Quick to Buy
Quick to Refi

A 2-Step Loan Program That Boosts Cash Flow and Maximizes Equity.

Michael Bonn

Introduction

Are you ready to take your rental investments to the next level? That means boosting your cash flow, multiplying your equity, and keeping more money in your pocket.

For years, real estate investors have used a strategy similar to what Bigger Pockets calls "BRRRR."

Buy

Renovate

Rent

Refinance

Repeat

(More recently known as BARRRR with "A" standing for advertise).

BRRRR works great and has proven time and again to produce lucrative business for investors. However, there's a step that's often forgotten (or unknown) to many investors:

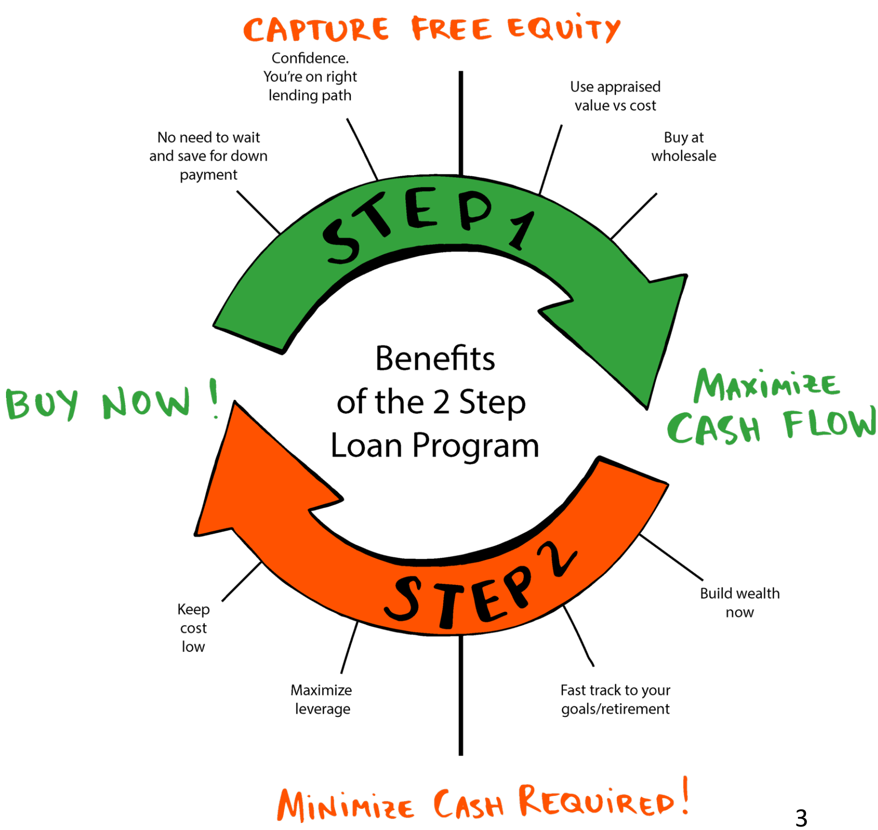
Setting up the financing properly.

Unfortunately, the majority of investors waste precious time and money because they fail to set up their short-term and long-term loans correctly.

This failure leads to missed opportunities, slower processing, fewer deals, higher interest rates, little to no equity, etc.

Why not kick your deals in the butt by pairing the BRRRR method with our Quick to Buy, Quick to Refi strategy? The 2-step loan program leads to more properties, increased cash flow, and bigger equity.

QUICK TO BUY-QUICK TO REFI



You know where these kinds of benefits lead to, right? Yep, you got it: living the life you want. No more waiting, no more saving up money, no more getting stuck in expensive short-term loans. It's time to minimize the amount of cash you put into each deal and maximize your equity.

