Ins and Outs of Flipping

Book Review

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"Flipping Properties," by William Bronchick and Robert Dahlstrom (Dearborn-Kaplan Publishing Co., Chicago, 2001), $18.95, 154 pages.

The theme of this book is "flip and grow rich." The authors explain how to find, buy and profit from reselling underpriced houses and other real estate.

They emphasize profiting from short-term, speculative realty ownership. Sometimes, they don't even take title to the property. They just "flip" their purchase contract by assigning it to the ultimate retail buyer.

The concept of flipping properties, as the authors explain, is to find a fixer-upper or other property and buy it well below what it will be worth when fixed up. Sounds simple. But it takes work.

Bronchick and Dahlstrom describe the three types of "flippers."

One is the scout who locates a suitable property and gives the details to a flipper dealer for $500 to $1,000. Obviously, there isn't much profit for scouts, except those doing a volume business.

The second type is the dealer who negotiates a contract with the property owner to purchase the underpriced property.

The third type is the retailer who acquires from a dealer and then fixes up the property, reselling it to an ultimate user, thus earning the maximum profits.

This book covers virtually every aspect of flipping properties. Along the way, Bronchick and Dahlstrom provide extremely valuable real estate education information. They thoroughly explain real estate contract principles and procedures property buyers should expect.

The authors advise using a professional team, such as a realty agent, appraiser, attorney and title insurer, based on the situation.

They have considerable experience buying and reselling distressed properties. For example, they explain: "The best way to get in touch with the owner is to knock on his door. This is not only gutsy, it is risky. You may be dealing with a bitter, belligerent person."

The book's best chapter is about negotiation. The top idea is "Let the seller make you an offer." When the seller names a price, Bronchick and Dahlstrom suggest using the strategy of saying "You can do better." Another negotiation strategy is to make two acceptable purchase offers and to let the seller select the one that will work best for him or her.

The only drawback of this book is that it doesn't include any personal examples of properties the authors purchased. . The book would be better if they had explained some of their best deals, as well as some of their mistakes.

The book's weakest chapter is "Finding the Money to Buy the Properties." The authors explain several finance alternatives, emphasizing their obvious favorite of buying "subject to" an existing mortgage and quickly either fixing up or reselling the property.

They emphasize the mortgage lender might enforce a due-on-sale clause, but it is highly unlikely if the payments are kept current. However, the authors never explain a sure-fire finance method that works every time.

This book is ideal for realty investors and those just starting in investments. It is simple yet complete enough to get readers excited about earning quick profits.