



**THE STEEL CITY AGENT**  
Amanda Tihey | Keller Williams Exclusive



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BUYER · SELLER · AGENT PERSPECTIVES

# 5 Ways Real Estate Deals Actually Get Done

*Novation · Wholesaling · Wholetailing · Flipping · Conventional*

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Most people only ever experience one type of real estate transaction — the traditional purchase. But properties change hands in five fundamentally different ways, each with its own mechanics, motivations, risk profile, and outcomes for everyone at the table.

This guide breaks down all five transaction types from three vantage points: the buyer, the seller, and the agent. Understanding the landscape means you'll never wonder why someone is making an offer the way they are — or whether a deal being proposed is actually in your interest.

NOVATION

WHOLESALING

WHOLETAILING

FLIPPING

CONVENTIONAL



**Amanda Tihey**

REALTOR® | The Steel City Agent

412-852-7776 | [thesteelcityagent@gmail.com](mailto:thesteelcityagent@gmail.com)

Know the deal type.  
Know your position in it.

# Wholesaling & Wholetailing

The two strategies most commonly misunderstood — often by sellers who don't realize what kind of transaction they've agreed to.

## Wholesaling

The wholesaler never actually buys the home — they sell the contract

TYPICAL PROFIT

**\$5k–\$30k**  
assignment fee

### How It Works

A wholesaler gets a distressed property under contract at a below-market price — often through direct mail, cold calls, or driving for dollars. They then assign that contract to a cash buyer (typically an investor) for an assignment fee before the contract closes. The wholesaler never takes title. They're selling the right to purchase — not the property itself.

#### THE SELLER'S EXPERIENCE

- ▶ Often approached off-market — no listing, no MLS exposure, no competing offers. This is by design.
- ▶ The price offered is significantly below market value — sometimes 50–70 cents on the dollar. The pitch is 'speed and convenience.'
- ▶ Sellers who are uninformed may not realize the buyer plans to flip or assign the contract immediately for a profit.
- ▶ Legitimate wholesalers are transparent. Predatory ones use high-pressure tactics on vulnerable sellers (estate, foreclosure, distress).
- ▶ In PA, wholesalers must be careful not to cross into activities requiring a real estate license without holding one.

#### THE BUYER'S EXPERIENCE

- ▶ The end buyer is almost always a cash investor. The contract they receive has already been negotiated — they're taking it or leaving it.
- ▶ Due diligence window is typically tight. The investor is buying as-is, often with limited inspection time.
- ▶ Buyers must be comfortable not knowing the assignment fee the wholesaler is collecting — it's disclosed at closing but often isn't discussed upfront.
- ▶ Experienced investors love wholesale deals — they get off-market access to distressed inventory at a discount, even after the fee.

#### THE AGENT'S ROLE

- ▶ Traditional agents typically have no role in wholesale transactions — and earn no commission.
- ▶ However, agents who build investor networks can refer wholesale deals and earn referral fees, or represent investor-buyers in double-close scenarios.
- ▶ Agents have an ethical obligation: if approached by a seller considering a wholesale offer, they should ensure the seller understands the fair market value of their property.
- ▶ The line between wholesale marketing and practicing real estate without a license is heavily regulated — agents should understand it.

## Wholetailing

Hybrid strategy — buy it cheap, list it as-is, sell it on MLS at near-market price

TYPICAL PROFIT

**\$15k–\$50k**  
vs full flip costs

### How It Works

The investor purchases a distressed property (often from a wholesale source) and instead of doing a full renovation, they clean it up minimally — basic repairs, clean out, maybe paint — then list it on the MLS at a price below what a fully renovated home would sell for but above what they paid. They're splitting the profit margin with the next buyer who will finish the renovation.

#### THE SELLER'S EXPERIENCE

- ▶ The seller in a wholetail is the investor who bought wholesale — the original homeowner has already sold.
- ▶ The investor-seller wants a quick sale at minimal holding cost. They've priced below full renovation value to attract buyers willing to take on the work.
- ▶ No emotional attachment — this is a business transaction with a defined exit strategy.

#### THE BUYER'S EXPERIENCE

- ▶ Typically a buyer who wants equity built-in — a contractor, a house hacker, or an investor who prefers to finish the rehab themselves.
- ▶ Gets MLS access and a traditional purchase process, but buys as-is with known deferred maintenance.
- ▶ The deal is usually priced at a discount but not as deep as a full wholesale — buyer pays for the 'already under contract and available on MLS' convenience.

