Common Rehab Mistakes & Avoiding Them
Preview Of What You Will Learn

Sections:

Introduction............................................................................................................................................5
Mistake #1: Falling in Love With Your Property..................................................................................6
Mistake #2: Under or Overestimating Project Costs............................................................................8
Mistake #3: Over-improving a Property...............................................................................................11
Mistake #4: Trying to Do it Yourself....................................................................................................13
Mistake #5: Leaving Out the “Sizzle Features”..................................................................................14
Mistake #6: Failing to Uncover Hidden Damages..............................................................................16
Mistake #7: Paying a Contractor Before a Job is Complete..............................................................18
Mistake #8: Leaving Your Property Unsecured..................................................................................20
Mistake #9: Neglecting Your Final Inspection....................................................................................22
Mistake #10: Failing to Maintain Your Property................................................................................23
Wrap Up..................................................................................................................................................24
Along the broken road of becoming a successful rehabber, you are bound to make mistakes. You wouldn’t be human if you didn’t. Most of the time, the mistakes you make will be small and will essentially help you to grow and develop properly. These mistakes are not to worry about. However, you do want to worry about are those mistakes that sting. The ones that leave you wondering how you ever overlooked that one detail, or missed that huge step – the ones that leave a gaping hole in your wallet. Your goal is to be able to identify and eventually avoid these mistakes. Whether you are a seasoned investor or a beginner, it’s very important that you educate and prepare yourself so that you can avoid the costly mistakes and pitfalls that could cost you both time and money.

By learning how to prevent these mistakes, you speed up your learning curve and invest a lot smarter without as much risk. The key is to become aware of the many potential mistakes and red flags in this business.

Most of the time, you’ll notice that the biggest mistakes come from taking shortcuts. Make it a routine to do the right things coming right out of the gate with your business. Too many investors look back on their first projects and kick themselves for falling victim to some of the mistakes we’ll cover in this system.

The biggest mistake an investor can make is not learning from other investor’s mistakes.
Mistake #1: Falling in Love With Your Property

Love can make a person do crazy things. So it’s no surprise that falling in love with a property can lead to trouble. Realize that you are investing in a property. Those four walls are not yours to keep. They are yours to buy, rehab, and then sell or rent for a profit. That’s it. This is a business, and your investment should be judged solely on the numbers. But unfortunately, some investors fall hard and fast for properties, and it doesn’t usually end well when they do.

Pursuing Properties With Clouded Judgment

It is not uncommon for an investor to track a property for months and develop affection for it. They see potential and the endless possibilities, but at the current time or in its current state, the numbers just don’t make sense. How far they go to pursue this property can have a major impact on the rest of their business. We all know that love is blind. The tremendous emotion clouds any sense of reason, and could even cause you to look past obvious flaws that you may have otherwise noticed. If you are head over heels for a house, you’ll do everything you can to make the purchase happen. While you are imagining how furniture might look in the living room, you’re ignoring the cracks in the foundation or the fact that the bathroom needs to be replaced. A lot of rehabbers also tend to overspend because they fail to keep their emotions in check. They imagine a property as their own home to-be and, before they know it, they’re doubling their repair budget. It’s OK to love a property, but make sure the numbers work. Falling in love with a home can often times lead to serious problems and over spending.

Trust that there will be another property out there and you can find an even better deal. When purchasing real estate, it is extremely important to focus on the return on investment (ROI). Whenever you feel yourself start to slip into loving the property, give yourself a reality check and focus on the numbers. If you don’t, you might wind up stuck with a resource-draining property that won’t budge.
Knowing When to Walk Away

Most importantly, falling in love makes it much more difficult to walk away from a deal that isn't going as it should. Maybe you feel less inclined to write up a list of demands for the seller. You might even let it slide that your list of comparables shows that the house is overpriced. Having a passion or a love for a particular property is fine if the numbers work, but where investors get in trouble is trying too hard to make a deal happen when deep down they know they should walk away. You may make an offer on the property at a number you are comfortable with only to find that you have some competition. At that point, what do you do? Do you go above your absolute bottom line number, or do you walk away? Many investors will go over budget and before they know it, they are thousands over their original offer.

