the Secret Key to RETIRING EARLY

with ONE RENTAL PROPERTY

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over 100 properties and counting

Introduction

The Ideal World Meets The Truth

In an ideal world you should be able to get a job, work hard and feed your family while still having enough money left over for fun and savings. You should be able to live in a good and safe neighborhood with no fear of someone breaking in your home or harming your loved ones. Your job should provide health insurance, 401k, get regular raises, plus provide you with enough money to pay for college for your kids…right? I mean you work hard and you're a good person…right? You don't steal, you don't lie, on top of that, you spend half of your year staying out of other people's business and the other half of year minding your business. If anybody deserves to make a comfortable living it's you!

Here's the sad the truth…the world takes advantage of good hard-working people like you and I…AND IT'S WRONG! What they are doing to us is wrong. Where is this great career that was supposed to provide this great life for you and your family? Where are the raises, the bonuses, and the profit sharing? Right now, what most Americans are doing to make a living is making them sick! It's taking them away from their families *(the cost of childcare OMG!).* It's stressing them out *(performance reviews are some BS, right?)* plus since Covid-19 started the chances of you getting fired, furloughed, or laid off are higher than ever! And the damn job doesn't enough money for you to really set your family up like you won't too.

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But there's a better way to make a living that doesn't make you sick, or take you away from you family and **it's probably the most pandemic proof industry on the planet.** It allows you to make millions of dollars without ever having to punch a clock ever again. There's a simple low risk formula that will generate consistent cash flow every month just like a job without you having a job. Imagine not having to deal with dumb lazy bosses, who take all the credit for your hard work or nosey negative co-workers who are always in your business, who don't seem to understand that you don't want to talk. Finally, you can have the **Freedom and Peace** this country promised you.

The formula that going to lead to this Freedom and Peace is call the BRRRR Method and the industry is obviously real estate. **The BRRRR in the BRRR Method means BUY, REHAB, RENT, REFINANCE AND REPEAT.**

THIS IS NOT HOUSE FLIPPING…THIS IS A LONG-TERM INVESTMENT STRATEGY DESIGNED TO CREATE GENERATION WEALTH.

The BRRRR Method for people who want to:

- **Build generational wealth:** The Bible says, *"a good man leaves and inheritance to his children's children".* You're a good man/ wo-man, right?
- **Leave their 9 to 5 job for good:** The key element of the BRRRR Method is that if generates steady monthly cash flow like job but without any of the BS! You want more money and less stress…don't you?
- **Be in the best mental and physical shape of their lives:** Most people's biggest stress is tied to what they had to do to make a living. Our jobs are literally making us sick! Get rid of the job and the stress that comes with it.

IF YOU JUST WANT TO MAKE A QUICK BUCK…THIS IS NOT FOR YOU.

House flipping requires that you always have house to flip! Which is way to hard of a way to make money!

What I am offering set it and forget. Once you reach a monthly income you are comfortable making, you can stop. You don't have to keep chasing down deals if you don't want to because you'll have money coming in every month for as long as you own the properties. And if you should die…the properties can stay in your family indefinitely. *(Please make sure you consult a reputable attorney who's experienced in creating trusts, who can draft you an iron clad will to protect your investments).*

IMPORTANT!! *PLEASE FIND A MENTOR OR GUIDE TO WALK YOU THROUGH EACH OF THESE STEPS.*

Step 1: BUY

Most people want to start with how to buy a property. No, you want to start with what do you need a property to do…then start looking at properties that do what you need them to do to accomplish your goal. You want the right property for you.