#### THE AGENT'S ROLE

- ▶ Agents are typically involved on the MLS listing side — the investor-seller lists with an agent.
- ▶ Buyer's agents are commonly used. This is a near-conventional transaction process.
- ▶ The agent should ensure buyer clients understand the as-is nature, limited seller disclosures, and renovation expectations before making an offer.

# Novation Agreements

The least understood transaction type in real estate — and often the most elegant solution when both parties need something the traditional process can't provide.

## What Is a Novation Agreement?

A novation agreement is a contract between an investor and a seller where the investor is authorized to renovate, market, and sell the property — on behalf of the seller — before the investor officially purchases it. The investor essentially steps into the seller's shoes and takes on the sale process themselves.

The seller doesn't transfer title until the end buyer closes. The investor's profit comes from the spread between what they agreed to pay the seller and what the end buyer pays — after renovation costs.

## Why It Exists

Traditional flipping requires the investor to buy the property first, then renovate and sell. That requires capital, financing, and holding costs. Novation removes the purchase step — the investor never buys until there's a ready buyer. This reduces risk and capital requirements dramatically.

For sellers, it can mean a higher net sale price than a wholesale or as-is offer — because the investor brings renovation and marketing expertise without the seller having to fund or manage the rehab.

## The Step-by-Step Mechanics

### 1

#### Agreement Signed

Investor and seller sign a novation agreement. Seller authorizes investor to renovate and market the property. A guaranteed minimum net to the seller is established.

### 2

#### Investor Renovates

Investor funds and manages the renovation out of pocket — at their own risk. The seller does not pay for repairs and typically vacates.

### 3

#### Property Listed

The investor (acting on the seller's behalf) lists the renovated property on MLS at full retail price — often well above what a wholesale or as-is sale would achieve.

### 4

#### End Buyer Found

A retail buyer purchases the home at the listed price. The transaction goes through title just like a conventional sale.

### 5

#### Proceeds Split

At closing, the seller receives their guaranteed minimum (or more, depending on the agreement structure). The investor keeps the profit above that figure, minus renovation costs and fees.

## Three Perspectives on Novation

### THE SELLER'S PERSPECTIVE

- ▶ Typically gets more than a wholesale offer — sometimes significantly more — because the investor is bringing retail buyers, not investor buyers.
- ▶ Gives up control of the renovation process and timeline. The investor is running the show.
- ▶ Legal risk: the seller's name is on the property during the renovation. If something goes wrong — injury, liability — the seller needs to understand their exposure. A properly structured novation agreement addresses this.
- ▶ Best suited for sellers who want more than an as-is offer but cannot or do not want to fund a renovation themselves.
- ▶ Must be disclosed fully — in PA, sellers have disclosure obligations to end buyers about material defects, even in renovated form.

### THE INVESTOR'S PERSPECTIVE

- ▶ Reduced capital requirement: no need to close on the purchase before selling. The investor funds renovation but not the acquisition.
- ▶ Carries renovation risk — if the market shifts or renovation runs over budget, their spread shrinks or disappears.
- ▶ Requires strong contracts and legal counsel. A poorly written novation agreement creates liability for both parties.
- ▶ Needs a seller who is motivated and cooperative — if the seller changes their mind mid-renovation, the situation becomes complicated.
- ▶ Works best in stable or appreciating markets where retail buyer demand is strong.

### THE AGENT'S ROLE

- ▶ Agents can be involved on both ends — representing the seller in the novation agreement negotiation, and/or listing the renovated property.
- ▶ The listing agent in a novation scenario should be clear with end buyers: this is a renovated flip-style sale. Disclosures matter.
- ▶ Some states are beginning to regulate novation agreements more closely — agents should understand the legal landscape in PA before advising clients.
- ▶ A buyer's agent representing the end buyer should request full renovation scope, permits pulled, and contractor documentation.

## NOVATION VS. WHOLESALE — KEY DIFFERENCES

### TITLE TRANSFER

Novation: at end sale | Wholesale: before assignment

### INVESTOR BUYS PROPERTY?

Novation: No | Wholesale: Sometimes (double close)

### SELLER'S NET PRICE

Novation: Near-retail | Wholesale: Well below market

### RENOVATION

Novation: Investor funds | Wholesale: End buyer's problem

### CAPITAL REQUIRED

Novation: Reno only | Wholesale: Minimal or none

## WHEN NOVATION MAKES THE MOST SENSE

- ✓ Seller wants more than wholesale but can't manage a renovation
- ✓ Property needs significant work before it can attract retail buyers
- ✓ Seller has time — novation takes longer than wholesale, but yields more
- ✓ Investor has renovation capacity but limited acquisition capital
- ✓ Market is strong enough to support full retail pricing post-renovation

# Flipping & Conventional Transactions

The two most familiar transaction types — one driven by investment strategy, the other by the standard homebuying process most people experience only once or twice in their lives.