Walking away from a property you see potential in is difficult, but it is these difficult decisions that will prove wise down the road. In most cases, the investor who overbid on a property will regret their immediate infatuation with the property and wish they had walked away. You are not the only one who sees this potential and if the numbers don’t work, even on properties you are high on, you need to move on to the next one. Realize that sometimes, the best deal is actually the deal you don’t do.
A bad estimation can only be blamed on poor preparation and lack of education. The only way to avoid this is to research, research, research. As a rehabber, you must feel confident estimating repair costs. The time to add up the true costs of fixing a house is not after you buy, but before you even make an offer. Impatient investors make the mistake of moving too soon on a house deal without anticipating real repair costs.

Underestimating Time & Repair Costs

In general, most repairs cost more and take longer than expected. If you don’t properly account for the time and cost, your great deal could turn into a money pit. It is quite common for investors to move in on a property before taking into account all of the potential costs involved. Even experienced investors routinely underestimate repair costs, and in doing so, they often sacrifice what would have been healthy profits. Remember, you make your money on a deal when you buy it, not when you sell it. That is why it is so crucial to know what kind of time and money you need to spend on a deal.

Without a doubt, most rehab failures are a direct result of underestimating the cost of repairs as well as the time frame required to complete them. You must accurately estimate all of the costs you are likely to face with each property as well as what upgrades are necessary. Seasoned investors realize that the ability to estimate repair costs of a property is key in moving in on the right deal. They are also constantly improving their approach to make each repair appraisal faster, and more accurate.

Helpful Tip!

It’s a good idea to include an “Inspection Contingency” in your purchase contract. This allows you to back out of the contract if repairs turn out to be too far beyond what you originally estimated.
Finding Your Estimation Method

There are plenty of ways for you to gather an estimation of rehab costs on a property. If you are just starting out, you will always want to just assume that you are underestimating. Know that there will always be unknowns out there hiking up the ticket price. You will always miss something. The key is being prepared, being patient, and always learning from the little mistakes so that you don't make a big one. After you look at several properties, you will begin to notice nuances of construction in your market. You will see that there are certain materials and features that are standard in most homes, and you will see that there are some materials and features that are not as common.

When you develop more experience, you will be able to tell just by looking a property over whether or not it will be worth your time and investment.

Helpful Tip!

Construction costs vary depending on location. Get to know your construction costs. If you are not real sure of the costs of repairs then don’t guess, get a bid from a reputable contractor.

Property Repair Estimate Sheet

The Property Repair Estimate Sheet is a critical deal evaluation tool. When used properly, it will provide you with a solid estimate of how much you will have to spend to bring your property up to code or into a saleable condition. The Property Repair Estimate Sheet is a spreadsheet designed to outline the majority of the costs of a project so you can assess the costs associated with the improvements you will make. Here's a look a few of the items on the sheet:

- Roof
- Exterior paint, siding
- Windows
- Plumbing
- Electrical
- Foundation
- Flooring
- Kitchen
- Bathrooms
- Walls
Overestimating Time & Repair Costs

On the other end of the spectrum, there are also investors who tend to actually overestimate the time and money that goes into a property. While these cases are less likely than underestimating, they can still cause trouble.

When you overestimate a project, more often than not you’ll walk away from it. This is referred to as rehab “analysis paralysis.” If you spend too much time overthinking the cost and commitment to a project, that property will slip between your fingers and into the hands of a savvier investor. Essentially, you are pricing yourself out of a deal. If this becomes habitual, you will have a hard time finding anything to flip. Use your deal analyzer, speak with professionals, and trust your education.
Over-improving a property is one of the best and most efficient ways to give away your money. Many new investors have the urge to spruce up everything and turn their investment property into a place that they would like to call home. Remember, you are rehabbing to resell so you must keep your expenses minimal. Your goal should be to upgrade the condition of your property so that it fits in with other homes in the neighborhood or just “slightly” above their level of finish.

