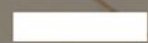


Buy. Rehab. Rent. Refinance. Repeat.

THE ULTIMATE BRRRR CHECKLIST

99 MUST-FOLLOW STEPS TO
ENSURE YOUR FIRST (OR NEXT)
BRRRR IS A MONUMENTAL
SUCCESS!



CREATED BY
BESTSELLING
AUTHORS
BRANDON TURNER &
DAVID GREENE



The BRRRR Checklist:

99 Must-Follow Steps to Ensure Your First (or Next) BRRRR is a Monumental Success

By Brandon Turner & David Greene

A Note from the Authors

A good checklist can save lives. This is why pilots and doctors rely on checklists—because even if the task is something you've done a thousand times before, mistakes can happen.

Although the consequences of missing a step may not be as life-and-death as for a pilot or doctor, the same principle applies to real estate investors. Checklists make sure you've done all the right steps in the right order to ensure a smooth takeoff and landing.

This checklist was created to help real estate investors do all the right steps on a BRRRR investment property. Whether this is your first BRRRR or your hundredth, we hope this checklist will make sure your BRRRR is as profitable and stress-free as possible!

To your success,
Brandon Turner and David Greene

Preparing for Your BRRRR

- ❑ Read [The Book on Investing in Real Estate with No \(and Low\) Money Down](#) by Brandon Turner. You'll gain a high-level overview of creative financing techniques, including the BRRRR strategy.
- ❑ Read [Buy Rehab Rent Refinance Repeat](#) by David Greene. With more than 300 pages of pure gold, this is the definitive guide to buying, rehabbing, renting, refinancing, and repeating your way to financial success. David Greene has done numerous BRRRR deals and will give you everything you need to know to conquer the strategy. This is a great book to read before doing your first (or next) BRRRR.
- ❑ Read [The Book on Estimating Rehab Costs](#) by J Scott. BRRRR Investing involves taking a dilapidated property and making it nice again. To do this, you'll need to rehab a property, and knowing how much that rehab is going to cost is one of the most important variables that determine how much you can pay for the property. Therefore, read this book to increase your knowledge so you can accurately analyze and offer on future deals.
- ❑ Verify that you fully understand the math behind a BRRRR deal. For more information on this, check out the first post in [this Forum Thread](#).
- ❑ Get pre-approved by a lender early on, so you'll know if BRRRR is even a possibility for you. Consider talking with at least five local lenders, and get clear on the bank's requirements for the following loan rules:
 - ❑ Minimum Credit Scores _____
 - ❑ Loan to Value of a Refinance _____
 - ❑ Loan Limits—Is there a max or a minimum they'll lend? _____
 - ❑ Cash Out Refinance or Rate-and-Term Refinance Only? _____
 - ❑ What closing costs will typically be paid on a refinance? _____
 - ❑ What are your seasoning requirements for a refinance of an investment property? _____
 - ❑ Do you have any rehab loans for investment properties? If so, how do they work? _____

First Steps

- ❑ Determine your ideal BRRRR market—look for locations where cash flow is going to be possible after your refinance. As a rule of thumb, look for locations that meet the 1% rule. For more data on picking a real estate market, check out [BiggerPockets Insights](#).
- ❑ Determine your purchase price range. How expensive are you willing to buy? How low will you go? Get clear on this criteria point.
- ❑ Determine your property type. Are you going to BRRRR a single family house? A duplex? An apartment complex?
- ❑ Analyze thirty potential BRRRR properties using the [BiggerPockets BRRRR Calculator](#) to get comfortable with analyzing deals. You can get these leads from wherever you want—[Realtor.com](#), [Zillow.com](#), [The BiggerPockets Marketplace](#), or many other places on the web. Your only goal is to get proficient at running the numbers on a potential BRRRR deal, so don't stress about finding great deals...yet!
- ❑ Take a local real estate landlord out to lunch or dinner to discuss locations, rents, and best practices that work in your target market. Local insight is exceptionally important when you're about to invest in a real estate market.
- ❑ Check your credit score and credit history. You can get this information at [CreditKarma.com](#) or [CreditSesame.com](#) for free. Ideally, you want your credit score to be above 700 to get the best rates from lenders, but anything above 600 can often work. If your credit is low, work toward improving it starting immediately. Also, check out [5 Feasible Ways to Buy a House With Bad Credit](#)
- ❑ Compute your debt-to-income ratio... and keep it low to improve your ability to get a loan. When you go to refinance your property, banks will look at how much debt you have compared to how much income you make. The lower, the better. For more on DTI, see [What Is a Debt-to-Income Ratio \(DTI\) and How Is It Calculated?](#)
- ❑ Claim all your income on taxes. Many people, especially those that are self-employed, seek to minimize their tax bill by being excessively aggressive when it comes to deductions. Normally, this makes sense—the less money you show the government you made, the less taxes you pay. However, that same profit number you show the government is the same profit number you show the bank—so being aggressive with your deductions can be a double-edged sword. Just something to keep in mind throughout your real estate journey.