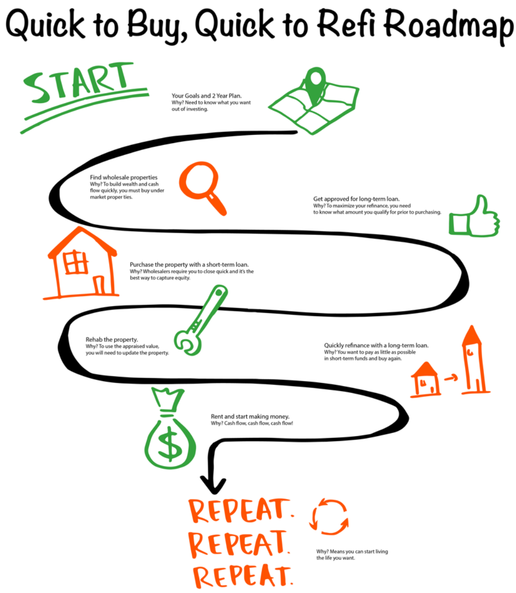
It's time to take control of your future with the simple Quick to Buy, Quick to Refi strategy.

Let's get going!

Michael

Chapter 1:
The Quick to Buy, Quick to Refi Roadmap

Before we dive into the specifics of the Quick to Buy, Quick to Refi strategy, let's look at the bigger picture. Or, as we like to call it, the Quick to Buy, Quick to Refi Roadmap:



(Image downloadable at www.InvestorRealEstateLoans.com.)

The roadmap is meant to help you see how the process works. It all starts with creating a 2-Year Plan:

Step 1: Goals

Your Goals and 2 Year Plan.
Why? Need to know what you want out of investing.

Step 2: Search

Find wholesale properties
Why? To build wealth and cash flow quickly, you must buy under market proper ties.

Step 3: Pre-approved

Get approved for long-term loan.
Why? To maximize your refinance, you need to know what amount you qualify for prior to purchasing.

Step 4: Purchase

Purchase the property with a short-term loan.
Why? Wholesalers require you to close quick and it's the best way to capture equity.

Step 5: Renovations

Rehab the property.
Why? To use the appraised value,
you will need to update the property.

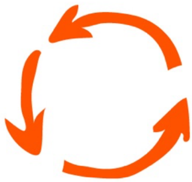
Step 6: Refinance

Quickly refinance with a long-term loan.
Why? You want to pay as little as possible
in short-term funds and buy again.

Step 7: Rent

Rent and start making money.
Why? Cash flow, cash flow, cash flow!

Step 8: Repeat



Why? Means you can start living the life you want.

Now, that you know the big picture, let's break it down into all the details.

Chapter 2: Rent with a Roar, Not a Whimper

What if you could boost your equity by $50,000? What if you could lower your debt by $15,000?

With BRRRR, you can:

1. **Buy properties faster AND with less cash**: Take the express lane to rehabbing, refinancing, renting, and building your portfolio as fast as you can.
2. **Boost your monthly cash flow now vs. later**: Why take twice the time to build your portfolio the old fashion way (ahem, buying retail)? Buy and make money now. The faster you buy, the faster you reach your goals and boost your cash flow.
3. **Build your wealth rapidly with free equity**: Capture equity by buying wholesale and using the full appraised value to refinance into a long-term loan. All of that equity acts as your down payment, conserves cash, and builds tons of free equity.

BRRRR is all about buying **under market** properties that need some work, and then turning around and using the **appraised market value (ARV)** for a long-term loan.

Bonus! If you use the right lenders for your short *and* long-term loans, you can obtain a long-term loan **within a month** (and not wait 6 to 12 months).

Just repeat this phrase: **"Quick to buy, quick to refi."**

By using the current market appraised value, you're able to limit the hard cash you have to put into the deal *and* increase your cash flow and wealth at hyper speed.

Let's look at a sample to illustrate how the BRRRR method works to your benefit:

In this sample, we'll use a standard conforming loan (even though there are many options out there for long-term loans).