First time investors who are concerned about losing money need to steer clear of properties that need a lot of work. Yes, they come very very cheap but there's an old saying that says *"you get what you pay for".* The last thing you want to do as a first-time investor is buy a money pit. The goal is to get a property that can be rehabbed and rented in a short amount of time. The super cheap properties you hear people tell stories about usually take much longer to rehabbed. Plus, they've been in a state of disrepair for so long. that there are usually hidden costs that you'll miss as a first-time investor. (**I am saying miss but most of the time they are intentionally hidden from you buy the seller).**

If you are a first-time investor, I strongly recommend buy a property that has already been rehabbed. Here's why

1. **Time from purchase to rent is zero.** The biggest barrier between you and making money, is the rehab. This way you cut out the rehab and get right to the money.
2. **No hassles or work stoppages.** Rehabbing is not an exact science. A thousand different things can bring a rehab job to a grinding halt. NOT YOUR PROBLEM!
3. **You know what you are getting.** There is a huge difference between what you think it’s going to look like and what it really looks like once it's finished. You think this tile is going to look great with this sink and then it doesn’t. Or this paint is going cover this stain and then it doesn’t. **AGAIN, NOT YOUR PROBLEM!**

Here’s what you should look for when you’re buying your first rental property to rehab. What is the neighborhood like? Your first time out you should stick to the neighborhoods that are at least 70% to 80% occupied. You need your potential tenants to feel safe and there is obviously safety in numbers. If no one is living on the block, that’s sends up and red flag to your potential tenant. The redder flags the harder it is you to make your money.

Most likely any deal you do is is going to require a cash contribution from you of anywhere between 10 and 20%, perhaps more depending on your credit score. You need enough money to buy the property plus do major renovations. So, don't buy a property that won't sell once you make the repairs and improvements.

You should also pay close attention to the condition and maintenance of the neighborhood too. Do the other property owners keep their lawns cut and hedges trimmed. Are there any abandoned homes or vacant lots on the block. If so, are they well maintained? What is the social culture of the neighborhood? Are they loud or quiet? Old or young?

BIG PICTURE TIP: Buy the worst house on the best block. People will pay for access and status. You'll always be able to rent your house out if it's in a great neighborhood, even if it's the most basic of all the houses on the block.

Step 2: REHAB

The rehab comes after you have purchased the property. This is make or break time. I say this because now you are on the clock. Your money is gone. Now starts the process of getting it back. To get your money back you are going to go further into to debt. If this makes you sick to your stomach stop now. **(This why I strongly recommend you buy an already rehabbed property if you are a first-time buyer).**

Rehabbing means fixing what's wrong with the house and should be considered as major renovations. Which means you need to have a licensed inspector come out inspect the house. Ideally before you purchase it.

The home inspection should include the HVAC system, interior electrical, the roof, the foundation, and the basement just for starters. (include detailed checklist for 1st time buyers). I am a licensed contractor, most likely you are not, so get a contractor to walk the property with you too. Make sure you take pictures. (You never know what can happen on a job so always document). The cost of an inspection varies, usually by the size of the house.

Now you need to a contractor. **DO NOT TRY TO DO THE WORK YOURSELF!** Someone must live in this house. You can't put them or their family at risk because you tried to do the electrical work yourself or have a ceiling fan fall on someone's head because it wasn't properly secured. (include list of how to find a contractor)

This is your project, not the contractor. They work for you. Make sure you set a budget, create a checklist, and establish a timeline.

You are renting not flipping, so as a landlord people are going to come to you when things broken, or someone gets hurt. The tenant is renting your house, it is not their house. DO NOT GET SUCKERED INTO CUTTING CORNERS OR JUST DOING PATCH WORK. This a marathon not a sprint. Hire good honest people who do great work.

BIG PICTURE BONUS TIP: See the property through the eyes of the buyers. If you are renting family homes, ask yourself *"in an ideal world what would a parent what to see when they pull up to their house"*? What kind of things would be import to a parent? The idea is to make it specifically for them, so it feels perfect. People pay top dollar for something that feels customized. You want moving in to feel like they just got a blessing with their name on it!

Step 3: RENT

The first thing I need you to understand is that the bank wants to see you making money on the property before they refinance the property. You must make sure you get the property rented out first.

The key to getting the property rented out is creating something tenants will love. You need to see tenants as real people, with emotions, desires, fears, and dreams. Your goal is to create a home for a specific kind of person. A home that the person in the role of head of the household can see themselves owning. I say owning because the best tenants are the one who care for you property as if it was their own.

