

BRRRR METHOD

***The #1 Wealth
Building Hack
with Little
or No Cash***

Get this Presentation for FREE - Text Your Name and Email Address to (720) 966-1929



What You'll Learn Today

- How New Investors Have an Advantage (*Hint: Fannie/Freddie*)
- Understanding the Top Down vs. Bottom Up Approach
- How Banks Think About Lending
- The Underground Wholesale Market
- Instant Equity via Forced Appreciation
- How to Make Money When You Buy...YES...Actual Cash!!!
- Our Best Friend...the Subjectivity of Appraisals
- How to Get an **INFINITE** Return on Investment (ROI)



Down Payment Problems

- How much does bank want you to put down when you buy an investment property?

Typically 25%

I couldn't afford that when I first got started



A Popular Method

The reason the BRRRR Method is a popular Buy & Hold Investing strategy is because it allows an investor to leave as little amount of cash in a deal as possible...certainly, if done correctly, less than if they purchase a retail investment property.



BRRRR Method

- Buy
- Rehab
- Rent
- Refinance
- Repeat



Traditional Real Estate Investing (*Top Down*)

The traditional approach is to find a nice house, put down 25%, and collect rental income. Example:

Purchase Price:	\$200,000
25% Down Payment:	\$50,000
Loan Amount:	\$150,000

Rent:	\$2,000
Rent Cost:	-\$800
Loan Payment:	<u>-\$900</u>
Cash Flow:	\$300

Return on Investment (ROI): **7.2%** (\$3,600 Annual Return/ \$50,000 Down Payment = 7.2% ROI)



BRRRR Method Real Estate Investing (*Bottom Up*)

Instead of buying a nice house, buy a house that needs work. Example

Purchase Price:	\$140,000	
Rehab:	+\$20,000	
75% LTV Loan Amount*:	<u>-\$150,000</u>	*House Value at \$200k
All-in Amount:	\$10,000	
Rent:	\$2,000	
Rent Cost:	-\$800	
Loan Payment:	<u>-\$900</u>	
Cash Flow:	\$300	
Return on Investment (ROI):	36%!!!	(\$3,600 Annual Return/ \$10,000 All-in Amount = 36% ROI)



Keys to the BRRRR Method

- Refinancing is the key to the BRRRR Method
- Bottom Up vs. Top Down
- Easier to Refi than Purchase...Banking Standards
- Harder to find distressed houses at a good price...but if you do, the upside is huge
- Ability to rehab or manage a project
- Ability to get a loan...after you've already bought it



Repeatability of the BRRRR Method

Assuming an investor used \$50,000 in cash, with the traditional strategy they could only get one house with cash flowed \$300/mo.

With the BRRRR Method, an investor could use their \$50,000 in cash to buy 5 houses totaling \$1,500/mo in cash flow.



But wait...

“How could an investor with \$50,000 in cash buy the property to begin with?”

This is where hard money/private lenders come into play.

- Traditional lenders lend on the borrowers ability to pay them back.
- Asset based lenders lend on the underlying asset...usually at a lower Loan-to-Value (*LTV...typically 70%*) and with much higher interest rates (*12%+*) and points (*1-5% of the loan amount upfront*).

However, if the numbers work...the numbers work.



Limitations to BRRRR Method

- **Seasoning:** “Take-Out” or Refinance Lenders typically want borrowers to have owned the house for one year before they refinance.
- **Appraisals:** The single biggest issue because appraisals are subjective, because this method is highly reliant upon the appraisal...must prove value.
- **Lending:** Banks are always changing their rules...Debt-to-Income, # of Loans, Seasoning, Loan Amounts, etc.
- **Rehab:** Must be able to buy a house that needs rehab...and then actually rehab it. Investors can get stuck if their rehab cost too much.
- **Numbers:** Caring more about the limited cash in...than the cash flow.



Colorado Case Study

- What's your "All-in" cost?
- How much "Take-Out" loan?
- How much will you "Leave-in"?
- What's your Cash Flow?
- What's your ROI?


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000
Fix Estimate – \$40,000
Your Buy Price: **\$349,995**
Close: **January 4**
Possession: **Delivered vacant at close**
Sign up [HERE](#) for access **THURSDAY**
Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

Deal Analysis Calculator

Deal Input	
Rent	\$2,500
ARV/Appraisal Value	\$470,000
Rental Rehab - Labor/Material	\$15,000
Fix & Flip Rehab - Labor/Material	\$40,000
Purchase Price	\$349,995

Rent Costs (TIMMV) & Fixed Costs	
Property Tax - Annually	\$2,100
Insurance - Annually	\$1,200
Management - Annually	\$0
Maintenance - Annually	\$1,200
Vacancy - Annually	\$600
Closing Costs	\$1,500
Operations Reserve	\$3,000
Realtor Commissions	6%

Deal Criteria	
Minimum Net Cash Flow	\$200
Maximum Loan to Value	80%
Fix & Flip Min Profit	\$20,000

Loan Criteria	
Short Term Loan Duration - Mo	0
Short Term Loan Amount	\$352,000
Short Term Loan Origination	0.0%
Short Term Loan Interest	6.0%
Long Term Loan Duration - Mo	360
Long Term Loan Amount	\$350,000
Long Term Loan Origination	1.0%
Long Term Loan Interest	4.0%
Long Term Loan Type	Amortized

