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KEY PROPERTIES



**MILITARY REAL ESTATE
INVESTING 101**

WORKBOOK



“Leverage Military Benefits, Lifestyle, and Real Estate to
offset W-2 Income for retirement.”

BY TREVOR & NATALIE MUZZY

W E L C O M E

Hi There!

Welcome to the ReliantProperties Military Real Estate Investing 101 Course Workbook.

First off, we just want to say THANK YOU so much for purchasing this course and supporting ReliantCo. Our family thanks you from the bottom of our hearts. We hope this education is as valuable to you as it has been to us and that your family is able to leverage military benefits, lifestyle, and real estate to offset your W-2 income for a better retirement and a more financially free life.

This workbook is to be used in conjunction with the ReliantProperties Military Real Estate Investing 101 Course on Teachable. For each course module, there are an accompanying set of note-taking spaces, reflection questions, as well as a few case studies scattered throughout. We recommend watching the module video first, then moving to the workbook activities.

As always, we look forward to your feedback and would appreciate if you shared this content with any fellow military members who could benefit. If you are interested in coaching or want more info about ReliantCo. or ReliantProperties, please check out reliantblog.com today!

Trevor & Natalie

ABOUT US

We are Trevor & Natalie- founders of ReliantCo. & ReliantProperties.

Our mission at ReliantCo. is "to build families on the foundation of Christ & reliant on God's love." (1 Corinthians 3:11, 1 John 4:16)

Our mission at ReliantProperties is "to steward our time, treasures, and talents to build a God-honoring portfolio of assets that cash-flow and build generational wealth. We strive to serve like Christ in the way we acquire, improve, and manage our properties, so as to reflect god's love." (1 John 4:16)

Check out reliantblog.com for more info!



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MODULE 1

COURSE INTRODUCTION & OVERVIEW



Whoever trusts in his riches will fall, but the righteous
will flourish like a green leaf.”

Proverbs 11:28

MODULE 1

Course Introduction & Overview

Module 1 Key Takeaways

- God determines how we steward our resources
- We are called to freedom in our finances
- Our inspiration is our grandparents and their proven concepts

Assignment: Talk and/or journal about why you want to take this course. What are your motives?

MODULE 1

Course Introduction & Overview Reflection Questions



01 How do you make financial decisions?

02 In what areas are you lacking financial freedom?

03 What are you hoping to get out of this course?

MODULE 1

Course Introduction & Overview Summary

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



MODULE 2

FINANCIAL RUNWAY CONCEPT



"But lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal. For where your treasure is, there your heart will be also."

Matthew 6:20-21

MODULE 2

Financial Runway Concept

Module 2 Key Takeaways

- Longer financial runway = security, freedom, and options
- Decrease and control expenses to lengthen runway
- Increase income to lengthen runway

Assignment: Take Financial Peace University with your spouse or accountability partner. At a minimum, consistently live on a budget before investing in Real Estate.

Notes:

MODULE 2

Financial Runway Concept Reflection Questions



01 If you stopped working right now, how long would you have until you run out of money?

02 Do you have your lifestyle and spending under control? In what areas can you improve?

03 What assets do you have that are generating income even when you're not working?

MODULE 2

Financial Runway Concept Summary

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



MODULE 3

MISSION, PURPOSE, & GOAL-SETTING



For no one can lay a foundation other than that which is laid, which is Jesus Christ.”

1 Corinthians 3:11

MODULE 3

Mission, Purpose, & Goal-Setting

Module 3 Key Takeaways

- We are called to have a mission that drives our financial decisions
- Without a clear purpose we are easily distracted and misled
- Clear goal setting helps us turn dreams into an action plan

Assignment: Go through the ReliantCo. [Finding Freedom Series](#) with your spouse or an accountability partner. Make a goal board that includes Mission Statement, Life Stage Themes, and Focus Areas with SMART goals

Notes:

MODULE 3

Mission, Purpose, & Goal-Setting Reflection Questions



01 How can you use your money to serve others and better the world?

02 What motivates you to improve your financial situation?

03 What specific steps do you need to take in order to have mission and purpose in your finances?

MODULE 3

Mission, Purpose, & Goal-Setting Summary

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



MODULE 4

TARGET MARKET ANALYSIS



And he said to them, “The harvest is plentiful, but the laborers are few. Therefore pray earnestly to the Lord of the harvest to send out laborers into his harvest.”