- ❑ Start collecting contractor recommendations from other investors or homeowners in the area. You want to have some solid contractor relationships formed when you land your BRRRR deal.
- ❑ Begin to line up short-term money (hard money, cash, or private money) for the initial purchase of the property. Check out [BiggerPockets.com/HardMoneyLenders](https://www.biggerpockets.com/hard-money-lenders) if you plan to use hard money. When speaking with lenders, we recommend talking with several and getting the following information from each:
 - ❑ What would likely be my interest rate? _____
 - ❑ How long are your hard money terms? _____
 - ❑ What points or other fees will be attached to this loan? _____
 - ❑ Will you lend on a BRRRR? (They may not know the term, so you may ask, *"Will you lend on a project that I plan to refinance after the repair has been completed so I can hold it long term as a rental?"* _____)
 - ❑ What does the process look like for obtaining a loan from your business? _____
 - ❑ Do you provide Proof Of Funds letters? _____
 - ❑ What will I need to do to get pre-approved? _____
- ❑ You need to get especially comfortable with rental rates in different parts of your target market. This is one reason it helps to have a narrowly focused location, as you have less to learn. You can learn about rental rates by using the new [Rent Estimator tool](#) from BiggerPockets or by looking at "for rent" listings on Craigslist or your local Facebook Marketplace.
- ❑ Understand how your market handles property taxes after a property sale. After your rehab, your taxes may go up or they may stay the same. Different counties have different rules for how and when they increase taxes. You'll want to verify your county's process by calling the assessor's office. Once you have a good handle on how your county typically handles property tax increases, you'll be able to more accurately run the numbers on any property in your market.

Building Your Deal Pipeline

- ❑ Keep your leads organized by setting up a CRM like [Pipedrive](#), [Trello](#), or [Asana](#), [REIPro](#), or [InvestorFuse](#). Keeping leads organized is a major key to deal acquisition success in real estate. Find a CRM that works for you and for your budget (some are

paid, some are free, some are for any industry, some are just for real estate. Click around and find something you can sink into.)

- ❑ Find a real estate agent in your target market. Meet with them in person or over the phone and build a solid relationship. This agent will help you in many ways over the coming years, so find a top agent. If you don't have an agent, you can [search BiggerPockets here](#) for agents in your market.
- ❑ Ask your new agent to set you up with automatic email alerts for properties that meet your criteria. This way, leads will be automatically flowing to your inbox each day, giving you the opportunity to analyze and get a solid grasp on what your market can offer.
- ❑ Search [The BiggerPockets Marketplace](#) for potential deals in your market.
- ❑ Consider establishing another source of leads, such as Direct Mail Marketing or working with local wholesalers to generate deal flow. For more on direct mail, check out [The Ultimate Guide to Using Direct Mail Marketing to Grow Your Real Estate Business](#).
- ❑ Look for value-add opportunities with your BRRRR leads, such as the ability to add a bedroom, add square footage, etc. Small changes to a property could lead to massive increases in rent and property value. Those are key to a highly profitable BRRRR.

Working Your Leads

- ❑ Verify the After Repair Value (ARV) of your property using comparable sales ("comps"). When you are quickly analyzing a lot of deals, you can use websites like [Zillow](#) and [Realtor](#) to see what other similar properties are going for. However, when it comes time to make an offer, before submitting something official you'll need to dig in deeper and get an even more accurate picture of the ARV by talking with a local real estate agent. Your ARV is one of the most important metrics when it comes to completing a successful flip, so do the work needed to have 100% confidence in your final number.
- ❑ Verify your after-repair rental rates with a local property manager, as well as by searching Craigslist and Facebook Marketplace for comparable rentals.
- ❑ Check to see what property taxes currently are (via your County Assessor's website) and make a determination on how high the taxes will be after you rehab your property. Use this "after-repair property tax estimate when running your numbers.

- ❑ Verify all expenses on the rental property with the current property manager (if it's a current rental) or with an agent/landlord in that market who understands expenses. You must know what expenses you'll be responsible for, and what the tenant will be responsible for. Expenses to verify include:

- ❑ Water/Sewer _____
- ❑ Garbage _____
- ❑ Electricity _____
- ❑ HOA Fees _____
- ❑ Lawn Care _____
- ❑ Snow Removal _____
- ❑ Property Taxes _____
- ❑ Insurance _____
- ❑ Private Mortgage Insurance (unlikely in a BRRRR) _____
- ❑ Vacancy _____
- ❑ Repairs / Maintenance _____
- ❑ Capital Expenditures _____
- ❑ Management Fees _____
- ❑ Other charges, fees, assessments, or local taxes _____

- ❑ Estimate your closing costs on the initial short-term-money loan so you can accurately input them into your BRRRR math. If unsure, talk to a local (and experienced) real estate agent, title company, or real estate attorney.
- ❑ Estimate your closing costs on the refinance so you can accurately input them into your BRRRR math. Talk with your final lender for an estimate on this number.
- ❑ Input all your numbers into [The BiggerPockets BRRRR Calculator](#) to determine your Maximum Allowable Offer. This is the most amount of money you can pay for the property and can help guide you on whether or not to make an offer.
- ❑ Get your offer accepted and "open up escrow" with a local title company (or an attorney in some states). Your agent will help with this step.
- ❑ Wire or drop off a check to the title company for the earnest money deposit.

