

# House Flipping From Start to Finish

The complete guide to buying, renovating, and selling investment properties for profit in Western Pennsylvania — from finding the right deal and securing financing, to managing a renovation, selling at maximum value, and calculating real ROI.



## FINDING DEALS

MLS, wholesalers, auctions & off-market sourcing



## FINANCING

Hard money, private lenders & BRRRR strategy



## RENOVATION

Scope, budget, contractor management & timeline



## SELLING

Pricing, marketing & maximizing exit profit

### 💡 THE INVESTOR'S REALITY CHECK

Flipping houses is a business — not a hobby. Successful flippers in Western PA typically target properties needing \$30K–\$100K in renovations, buy at 65–70% of ARV minus repairs, and net \$20K–\$60K per flip after all costs. This guide shows you exactly how to execute that formula, avoid the costly mistakes most beginners make, and build a repeatable system.

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EDITION

**2025**

Not legal or financial advice

# Analyzing a Deal: The Numbers Before Everything

Before you ever make an offer, you must know the numbers cold. More flips fail from overpaying at acquisition than from bad renovations. The math must work on paper before you write a check.

## THE CORE FORMULA: THE 70% RULE



### WORKED EXAMPLE

ARV (FROM COMPS)	× 70%	– ESTIMATED REPAIRS	= MAX PURCHASE PRICE
<b>\$280,000</b>	<b>\$196,000</b>	<b>\$55,000</b>	<b>\$141,000</b>

### HOW TO DETERMINE ARV

- ▶ **Pull Recent Comps (Sold, ≤6 Months)**  
Search MLS or Zillow for similar properties sold within 0.5–1 mile. Same bed/bath count, same general condition post-renovation. Use sold price — not list price.
- ▶ **Adjust for Key Differences**  
Add/subtract value for lot size, square footage, garage, updates, basement finish. A good rule: \$30–\$60/sq ft difference in Western PA suburbs.
- ▶ **Be Conservative**  
Use a ARV that represents a realistic median — not the highest comp. Buyers negotiate. Markets shift. Build in a 5–10% cushion.
- ▶ **Have an Agent Pull the Comps for You**  
A licensed agent with access to MLS can pull accurate comps in minutes. This is one of the highest-value services an investor agent provides.

### ALL THE COSTS YOU MUST ACCOUNT FOR

<b>ACQUISITION</b>	Purchase price, closing costs (2–4%), agent commissions on buy side (if any), inspection, title
<b>FINANCING</b>	Hard money interest (8–14%/yr), origination points (1–3%), monthly payments during hold period
<b>RENOVATION</b>	Labor, materials, permits, inspections, architectural plans, contingency (10–20% of renovation budget)
<b>HOLDING COSTS</b>	Property taxes, utilities, insurance, HOA (if any), security — for every month you own the property
<b>SELLING COSTS</b>	Agent commissions (typically 5–6%), seller closing costs (1–2%), staging, professional photography
<b>PROFIT TARGET</b>	Minimum \$25,000 net profit — or 15–20% ROI — before the deal is worth pursuing

### WESTERN PA MARKET CONTEXT

Pittsburgh-area flips typically target the \$120K–\$350K acquisition range. The strongest flip markets include Allegheny, Westmoreland, and Butler Counties — areas with consistent buyer demand, solid school districts, and ARVs in the \$200K–\$450K range. Avoid markets where ARVs are below \$150K: renovation costs are fixed, but low ARV compresses margins severely. Popular flip targets: Baldwin Borough, Bethel Park, North Hills suburbs, Penn Hills, Plum Borough, and Westmoreland County townships.

# Finding the Right Property to Flip

The best flips are found before they hit the MLS — or identified quickly when they do. Building multiple deal pipelines is the hallmark of experienced flippers. Here are the primary channels to source deals in Western PA.