Luke 10:2-4

MODULE 4

Target Market Analysis

Module 4 Key Takeaways

- Decide on your criteria beforehand to prevent emotional decision-making
- Work big (macro) to small (micro) when developing criteria
- Think about market AND asset criteria

Assignment: Read Case Study 1. Then discuss the following:

1) Develop your target market criteria based on concepts taught in this lesson (big to small).

2) Develop a specific property criteria based on your goals.

MODULE 4

Target Market Analysis Reflection Questions



01 How does having criteria help you make better decisions on what opportunities to take?

02 Where do you want to invest in real estate? Why?

03 Does the market where you currently live in work for investing? Why or why not?

MODULE 4

Target Market Analysis Summary

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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CASE STUDY 1



KANSAS CITY TURNKEY



CASE STUDY 1

Kansas City Turnkey

AT A GLANCE

PROPERTY DETAILS

- Purchased turnkey in March 2017 for \$70,000
- Built in 1955, Single Family, 1066 sq ft, 3 bed/1 bath, finished basement, single car garage
- Working class neighborhood, B+ working class area. Located right across from an elementary school
- Financing: Conventional 20% down mortgage (\$18.5k)
- Rehab Costs: \$0 (Turnkey)
- Rents for: \$900/mo in 2017
- Cash flow estimates before purchasing property:
 - <https://docs.google.com/spreadsheets/d/0B1hqjEe4s4WkZmJYVi1pdk9zZG8/edit?resou rcekey=0-VbOYBGPgDXJxO5EPP5Aig#gid=1074834150>

WHAT MADE YOU INTERESTED IN INVESTING IN THIS TYPE OF DEAL?

I left college motivated to build generational wealth, and after reading lots of books and listening to thousands of podcasts decided real estate was the more predictable vehicle for me to achieve my goals while still in the military. Looking to build passive cash flow as a full time military member and I was in pilot training so elected to go with a turnkey property (fully rehabbed and sold with tenant and property management in place) on my first deal.

HOW DID YOU FIND THIS DEAL AND HOW DID YOU NEGOTIATE IT?

- Being from Kansas City, Missouri, I liked the midwest (landlord friendly, favorable price to rent ratios) and fairly quickly settled on KC as my primary market.
- Searched turnkey real estate companies in the KC area, interviewed several, settled on one company.
- Picked Raytown as my KC submarket of interest. The drivers of this decision were low crime rates and nice working-class neighborhoods.
- Selected a property off the turnkey company's website then started the process to inspect and purchase it.

HOW DID YOU ADD VALUE?

In my opinion, inability to value add is the downside of turnkey for lower net worth individuals. The turnkey company flips properties to passive owners and does all the value adding. This model may work well with high net worth individuals who have very limited time.



CASE STUDY 1

Kansas City Turnkey

WHAT CHALLENGES DID THIS DEAL PRESENT?

Timeline of problems faced on this deal and cost:

- 2017 - Heavy rain in September, basement flood in fall cost \$1.1k. Learned that insurance generally doesn't cover foundation and water intrusion issues.
- 2018 - Only uneventful year of our ownership....
- 2019 - Turnover cost \$4k from tenant/pet damage and stolen hot water heater while property was vacant. Then in May while property was vacant, heavy rain caused flood that went unnoticed for a month. Water molded the entire basement several feet above floor level. Between May and September we were giving tenants 1/2 to 2/3 off their rent because the basement was torn up. After the flood in May, we installed sump pump/backflow valve and repaired basement to include new flooring: total cost \$10k not accounting for lost rent.





CASE STUDY 1

Kansas City Turnkey

WHAT CHALLENGES DID THIS DEAL PRESENT? (CONTINUED)

- 2020 - Basement flooded again in June, after we thought the basement problem was fixed. We got multiple bids and ended up installing an additional sump pump, installed a new gutter system and jackhammered the foundation to install an interior drain system. Total cost \$8.2k.



Summary:	Cashflow
2017	-18357.25
2018	1158.07
2019	-11139.55
2020	-8230.58
2021	67132.88
Total:	30563.57

% Per Year	% Total
36.05%	162.24%

WHAT WAS THE OUTCOME?

In 2021 we invested an additional \$10k to redo flooring, repaint interior, install new appliances before listing property for sale. We sold for 143.5k in September 2021. Graphic below shows cash flow for the entire life of the property, including initial investment in 2017 and sale in 2021. Return calculations based on initial investment of \$18.5k.