**How to Know You’re Overdoing It**

If you are going over the top with accessories – adding everything from wall to wall travertine bathrooms and tongue-and-groove ceilings to cultured stone interior walls and exterior elevations, you may be overdoing it. While these finishes may look stunning in a million dollar mansion, they would be way too over-the-top for a $100,000 suburban tract home. Sure, you’ll wow all of your potential buyers, but that doesn’t mean they’ll pay the ticket price you’ll need. The fact of the matter is, few homebuyers will see the value in these kinds of upgrades and an appraiser probably won’t either.

Three Ways to Avoid Over-Improving:

1. View other comparable properties in the neighborhood and try to mimic their improvements and finishes.
2. Look at new home models and take note of their designs, paint schemes and finishes. Copying what these new homes have means you are most up-to-date with today’s designs.
3. Choose specific sizzle features that won’t cost as much. (ex: Nest Thermostat vs. your typical thermostat is only a $150 difference)

For the rehabber, there is a delicate balance of how much and which improvements should be made in order to save money. Keep your budget in mind next time you feel tempted by that aisle in your local home improvement store full of add-ons you just have to have. We’ve got to be mindful of what “level” of improvement and materials we need for each house. This means that you probably shouldn’t be putting granite in a house that retails for $80,000. It’s simply an unnecessary waste of money. The same goes for fancy Berber carpet and Jacuzzi tubs.

So how do you know if you are overdoing it? Are you spending $30 on a closet doorknob when a $5 one would work just as well? Just ask yourself, is this something that would make or break a homebuyers decision to buy the home?
Understand the Neighborhood

The great temptation of renovating is to do too much. Know the difference between serving the homeowners needs and serving your wants. Immerse yourself in the market. Go to open houses. Talk to the neighbors. Try to identify the wants and the needs of the type of person who will buy in this neighborhood. Compare every decision you make against the realities of the market.

If there are new homes in the area, check to see how they compare and what they were listed at. Speak with Realtors listing homes as well to get your most professional opinions. While speaking with the neighbors is recommended, take their advice with a grain of salt and compare it to what information you get from Realtors. If you want to be successful, figure out which homes sold fastest in the neighborhood, and mimic those features. Skipping any of these steps means you will be missing a major piece of the puzzle, and potentially wasting a lot of time and money.

Helpful Tip!

If you are renting the property as opposed to reselling it, you want to invest even less money. Spend your most time and cash on the properties you are selling.
Common Rehab Mistakes & Avoiding Them

Mistake #4: Trying to Do it Yourself

One of the most common mistakes that you can make is trying to do too much yourself. Many investors hold the belief that they can save money by just putting in their own work. Down the road, they always realize that it ends up actually costing more.

Never Lift a Paintbrush

You probably have a good pair of scissors, and chances are, you know how to use them. Does that mean you should give yourself your own haircut? It would save you money, right? But is it worth the hack job you’ll end up with? Well, the same thing goes for rehabs. You always want to be functioning at your highest and best use, and you simply cannot do that if you try to act as the contractor and not the investor. A rehab investor should not be performing work on the house, but rather the investing activities to keep projects going and successful. As you invest your knowledge, time and resources into being a successful investor, you need to act like one. Focus on activities that will make you, your contractors, and your entire team more money. Most investors get caught in the trap of “doing it yourself” to “save” a few bucks. Own your own time and focus on your highest and best use as an investor. Focus on finding deals, funding deals, fixing deals, and flipping deals. By concentrating on the high priority tasks, you will positively impact not only your life, but also the lives of others.

Most investors fail when they neglect to focus the majority of their attention on their highest and best use as an entrepreneur. You absolutely should not be doing the work yourself when there are contractors 100 times better and more efficient. Problems start when investors do not respect the assembly line-style system that should be followed on a successful rehab to produce a systematic repeated known result we call a “rehab profit.” Stay sharp with regards to your highest and best use as an investor.