 <p style="text-align: right;"><b>MEDIUM</b></p> <h3>MLS / Listed Properties</h3> <p>The most accessible source. Look for properties that have sat 30+ days, have price reductions, or are listed as estate sales, as-is, or foreclosure. Many retail buyers pass on these — creating opportunities for investors who can move quickly.</p> <ul style="list-style-type: none"> <li>Filter for 'as-is', 'estate sale', 'needs TLC'</li> <li>Set up auto-alerts for price drops</li> <li>Act fast — investor competition is high on MLS</li> <li>Partner with an agent who alerts you before listings go live</li> </ul>	 <p style="text-align: right;"><b>HIGH</b></p> <h3>Direct Mail &amp; Off-Market</h3> <p>Sending targeted letters or postcards to distressed property owners — pre-foreclosure, absentee owners, tax-delinquent properties — can generate high-quality off-market leads with less competition and better pricing.</p> <ul style="list-style-type: none"> <li>Pull lists from county tax records (public)</li> <li>Target absentee owners with 5+ year hold</li> <li>Pre-foreclosure list from county courthouse</li> <li>Consistent mailings over 6–12 months = results</li> </ul>	 <p style="text-align: right;"><b>VARIABLE</b></p> <h3>Wholesalers</h3> <p>Wholesalers contract distressed properties and assign the contract to investors for a fee (\$5K–\$20K). Deals can be excellent — or overpriced. Always verify the ARV and repair estimates independently before buying any wholesale deal.</p> <ul style="list-style-type: none"> <li>Build relationships with active local wholesalers</li> <li>Always pull your own comps — never trust theirs</li> <li>Verify the actual repair scope with your contractor</li> <li>Expect assignment fees of \$5K–\$20K on top of price</li> </ul>
 <p style="text-align: right;"><b>HIGH (IF PREPPED)</b></p> <h3>Sheriff &amp; Tax Sales</h3> <p>Allegheny and Westmoreland County hold periodic sheriff sales and judicial tax sales. Properties can be acquired below market — but require due diligence. You often can't inspect inside before bidding, and title issues may exist.</p> <ul style="list-style-type: none"> <li>Research properties on county assessment websites</li> <li>Drive by and estimate scope from exterior</li> <li>Hire a title company to research liens beforehand</li> <li>Attend several sales to understand bidding before buying</li> </ul>	 <p style="text-align: right;"><b>MEDIUM</b></p> <h3>Bank-Owned / REO</h3> <p>Real estate owned (REO) properties are bank-foreclosures listed through the MLS or direct bank channels (Fannie Mae HomePath, Freddie Mac HomeSteps, HUD Homes). Banks want clean, fast closings — good for investors with cash.</p> <ul style="list-style-type: none"> <li>HUD.gov and Homepath.com for listings</li> <li>Banks prefer cash or hard money offers</li> <li>Inspection contingency is often accepted</li> <li>Properties sold as-is — price accordingly</li> </ul>	 <p style="text-align: right;"><b>HIGHEST</b></p> <h3>Networking &amp; Referrals</h3> <p>The highest-quality deals come through relationships — with attorneys who handle estates and divorces, court-appointed trustees, contractors who know owners looking to sell, and fellow investors who have deals they can't execute.</p> <ul style="list-style-type: none"> <li>Join local REIA (Real Estate Investors Assoc.)</li> <li>Build relationships with estate/probate attorneys</li> <li>Network with other flippers — they overflow deals</li> <li>Your agent network is invaluable for early intel</li> </ul>

## WHAT MAKES A GOOD FLIP CANDIDATE IN WESTERN PA?

 <p><b>Cosmetic Damage Only</b></p> <p>Dated kitchen/baths, worn flooring, old paint — high-impact, manageable cost</p>	 <p><b>Solid Structure</b></p> <p>Good foundation, roof with life remaining, no major water intrusion or mold</p>	 <p><b>Desirable Location</b></p> <p>Good school district, walkable neighborhood, demand from retail buyers</p>	 <p><b>Priced Below Market</b></p> <p>At least 20–30% below ARV before repairs — otherwise margin is too thin</p>
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# Financing Your Flip

Traditional 30-year mortgages don't work for flips. Short-term investment properties require specialized financing. Understanding your options — and their true costs — is critical before you commit to a deal.