CASE STUDY 1

Kansas City Turnkey

LESSONS LEARNED?

- Get a good inspection and hold the seller accountable to address issues thoroughly (such as previous signs of mold)! Make sure to inspect all the plumbing for issues.
- Some turnkey companies prey on long distance investors. Use solid turnkey company who cares about their reputation and offers warranty programs. We eventually fired our property manager/turnkey company. If property manager is not doing a good job, find a better one sooner than later so they don't drag you down with them... Be cautious of property management companies that lock you into long term agreements with high cost of cancellation.
- We elected not to use a realtor and went direct seller to buyer with turnkey company. If you're new to real estate investing consider using a realtor because they may prevent you from making a major mistake which is worth the commission. As experts on the local market, a realtor may have steered me towards a 3-2 and away from a below ground basement since basement issues are common in Raytown.
- Our #1 rule: Buy somewhere you would want to live. Issues we faced: Tenants' pets damaged property, stolen hot water heater during vacancy, etc. These issues may have been avoided by buying in a better area.
- Be sure to maintain adequate reserves for that rainy day (no pun intended). We use 3-6 months of expenses, with a minimum of \$5k cash. Consider: how much does a new roof cost? How much does a water heater cost? How long can I allow the property to go vacant at a time? What if multiple things happen at the same time?
- For large/complex maintenance issues, seek out multiple bids from different companies so you can fact check their recommendations and pricing. Owner/property manager must think critically about the best all-around solution. If you cannot solve the problem, you will have to sell at a reduced price to someone who will solve the problem.
- Leverage technology to manage property long distance. I didn't step into the property from March 2017 until June 2021 right before we sold it.
- Market timing matters. If I had made all these big mistakes then the market dropped I would have been in a world of hurt. Sometimes luck and timing can make up for all the stupid mistakes you make. But always expect and prepare for for the worst case market conditions

FUTURE GOALS? WHAT'S

Sold in June 2021 via 1031 tax-deferred exchange **NEXT!** profits from this deal into our duplex in Columbia Missouri. Already much lower maintenance and better cash-flow.



MODULE 5

LONG, MEDIUM, & SHORT-TERM RENTALS



“Wealth gained hastily will dwindle, but whoever gathers little by little will increase it.”

Proverbs 13:11

MODULE 5

Long, Medium, & Short-Term Rentals

Module 5 Key Takeaways

- Flexibility in type of rental (long, medium, or short term) gives you options
- Flexibility and options help you breathe when hard times inevitably come.

Assignment: Read Case Study 2. Then Consider which type of rental method best fits your goals.

- If you already own properties, can you switch strategies to get your assets performing better?
- How can you use a mixture of these methods to diversify?
- How can you incorporate furnished rentals with your personal goals?

MODULE 5

Long, Medium, & Short-Term Rentals



01 Why should short term rentals also work as long term rentals?

02 What type of rental approach best fits your goals?

03 How could flexibility in type of rental give you protection and options?

MODULE 5

Long, Medium, & Short-Term Rentals

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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CASE STUDY 2



TUCSON HOUSE HACK/AIRBNB



CASE STUDY 2

Tucson House Hack/Airbnb

AT A GLANCE PROPERTY DETAILS

- Main house built in 1907 but recently renovated. Casita (guest house) addition within the last 10 years
 - Single Family home with detached guest house
 - 1200 sq ft main house/500 sq ft casita, 3 bed/2 bath main house & 1 bed/1 bath casita
- Historic downtown neighborhood in the heart of downtown Tucson. Located 1 block from busiest downtown nightlife street.
- Purchase Price: \$385,000
 - Financing: Used \$22k of our savings to put 5% down on the deal with the VA loan!
 - Rehab Costs: \$14.5k for cosmetic improvement and to furnish both units
 - All In: \$36.5k
- Cash flow estimates before purchasing property:
 - <https://docs.google.com/spreadsheets/d/0B1hqjEe4s4WkZmJYVi1pdk92ZG8/edit?resourcekey=0-VbOYBGPgDXJxQ5EPP5Aig#gid=1074834150>
- Airbnb Profiles:
 - Main House: <https://abnb.me/E22nv0lxMsb>
 - Casita: <https://abnb.me/nPbwaFnxBsb>

SUMMARY

Had the opportunity to purchase a property near Davis Monthan AFB while stationed there. Decided to use the VA loan to house hack with the intent of holding long term. While living in the main house, we AirBnB'd the casita (guest home) to offset our living costs. After moving out, we converted the front house into an AirBnB.