There is the appraised value of a property and then there is what it's worth to the person paying the rent.

Here's where "The BRRRR Method" is better than flipping in my opinion. You could own a house valued at only 75k and still be able to collect a rent of $1200 a month. So, let's say the mortgage is $700 a month. This breaks down to $8400 a year, so in just 10 years your tenants will have paid the house off. And at the same time paid you $48,000. Here's where it really makes sense, the next 10 years it pays you $132,000. Now imagine if you purchase one property a year for the next 10 years. (A one-time flip that nets you 40k or a low-risk long-term investment you can pass down to your kids?)

I know you've heard a but of horror stories about bad tenants and people tearing up your stuff, but quite honestly that's a product of poor leadership not poor tenants. I know you've heard a but of horror stories about bad tenants and people tearing up your stuff, but quite honestly that's a product of poor leadership not poor tenants

Step 4: REFINANCE

Think of difference between the appraised price and the total cost of purchase plus repair as profit. You want as big of a profit as possible because this is the money you're going to eventually pull out of the house and re-invest into your next project. *(Do not cut corners trying to increase the difference between your original investment and the refinance, because you still have to rent the property…this is not a flip!)* We'll discuss what happens during a refinance in a separate document.

BIG PICTURE TIP

The rent you charge is supposed to cover the price of repayment of the loan plus give you a profit to put in your pocket too. If the price on the refinanced mortgage is $700 a month then your rent has to be at least $700 or else, you'll be paying out your pocket. Again, you have to understand the rents in the area to figure what to charge but rule of thumb here should be at least four hundred than the mortgage.

Let's take a quick look at what you have now.

1. You have a property that has money you can pull out to buy another property *(Equity…the difference between ARV and A Final Appraisal*).
2. You are the owner of a property that someone is paying the mortgage on and once it's paid off that money will be going directly to your bottom line.

3. You have money coming right into your account every month that you are doing almost nothing to get. If one property gives you $400 a month, what happens once you purchase your 2nd and 3rd? Now your $1200 coming to your bottom line. Plus, the money to buy more property. *(I'll show you how to make a million dollars off one property in a separate document).*

Step 5: REPEAT

This step is the easiest of all the steps but only if you stick to the plan.

- Buy the worse house in the best neighborhood.
- Don't cut corners. Always hire professionals
- Create a property that serves the needs of a specific group of people.
- USE THE MONEY TO RE-INVEST NOT TO LIVE. The first few years are all about building your portfolio not taking trips and buying cars.

TERMS YOU NEED TO KNOW

1. Adjustable-rate mortgage - There are two types of conventional loans: the fixed-rate and the adjustable-rate mortgage. In an adjustable-rate mortgage, the interest rate can change over the course of the loan at five, seven, or ten year intervals. For homeowners who plan to stay in their home for more than a few years, this is a risky loan as rates can suddenly skyrocket depending on market conditions.

2. Amortization - This is the process of combining both interest and principal in payments, rather than simply paying off interest at the start. This allows you to build more equity in the home early on.

3. Appraisal - In order to get a loan from a bank to buy a home, you first need to get the home appraised so the bank can be sure they are lending the correct amount of money. The appraiser will determine the value of the home based on an examination of the property itself, as well as the sale price of comparable homes in the area.

4. Assessed value - This is how much a home is worth according to a public tax assessor who makes that determination in order to figure out how much city or state tax the owner owes.

5. Buyer's agent - This is the agent who represents the buyer in the home-buying process. On the other side is the listing agent, who represents the seller.

6. Cash reserves - The cash reserves is the money left over for the buyer after the down payment and the closing costs.

7. Closing - The closing refers to the meeting that takes place where the sale of the property is finalized. At the closing, buyers and sellers sign the final documents, and the buyer makes the down payment and pays closing costs.