Leveraging Your Time

If you are not proficient in construction, then you not only risk losing lots of money during the rehab process, but you also risk not renovating the home properly. This can cause major issues down the line for the future homeowner. Other than the inherent risk of do-it-yourself construction, you are wasting time.

It is false economy to save yourself $35 dollars per hour by doing it yourself, if you earn $50 per hour. Consider your time invested versus your cost. The smart way to do real estate is to take yourself out of the equation. If your thought process is that if you want something done right you have to do it yourself, then you need to just have better people on your team. Working as a team will yield far greater results than trying to do everything yourself. Taking the first step is letting the people you work with do their jobs. Learning to delegate will be the best thing you can do for your business, because at the end of the day you want to work on your business, not in it. Automate and duplicate.
They say it’s the “sizzle” that sells the steak. That same saying holds true in real estate. While these improvements made to the house aren’t quite living necessities, they are the most crucial improvements you can do to put the emotional hooks into your buyers. When people can see themselves doing things in your home, they’re sold.

When to Go Above and Beyond

Efficiency in selling homes requires going above and beyond the quality of the "product" that you are putting out in the marketplace. You have to remember that for a homebuyer, choosing a place to live is, to a large extent, an emotional endeavor. It is about finding that special place that feels just right after a long day of work, school, a business trip or as a place where one safely raises a family. Responding to buyers’ emotional needs could seem complex; however, there are few steps that you can take in marketing of the rehabs that can influence the response to the homes you are selling.

Often times, a property does not sell because it does not have anything special to separate it from the competition. One sure fire way to have a house that you can't sell is not having enough sizzle features to attract an offer.

Helpful Tip!

While it is a good idea to add sizzle features and go above and beyond, don’t overspend or go overboard like we talk about earlier in the system.

Choosing Your Features

Those looking to improve the features of their house would be better suited to focusing on particular features in particular rooms. As most investors know, kitchens and bathrooms are two of the most important rooms that sell houses. Therefore, it goes without saying that investing primarily in the kitchen and bathrooms will yield you the best results. Prospective homebuyers are naturally drawn to these functional areas, especially the master bathroom.
Here are some favorite “sizzle” features:

**Kitchen**
- Under cabinet lighting in the kitchen
- Hard surface counter tops
- Pot filler faucet
- Double oven
- Flat screen TV mounted on the wall (or wiring for one)
- Under cabinet wine fridge
- Skylights in the kitchen
- Custom tile backsplash

**Bathrooms**
- Jacuzzi tub
- Rain shower head
- Body spray shower heads
- Steam unit in the shower
- Heated floors in the tile bathroom
- Heated towel racks
- Mini chandelier over the tub in the bathroom
- Subway tiles
- Showerheads that sync with iPad

**Outdoors**
- Patio
- Fire pit
- New sod
- Outdoor shower
- Summer kitchen
- Hot tub

**Misc.**
- Surround sound system
- Built-in bookcase
- Drop stair scuttle into attic
- Skylights
- Nest or similar thermostat

Some of these sizzle features may be more expensive than others. However, keep in mind that while you are doing your renovations a lot of the projects become pretty easy. For instance, adding in extra lighting or cable connectors is pretty easy when the walls are exposed. You can also add a nice touch to the interior by including French doors leading to the patio. When buyers see it, they love it! The bottom line is, do whatever you can to make your home shine.