WHAT MADE YOU INTERESTED IN INVESTING IN THIS TYPE OF DEAL?

Wanted to house hack using the VA loan while stationed in Tucson

HOW DID YOU FIND THIS DEAL AND HOW DID YOU NEGOTIATE IT?

- Realtor search on MLS for homes with a guest house in the downtown area of Tucson.
- We walked 3 homes and decided that this option was the best location/value.
- This was in the middle of the Covid pandemic so we decided to look in a more urban area since we knew that's where people were running away from and likely the place where deals would be found.

HOW DID YOU ADD VALUE?

- Landscaping





CASE STUDY 2

Tucson House Hack/Airbnb

WHAT CHALLENGES DID THIS DEAL PRESENT?

- VA funding fee for <5% down
- Managing AirBnBs from a distance while on vacations
- Old house plumbing issues
- Problems associated with owning in an urban area: train/car noise, higher crime and vagrancy

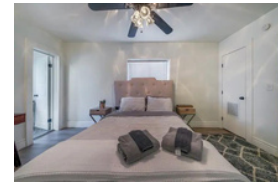
WHAT WAS THE OUTCOME?

- Currently worth somewhere between \$438k and 513k according to Zillow Zestimate on 25 Aug 2022
- Both units still on AirBnB

FUTURE GOALS? WHAT'S NEXT?

- Continue holding property
- Potentially 1031 exchange into another property down the road.

- Furnished and listed Casita on AirBnB



- Removed wall to create open living room/kitchen
- Built an island to utilize kitchen space better



- Added corrugated steel to existing fence to create more private space in the backyard





MODULE 6

HIRE PROPERTY MANAGER OR SELF-MANAGE?



"For it will be like a man going on a journey, who called his servants and entrusted to them his property."

Matthew 25:14-15

MODULE 6

Hire Property Manager Or Self-Manage?

Module 6 Key Takeaways

- Flexibility in type of management (self-manage or property manager) gives you options
- Flexibility and options help you breathe when hard times inevitably come

Assignment: Read Case Study 3. Then, Develop a list of criteria and interview questions for potential property managers.

- Do you think self-managing or using a property manager will better fit with your goals?
- How does having the ability to do both diversify and protect you?

MODULE 6

Hire Property Manager Or Self-Manage?



01 What type of management approach works best for you?

02 What type of management best fits your goals?

03 How could flexibility in type of rental and management give you protection and options?

MODULE 6

Hire Property Manager Or Self-Manage?

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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CASE STUDY 3



VA LOAN HOUSE HACK + LTR



CASE STUDY 3

VA Loan House Hack + LTR

AT A GLANCE PROPERTY DETAILS

- Built in 1993
 - Single Family
 - ~1366 sq ft
 - 3 bed, 2 bath, 2 car garage
 - Slab foundation/single story
 - Quiet A- neighborhood pretty near the high school.
- Purchase Price: \$115,000
- Financing:
 - Used \$0 of my own savings to put \$0 down on the deal with the VA loan! Seller even paid for closing and my realtor gave me a \$50 gift card to Lowes when I bought, so I made \$50 when I bought the house
 - Rehab Costs: \$0 (Turnkey)
 - Closing/Holding Costs: Made \$50 at closing, \$0 holding (turnkey)
 - All In: -\$50
- Cash flow estimates before purchasing property:
 - I was willing to accept lower cashflow on this property since I had no money in the deal. But rent has been going up and current mortgage (PITI) = \$930, current rental rent = \$1200 (could be \$1300 but we wanted to keep our long term tenant at \$1150)
 - <https://docs.google.com/spreadsheets/d/0B1hqjEe4s4WkclMxeVdFMHk2dDA/edit?resourcekey=0-YbZ6h7ksKJKWFpGHwD8i5Q#gid=506212799>

SUMMARY

While stationed at Sheppard AFB, I used the VA loan to purchase a home in Burkburnett, TX (near Wichita Falls, TX). While stationed there, I “house hacked” by renting rooms to roommates and also rented out my room as a military TDY crashpad.

WHAT MADE YOU INTERESTED IN INVESTING IN THIS TYPE OF DEAL?

Had an unexpected opportunity to move off base and knew it could be a cash-flow opportunity while renting-by-the-room to roommates

HOW DID YOU FIND THIS DEAL AND HOW DID YOU NEGOTIATE IT?