## Flipping

Buy low, renovate fully, sell at full retail — investor takes all the risk and all the upside

TYPICAL GROSS PROFIT

**\$30k-\$100k+**

before carrying costs

The investor purchases a distressed or undervalued property, completes a full renovation (cosmetic through structural), then lists it at full retail value. The profit is the spread between purchase + renovation costs and the sale price. Unlike novation, the investor owns the property the entire time — carrying all acquisition costs, taxes, insurance, and financing during the hold period.

### ORIGINAL SELLER'S EXPERIENCE

- ▶ Sells to investor as-is, typically well below retail — they get speed and certainty in exchange for price.
- ▶ Often doesn't know (or care) that the investor will flip. The deal is done at their closing.
- ▶ PA disclosure requirements transfer to the investor at this point — they become the seller for the eventual retail sale.

### END BUYER'S EXPERIENCE

- ▶ Buying a fully renovated home — often turnkey, with new kitchen, baths, flooring, systems.
- ▶ Typically at or near the top of the market for that neighborhood. The flip premium is real.
- ▶ Buyer should inspect thoroughly — flips can be 'lipstick on a pig' or genuinely excellent. Know the difference.
- ▶ Standard purchase process: listing, offer, inspection, financing, closing.

### AGENT'S ROLE

- ▶ Often involved on both ends — acquiring agent and listing agent may both earn commissions.
- ▶ Listing agent should know the renovation scope and be prepared to answer buyer agent questions about what was done and what permits were pulled.
- ▶ Buyer's agents: insist on a full inspection. Cosmetic flips sometimes mask deferred structural issues.

#### ACQUISITION

Purchase + closing costs

#### RENOVATION

Rehab budget + overruns

#### CARRYING COSTS

Interest, taxes, insurance, utilities

#### SALE

Commission, closing costs, transfer taxes

## Conventional Transaction

Owner lists property on MLS, buyer purchases with traditional financing — the standard homebuying process

SELLER NET

**Market Rate**

minus commission & costs

The conventional transaction is what most people picture when they hear "buying a house." A homeowner lists their property with a licensed real estate agent, the home is marketed on MLS and through other channels, buyers submit offers (often with financing contingencies), and the sale closes through a title company after inspections, appraisal, and lender approval. It is the most transparent, most regulated, and most commonly used transaction structure in residential real estate.

### SELLER'S EXPERIENCE

- ▶ Full MLS exposure means maximum buyer competition — the best price typically comes from market exposure, not private negotiation.
- ▶ Seller pays commission (typically 5–6%, split between both agents) and closing costs.
- ▶ Timeline is longer than off-market sales — 30–60 days from list to close is typical.
- ▶ Maximum legal protection: mandatory disclosures, inspections, appraisals, and title work protect all parties.
- ▶ Best outcome for sellers who aren't in distress and can wait for the right buyer.

### BUYER'S EXPERIENCE

- ▶ Full access to property disclosures, inspection reports, and lender-required appraisals.
- ▶ Competing with other buyers in a transparent market — offers are made without knowing competitors' terms.
- ▶ Standard 30–60 day closing timeline. Financing contingencies provide protection.
- ▶ Most buyers use a buyer's agent — in PA post-NAR settlement, buyer representation agreements are required before showings.
- ▶ Best outcome for buyers who want a move-in-ready or standard condition home with full legal protections.

### AGENT'S ROLE

- ▶ Agents earn their commission here — pricing strategy, marketing, staging guidance, negotiation, transaction coordination.
- ▶ Listing agent drives the entire seller-side process. Buyer's agent advocates for buyer interests, drafts offers, coordinates due diligence.
- ▶ This is where skilled agents generate the most value. The difference between a great agent and an average one shows most clearly in a competitive conventional transaction.
- ▶ Post-NAR settlement: buyers sign representation agreements. Compensation is negotiated — not assumed.

# Side-by-Side Comparison & Decision Guide

A direct comparison across all five transaction types — and a practical guide to which one actually fits your situation.