## Cash

0% — No Financing Cost

### PROS

- Maximum negotiating power
- Fastest close (7–14 days)
- No lender fees or approval delay
- Highest net profit on the deal

### CONS

- Ties up large capital in one deal
- Limits number of simultaneous flips
- Opportunity cost of idle capital

*Best for: Experienced investors with \$150K+ liquid capital. The gold standard.*

## Hard Money Loans

9–14% interest + 1–3 points

### PROS

- Closes in 5–15 days
- Lends on property value (not income)
- Often funds both purchase + rehab
- No prepayment penalty on most

### CONS

- Very expensive (can add \$10–25K to cost)
- Short terms (6–18 months)
- High origination fees
- Requires experience & track record

*Best for: Investors who've analyzed the deal carefully. Common for most flippers.*

## Private Money / Private Lenders

6–10% — Negotiable Terms

### PROS

- Flexible terms — negotiated directly
- Can be cheaper than hard money
- Often no points or origination
- Relationship-based: grows over time

### CONS

- Requires finding and vetting lenders
- Deal-by-deal approval
- Must protect lender with collateral
- No regulatory protections

*Best for: Investors with a network of wealthy contacts or family with capital to deploy.*

## Home Equity / HELOC

Prime + 0–2% (currently ~8–10%)

### PROS

- Lower cost than hard money
- Fast access once line is established
- Flexible draws — use only what you need
- No points or origination

### CONS

- Requires existing home equity
- Bank can freeze/reduce line
- Puts primary home at risk
- Qualification depends on income

*Best for: Homeowners with substantial equity looking to start investing.*

## FHA 203(k) / Conventional Rehab

5–8% (conventional mortgage rates)

### PROS

- Lower interest rates
- Can finance purchase + rehab together
- Lower down payment (3.5–5%)
- Good for primary residence flips

### CONS

- Must owner-occupy (203k)
- Slow — 30–60 day close
- Heavy documentation and approval process
- Not available for pure investment flips

*Best for: First-time investors who plan to live in the property during renovation (house hacking).*

## BRRRR Strategy

Varies — refi at conventional rates after

### PROS

- Recycles capital — buy more deals
- Builds long-term rental portfolio
- Cash-out refi repays hard money
- Scales a portfolio without endless capital

### CONS

- Requires strong refinance appraisal
- Rental must cash-flow after refi
- More complex — two loan processes
- Market timing risk

*Best for: Investors who want to hold rentals and recycle capital into more acquisitions.*

## TRUE COST OF FINANCING — ALWAYS MODEL THIS

A 6-month flip financed with hard money at 12%/year with 2 points on a \$150,000 loan costs: \$3,000 in points + \$9,000 in interest = **\$12,000 in financing costs alone**. Every extra month you hold adds ~\$1,500/month. Speed of renovation directly impacts profitability. Always include financing costs in your deal analysis before making any offer.

# Managing the Renovation: Scope, Budget & Contractors

Renovation is where most first-time flippers lose money. Scopes expand, timelines slip, contractors underperform, and surprises happen. Here's how to manage a renovation like a professional — with systems, not luck.