- I narrowed my search to 3 bed, 2 bath turnkey properties in 3 neighborhoods in Wichita Falls and Burkburnett that are popular with military renters.
- I found a recommended realtor with a military background who helped me narrow my search
 - We walked a lot of properties in those neighborhoods as they would come up on the MLS, until we found this one that met more criteria for cash-flow and stability than others

HOW DID YOU ADD VALUE?

- Hail storm damaged roof and knocked over an old fence so we used an insurance claim \$\$\$ to replace those and renovate master bathroom.
- Fixed aesthetic items (minor painting, restained kitchen cabinets, etc.) from previous owner who neglected it.



CASE STUDY 3

VA Loan House Hack + LTR

WHAT CHALLENGES DID THIS DEAL PRESENT? LESSONS LEARNED?

- Research VA funding fee for <5% down and save yourself some \$\$\$ potentially
- House hacked by renting rooms out to roommates paid most of my mortgage while living there, and I was receiving BAH on top of that!
- While on TDY, I rented out my room to another person coming to Sheppard as a TDY crashpad and got \$60/night to let someone else rent my room
- Property Management experience:
 - Self-managed old roommates on a rent per room basis... No real accountability for common areas (kitchen, yard, utilities, etc.). Don't recommend providing lawn care or utilities due to accountability purposes
 - Self-managing from AZ then refrigerator went out while in the midst of a very busy course... decided I needed to hire a property manager. Then fired said property manager due to incompetence
 - Hired new property manager who was been okay, but seemed over-saturated with business- very difficult to get any proactive work done at the property
 - Moved back to self management in 2022 with better team/systems



WHAT WAS THE OUTCOME?

Zillow says it's worth \$180k now but I'd realistically say it's grown in value from \$115k to over \$160k, and that's with no money down!!!

FUTURE GOALS? WHAT'S NEXT?

- Continue holding property in case we get stationed back at Sheppard again.
- Potential to make some fixes to increase rent and property value (Redo bathrooms and showers, redo kitchen cabinets and countertops). Could potentially sell then 1031 into another deal
 - Not looking to refinance since my I locked in a super low interest rate.



MODULE 7

LEVERAGE TECHNOLOGY AND GROW YOUR TEAM



“Better to be a nobody and yet have a servant than
pretend to be somebody and have no food.”

Proverbs 12:9

MODULE 7

Leverage Technology and Grow Your Team

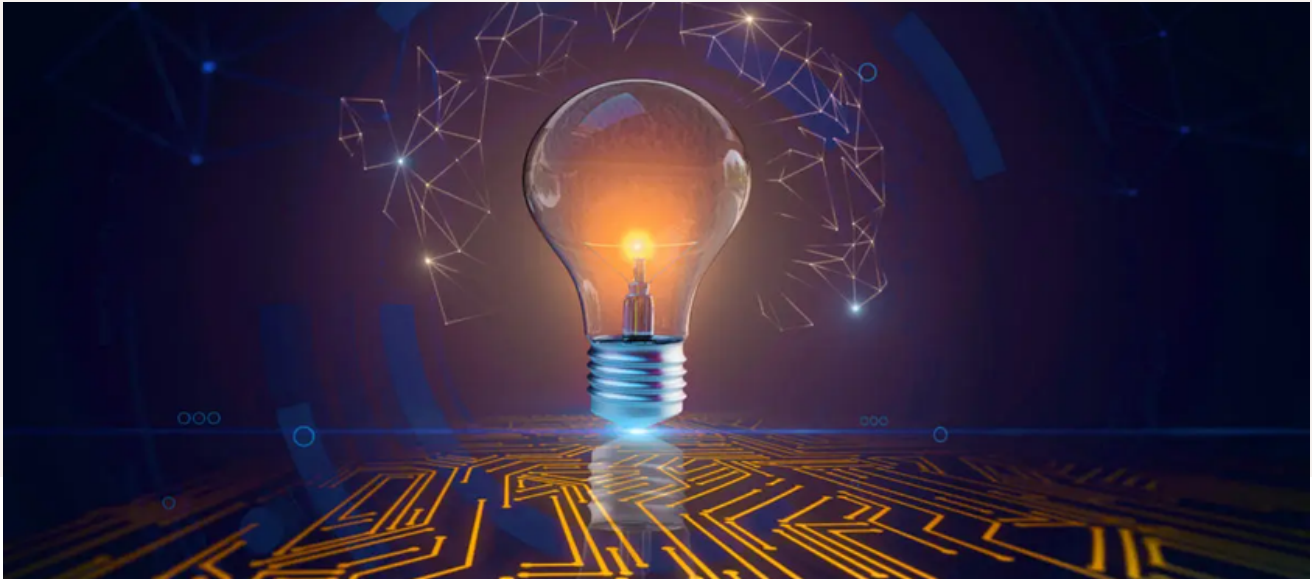
Module 7 Key Takeaways

- Recent technology trends have opened up new possibilities for business
- Recent trends towards remote work have created higher demand for furnished rentals