8. Closing costs - In addition to the final price of a home, there are also closing costs, which will typically make up about two to five percent of the purchase price (according to Dan Taylor in a blog on Caterra.com) , not including the down payment. Examples of closings costs include loan processing costs, title insurance, and excise tax.

9. Comparative market analysis - Comparative market analysis (CMA) is a report on comparable homes in the area that is used to derive an accurate value for the home in question.

10. Contingencies - This term refers to conditions that have to be met in order for the purchase of a home to be finalized. For example, there may be contingencies that the loan must be approved or the appraised value must be near the final sale price.

11. Dual agency - Dual agency is when one agent represents both sides, rather than having both a buyer's agent and a listing agent.

12. Equity - Equity is ownership. In homeownership, equity refers to how much of your home you actually own—meaning how much of the principal you've paid off. The more equity you have, the more financial flexibility you have, as you can refinance against whatever equity you've built. Put another way, equity is the difference between the fair market value of the home and the unpaid balance of the mortgage. If you have a $200,000 home, and you still owe $150,000 on it, you have $50,000 in equity.

13. Escrow - Escrow is an account that the lender sets up that receives monthly payments from the buyer.

14. Fixed-rate mortgage - There are two types of conventional loans: the fixed-rate and the adjustable-rate mortgage. In a fixed-rate mortgage, the interest rate stays the same throughout the life of the loan. 15. Home warranty This warranty protects from future problems to things such as plumbing and heating, which can be extremely expensive to fix.

16. Inspection Home - inspections are required once a potential buyer makes an offer. Typically, they cost a few hundred dollars. The purpose is to check that the house's plumbing, foundation, appliances, and other features are up to code. Issues that may turn up during an inspection may factor into the negotiation on a final price. Failing to do an inspection may result in surprise costly repairs down the road for the home buyer.

17. Interest - This is the cost of borrowing money for a home. Interest is combined with principal to determine monthly mortgage payments. The longer a mortgage is, the more you will pay in interest when you have finally paid off the loan.

18. Listing - A listing is essentially a home that is for sale. The term gets its name from the fact that these homes are often "listed" on a website or in a publication.

19. Listing agent - This is the agent who represents the seller in the home-buying process. On the other side is the buyer's agent, who represents the buyer

20. Mortgage broker - The broker is an individual or company that is responsible for taking care of all aspects of the deal between borrowers and lenders, whether that be originating the loan or placing it with a funding source such as a bank.

21. Offer This is the initial price offered by a prospective buyer to the seller. A seller may accept the offer, reject it, or counter with a different offer.

22. Pre-approval letter - Before buying a home, a buyer can obtain a pre-approval letter from a bank, which provides an estimate on how much the bank will lend that person. This letter will help determine what the buyer can afford.

23. Principal - The principal is the amount of money borrowed to purchase a home. Paying off the principal allows a buyer to build equity in a home. Principal is combined with interest to determine the monthly mortgage payment.

24. Private mortgage insurance - Private mortgage insurance (PMI) is an insurance premium that the buyer pays to the lender in order to protect the lender from default on a mortgage. These insurance payments typically end once the buyer builds up 20% equity in a home.

25. Real estate agent - A real estate agent is a professional with a real estate license who works under a broker and assists both buyers and sellers in the home-buying process.

26. Real estate broker - A real estate broker is a real estate agent who has passed a state broker's exam and met a minimum number of transactions. These brokers are able to work on their own or hire their own agents.

27. Realtor - A Realtor is a real estate agent who specifically is a member of the National Association of Realtors. NAR has a code of standards and ethics that members must adhere to.

28. Refinancing - Refinancing is when you restructure your home loan, replacing your old loan with an entirely new loan that has different rates and payment structures. The main reason people refinance their home loans is to get a lower interest rate on their mortgage, and therefore lower not only the monthly payment but also the overall debt owed.

29. Title insurance - Title insurance is often required as part of the closing costs. It covers research into public records to ensure that the title is free and clear, and ready for sale. If you purchase a home and find out later that there are liens on the home, you'll be glad you had title insurance.

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