## HIGH VS. LOW ROI RENOVATIONS — WHAT MOVES THE NEEDLE

HIGH ROI	MEDIUM ROI	LOW ROI (AVOID UNLESS NECESSARY)
<b>Kitchen Update (not full gut)</b> \$8K–\$20K <span style="float: right;">80–120%</span>	<b>Roof Replacement</b> \$8K–\$18K <span style="float: right;">60–80%</span>	<b>Luxury Kitchen (full gut)</b> \$30K–\$60K <span style="float: right;">40–60%</span>
<b>Bathroom Refresh</b> \$4K–\$12K <span style="float: right;">70–110%</span>	<b>HVAC Replacement</b> \$5K–\$12K <span style="float: right;">50–70%</span>	<b>Swimming Pool Addition</b> \$30K–\$60K <span style="float: right;">20–40%</span>
<b>Fresh Paint Throughout</b> \$3K–\$8K <span style="float: right;">150%+</span>	<b>Windows Replacement</b> \$6K–\$15K <span style="float: right;">60–75%</span>	<b>Sunroom Addition</b> \$15K–\$35K <span style="float: right;">40–55%</span>
<b>New Flooring (LVP)</b> \$4K–\$10K <span style="float: right;">100–130%</span>	<b>Electrical Panel Upgrade</b> \$2K–\$5K <span style="float: right;">60–80%</span>	<b>Over-Improving for the Market</b> Varies <span style="float: right;">Negative</span>
<b>Curb Appeal / Landscaping</b> \$2K–\$6K <span style="float: right;">100%+</span>	<b>Plumbing Updates</b> \$3K–\$10K <span style="float: right;">50–70%</span>	<b>Basement Finishing (if not expected)</b> \$20K–\$45K <span style="float: right;">50–65%</span>
<b>Lighting Fixtures</b> \$1K–\$3K <span style="float: right;">150%+</span>	<b>Deck/Patio Addition</b> \$5K–\$15K <span style="float: right;">60–80%</span>	<b>Garage Addition</b> \$20K–\$50K <span style="float: right;">40–60%</span>

### HIRING & MANAGING CONTRACTORS

- 01 Get 3 bids on every scope of work — compare itemized line-item bids, not lump-sum quotes.
- 02 Check PA license (CSLB), insurance certificate, and references on every project over \$5,000.
- 03 Never pay more than 1/3 upfront. Tie payments to completed milestones — not calendar dates.
- 04 Put everything in writing. Signed contract with detailed scope, timeline, payment schedule, and warranty terms.
- 05 Do a daily or every-other-day walkthrough. Problems caught early cost a fraction of problems caught late.
- 06 Final 10% payment held until punch list is 100% complete and you've done a thorough walkthrough.

### BUDGET & TIMELINE MANAGEMENT

#### Always Add a 15–20% Contingency

Hidden water damage, knob-and-tube wiring, asbestos, bad plumbing — old Western PA houses have surprises. Build contingency in before you buy, not after you're surprised.

#### Create a Detailed Scope of Work (SOW)

Line-item every single task: demo, rough plumbing, rough electric, insulation, drywall, paint, cabinets, counters, fixtures, flooring, trim, cleaning. No vague descriptions.

#### Set Hard Deadlines in Contracts

Include liquidated damages clauses — contractor pays \$X/day for delays past agreed completion date. Most GCs will sign this; those who won't are telling you something.

#### Order Materials Early

Lead times on cabinets, windows, and appliances can be 3–10 weeks. Order immediately after closing to avoid holding cost delays.

#### Track Actual vs. Budget Weekly

Use a simple spreadsheet: budgeted cost vs. actual invoiced cost vs. remaining budget. Know your burn rate at all times.

### ⚠️ THE #1 RENOVATION MISTAKE: OVER-IMPROVING

Match your renovation level to the neighborhood. Installing \$60,000 in luxury finishes in a neighborhood where comparable homes sell for \$200,000 is a guaranteed loss. Research what buyers in that price range and area expect — then deliver that standard, plus 10%. No more. Granite vs. quartz vs. laminate — that decision is driven by your ARV, not your personal taste.

# Selling Your Flip at Maximum Value

Your exit strategy is as important as your entry. A poorly priced or poorly marketed flip can sit for months — costing thousands in holding costs that destroy your profit margin. Here's how to sell fast and at maximum price.

## PRE-LISTING CHECKLIST: BEFORE YOU GO LIVE

- ✓ Complete punch list — every item finished, no exceptions before photography
- ✓ Deep clean entire property: windows, grout, appliances, light fixtures
- ✓ Professional staging or at minimum, clean furniture and décor in key rooms
- ✓ Professional photography AND video walkthrough — not phone photos
- ✓ Drone/aerial photos for any property with yard, lot, or location advantage
- ✓ Obtain occupancy permit (required in many Allegheny/Westmoreland municipalities)
- ✓ Complete any required dye tests or lateral inspections (Allegheny/Westmoreland)
- ✓ Gather all permits and inspection approvals — buyers will ask
- ✓ Create a renovation summary document: what was done, by whom, with dates
- ✓ Price strategically based on fresh comps — not what you need to make

## PRICING STRATEGY FOR FLIPS

### Price at Market — Not Above It

Flips priced at or slightly below the highest comp attract multiple offers and sell quickly. Pricing above comps means sitting — and every week is money lost.

