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# RENTAL MANIA

(Also known as “BRRRR” by Bigger Pockets.)



## **TWO KEY FACTORS**

There is always fine print on how programs like “BRRRR” work and what free equity *really* costs. Those details include understanding two key factors:

- 1. Finding properties under market.**
- 2. Using the PROPER lenders to capture the equity and conserve cash.**

Here's how you do that...

## **DON'T PAY RETAIL**

Find under market properties with good rental ability.

- **Who has these properties?**

- Wholesalers in your area. They have more properties that work better for rental flips than fix and flips.
- Realtors who work with investors. They run across properties all the time that don't fit the flip model but are perfect for rentals.

- **How do you find wholesalers and realtors?**

- Search Google for "wholesale properties" or "buy my house." Most wholesalers are advertising to buy properties AND sell them quickly to investors.
- Search Google for "investor carrot" in your local area. This is the #1 website template for wholesalers.
- Check in with "Ugly Homes." They buy and sell a lot.
- Call your local realtor office and ask who is working with investors.

- **What properties should you look for?**

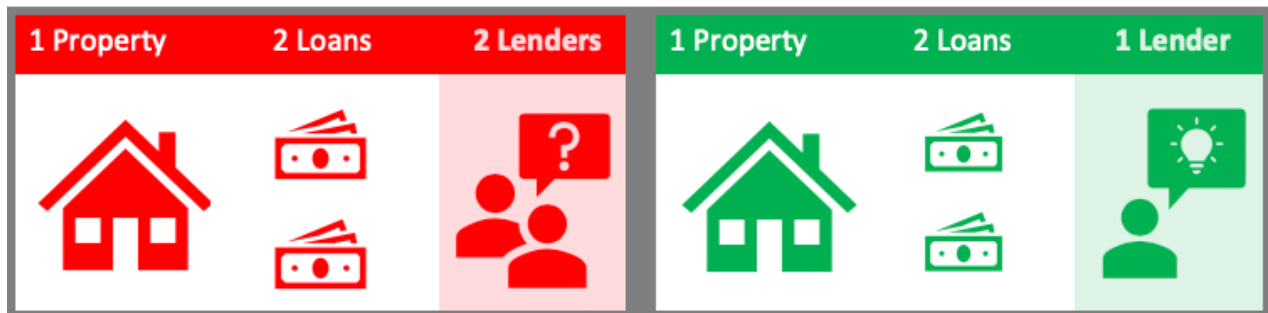
- Properties that are no more than 85% ARV. (For best results, look for properties that are 75-80% all-in ARV.)
- Typically, low repairs and good bed/bath setups.

## USE A PROPERLY DESIGNED 2-STEP LOAN PROGRAM

Find a loan that maximizes your “Return on Credit” and allows you to quickly buy AND quickly refi.

If you don’t setup your loan properly, it will cost you more than it should.  
You need to know the inside secrets such as:

- Don’t pay 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.
- Find a lender who can handle the short-term **AND** the long-term loan.



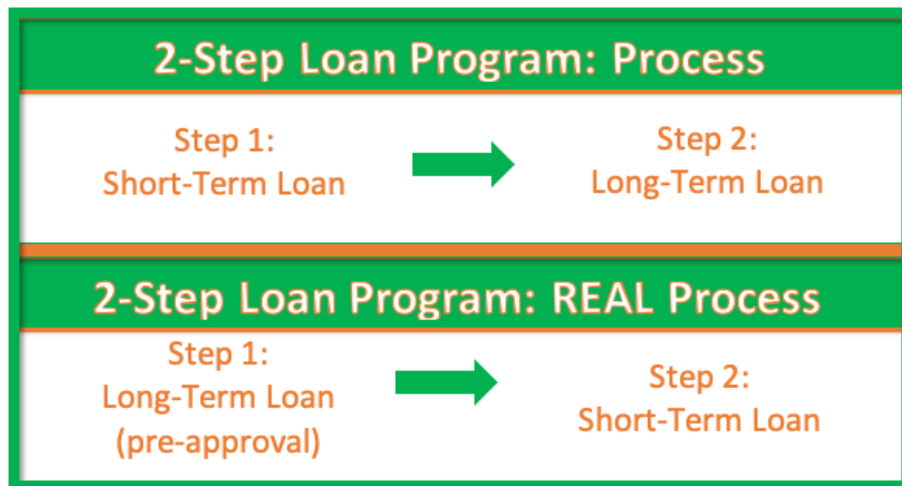
## **MUST DO'S FOR 2-STEP LOANS:**

- **Close Fast!**
  - Getting a great deal from a wholesaler or off the MLS requires you to act fast and close fast.
  - Know your numbers.
  - Align with a short-term lender who will close fast.
- **Refinance the long-term loan quickly.**
  - You want to be in the short-term loan for as short as possible. Why? To avoid paying higher interests and costs too long.
  - You 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 a year to refinance.
  - If your lenders don't work together, you'll lose the ability to buy and refi 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 may 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 be confused and annoyed, spend more money, and not end up where you want to.

## **KEY TO MAKING A 2-STEP LOAN PROGRAM WORK:**

- Get approved for your long-term loan **PRIOR** to buying the property.
  - Although you will start with a short-term loan, the process truly starts by getting approved for a long-term loan.



- Why is getting approval BEFORE you complete the short-term loan necessary? Because then your short-term lender can confidently lend the exact amount you need to maximize your refinance.
- While you're buying and rehabbing the property with your short-term loan, complete the rest of the long-term loan process. Think, "Two birds, one stone."

- Once an appraisal is done, you already have your new long-term loan in hand and ready to go.

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