## The Full Comparison Matrix

	Wholesale	Wholesale	Novation	Flip	Conventional
<b>Seller's Net Price</b>	50–70% of market	70–85% of market	80–95% of market	Market (after costs)	<b>Full market value</b>
<b>Time to Close</b>	<b>7–21 days</b>	30–45 days	45–90 days	30–60 days	30–60 days
<b>Seller's Effort</b>	Minimal	<b>None (as-is)</b>	<b>None (investor manages)</b>	None post-sale	High (prep, showings)
<b>Buyer Profile</b>	Cash investor only	Investor / contractor	End retail buyer	End retail buyer	<b>Any qualified buyer</b>
<b>Renovation Done?</b>	No	Minimal only	<b>Yes (by investor)</b>	<b>Yes (by investor)</b>	Seller's condition
<b>Agent Involved?</b>	Rarely	Usually	Sometimes	Both ends	<b>Always</b>
<b>Buyer Financing</b>	Cash only	Cash/hard money	<b>Traditional OK</b>	<b>Traditional OK</b>	<b>Traditional/all types</b>
<b>Transparency</b>	Low (off-market)	Medium	Medium-High	High (MLS)	<b>Highest (MLS + regulated)</b>
<b>Investor Risk</b>	<b>Very Low</b>	Low	Medium (reno risk)	High (holds title)	N/A
<b>Seller Legal Protection</b>	Low	Low-Medium	Medium	Standard	<b>Highest</b>

## Which Transaction Type Is Right for You?

If you're a SELLER who needs to close fast with zero hassle

### → Wholesale or As-Is Wholetail

You'll leave money on the table relative to a conventional sale. That's the trade-off for speed, certainty, and avoiding the listing process entirely. Make sure you understand what your home is worth before accepting any off-market offer.

If you're a SELLER who wants a high price but can't fund renovation

### → Novation Agreement

Let the investor do the heavy lifting. You get closer to retail pricing without managing contractors or fronting renovation costs. Requires a trustworthy investor and a solid contract. Amanda can help you evaluate novation offers.

If you're a SELLER who has time and wants maximum proceeds

### → Conventional Sale

Full MLS exposure, competing buyers, full market value. The conventional process takes longer and requires more preparation, but it consistently produces the best net outcome for sellers who aren't in distress.

If you're a BUYER who wants a deal and can handle work

### → Wholetail or Flip Purchase

Buy below full retail in exchange for taking on renovation or accepting as-is condition. Understand what you're getting into — get a thorough inspection and price the renovation work before making any offer.

If you're a BUYER who wants a turnkey home

### → Conventional or Post-Flip Purchase

Standard MLS listings or fully renovated flips give you move-in ready condition. You'll pay market rate. Get an inspection regardless — fully renovated doesn't mean everything is perfect.

If you're an INVESTOR with limited capital

### → Wholesaling or Novation

Wholesaling requires the least capital. Novation requires renovation budget but not acquisition capital. Both allow you to participate in deals without heavy upfront purchase financing.

### AMANDA'S PERSPECTIVE ON TRANSACTION TYPES

*"The most important thing I can do for any client — buyer or seller — is make sure they understand what kind of deal they're actually in. When a seller gets approached off-market by someone offering cash, they deserve to know that price is a starting point, not a given. When a buyer tours a flip, they deserve to know what questions to ask about what's behind the walls. I work across all of these transaction types, and the difference between a good outcome and a bad one is almost always information."*

— Amanda Tihey, The Steel City Agent

NOT SURE WHICH TYPE OF DEAL YOU'RE IN — OR SHOULD BE IN?

# Every Transaction Type Requires a Different Strategy.

Whether you're a homeowner being approached with an off-market offer and wondering if it's fair, a buyer evaluating a flip and not sure what to look for, or an investor trying to determine which structure fits your next deal — these conversations require experience across all five transaction types.

Amanda works with buyers, sellers, and investors across conventional, investment, and alternative transaction structures throughout Southwestern Pennsylvania. If you have a question about a deal you're being offered — or a deal you want to structure — reach out before you sign anything.

## Reach Amanda



CELL / TEXT

**412-852-7776**



OFFICE

**412-682-0120**



EMAIL

**thesteelcityagent@gmail.com**



WEBSITE

**TheSteelCityAgent.Com**



FACEBOOK

**Amanda Tihey**



INSTAGRAM

**@thesteelcityagent**

## Amanda Works Across All Transaction Types:

- ✓ Evaluating off-market cash offers for homeowners — is the price actually fair?
- ✓ Representing buyers purchasing flips, wholesales, and estate properties
- ✓ Listing investment properties on MLS for investor-sellers
- ✓ Advising sellers on conventional vs. off-market strategies based on their actual situation
- ✓ Reviewing novation agreements presented to sellers — understanding the contract before signing
- ✓ Connecting investors with motivated sellers in the Pittsburgh market
- ✓ Buyer representation for end buyers purchasing renovated investment properties



## Amanda Tihey

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*Moving you from where you are now... to where you want to be!™*

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