

REAL ESTATE

## 8 Ways to Tell the House You're Buying Is a Flip

Know how to investigate a property's background and spot suspect work before you put in an offer on a flipped house.



By [Devon Thorsby](#), Editor, Real Estate | April 27, 2018, at 4:13 p.m.



With a critical eye and a little sleuthing, you can determine whether a flipped home is worth your investment. (Getty Images)

The housing market is certainly hot these days, but so are the houses going on the market. Even in tight seller's markets, it appears sellers are upping their game by updating kitchens, bathrooms, bedrooms and backyards to appeal to more buyers and encourage them to [offer top dollar at a chance to win the bid](#).

There's good reason for that: The sellers are often [real estate investors](#). Property information company ATTOM Data Solutions released its Year-End 2017 U.S. Home Flipping Report in March, which revealed that 207,088 houses and condos were flipped last year, an 11-year high for home flipping.

The increase in flipped houses is an answer to demand. Bobby Montagne, CEO of Walnut Street Finance, a private money lender focused on home flipping in markets in Virginia, North Carolina and surrounding the District of Columbia, says homebuyers are, on the whole, looking for [move-in ready condition](#).

“Especially, we find, in urban areas, the housing stock is old by definition,” Montagne says. “Folks who buy houses these days, whether they’re millennials or others, I’ve noticed, do not want to move into a house where they have a whole honey-do list of things that need to get done on the weekends.”

Greater demand for houses that have already been updated, of course, doesn’t guarantee the work is always solid. While many home flippers are savvy, established real estate investors, others may be willing to cut corners for the sake of profit. Flipped houses can get a bad reputation when the investor doing the work opts only to address cosmetic fixes, allowing structural problems, old electricity or an outdated furnace to remain.

“There are folks that are very good at this and folks that are just in and out of it for a buck,” Montagne says. “The way you avoid the latter is you ask for a year warranty ... and a good builder, a good flipper, does not have a problem with that.”

Here are eight things to check for to know if the house you’re considering is a flip – and whether the work is worth your investment.

**Check out the property history.** A simple way to know if the house you’re looking at is flipped is to look up the property’s history. Transaction records are available through your county assessor’s office, but recent sale history may also be available on sites like Zillow or Trulia.

If the property sold to the current seller within the last year, it’s most likely been flipped. Montagne says the timeline for a house flip is typically “closing to closing, nine months,” with six and 12 months being the outer ends of the range for getting a property ready and on the market. Old listing photos from the most recent sale can also show you if the property changed drastically with the current owner.

**Inspect the doors.** Once you’re at the property, you can detect where a house flipper may have corners to stretch the budget. The first spot to check is right at the front door.

For the sake of insulation, soundproofing and security, exterior doors should be solid, and the doorknob should be sturdy and carry some weight. “If they skimped on the door hardware, they probably skimped in other places as well,” says Seth Argo, president of Focus Builders, a custom home developer based in Nashville, Tennessee.

**Give the windows a try.** As you’re touring the house, check the windows – do they open and close smoothly? The windows in a flip may also be new, and you can ask about the make of the windows and conduct a little research to see if they’re the cheapest option or if they’ll help make the house more energy-efficient. “Who was the window manufacturer, and what line of windows did they put in?” Argo says.

**Take a look at the bathrooms.** Bathrooms and kitchens are the most important rooms to many homebuyers, so a fresh renovation will likely be most obvious in those rooms. “They’ll be bright and shiny and clear,” Montagne says. Fresh tile work and new fixtures in the sink aren’t hard to spot, for example.

**Turn the HVAC on and off.** You typically don't want to mess with the heating and air conditioning during an open house or initial tour, but if you're trying to formulate a purchase offer based on work that may be needed in the future, turn the heat or air conditioning on and off.

"New heating and air conditioning units work really well," Montagne says. If it seems to take a while for the system to get going or you hear rattles and roars as the HVAC shuts down, the system likely hasn't been updated. Especially if you know the property's been flipped, you may want to know more about updates beyond cosmetic changes that have or haven't taken place.

**Investigate custom cabinets.** A flipped house or recent renovation will likely speak to "new custom cabinets" in the online listing. Argo warns homebuyers to be wary of the phrase and ask questions because the cabinetry often isn't the custom build the phrase implies.

"It is custom cabinetry in that the components were custom to that house, but whoever the local cabinet person was probably didn't build them," Argo says. "They're probably what we call in the industry a factory line of cabinetry." He recommends getting the name of the cabinet manufacturer and, especially if it's a local business, call and ask if the cabinets for that house were factory ordered or a true custom build.

**Pay no mind to "luxury."** Like custom cabinets, references to "luxury" in a home listing shouldn't hold weight, as the word doesn't guarantee a certain level of craftsmanship, amount of work or cost that went into renovations. "It's just hard for you to distinguish," Argo says. "And how do you hold someone to that – that it's not an accurate description?"

While you don't necessarily need to stay away from flipped houses that talk about a luxury master bath or luxury renovations, don't let yourself be tricked into thinking the adjective guarantees a higher standard.

**Bring an inspector in.** Whether the seller advertised the property as a recent flip, it's in fact a newly built home or you can't quite tell, you should always hire a third-party inspector to examine the house during the due diligence period.

"It's inexpensive relative to the transaction, so there's just no reason not to do it," Montagne says.

Flip or no, an unbiased inspector will be able to spot problem areas in the home, signs of shortcuts in priority systems like plumbing or electrical and tell you what work may be needed in the near future.