a clear roadmap for making a profit on your flip by setting out the necessary steps, budget requirements, and property type in one document. Your business plan provides a reminder of the project goals and budget as you start and complete a house flip to help you stay on task and on time.

If you are seeking funding for your flipping project from a lender or investor, they will want to see a house flipping business plan. This document will provide a clear picture of your goals and prove to potential lenders that the project is financially sound. Real estate flipping is often viewed as a risky investment, and financial institutions want to ensure they will receive a return on their investment before they lend you money.

Why should a house flipper prepare a business plan?

No matter your skill and experience levels, a house flipping project can easily deviate off course. Unexpected items and costs creep up and take you by surprise and failing to plan will result in an unprofitable project. A flipping business plan will help you stay on track throughout the entirety of your project. It is an essential first step in your planning stage to ensure you make a profit when all is said and done.

Taking the time to create a well thought out business plan for house flipping forces you to think about each step and cost before getting started. You should write out your plan before you even make an offer on a property because it will guide your selection based on target price range and type of home. The plan also includes your repair budget, which can determine whether or not a property fits within your price range.

Experienced house flippers probably have a set business plan they use for all of their projects. This plan is developed over time and customized to fit their unique house-flipping business. However, if you are just starting out, you can begin with a basic business plan and make adjustments as you go. The more experience you gain in house flipping, the easier it will be to write out your business plan and determine the necessary costs.

Money is not the only thing that goes into your plan. Timeline is a key part of any business plan for flipping houses. You can reference this document throughout your repairs and provide a

copy to contractors. Incorporate your expected timeline into contracts to keep contractors on target and avoid unnecessary delays.

Is there a house flipping business plan template?

There are a lot of resources for templates to help design your house flipping business plan. [Downloadable templates](#) are available online from a variety of sources and offer a quality starting point for laying out your project goals, finances, and timelines. Whether you choose to [download a free template](#) or create your own, there are some pieces every business plan for a flipping project should include.

Provide an overview of your project

While the executive summary typically starts off your business plan, it should be the last thing you write. Once you fill in all of the necessary details on your project, you can create a short, “elevator pitch” style summary. This section offers a quick glance at your project and entices potential lenders and investors to keep reading for the full set of details.

State your mission

Your mission statement can be crucial to gaining funding for your project. Lenders want to understand your reasoning behind the project and what you hope to accomplish. State in one paragraph, or one to three sentences, the overall goal and objectives of your project. You can provide potential lenders with a sense of your business culture and priorities. This can also serve as a reminder when you are knee-deep in your project.

How will you find properties?

Lead generation is another step in your business plan that investors will want to see. You can use this section to detail how you will find properties. This is a good place to include the type of property you are looking for and the different qualifications of a property.

Conduct market analysis

Include a comparative market analysis in your business plan, and do not breeze through this section. You should compare properties similar to what you want for your own project. This process will give you an overview of selling prices for homes in your area that are similar in size and style. You can get a better sense of profitability as well as the repairs it will take to renovate your property.

There are plenty of free resources available to research property values for homes that are up for sale or recently sold. Consult sites like [Zillow](#) or [Trulia](#) to compare properties in terms of square footage, lot size, style, and neighborhood. You can even go to open houses in the area to get a first-hand look at a finished real estate property. For paid resources, consider hiring a real estate agent who can access the Multiple Listing Service (MLS) for a complete look at all properties.

Map out your timeline

In this section, it is important to build in a cushion. When it comes to house flipping and renovations, projects typically take longer than expected. You also want to give yourself some wiggle room in case unexpected issues arise or you face a setback. Building these things into your original business plan can help you stay on task better throughout your project. Include estimated timelines for the following items:

- Purchasing a property
- All renovations
- Selling the property

Provide a month-by-month overview of your project, so lenders can get a sense of how you will spend your time. This format will also help you break out your budget on a monthly basis in the next section of your plan.

Create a budget

Arguably one of the most important sections of your business plan, there is a lot that goes into your budget and financial projections. Take the time necessary to write out this section so you can have a clear picture of your financials along the way. A solid budget can help you avoid overspending and maintain profitability by the end of your project. This is also a section where it is wise to build in a cushion. Again, setbacks or unexpected expenses are likely to occur. If you plan for them as much as possible up front, you can avoid getting off track later on.

Include the following items in your house flipping budget:

- The estimated cost of your property
- Itemized list of expected flipping and rehab costs
- Costs to market your property, including realtor fees
- Additional expenses for contingencies

Map out your funding plan

Provide an overview of your funding sources for your flipping project. You should break out how you plan to pay for each portion of your house flip from purchasing the property to paying a realtor's fees. Include your desired mode of funding, including cash, financing from lenders, or investments.

Provide your exit strategy

How will you get out of the investment? Typically, this involves selling the property. The exit strategy section is going to be important to potential investors or lenders because it offers a strategy for a return on investment. Detail what you plan to do with the property once you have finished flipping it.

You should also include contingencies and additional plans in case your project does not work out as expected. Consider what you will do with the property if you are unable to sell it within a certain timeframe, how you plan to sell the property, and whether or not you will use it as a rental property.

Conclusion

Crafting a solid business plan that is well thought out should be the first step in any flipping project. You need to know what type of property you are looking for, your expected budget, and how long the project will take. This information is also essential to gaining investors or lenders to help finance your house flip.

If you are looking for funding for your next house flipping project, Wealth 212° has your answer. As a member with Wealth 212°, you can receive full financing for your house flip without having to provide a business pitch. While it is still recommended to create a business plan to serve as a roadmap, our knowledgeable team will provide the resources you need to be successful. We also build in contingencies and shoulder the financial responsibility if a project does not go as planned. New and experienced house flippers alike can benefit from the unique partnership Wealth 212° has to offer.