Buying with the BRRRR Method

Current Market Value	$300,000
Wholesale Purchase Price (WS PP)	$200,000
Budget	$40,000
Closing Costs (CC)	$6,000
AFTER RENOVATIONS...	
New long-term loan at 75% of the Current Value	$300,000 x 75% = $225,000
P&I Payment at 5%	$1,207.85
Current Equity	$75,000
TOTAL Money into Project (WS PP + Budget + CC - Loan)	$246,000 - $225000 = $21,000
FREE EQUITY	$300,000 - $246,000 = $54,000

Now, let's compare the numbers when you don't use the BRRRR method and buy a property at market value:

LONG-TERM LOAN	
Buying at market value	$240,000
Buying with BRRRR	$225,000
$15,000 LESS DEBT	

MONEY INTO PROJECT	
Buying at market value	$60,000.00
Buying with BRRRR	$21,000.00
$39,000 LESS CASH	

FREE EQUITY	
Buying at market value	$0.00
Buying with BRRRR	$54,000.00
$54,000 MORE FREE EQUITY	

RENTAL PAYMENT	
Buying at market value	$1,288.37
Buying with BRRRR	$1,027.85
$966.24 MORE RENTAL INCOME/YEAR	

In some cases where your loan-to-value (LTV) is under 75% of the current market appraised value, you can get into homes with zero dollars out of pocket.

Again, the key comes down to this mentality:

Quick to buy, quick to refi.

You don't need to wait months or years to buy rentals. With the BRRRR method and proper lenders who can handle short AND long-term loans, you can invest more and boost your cash flow—FAST!

Here are some more benefits of BRRRR to consider:

- **Preserves your cash**: If you find the right wholesale or other discounted property, you might not need to put any money into the purchase (as long as you set up your short-term loan correctly).

- **Offers protection from downturns in the market**: Those who pay retail go upside down on their rentals when a market correction occurs. When you purchase properties at a discount, you enjoy built-in equity that comes free with the property. So, you have a cushion to keep your property above water.

What's the key to all of this? Because as strategic as BRRRR is, it only works if you use a 2-step loan program, like our Quick to Buy, Quick to Refi.

Quick to Buy, Quick to Refi allows you to **quickly** buy a property with a short-term loan, and then **quickly** refinance into a long-term loan.

Just think: the quicker you move through the loan process, the more properties you'll be able to buy. The more properties you buy, the greater your cash flow and equity.

Of course, setting up these loans correctly is another important matter, but we'll worry about that later.

For now, just remember this key phrase:

Quick to Buy, Quick to Refi.

Chapter 2:
The Ins and Outs of Wholesale Deals

One of the major components to the BRRRR method is finding properties that sell for less than the market value.

But, how do you find these deals?

Here are the most common strategies:

- **Mail and online marketing campaigns**. This, however, requires a large budget upfront. It also requires topnotch negotiation skills to secure a good deal for the buyer.
- **The MLS**. It's always a good idea to have a realtor constantly looking for deals with potential for investment.

- **Wholesalers**. This, by far, is the best source to find pre-negotiated, under market deals that are ready to close.

So, who are wholesalers?

Simply put, they're companies whose sole focus is finding undervalued properties, negotiating the sale, and offering them to real estate investors like yourself.

Most of the houses that wholesalers find do not have the margins for traditional fix and flips. However, they work great for rental investments.

Wholesalers have two basic rules of thumb when selling their properties. The buyer must:

1. **Purchase it as is.**
2. **Purchase it quick.**

Wholesalers will not wait around for appraisals, inspections, and loan approvals. If you want one of their properties, you have to be able to close fast.

Unfortunately, this does not work for traditional loan programs and most banks. Those venues need time to value the property and make sure it is in livable condition.

The best valued properties from wholesalers might be missing the kitchen, carpet, or part of the roof. Traditional loan programs won't lend to properties in those poor conditions.

Even if a property is in great condition, traditional lenders typically can’t lend you money in less than a month.

A month won’t cut it with most wholesalers. They want you to close a property fast *and* in its current condition.

So, what do you do?

Well, you need a lender who will:

- Allow you to **quickly buy** a property in its current condition.
- Help you finance the repairs to bring the property up to market value.
- Allow you to **quickly refi** so you’re not stuck in a high interest rate loan that eats away your cash flow.

It’s all part of the 2-step loan program known as **Quick to Buy, Quick to Refi**.

The 2-step loan program is mapped out for you and gives you the confidence to quickly buy a wholesale property *and* quickly refinance it into a long-term loan.

Once you start using this financial method, wholesalers will call you first when properties come available.

Why?

