



BRRRR Blueprint

Buying:

When we secure a deal, the property will be sold to you "as is." The sourced properties will require renovations ranging from minor to major, a process we will handle for you. There are two purchase options: cash or a private loan from us at 3.25% loan origination and Bank of America prime + 1.5%. If you opt for cash, your funds will be tied up for a minimum of 6 months, as required by conventional lenders for refinancing. With a private loan, the refinance process can start immediately. Upon completing the renovation, the appraisal takes place, and the loan typically closes in 2 to 3 weeks later. A standard renovation lasts 45 days, resulting in a 60 to 75-day timeline for the private loan. Although your cash is out longer due to the conventional lender refinance requirements, paying cash is recommended, as collecting rent around day 90 to day 183 and saving on loan costs will lower your overall cost basis, averaging 8% on a \$90,000 loan.

Renovation

Before purchasing, you will receive an inspection report serving two purposes: defining the scope of work and acting as a warranty. We will repair and warranty the items identified in the inspection.

Refinance

If you are paying cash, a conventional lender will require you to wait 6 months before refinancing. If you opt for a private loan (from us), initiate the refinance with our recommended lenders before acquiring the property. Using our private lending, it is required to utilize our designated conventional lenders who understand the sense of urgency of the process and typically have more experienced appraisers on their list, thereby potentially reducing your out-of-pocket expenses. Our goal is to cut your out-of-pocket costs by 50% compared to a conventional purchase, yielding an estimated 15% equity, with occasional unexpected high appraisals providing a better equity position and lower out of pocket cost.

Rent

After the renovation, we will move the property into our in-house, Turnkey owned property management company. In Memphis, that is CB Properties (www.CBPropertiesMemphis.com) in Little Rock, Turnkey Property Management, www.TurnkeyPMG.com. The leasing cost is discounted to 50% of the first months rent. Management fee is our standard 9%.

Repeat

Repeat the process. It is remarkably simple and the best way to scale up for building a larger portfolio. We strongly recommend having at least 3 Turnkeys initially. Turnkey renovations provide a retail-ready product on day 1 with higher-level warranties, building up your cash reserves generated from rents. The BRRRR method incurs capex expenses sooner than Turnkey as we replace many of these type items during the Turnkey renovation, even though they have several years of lifespan left. As I say this, Benolyn and myself built our portfolio in reverse. Our first 10 were BRRRR, then our next 15 or so were Turnkey's. If you would like to build in reverse, let's have a discussion about expectations. are open to discussing building in reverse and managing expectations.