THE BRRRR METHOD

BUY, REHAB, RENT, REFINANCE, REPEAT

PREPARED BY

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SECTION 1: THE CONCEPT

The BRRRR method is a real estate investment strategy that involves flipping distressed property, renting it out, and then cash-out refinancing it in order to fund further rental property investment.

The goal is to recycle your initial capital through forced appreciation, allowing you to build a massive portfolio with a limited amount of money.

SECTION 2: THE WORKFLOW

1. **BUY**

   Find distressed properties below market value. You typically use hard money, private money, or cash to purchase since these homes may not qualify for traditional financing.

2. **REHAB**

   Renovate the property to make it structurally sound, safe, and attractive to renters. The goal is to force appreciation and increase the After Repair Value (ARV).

3. **RENT**

   Find high-quality tenants and rent the property at market rate. Lenders will want to see steady rental income before refinancing.

4. **REFINANCE**

   Do a cash-out refinance on the property based on its new, higher appraised value. This pays off your short-term loan and ideally pulls out your initial investment.

5. **REPEAT**

   Take the cash you pulled out from the refinance and use it to buy your next distressed property. Repeat the process to scale your portfolio.

YOUR NEXT STEP

VETTED CONTRACTOR NETWORK

The Rehab phase lives or dies on your crew. Start with contractors who have already been vetted on real projects.

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SECTION 3: THE NUMBERS

THE INVESTMENT

Purchase Price	$ 150,000
Rehab Costs	$ 50,000
Holding Costs	$ 10,000
Total All-In Cost	**$210,000**

THE REFINANCE

After Repair Value (ARV)	$ 300,000
Max LTV (%)	75 %
New Loan Amount	$225,000
Capital Left In Deal	**$-15,000**

CASH FLOW

Monthly Rent	$ 2,500
Monthly Expenses (PITI, Mgmt)	$ 1,800

NET CASH FLOW

$700 / mo

*The ultimate goal is to leave $0 of your own capital in the deal after the refinance while still cash flowing positively.

YOUR NEXT STEP

RUN A QUICK ROI

Pressure-test your numbers against San Antonio deal criteria on the Investors page before you write an offer.

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SECTION 4: WHERE BRRRR GOES WRONG

The workflow looks clean on paper. In practice, most BRRRR deals that fail die from one of five predictable wounds, and every one of them is avoidable if you underwrite for it on day one.

THE FIVE DEAL-KILLERS

- **Overestimating the ARV.** Your entire refinance is built on the After Repair Value. Optimistic comps (wrong neighborhood, wrong condition, wrong season) leave your capital trapped in the deal.
- **Underestimating rehab and holding time.** Every extra month on the project is another month of loan interest, taxes, insurance, and utilities eating your margin. Budget the overrun before it happens.
- **Ignoring refinance seasoning.** Many lenders require you to have owned the property for a set period before they'll do a cash-out refinance at the new appraised value. Confirm your exit lender's seasoning rules before you buy, not after the rehab is done.
- **Over-leveraging thin cash flow.** Pulling the maximum loan amount can leave the property barely breaking even. One vacancy or one repair bill and you're feeding the deal from your own pocket.
- **Skipping the inspection on distressed stock.** Distressed properties are exactly where foundation, plumbing, and electrical surprises hide. The inspection is how your rehab budget stays a budget instead of a guess.

SECTION 5: FINANCING THE CYCLE

BRRRR uses two different loans for two different jobs, and lenders look at the deal completely differently at each stage.

PHASE 1: THE ACQUISITION

Distressed properties often won't qualify for traditional financing, and distressed sellers reward speed. That's why the Buy phase typically runs on cash, hard money, or private money. The lender here is underwriting the deal and the asset's potential, and pricing for speed and risk, not for a 30-year hold.

PHASE 2: THE EXIT REFINANCE

Once the property is renovated and rented, you refinance into long-term debt: a conventional loan, or a **DSCR loan** that qualifies you on the property's rental income instead of your personal W-2. This lender is underwriting a stabilized rental: appraised value, steady rent, clean title. Same house, entirely different conversation, which is why you line up the exit lender before you buy, not after the rehab is done.

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Ready to execute? Call or text today.

BOOK A CALL | CALL / TEXT NOW | MAP YOUR FIRST DEAL