

A FREE WORKSHEET · ALAN FAITEL

The Flip Deal *Worksheet.*

A one-sitting way to decide whether a fix-and-flip makes money before you make an offer — every cost that quietly eats profit, with a fill-in worksheet you can print and use on the next house you look at.

— Alan Faitel

Four numbers *decide* the deal.

1. **After-repair value (ARV).** What the house sells for when it's done — from recent *sold* comparable houses, not asking prices.
2. **Repair cost.** Everything it takes to make it sell at that ARV, plus a cushion.
3. **Holding and transaction costs.** Interest, taxes, insurance, utilities, closing costs going in and coming out, agent commissions.
4. **Your required profit.** Decide it before you fall in love with the house.

Subtract 2, 3, and 4 from 1 and you have the most you can pay. That's your maximum offer. Not a starting point to negotiate up from — a ceiling.

The 70% rule — offer no more than 70% of ARV minus repairs — is a quick filter, not underwriting. In expensive markets it can be too tight; in slow markets, too loose. Use it to decide which houses deserve a full worksheet.

Getting the ARV right

- Three to five sales in the last six months, within about half a mile (closer in cities).
- Similar square footage (within ~15%), bedrooms, bathrooms, age, and lot.
- Fully updated condition — the condition yours will be in after the rehab.
- Throw out the highest comp. If the deal only works using it, it doesn't work.

WORKED EXAMPLE

A deal, start to *finish*.

LINE	AMOUNT
After-repair value	\$240,000
Repairs (scope + 10% contingency)	\$44,000
Purchase closing costs (~2%)	\$3,000
Financing — points + 5 months interest	\$11,500
Taxes, insurance, utilities — 5 months	\$3,500
Selling costs — commissions + closing (~8%)	\$19,200
Required profit (your number — here, ~12% of ARV)	\$28,800
Total costs + profit	\$110,000
Maximum purchase price (\$240,000 – \$110,000)	\$130,000

Numbers are illustrative, chosen to teach the math — not a prediction for any market or house.

Stress-test it

Now ask what happens if it goes wrong, because something will:

- **ARV comes in 5% low** (\$228,000): profit drops by \$12,000 before anything else changes.
- **Repairs run 20% over**: another \$8,800 gone.
- **It sits two extra months**: roughly \$5,000 more in interest and carrying costs.

If all three happen and you still don't lose money, it's a deal. If one of them wipes you out, it's a bet.

Your *worksheet.*

Property address _____

LINE	AMOUNT
A. After-repair value (sold comps)	_____
B. Repairs (scope)	_____
C. Contingency (10–15% of B)	_____
D. Purchase closing costs	_____
E. Financing — points, fees, interest for ____ months	_____
F. Taxes, insurance, utilities, lawn/snow for ____ months	_____
G. Selling costs — commissions, closing, concessions	_____
H. Required profit	_____
I. Total (B through H)	_____
J. Maximum offer (A – I)	_____

Stress test

Profit if ARV is 5% lower	_____
Profit if repairs run 20% over	_____
Profit if it takes 2 months longer	_____
Profit if all three happen	_____

BEFORE YOU SIGN

The walk-through *checklist.*

The expensive surprises live in the same places in almost every house. Look at these before your repair number is final:

- | | |
|--|---|
| ☐ Roof — age, layers, soft spots, flashing | ☐ Windows and doors |
| ☐ Foundation — cracks, bowing walls, water lines | ☐ Kitchen and baths — full gut or refresh? |
| ☐ Basement / crawl space — moisture, mold, sump | ☐ Floors — subfloor damage under the carpet |
| ☐ Furnace and A/C — age and condition | ☐ Permits — open permits, unpermitted additions |
| ☐ Water heater — age, venting | ☐ Environmental — lead paint (pre-1978), asbestos |
| ☐ Electrical — panel type, amperage, old wiring | ☐ Exterior — grading, drainage, trees near the house |
| ☐ Plumbing — supply lines, drains, sewer line scope | ☐ Municipal — inspections required to sell or rent |

On your first several deals, bring a contractor or experienced rehabber on the walk-through and pay for a real inspection. The few hundred dollars is the cheapest insurance in real estate.

WHEN YOU WANT A SECOND SET OF EYES

Send me your filled-in worksheet and comps. The first conversation is free — and if the numbers are real, I may partner with you and help fund the deal.

Talk to AL — not AI.

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