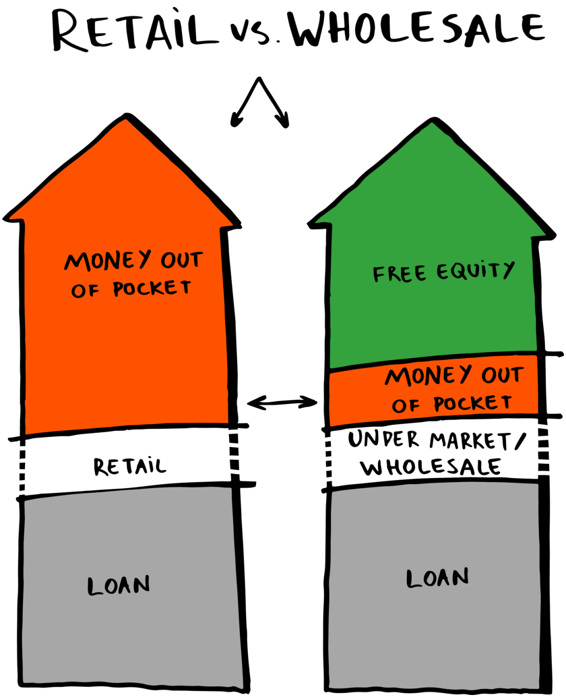
Because you can buy it fast at a price that makes sense for both of you. Bonus, you'll feel great about getting a property with built-in free equity.

So, how do you locate wholesalers? Here are some easy steps to try:

- **Google**. Search for "wholesale properties" and "buy my home." Wholesalers typically have two sites out there: one looking to buy and one looking to wholesale. Look for both and contact them to get on their lists. You can also search Google for "investor carrot" in your local area. This is the #1 website template for wholesalers.

- **Ugly Homes.** Contact your local Ugly Homes franchise. They sell most of the homes they buy (and they buy a lot).
- **Real estate investment clubs.** Contact your local real estate investment club and see who's wholesaling properties.
- **Bigger Pockets.** Check out Bigger Pockets for wholesalers and post on the forum. Ask about contacts to wholesalers.
- **Meet up groups:** Check out meet up groups and find out who they are buying from.
- **Hard money lender.** Ask your local hard money lender. They know who's selling properties in your area.

When you buy discounted properties, you're sure to maximize your equity and spend less money out of pocket:



But it’s not just about buying discounted properties. It’s also about setting up your loans correctly.

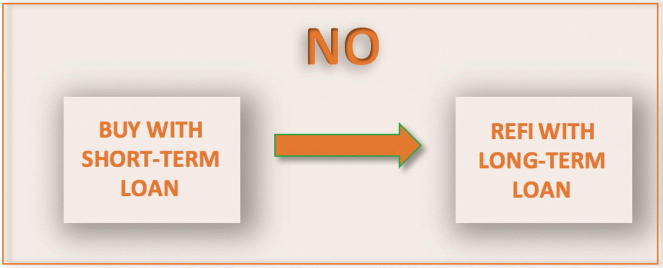
Chapter 3:
The One-Two Punch

By now, you've figured out why using the BRRRR method is so popular, and why finding under market properties is vital to its success.

Now, let's dig into the **Quick to Buy, Quick to Refi** strategy.

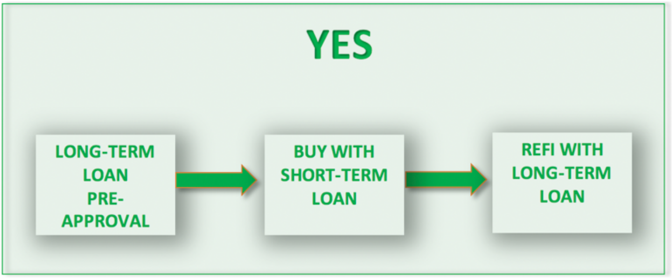
In a nutshell, this strategy involves finding a 2-step loan program that allows you to quickly buy with a short-term loan, and quickly refinance into a long-term loan.

Most investors probably think that means the loan process looks like this:



Technically, that is correct…but it's not the best path to take.

The *real* process begins with the long-term loan. Before you buy a property with a short-term loan, you should get pre-approved for a long-term loan.



Why is getting approved *before* you complete the short-term loan necessary?