---

**Don’t Forget Landscaping Features!**

You work hard to make your house look great. Make sure you still have that same effect by night. Their presence can also illuminate characteristics that you wish to display, further contributing to the overall feel of the property. If executed to the potential buyer’s liking, they will want to immerse themselves in the house’s features even further. Landscape lighting is easy to install and economically friendly. Here are a few options for you to choose from:

- **Path Lights** - used to illuminate paths and driveways
- **Accent Lights** - used to draw attention to fountains, sculptures, or trees
- **Well Lights** - designed to be hidden in the ground and illuminate shrubs and trees, or exterior walls from below
- **Flood Lights** - illuminate dark areas around windows and doors and can also bring out textures in your landscaping by highlighting trees and bushes
- **Rope Lights** - create an uplighting effect by simply using inexpensive rope light to outline landscape bed edging.
- **Underwater Lighting** - submerge lighting to a water garden to show off fish or plants after dark.
One of the biggest costs you will incur when rehabbing a home is concealed property damage. Even with a property inspection, you can never be 100% sure what lies behind those walls. Black mold, rotted studs, and other less apparent problems can be rather extensive to deal with if found.

Property Inspection

Be very careful to inspect around home furnishings for hidden property damage. All too often an inspected property looks immaculate at first glance; only to reveal some major damage under some strategically placed heavy furniture. If you thoroughly inspect each property, you should be able to determine if it needs major repairs so that you can keep your budget on track.

Behind a mirror you might find a gaping hole in the wall. Under the ottoman might be some major carpet damage. Even a fresh coat of paint could be hiding some serious water damage. Realize that most homes we rehab fall victim to the natural aging process. This means that things like the roof, the interior walls, and the appliances will all eventually need repair. Although something might appear to be in working order, it could be causing issues that only a properly trained eye can catch.

These concealed problems could cause you to pay as much as two to three times more than you expected to complete the rehab project. Ideally, of course you want to find these problems before you buy so that you can work the cost into your negotiations.

Uncovering Hidden Damage

**Check for Structural Damage**
- How does the foundation look?
- Are there cracks in the brick or in the slab?
- Is the house leaning?
- Is the soil separated from the foundation?
- Are there cracks on the interior walls?
- Do you notice uneven floors?
- Do you have a hard time closing doors?

**Check the Roof**
- Is the roof older than 15-20 years old?
- Do you see any missing shingles?
- Are there any dark spots?
- Is there evidence of warping or does it bow in areas?
- Do the interior ceilings show yellow stains or signs of extensive water damage?

**Check Miscellaneous Structures**
- Are there storage areas you need to demo?
- Does the deck or patio need to be repaired or torn down?
- If there is a pool, what condition is it in?

**Check on Your Water System**
- Is it well water or septic?
- Combination of city water and septic?
- How old is the septic tank?
Even Bigger Hidden Dangers
To a blind eye and without the right inspection, there are three major disaster pieces that you can miss. Both **underground oil tanks** and **lead-based paint** can cause quite a headache and a strain on the wallet. And let’s not forget about our pesky friends, **termites**. This is where asking the right questions will help you. Make sure to always get the most thorough inspection that you are able to and don't stop until you have an answer. If you think a seller is hiding something, they probably are.

**Ask About Lead-Based Paint**
If you are repairing or renovating a pre-1978 structure, you may be dealing with lead-based paint. This means that you will be dealing with the Environmental Protection Agency (EPA) and its stringent guidelines. The fines for not complying can be pretty hefty, so make sure to pay attention. You’ll want to learn about the laws pertaining to lead paint and take any needed training that is required if you will be doing the actual work. This is a good idea even if you will be hiring contractors. Finally, make sure to keep accurate records that show you followed lead safe work practices in your renovations and repairs.

**Check For Underground Oil Tanks**
Don’t forget to ensure there are no buried and leaking underground oil tanks on the property. If you purchase a property without checking for this, you will be responsible by law for cleaning it up, which can be quite costly. Costs can jump up into the tens of thousands of dollars and can grow much larger if there is active groundwater contamination.

**Inspect for Termites**
You can spot termites even if you aren’t a professional. But you may not be able to calculate just how bad it really is. If you see little mounds of dirt, that’s your first sign. If you make the mistake of thinking that this is a minor problem and buy the house anyway, you may find yourself knee-deep in termite troubles. Everything from the baseboards to the staircase could be destroyed. It may not be obvious, because a fresh coat of paint is keeping the wood from crumbling. Turn a blind eye to these tiny terrors and you could be facing over $10,000 in damage.

