

How to Build a Rental Portfolio

A Beginner's Guide

What Type Of Asset Should I Invest In?

- ❖ Single Family (SFR)
- ❖ Duplex, Triplex, Fourplex
- ❖ Condos and Townhomes
- ❖ Mobile Homes (MH)
- ❖ Commercial NN, NNN
- ❖ Multi Family (MF) 5 or more units (doors)
- ❖ Restaurants
 - ❖ Free standing
- ❖ Retail
 - ❖ Strip Centers
 - ❖ Free Standing

❖ Office

❖ Warehouse

❖ Self-Storage, RV storage, Flex Space

❖ Industrial

❖ Manufacturing

❖ Warehousing/ Supply Chain

Pick Your Type of Investing

Active Investing

Fix and Flips- Just like it sounds.

Buy it, fix it, flip it.

Buy and hold- Buy and keep as a self-managed rental

BRRRR- Buy, rehab, rent, refi, repeat

Passive Investing

Buy and hold- Buy and keep as rental with property manager

Includes turn key properties

Syndications- Invest in larger properties as a limited partner (LP)

Now That You Have an Idea of Asset Types Where are You Going to Invest?

❖ Decide on Your Market

- ❖ Local (backyard)

- ❖ County

- ❖ Out of State

- ❖ If you are investing in small deals, stay close to home otherwise the management fees will eat your profits.

❖ If you are investing in LARGE deals, do not be afraid to go nationwide because you can afford to have a good management team in place. It's easier to manage managers than tenants, toilets, and termites.

Education is Key

Spend time to get educated and make a plan. No plan is perfect but if you do not have one, it will cost you time, money, time, aggravation, time! Most people spend more time on a birthday party than they do on their future.

Set high goals.

So what if you miss? You will likely be way further ahead than you were when you started.

What Does It Look Like, And How Do I Find The Money?

Rule of thumb is to be all in at **+70% ARV**
Your formula should look something like this for
an ARV of \$100,000

$$\$100,000 \times 70\% = \$70,000$$

Repairs \$15,000

$$\$70,000 - \$15,000 = \$\underline{\hspace{2cm}} \text{ max purchase price.}$$

Where Do I Find The Money

1. Conventional Banks
2. Credit Unions
3. Owner/ Seller
4. Lease option/ Rent to own
5. Friends/ Family
6. Hard Money (OPM)

Build relationships with lenders.

What types of financing should I use?

- ❖ Conventional Banks - Bank of America, Bank of Bartlett, Regions Bank
- ❖ Credit Unions - Teachers Credit Union
FEDEX Credit Union
- ❖ Seller Financing aka Owner financing
- ❖ Lease Option aka Rent to own
- ❖ Friends and Family - perhaps the HARDEST
- ❖ Hard Money aka OPM - possibly the easiest & fastest to obtain

Real Estate Lingo -

Speak and understand the language

- ❖ ARV- _____ repair value
- ❖ BRRRR- buy, renovate, rent, _____, repeat
- ❖ House _____- live in one unit while the other units pay your expenses
- ❖ Cashflow- cash available after all _____ are paid

- ❖ Good Debt- _____ that produce income and pay debt
- ❖ Bad Debt- _____ loans, credit cards, auto loans
- ❖ Passive Income- income generated _____ your participation
- ❖ Limited Partner- LP financially invest without active _____
- ❖ COC- Cash on cash - total cash earned on total cash _____
- ❖ Multifamily- MF usually _____ or BTR
- ❖ BTR- _____ to rent
- ❖ LTV- loan to _____

- ❖ Flip- buy, renovate, _____ (repeat)
- ❖ Turn Key- buy renovated rental with or without existing _____
- ❖ Liabilities- any debt you owe like a _____ or taxes
- ❖ STR- short term _____
- ❖ Active Income- income generated by your _____
- ❖ General Partner- GP _____ partner participating in operations
- ❖ ROI- return on investment formula for _____ the return on investment
- ❖ CRE- Commercial _____ estate

How Can I Add Value And Get In On Deals?

Real Estate is a relationship game as much as it is a numbers game!

You do not need to reinvent the wheel. Use what works.

Team up with like mind investors.

Surround yourself with smarter people so you can grow. Find a mentor.\