### The First 2 Weeks Are Gold

A new listing gets maximum buyer traffic in its first 10–14 days. Price it right from the start. A price reduction signals weakness and attracts lower offers.

### Factor In Buyer Closing Cost Concessions

Many buyers will ask for 2–3% in concessions. Build this expectation into your net profit calculation from the start — don't be surprised by it at the table.

### Know Your Walk-Away Number

Before listing, calculate the minimum net price you can accept and still profit. If offers come in below that number, you know whether to negotiate or wait.

## MARKETING A FLIP VS. A REGULAR LISTING

- ▶ Highlight the renovation: list every update in the description with materials and brands
- ▶ Show the before/after story — buyers love knowing what was done
- ▶ Target first-time buyers and move-up buyers — your primary audience
- ▶ Use open houses aggressively the first weekend on market
- ▶ Syndicate to all major platforms: Zillow, Realtor.com, Homes.com, social media

## 📄 PENNSYLVANIA-SPECIFIC DISCLOSURE REQUIREMENTS FOR FLIPS

### Seller's Property Disclosure (SPD)

Required for all PA residential sales. As an investor/flipper, you must disclose known defects — including items discovered during renovation. Failure to disclose = potential liability.

### Permit Disclosure

All permits pulled during renovation must be disclosed. Unpermitted work is a significant red flag for buyers, lenders, and inspectors. Always pull required permits.

### Lead Paint Disclosure (Pre-1978)

Most Western PA flip properties are older stock. Lead paint disclosure and EPA pamphlet required. Buyers have 10-day inspection right unless waived.

### Occupancy / Municipal Certificates

Many Allegheny County municipalities require occupancy permits before a new owner can occupy. Complete this before listing — it's a dealbreaker if missing.

## 🕒 WHY SPEED MATTERS MORE THAN PRICE

A flip priced 3% under market that sells in 10 days will often net more than one priced at market that sits for 60 days. 60 days of holding costs (mortgage/hard money, taxes, insurance, utilities) on a typical Western PA flip can easily equal \$6,000–\$12,000. Price aggressively, sell fast, move to the next deal.

# Profit Calculation, Taxes & Scaling Up

Understanding your true net profit — after every cost and every tax — is what separates professionals from hobbyists. Here's how to calculate it accurately, what taxes to expect, and how to build a scalable flipping business.

## COMPLETE NET PROFIT CALCULATOR — SAMPLE DEAL

### ALL COSTS (CASH OUT)

Purchase Price	(\$155,000)
Closing Costs (Buy Side, ~2.5%)	(\$3,875)
Renovation Budget	(\$52,000)
Contingency (15%)	(\$7,800)
Hard Money Interest (6 mo @ 12%)	(\$9,300)
Origination Points (2%)	(\$3,100)
Holding Costs (6 mo: tax/util/ins)	(\$4,500)
Selling Commission (5.5%)	(\$15,950)
Seller Closing Costs (~1.5%)	(\$4,350)
Staging / Photos / Marketing	(\$1,500)
<b>Total All-In Cost</b>	<b>(\$257,375)</b>

### REVENUE & PROFIT

ARV / Sale Price

**\$290,000**

Net Profit (Before Tax)

**\$32,625**

ROI on Cash Invested

**21.1%**

In 6 months — ~42% annualized

**AFTER FEDERAL TAX (EST. 30–37%)**

**~\$20,500–\$22,800**

Flip profit is taxed as ordinary income — see below

### ⚠️ TAX REALITY FOR FLIPPERS

#### Flips Are Taxed as Ordinary Income

Unlike long-term capital gains (15–20%), flip profits are considered dealer income by the IRS — taxed at your ordinary income rate (up to 37% federal + PA 3.07%). This is the biggest surprise for first-time flippers.