- **It maximizes your refinance**. With a pre-approval in hand, your short-term lender can confidently lend the exact amount you need to maximize your long-term refinance.
- **You'll move faster through the entire process from start to finish**. While you're buying and rehabbing the property with

your short-term loan, you can complete the rest of the long-term loan process. Think, “Two birds, one stone.”

- **Done and done**! Once an appraisal is complete, you’ll have your new long-term loan ready to go in hand. Ta-da!

All sound great? Good, because it’s what’s going to help you take your investments to the next level.

Here are a few more requirements to consider about the **Quick to Buy, Quick to Refi** strategy.

- **Close Fast!**
    - Getting a great deal from a wholesaler or off the MLS requires you to act and close fast.
    - Know your numbers before you jump into a deal.
    - Align with a short-term lender who will close quickly *and* help you refinance the long-term loan quickly.

Essentially, you want to be in the short-term loan for as short as possible. Why? To avoid paying high interests and costs for a prolonged amount of time.

You also must work with a short-term lender who charges little and doesn’t mind quick refinances.

- **Find a lender who understands this market and has experience.**

- If they’ve never closed a rental flip (BRRRR) they will confuse the whole process and talk gibberish about waiting 6-months to 1-year to refinance.
- If your short and long-term lenders don’t work together, you’ll lose the ability to buy and refinance quickly.
- If you don’t have the correct lenders, you won’t maximize your refinance. This means you’ll pay thousands more in fees and higher interest rates *and* be required to put more cash in the deal.
- If you don’t have the correct lenders, they might only have one or two options for the long-term loan and limit your purchasing power to move quickly.
- **MOST IMPORTANTLY:** If they don’t design a solid plan for you beforehand, you’re going to feel confused and annoyed, spend more money, and not end up where you want to go.

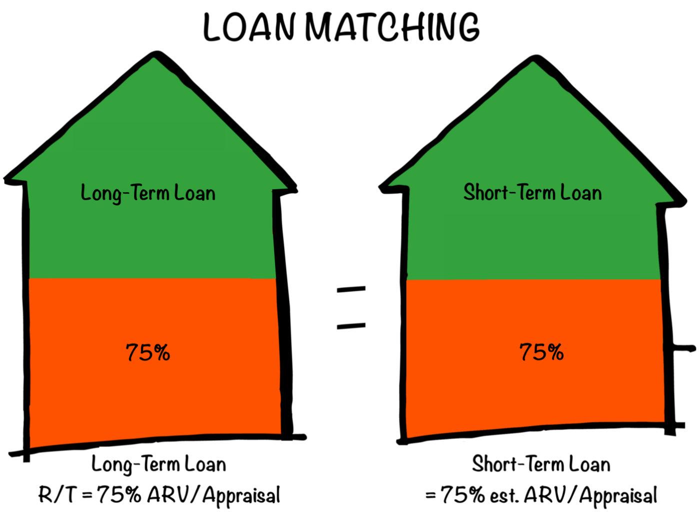
Chapter 4:
The Midas Touch

Just because you find a lender who can help you buy and refinance a property quickly doesn't mean the deal will turn to gold.

Not yet.

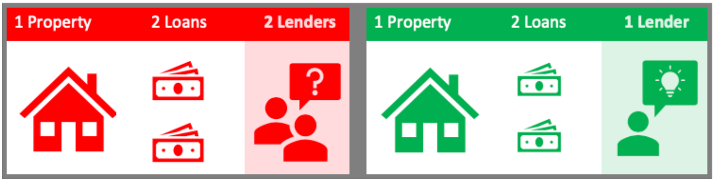
First, you have to know about the Midas touch.

A deal turns to gold when you set up your short and long-term loans properly. If you don't, it will cost you more than it should.



So, what are some insider secrets you should know about setting up your loans correctly? Here are a few:

- Avoid paying with cash unless you want to be limited on your refinance.
- Work with lenders who can maximize your short-term loan right up to the maximum you can borrow on the long-term loan. Remember, this means getting pre-approved for the long-term loan before you get a short-term loan.
- Find a lender who can handle the short-term AND the long-term loan. Think of it like a one-stop-shop.



