



Commercial Financing Options for House Flipping

What should you be asking when it comes to flip financing?

When a client asks you if they can get a renovation loan, what are some of the most important questions you should be asking them? Having the answers will likely mean the difference between getting the deal done or not.



Our example is a foreclosure property costing \$379,000. The investor plans a full renovation and expansion of the existing house bringing the value up to \$950,000.

Here are the answers you should have before ever submitting to the lender.

- Approximately how much will it cost to tear down the old house and what are the construction costs for the new house?
- Can the borrower or their realtor show you comps of similar \$890,000 to \$1 million homes in the surrounding areas that have sold in the last 6 months?
- How long will the project take?
- If it's going to take 8 months and the interest on the loan will be \$4,600 per month, can the borrower specifically point to available funds that cover the monthly \$4,600 for a min of 10 months?
- Is the combined property purchase (\$379,000) plus construction cost equal to 80% or less of the post renovation property value? (The \$950,000 in our example.)

With these questions answered, there are lending sources on the Financing Hub that will want to see this deal.

Too many commercial financing deals don't get done because they don't start with the right information. Have the right answers ready in your original submission.

Interest Rates <ul style="list-style-type: none">• 6% - 9%	Lenders Available <ul style="list-style-type: none">• 6+ lenders fit this criteria	Assist Programs Available <ul style="list-style-type: none">• Yes
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