**Have the Buffer Money**
The fact of the matter is, no matter how much you turn the house upside down inspecting, non-budgeted fixes and expenses have a knack for creeping up on you during the renovation. Adding in inflation to your cost estimates can help to compensate for hidden costs. This will ensure that your initial project analysis is on target, and you keep within your budget. It is a good practice to allot 5% of rehab costs for unforeseen expenses; worse case scenario is your estimates are spot on and you come out on top 5% more than expected.
Mistake #7: Paying a Contractor Before a Job is Complete

It happens all the time. A contractor finishes part of a job, is paid for that part, and never returns. The bottom line here is, do not ever pay someone until the job is completed. There is no need for you to give any money up front. You will hear every excuse in the book, but you have to stick to your guns. Even though they may beg and plead you for money before their project is complete, know that most of the time it’s just an excuse.

Stay Behind on Payments and Ahead on Work

Make it clear from the very beginning that no one gets paid until the job is done. If they persist, ask them to leave because you are going to find another contractor to replace them. It’s as simple as that. A job is not complete when it’s 95% finished; it’s complete when it’s 100% finished. It’s hard to get a contractor to come back and complete the remaining 5% of a job when he’s already been paid. Remind potential contractors that you have no issue paying promptly and willingly for completed work.

Here is an example of what a payment schedule should look like:

PROJECT ADDRESS: 444 Main Street
CONTRACTOR: ABC Inc.
Payment Schedule as follows:

<table>
<thead>
<tr>
<th>PAYMENT #</th>
<th>DATE</th>
<th>AMOUNT(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Payment</td>
<td>9-26-13</td>
<td>$6,000</td>
</tr>
<tr>
<td>Milestones and Benchmarks: Complete all interior and exterior demo.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd Payment</td>
<td>10-18-13</td>
<td>$30,000</td>
</tr>
<tr>
<td>Milestones and Benchmarks: Pass underground and order all framing materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd Payment</td>
<td>11-04-13</td>
<td>$5,000</td>
</tr>
<tr>
<td>Milestones and Benchmarks: Pass roof nail inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th Payment</td>
<td>11-21-13</td>
<td>$25,000</td>
</tr>
<tr>
<td>Milestones and Benchmarks: Pass rough and sheer inspection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5th Payment</td>
<td>12-16-13</td>
<td>$2,000</td>
</tr>
<tr>
<td>Milestones and Benchmarks: All doors installed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Avoid Too Much Work, Too Fast

You also want to make sure you that you are giving your contractors a chance to be successful. Don’t overload your contractor with multiple projects causing a clash. If you do, the contractor's performance will suffer, and thus your projects will suffer. If you find yourself in a situation with an overextended contractor, explain to them that you understand the situation and tell them you are putting a new contractor on that project. While it is true that you will add in some time in to actually hire new contractors, you will ultimately save yourself and your contractor a lot of headaches by doing this early on.

Constantly stay in tune with your projects and know when you need to do this. Be quick and precise to say that this isn't working out. A great way to stay on top of things is to request weekly pictures and updates on your progress. With these pictures, you can review your scope of work and your payment schedule to ensure that everything is lining up. Without following these steps, you will lose the advantage of being on point and organized. Analyze your timeline and the cost of waiting for a finished project.

Why You Should Buy Your Own Materials

Have you ever had a falling out or dispute with a contractor? If not there's a chance that you will, and if you do, they may walk off the job, with your materials. If you personally purchased the materials separately from the contractor, then you have a right to that property irrespective of any disputes/claims the contractor may have. However, if you allowed the contractor to purchase materials, those materials are not yours until you pay for all materials under most state laws.

Keep in mind that when you buy your own materials, you are able to keep track of exactly how much you are coming out of pocket. A lot of times contractors will mark up the price on materials and cost you more money.
**Mistake #8: Leaving Your Property Unsecured**

We all want to believe that everyone we work with and the neighborhood we work in is trustworthy and safe, however, sometimes it’s just not the case. Since your hands are not the only ones on the project, you’ll need to take the proper precautions. The security of your property should be a top priority for you.