- Aim to use a rate and term refinance, rather than a cash-out refinance.

Let’s pause and focus on that last one. Did you know there is a big difference between “rate and term refinance” and a “cash out refinance”?

Let’s clarify just in case you don’t:

Whenever you own a property and you want to obtain a new loan, it's considered a **refinance** by the lender.

The two types of refinances are **rate and term** and **cash out**.

Rate and term refinance: A loan that pays off your current first lien mortgage (with the possibility of a small cash out up to 2%).

Cash out refinance: A loan that is greater than the current lien you have on a property. The extra funds are usually needed to pay off another lien, reimburse for renovations, or replenish your bank account.

Now that you understand the two different types of refinances, let's talk about their differences:

1. **70% vs. 75% LTV:** The amount of a loan you can refinance with a cash out are typically 5% less than a rate and term. For example, on a standard conventional loan, you'll be limited to 70% cash out versus 75% rate and term.
2. **Costs:** Lenders tend to charge *more* for cash out versus rate and term in the form of higher rates and/or higher fees.
3. **Time**: In order to use the new appraised value on a property, a cash out refinance requires you to own the property for at

least 6 months (also known as "seasoning"). With a rate and term refinance, no seasoning is required. That means you get out of your hard money loan and on to the next rental purchase *a lot* faster.

KEY DIFFERENCES

	LTV	Costs	Seasoning
RATE & TERM	75%	Lower Rates/Fees	0 months
CASH OUT	70%	Higher Rates/Fees	6+ months

Essentially, if you set up your short-term loan as a cash out instead of a rate and term, you might get stuck with a smaller loan at a higher rate and/or with higher fees for a longer period of time. Definitely not the Midas touch.

Let's look at some scenarios to illustrate the difference.

In these scenarios, the property will appraise for $300K. The *properly* set up rate and term refinance would be **$225K** *(75% LTV of $300K = $225K)*.

Appraisal Value/ARV = $300K

Wholesale purchase price = $200K

Rehab = $40K

Scenario #1: The borrower obtains a loan for the purchase price *and* pays the rehab out of pocket. The borrower wants some of their rehab cost repaid.

REHAB REIMBURSEMENT	Purchase Price	Rehab	LTV	Loan	Rehab Reimbursement
RATE & TERM	$200,000	$40,000	75%	$225,000	$25,000
CASH OUT	$200,000	$40,000	70%	$210,000	$15,000

Scenario #2: The borrower pays cash for the property and its rehab costs using their personal funds or a line of credit. The borrower wants all of their money back.

TOTAL REIMBURSEMENT	Purchase Price	Rehab	LTV	Loan	Total Reimbursement
RATE & TERM	$200,000	$40,000	75%	$225,000	$225,000
CASH OUT	$200,000	$40,000	70%	$210,000	$210,000

Scenario #3: The borrower obtains a loan for 80% purchase price and rehab and pays the 20% out of pocket. The borrower would like their money back in the refinance.

SHORT-TERM LOAN	Purchase Price + Rehab	LTV	Short-Term Loan	Total $ Into Loan
RATE & TERM	$240,000	80%	$192,000	$48,000
CASH OUT	$240,000	80%	$192,000	$48,000

LONG-TERM LOAN	Appraisal/ ARV	LTV	Long-Term Loan	Total $ into Loan
RATE & TERM	$300,000	75%	$225,000	$15,000
CASH OUT	$300,000	70%	$210,000	$30,000

In these scenarios, both loans would have around the same payment and costs, except the cash-out loan would have a higher balance with less leverage and more money out of pocket.

When you work with the right lender, all of this can be set up to apply the Midas touch to your deals. All you need is a proper plan that sets you up to maximize your loan ability now and in the future.

We like to call this your 2-Year Plan.

Chapter 5:
2-Year Plan

Why is a 2-Year Plan so important?

First of all, it will save you time, money, and stress.

Second, you won't have to guess at the finance options available or how much you can qualify for. With the plan, you'll know what path to take to set up your future for the best loan products out there.

it's good to know your options for different scenarios. Maybe you'll need a loan with a higher loan to value (LTV), or interest-only, or no income.