Buy & Hold Acquisition Calculator	
Acquisition Capital Req'd	\$17,495
Purchase Price	\$349,995
Rehab	\$15,000
Closing Costs	\$1,500
Operations Reserve	\$3,000
Short-term Loan Origination	\$0
All-in Acquisition Cost	\$369,495
Short Term Loan Amount	\$352,000

NET Rent & Cap Rate Calculator	
NET Rent - Monthly	\$2,075.00
Gross Rent - Annually	\$30,000.00
Rent Costs - Annually	\$5,100.00
Property Tax - Annually	\$2,100
Insurance - Annually	\$1,200
Management - Annually	\$0
Maintenance - Annually	\$1,200
Vacancy - Annually	\$600
NET Rent - Annually	\$24,900.00
Cap Rate	6.7%

Buy & Hold Finance Calculator	
"Leave-in" Capital	\$24,495.00
Acquisition Capital Req'd	\$17,495
Short-term Loan Payoff	\$352,000
Short-term Loan Interest	\$0
Closing Costs	\$1,500
Long-term Loan Origination	\$3,500
All-in Long-term Cost	\$374,495
Long-term Loan Amount	\$350,000
Appraisal/ARV Amount	\$470,000
Equity	\$120,000
Loan to Value	74.5%
Net Monthly Cash Flow	\$404.05
Net Monthly Rent	\$2,075.00
Principal & Interest Payment	-\$1,670.95
Annual Net Cash Flow	\$4,848.56
Return on Investment (ROI)	19.8%

Fix & Flip Calculator	
Potential Profit	\$44,905.00
Acquisition Purchase Price	\$349,995
Fix & Flip Rehab - Labor/Material	\$40,000
Acquisition Closing Costs	\$1,500
Property Tax	\$2,100
Insurance	\$1,200
Vacancy/Utilities	\$600
Short-term Loan Origination	\$0
Short-term Loan Interest	\$0
Disposition Closing Costs	\$1,500
Realtor Commissions	\$28,200
All-in Fix & Flip Costs	\$425,095
Short-term Loan Amount	\$352,000
Fix & Flip Capital Req'd	\$73,095
Return on Investment (ROI)	61.4%

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000

Fix Estimate - \$40,000

Your Buy Price: **\$349,995**

Close: **January 4**

Possession: **Delivered vacant at close**

Sign up [HERE](#) for access **THURSDAY**

Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

- All-in: \$390k
- Take Out: \$352.5k (75% LTV)
- Leave-in: \$37.5k


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000

Fix Estimate – \$40,000

Your Buy Price: **\$349,995**

Close: **January 4**

Possession: **Delivered vacant at close**

Sign up [HERE](#) for access **THURSDAY**

Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

Rent:	\$2,500
Taxes	- \$175
Insurance	- \$100
Management	- \$0
Maintenance	- \$100
Vacancy	- \$50
Principle/Interest	- <u>\$1,670</u>
Cash Flow	\$405/mo


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000
Fix Estimate – \$40,000
Your Buy Price: **\$349,995**
Close: **January 4**
Possession: **Delivered vacant at close**
Sign up [HERE](#) for access **THURSDAY**
Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

- All-in: \$390k
- Take Out: \$352.5k
- Leave-in: \$37.5k
- Cash Flow: \$4,860 (\$405/mo)
- ROI: 13%


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000
Fix Estimate – \$40,000
Your Buy Price: **\$349,995**
Close: **January 4**
Possession: **Delivered vacant at close**
Sign up [HERE](#) for access **THURSDAY**
Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

- All-in: \$365k (Rent rehab \$15k)
- Take Out: \$352.5k
- Leave-in: \$12.5k
- Cash Flow: \$4,860 (\$405/mo)
- ROI: 38%


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000
Fix Estimate – \$40,000
Your Buy Price: **\$349,995**
Close: **January 4**
Possession: **Delivered vacant at close**
Sign up [HERE](#) for access **THURSDAY**
Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Colorado Case Study

- All-in: \$350k (Purchase at \$335k)
- Take Out: \$352k
- Leave-in: - \$2k
- Cash Flow: \$4,860 (\$405/mo)
- ROI: *INFINITE*


Verizon 11:21 AM 40%

Looking For Private Equity? Ask us about our
lending test

BRAND NEW

North Arvada Park 4 Bed, 2 Bath Brick Ranch

[Upham Street, Arvada, CO 80003](#)



ARV: \$470,000

Fix Estimate – \$40,000

Your Buy Price: **\$349,995**

Close: **January 4**

Possession: **Delivered vacant at close**

Sign up [HERE](#) for access **THURSDAY**

Due to increased cases, fewer people will be able to see inside. Please email us with your comments prior to access.

Skills to Master the BRRRR Method

- Deal Analysis
- Entities & Legal
- Running Comps
- Estimating Rehab
- Property Management
- Construction Management
- Sales Mastery



Tools to Master the BRRRR Method

- MAO Calculator
- Rehab Management Tool
- Purchase & Sale Agreements
- Construction Agreements
- Lease Agreements



Want a Help Doing Deals?

Enroll *Today*

- **Weekly** Group Coaching
- Personal “Game Plan” for *Fastest* Results
- 50+ Hours of Real Estate Investing Curriculum
- Deal Analysis Calculator
- Construction & Property Management Tools
- **Personal Deal Evaluation...so You Can Do Deals Confidently!**

Go to <https://reiclub.com/brad/> to APPLY!!!



BRRRR METHOD

***The #1 Wealth
Building Hack
with Little
or No Cash***

Get this Presentation for FREE - Text Your Name and Email Address to (720) 966-1929