**Taking Proper Precautions**

Leaving a property unsecured is a mistake you don’t want to make. Changing the lockbox code, using floodlights, and turning a radio on in the evenings are just a few of the ways that can prevent neighborhood thefts looking for an easy score. Let’s take a look at some of our favorites.

**Lockboxes**

First and foremost, change the locks the first day you’re on the property. You never know who still has a set of keys. Once that is done, put the property on a lockbox so that tradesman can come and go freely. However, as you near completion it is very important to understand that you have more and more finished materials and valuables in the house that you need to secure and protect. Once the carpenter, plumber, electrician, and HVAC have dropped their fixtures and completed the house change the lockbox code so you know only your selling team has access to the house. This eliminates too many bodies going in and out of the house that could walk off with valuables.

**Lighting**

When you start your project and certainly when you finish, one of the best theft prevention systems you can use is lighting. It sounds simple but a lot of people don’t do it. Put a dusk to dawn flood light on the back of the house and front of the house so as soon as it gets dark that house get lit up like Yankee stadium. You can also put a few lights on inside the house. Typically we’ll put them in different rooms and set up timers so the neighborhood is not sure if the house is actually vacant or not. These are great theft prevention tricks that prevent someone from becoming brave to break into your house while you are marketing and selling the property.

**Radio Noise**

Another trick to use is the sound of a radio. Leaving a radio on in the house over night works similarly to the interior lighting in that it fools outsiders into thinking someone is home. This noise and music will deter most thefts that are just curious if the house is vacant. Take one of the painters radio and plug it and let it rock all night.
**Alarm Systems**

One of the more obvious ways to prevent theft is by installing an alarm system. It is possible to install a portable alarm system. These portable alarm systems do have more of a cost than most other options, however they are very good for those seeking peace of mind. There are affordable introductory prices offered that you can sign up for to achieve monthly monitoring. If you want an even more affordable option you can also put up signs to give the appearance that alarm systems are in place, even if they aren’t.

**Faux Cameras**

A lot of times rehabbers will set up fake cameras. These cameras have lights on them and are often battery powered. You can put them around the property where people can see them. At the end of the day, they do not do any recording. They are simply meant to deter.

**Beware of Dog**

You’d be surprised how useful a “Beware of Dog” sign, especially if you are in very “active” neighborhood. A lot of people do not want to deal with the potential of dealing with a 90lb Rottweiler.

**Don’t Forget Insurance!**

Even if you have every piece of security put in place, you still have to be careful. Your insurance is there to protect you if someone got hurt. It’s not always used to protect theft. At the end of the day, tell your contractor that anything they don’t want taken from the property, they have to remove at the end of the day. You also need to be wary of your materials (cabinets, appliances, fixtures, etc.). Never have anything on the jobsite for longer than you need. If you have something in the house you’re going to install, install it that day. Don’t leave things loose in the house that can easily grow legs and walk off. Understand that you should not put your appliances in until the very last day before you’re going to show your house. This is especially true for the rougher neighborhoods.
Mistake #9: Neglecting Your Final Inspection

Before you can sell your property, you'll need to schedule inspections to make sure the property complies with applicable building codes. This is not something to take lightly, but many investors still do. With the completion of the project right around the corner, it is a natural tendency to begin to rush to the finish line. Neglecting this stage is a huge mistake.

Your Punch List

Although we'd all love to trust our contractors when they say that everything is complete, you will always need to double-check. Before arranging for your final inspections, you have to walk through the project with your contractor and develop a punch list of items that still needs to be completed. It is very common for a contractor who is looking at the house every day to miss things. The punch list is there to insure that not a stone is left unturned. Open every door, open every window, look in each cabinet. You'll find that some doors don't close properly, there is paper or plastic left in the refrigerator, touch up paint areas, and all the shelves are in place. At the end of the day, this punch list contains the little features that will sell your home.