The 2-Year Plan will give you the confidence to go out and accumulate properties. If you know your finance game plan, then you'll know what steps to take with your loans.

Remember, in order to make your 2-Year Plan work you need to be in a partnership with a lender who offers options. Working with lenders who don't specialize in investment property loans or only offer one or two options will limit you.

Don't be limited!

This is your game, your match. You want the right team on your side so you can claim victory and walk away a champion.

Now, maybe at this point you're thinking, "Great, another project to eat up more of my time."

Not so.

All it takes is a quick phone conversation. Our team will listen close and then draw up a personalized 2-year plan for you.

So, what sort of information will our team need to set you on the right path? Here's what we listen for:

- What's your vision? Where do you see yourself in 2-years?
- Why are you interested in real estate investing?
- What do you envision the following look like 2-years from now?
    - Properties
    - Cash Flow
    - Equity
    - Income
    - Credit
- Where are you right now, today?

- Properties
- Cash Flow
- Equity
- Income
- Credit
- Experience

Now that you understand the type of information we look for in order to create a 2-year plan, let’s look at a sample of one that’s been completed.

INVESTOR
real estate loans

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NMLS# 1719349. Colorado Mortgage Licensed

2-Year Plan

Name: **James Smith Jones**

Phone number: **303.196.6840**

Email address: **info@investorsmakingbank.com**

Today's date: **July 4, 1776**

Current Status:

1. Credit Scores: 650 / 625 / 630
2. Current Debt Ratio: 35%
3. Liquid Assets Available: $35,000.00

4. Portfolio:

Property	Value	Mortgage	Rent	Payment
5587 Burbank	$290,000.00	$190,000.00	$1,600.00	$1,200.00
879 Irish	$225,000.00	$155,250.00	$1,350.00	$1,095.00
Total	$515,000.00	$345,250.00	$2,950.00	$2,295.00

5. Current Cash Flow: $655.00
6. Current Net Equity: $169,750.00

6 MONTH GOALS

1. Monthly income: $2,000.00
2. Net equity: $500,000.00
3. Number of properties to be purchased: 2
4. Properties to be sold or refinanced: 0
5. Loan options based on current financials: EZ Loan using credit and lease
6. Loan options still available based the market: No changes expected
7. What needs to change to obtain more loan options? Credit score needs to increase to 660 (or more) by lowering usage and or increasing available credit.

2-YEAR GOALS

1. Monthly income: $5,000.00
2. Net equity: $1,000,000.00
3. Number of properties to be purchased: 10
4. Properties to be sold or refinanced: 1
5. Loan options based on current financials:
    - EZ Loans credit and lease

- If credit score has improved to 660 or higher, then you have more loan options.

6. Loan options still available based the market: No changes expected. New products might be available.
7. What needs to change to obtain more loan options?
    - Raise credit score if you have not already done so.
    - Collect 2-years of tax returns.

THE PLAN

To reach (or surpass) your goals, here are the steps you should take over the next 2 years:

1. Find more sources for properties:
    - Increase wholesalers by 25 new contacts
    - Create a list of 30 realtors to reach out to every two weeks.
2. Find a full-time property manager.

For Standard Loans

1. Lower usage of credit cards and/or increase your available balance.
2. Complete 2 years of income taxes for your new business.
3. Create 6 months reserves for each property in either a retirement, business, or personal account.

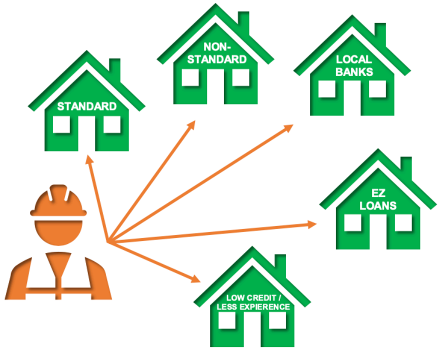
4. Keep paying credit on time.
5. Don't take on any non-real estate debt payments to affect your debt-to-income ratio.

