

The BRRRR Real Estate Investment Method

BRRRR stands for Buy, Rehab, Rent, Refinance, Repeat.

Buy real estate that needs work



Original purchase price: \$110,000

- \$88,000 bank loan (80% loan to value)
- \$22,000 down payment (20%)
- \$15,000 improvement costs
- \$3,000 closing costs
- \$1,300 carrying costs

Rehab, Rent, Refinance then Repeat

\$24,500 PROFIT

To Repeat the process

After repair value: \$150,000

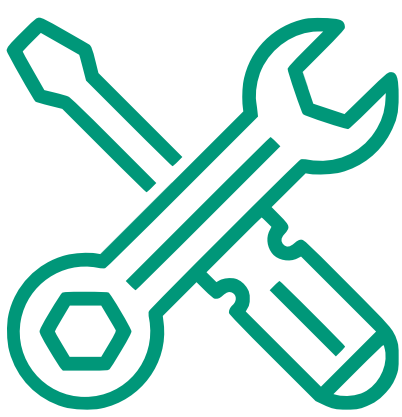
- \$112,500 bank loan (75% loan to value)
- \$37,500 owner's equity



How to Start Using the BRRRR Method?



Buy a property



Rehab the property



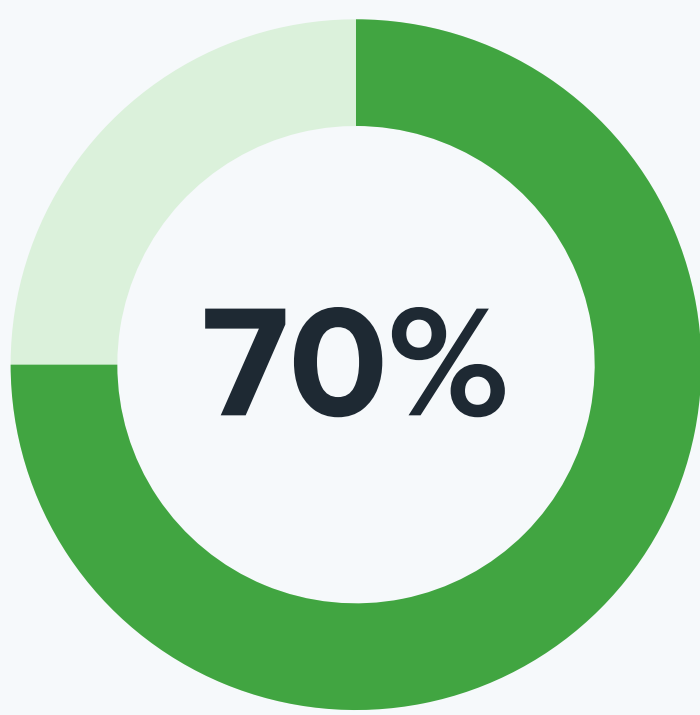
Rent the property



Refinance the property



Repeat every step



Always remember the 70% rule!

Do not spend more than 70% of a property's after-repair value (ARV) and repair costs.

Pros and Cons of the BRRRR Method

Pros

- Passive income
- The benefits of scale
- Return on investment
- Reuse your cash
- An investing technique that runs automatically

Cons

- Assessment risk
- Loan
- Unexpected difficulties