Due Diligence Items Once Under Contract

- ❑ Get an official property inspection done on your potential property to make sure you fully understand and have adequately budgeted all needed repairs.
- ❑ Get bids from licensed contractors on repairs needed to understand exactly how much you'll spend rehabbing this property.
- ❑ Ask for references from contractors, and actually call to verify they did the work and were on budget, on time, and respectful.
- ❑ Verify license and insurance of the contractor you plan to hire.
- ❑ Line up insurance on the property. Check to see if flood insurance is required and if so, make sure your math includes that added expense.
- ❑ Get an itemized scope of work from the contractor so you'll know exactly what's included and what's not included. Compare this to the inspection report from your property inspector to make sure all issues are being addressed.
- ❑ Double check all income, expenses, and ARV that you previously determined. Remember, the math will tell you whether or not this is still a good idea.
- ❑ Find and vet local property managers, including asking for references and calling those references. (Unless you plan to do this yourself.)
- ❑ Make your final decision on a contractor for the rehab and establish a payment schedule based on benchmarks being completed. You always want to have more money owed to the contractor than they have work left to do so they get the bulk of their payment at the end. This motivates the contractor to finish quickly. Use a [Contractor Bid Form](#) if your contractor doesn't provide their own.

After You Buy / Rehabbing

- ❑ Pull Permits (or have the contractor do it) if needed.
- ❑ Have your contractor fill out [IRS form W-9](#), so you can deduct the expense of the rehab on your taxes.
- ❑ Get your contractors started as soon as possible and keep them on task.
- ❑ Hold your contractor to their bid, but expect change-orders. Document everything well. Pay quickly so your contractor is trained to finish tasks. Perform a final

walkthrough on the property before issuing final payment. You'll likely find small issues, so be sure to get them fixed.

- ❑ Obtain a certificate of occupancy if needed as well as getting the city to sign off on any needed permits.

Renting Your Property Out

- ❑ Decide on a property manager and sign a management agreement with them. If you plan to manage yourself, skip this step.
- ❑ Get the property manager to tour the completed property to determine if anything is left to do. They may catch things that neither you or your contractor noticed.
- ❑ Get keys to the property manager.
- ❑ If self-managing, read [The Book on Managing Rental Properties](#) by Brandon and Heather Turner. This book will help you learn exactly how to make landlording simple and profitable.
- ❑ If managing yourself, begin to advertise your unit (use websites like [Craigslist](#), [Facebook Marketplace](#), [Zillow](#), or [HotPads](#) to list your property for rent)
- ❑ If managing yourself, show units, screen tenants, verify tenant meets all minimum requirements, and choose your tenant. Check out [How to Rent Your House: The Definitive Step-by-Step Guide](#) and [The Ultimate Guide to Tenant Screening](#) for more information on getting the best tenant possible.
- ❑ Manage the property or manage your manager.
- ❑ Keep track of all income and expenses inside Quickbooks or a spreadsheet. Keep your books in pristine order—this will be very important for both tax time and your refinance.

Refinance Your BRRRR

- ❑ Put together all your paperwork needed to get the refinance going. This includes:
 - ❑ Your recent job W-2s (or 1099's if you are self-employed)
 - ❑ Copies of driver's licenses.
 - ❑ Copies of social security cards.

- Mortgage statement for all loans
 - Most recent bank statements for all your bank accounts
 - Pay stubs- at least one month's worth
 - Property tax bill for the property
 - Retirement/investment account statements
 - Two previous year's personal tax returns (form 1040)
 - Two previous year's business tax returns (if needed)
 - Profit-Loss Statement for the rental property (and any other rentals you own)
 - Current promissory note if you are using a hard money or private money lender
-
- Consider shopping around with other lenders to be sure you are getting the best deals.
 - Complete the refinance, paying back your "short-term lender" (or yourself, if you used your own money for the purchase.)
 - REPEAT the process again and again and build big wealth and freedom for you and future generations.
 - Pass on the knowledge to others so the world can know there is more to life than working until you die. Life is meant to be lived abundantly. Real estate can get you there. BRRRR can get you there faster.

We hope you've enjoyed this checklist and that it helps your next BRRRR investment to be the best it can be. BRRRR investing truly is one of the greatest strategies for real estate investors to build wealth in a short amount of time—but it only works if you work it right. So get out there and work it.

Your friends,

Brandon Turner & David Greene