For Credit Score and Lease Type Loans

1. Lower usage of credit cards and/or increase available balance. Goal is 720+ on all credit bureaus.
2. Create 6 months reserves for each property in either a retirement, business, or personal account.
3. Keep leases 125% above your expected new payments.
4. Keep paying credit on time
5. Don't take on any non-real estate debt payments to affect your debt-to-income ratio.

Chapter 6:
The Path Less Traveled

Did you know you have **<u>more than one option</u>** when it comes to financing your rental property investments?



As you can see, there are 5 paths to take with financing your rental property:

1. Standard/Traditional
2. Non-Standard
3. Local Banks
4. EZ Loan
5. Limited Credit or Experience Loans (also known as Non-QM)

Many investors believe if one or two banks turn them down, then everyone will. But that mentality is the same as saying you went to the

Dodge dealership to buy a Ford. You have to find the right lender to fit YOUR needs, not the other way around.

So, what path works best for you? It will depend on the following factors:

1. Credit
2. Savings and other liquid financial assets
3. Income
4. Experience as a landlord

Your answers will lead to a unique path that works best for you.

So, what works best for you?

Read on to learn more about each loan type.

Standard/Traditional

This type of loan is also known as conventional, conforming, FNMA, Freddie Mac, etc. This is the most common loan people think about when they consider a mortgage.

The Basics:

- Best rates for 30-year products. (Also available in 10 and 15-year products.)
- Full qualification based on credit and income.
- Great for rental flips. No seasoning required.
- Offered by most banks and all mortgage companies

The Nitty Gritty:

- No prepay.
- Loans good for 1 to 4-unit properties.
- Must close in a personal name.

- Purchase at 80% or lower loan-to-value (LTV).
- Cash out at 75% or lower LTV.
- Limited to 10 total loans outstanding under the same name. Includes owner-occupied properties.
- Maxed out by the limits set by FNMA and Freddie Mac.

Non-Standard

The Basics:

- Rates are usually higher than Standard.
- Allows you to go over the Standard loan limit.
- Full qualification based on credit and income.
- This is usually the next step you take after you max out on your 10 loans in Standard.

The Nitty Gritty:

- Limited programs for purchasing in LLC or trust.
- Purchase up to 90%.
- Cash out up to 80%.
- Limits by lender but can use multiple lenders to max out loans.
- Offered by some mortgage companies.

Local Banks

The Basics:

- Good rates (typically within half a point of Standard).
- Full qualification based on credit and income.
- Typical products are 3, 5 and 7-year fixed rates. They become adjustable after a fixed period.

The Nitty Gritty:

- Purchase typically between 75%-80% LTV.
- Cash out up to 80%.
- Each bank has a lending limit, but you can use multiple banks for larger portfolios.
- Provide multi-property and blanket loans.

EZ Loans

The Basics:

- Rates typically in the 6%-7% range.
- Qualification based on credit score and lease agreement. No tax information is required.
- 30-year fixed loans.

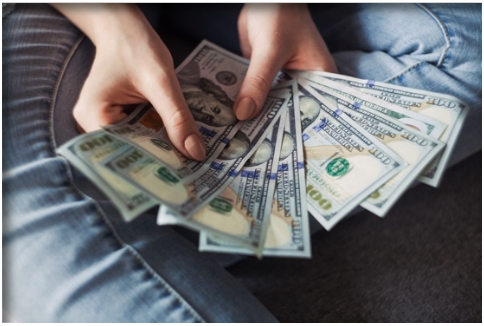
The Nitty Gritty:

- Purchase up to 80%.
- Cash out up to 75%.

- May have a prepay.
- May limit number of loans per lender but can have multiple lenders.
- Offered by some mortgage companies.

Limited Credit or Experience Loans

(Also known as Non-QM)



The Basics:

- Rates mid 7% to 9%.
- Lower credit score programs.
- Great for commercial AND residential properties.
- Offered by some mortgage companies.

With just three easy steps, our team can immediately identify which path you should take with your investment projects.

Next Steps

If you're ready to boost your cash flow, maximize your equity, and improve your portfolio, then:

1. **Download one of our free investor tools,** including our Quick BRRRR Analyzer and Loan Cost Optimizer.
2. **Subscribe** to our Hard Money Mike YouTube channel.
3. Call or email us to chat about your 2-Year Plan.

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Your Notes