#### Self-Employment Tax (15.3%) May Apply

If flipping is your primary business activity, the IRS may classify you as a dealer — subjecting profits to self-employment tax in addition to income tax. Consult a CPA.

#### Entity Structure Matters

Many flippers operate under an LLC for liability protection, but an LLC taxed as an S-Corp can reduce self-employment tax exposure. Talk to a CPA and attorney before your first flip.

#### Track Every Deductible Expense

Every renovation cost, financing fee, holding cost, mileage, and professional service is potentially deductible. Meticulous records = lower taxable profit. Use accounting software from day one.

### 📊 SCALING: GOING FROM 1 FLIP TO 10

#### Build Your Team First

You cannot scale without a reliable contractor, a trusted lender, and an agent who understands investment properties. These three relationships are your foundation.

#### Systematize the Process

Create checklists for deal analysis, renovation scope, contractor hiring, listing prep, and closing. Every flip should follow the same repeatable system.

#### Use a Revolving Funding Line

As you gain track record, establish a revolving line of credit with a hard money lender or private investor — so you can move on multiple deals simultaneously.

#### Track Your Metrics Every Deal

Days to close, days of renovation, days on market, actual vs. budget, net profit per deal. Data from 5 flips makes your 6th flip significantly more profitable.

#### Consider the BRRRR for Capital Recycling

Convert some flips to rentals via BRRRR — recapture your cash through refinancing, keep the asset, and use the same capital for your next flip.

### 💡 PROFESSIONAL TEAM YOU NEED BEFORE YOUR FIRST FLIP

Real Estate Attorney (PA)

CPA / Tax Advisor

Hard Money Lender (pre-approved)

Investment-Savvy Agent

**⚠ NOT LEGAL, TAX, OR FINANCIAL ADVICE**

This guide is for educational purposes only. House flipping involves significant financial risk. Consult a licensed Pennsylvania real estate attorney, CPA, and financial advisor before making any investment decisions. Past results are not indicative of future performance. Market conditions change — always conduct your own due diligence.

**✔ COMPLETE FLIP CHECKLIST — START TO FINISH**

<input type="checkbox"/> Determine target ARV from comparable sales	<input type="checkbox"/> Calculate max purchase price (70% Rule)	<input type="checkbox"/> Estimate full renovation scope & cost
<input type="checkbox"/> Model all financing costs (points, interest)	<input type="checkbox"/> Model all holding & selling costs	<input type="checkbox"/> Confirm minimum profit target is met
<input type="checkbox"/> Source deal (MLS, wholesale, off-market)	<input type="checkbox"/> Have contractor walk property pre-offer	<input type="checkbox"/> Submit offer with appropriate contingencies
<input type="checkbox"/> Secure financing (hard money, cash, HELOC)	<input type="checkbox"/> Conduct full inspection & adjust budget	<input type="checkbox"/> Close and immediately begin renovation
<input type="checkbox"/> Pull all required permits before starting	<input type="checkbox"/> Hire licensed, insured contractors only	<input type="checkbox"/> Manage on-site weekly — never go dark
<input type="checkbox"/> Track actual vs. budget cost weekly	<input type="checkbox"/> Complete punch list before photos	<input type="checkbox"/> Professional staging and photography
<input type="checkbox"/> Obtain occupancy permit / municipal certs	<input type="checkbox"/> List at strategic market-competitive price	<input type="checkbox"/> Hold open house first weekend on market
<input type="checkbox"/> Negotiate offers with net proceeds focus	<input type="checkbox"/> Close quickly — avoid extended hold	<input type="checkbox"/> File taxes with CPA — track all deductions

**READY TO FIND YOUR FIRST FLIP?**



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REALTOR® | Keller Williams Exclusive · The Steel City Agent

I specialize in working with investors — from first-time flippers to seasoned portfolio builders. I'll help you find the right property, pull accurate comps, navigate municipal requirements, and list your finished flip for maximum return.



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