When the end is in sight, not every investor will complete this list, or will do so haphazardly. If you call for your final inspection before doing this, you will be in for a long ride. Before your contractors receive their final check, make sure that you check everything on this list. You don't want to leave a single reason why a buyer would not want to move into your house. If you've just completed a renovation with a contractor whom you no longer wish to work with, it's a good idea to have a pre-listing inspection done to ensure that they did everything they're supposed to, and did it the right way. The bottom line is that you want to make your property truly “move-in ready.”

Check Outside

Be sure to check your garage area, the outdoor living space, and the outdoor paint job that was completed. You may find open wires where a light fixture should be, or an area that simply needs cleaning.

Helpful Tip!

As you complete your walkthrough with your contractor, it’s a good idea to make off all of the incomplete areas with a piece of blue painter’s tape.
Mistake #10: Failing to Maintain Your Property

You can complete the best project of your life, but if you don’t take care of the property, you’re going to have a hard time selling it. Don’t make the same mistake that many investors have in the past. If you do, you’ll find yourself realizing all too late that your lack of maintenance is the reason a property is not selling. By then, you will have missed the most important wave of buyers.

Yard Maintenance
As a rehabber, you are going to spend the majority of your time managing contractors and improving the systems in order to increase efficiency while running multiple projects. However, in the midst of these priorities, it is important not to forget about the details. Not only the quality, but also the presentation of the houses you rehab is going to affect your ability to quickly find buyers; and it is sure to reflect on the bottom line for your business.

Keeping up on the curb appeal is just as important as creating it. So even if you did a great job on landscaping, grass grows and bushes will always need trimming. It’s not a task you can do once, wipe the dirt off your hands, and move on. Unless you sell the property quickly, you’ll have to stay on top of your maintenance. If your property is in bad shape, it doesn’t look like a professional is taking care of it, which you should be.

Setting Expectations
You should not be the only one worried about the look of your project. Your entire team should share the same desire to always be on their “A” game. A lazy exterior reflects a lazy interior and that’s not the image you want your buyers getting. Have a good chat with your contractors up front and let them know what you expect. Remind them that you are always looking for more projects and if they want to work with you, they have to clean up their mess and always keep the house looking great. Even before it goes to market.

Heating and Power Systems
The yard isn’t the only thing you want to keep up on. In cold weather states especially, it is absolutely imperative to check that the heating system and power is working and maintained at the property. You will need a weekly and daily checkup system when the temperatures drop below freezing. The last thing you want to do is walk into your finished rehab in the middle of winter with a waterfall of water cascading from the second floor bathroom busted frozen pipe. It’s no fun rehabbing a property twice.
# Wrap Up

## Common Rehab Mistakes & Avoiding Them

1. **Mistake #1**: Falling in Love With Your Property
2. **Mistake #2**: Under or Overestimating Project Costs
3. **Mistake #3**: Over-Improving a Property
4. **Mistake #4**: Trying to Do it Yourself
5. **Mistake #5**: Leaving Out the “Sizzle Features”
6. **Mistake #6**: Failing to Uncover Hidden Damages
7. **Mistake #7**: Paying a Contractor Before a Job is Complete
8. **Mistake #8**: Leaving Your Property Unsecured
9. **Mistake #9**: Neglecting Your Final Inspection
10. **Mistake #10**: Failing to Maintain Your Property
This information is for educational purposes. We don't believe in push-button profits—we believe in proven business systems, education, drive and hard work. We are committed to teaching you how to reach your goals. In promoting our educational programs, we illustrate success stories. We want you to know, students are not compensated for their testimonials. However, many of our most successful students join our team as Coaches and Trainers. As stipulated by law, we cannot and do not guarantee results or offer legal advice. As with any business, your results will vary and will be based on your drive, effort, follow-through and other variables beyond our control. We believe in full transparency, and a high standard of integrity, that is why we encourage you to read our full earnings and income disclaimer by visiting www.fortunebuilders.com/earnings-income-disclaimers/