Assignment: Consider how you can leverage technology to improve systems within your business. Choose one app or technology you plan to implement to make your business more passive.

MODULE 7

Leverage Technology and Grow Your Team



01 Where do you see opportunities to leverage technology to create systems within your business?

02 What team members do you need to bring on to streamline your business and make it more passive?

03 What opportunities have recent trends towards remote work created in your market and the markets you're investing in?

MODULE 7

Leverage Technology and Grow Your Team

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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SYSTEMS DEMO



LEVERAGING TECHNOLOGY

SYSTEMS DEMO

Leveraging Technology



Microsoft



Technology We Use to Streamline Business:

01

Financial Tracking

- Mint (Sync business accounts for monthly business review)
- Google Docs (Quick reference property info sheets)
- Google Sheets (Property income and expense trackers)
- Zelle (Electronic contractor payments)
- Venmo (Electronic tenant rent payments, electronic contractor payments)
- Stessa (Like Mint for tracking expenses, but built for rentals)
 - ***We had issues with this software integrating with USAA and stopped using it***

02

Communications

- Outlook (Shared business email)
 - ***We keep all financial accounts on our personal logins for security reasons. Team does not have direct access to our accounts***
- OpenPhone (Shared business phone)

03

Property Management

- TenantCloud (Long term property management app)
- AirBnB (Short term rental management app)
 - ***We looked into using Guesty and Hostfully to integrate multiple rental platforms but never pulled the trigger. Our property manager now uses one of these programs.***



MODULE 8

FINANCING AND TAX STRATEGIES



“Those who work their land will have abundant food, but those who chase fantasies have no sense.”

Proverbs 12:11

MODULE 8

Financing and Tax Strategies

Module 8 Key Takeaways

- Get a tax code specialist (CPA) to file your business taxes and reduce your tax burden
- Take advantage of tax incentives for owning a small business and real estate
- Tax code programs like the 1031 exchange designed to benefit real estate investors

Assignment:

1) What is one financing method you didn't know about previously? Research deeper on that topic.

2) How can you better leverage the tax benefits of owning a business and investing in real estate? Prioritize 1-2 action items in this financing and tax protection area.

MODULE 8

Financing and Tax Strategies



01 Why does the government incentivize small business and real estate through tax breaks?

02 What was your effective and marginal tax rate for the previous tax year?

03 How can you reduce your tax burden by using a CPA or changing your business strategy?

MODULE 8

Financing and Tax Strategies

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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CASE STUDY 4



**1031 EXCHANGE OF KANSAS CITY TURNKEY
TO COLUMBIA SELF-MANAGED DUPLEX**



CASE STUDY 4

1031 Exchange of Kansas City Turnkey to Columbia Self-Managed Duplex

AT A GLANCE PROPERTY DETAILS

- Attached 3 Level Duplex
 - Built in 1986
 - 3600 sq ft (2x 1800 sq ft units)
 - 4 bed, 3.5 bath units
 - upstairs: 2 bedrooms/2 bathroom
 - main level: living area main w/ 1/2 bath
 - lower level: 2 bedroom/1 bathroom
- Neighborhood is located near the Country Club of Missouri in a highly-sought after area of Columbia, MO. Centrally located and 10 minutes from downtown.
- Purchase Price: \$385,000
 - Financing: Put down 25% using \$77.5k from 1031 exchange and \$13.6K from personal funds
 - Rehab Costs: \$0
 - Current Value: Estimated \$400k
 - Rent: Currently rented at \$1400/mo and \$1800/mo
 - or \$3200 total/mo.
- Cash flow estimates before purchasing property:
 - https://docs.google.com/spreadsheets/d/11NkkDYXMZW4CPEfLeuxDWqyop45Hw_eS68gdFDLm5z8/edit

SUMMARY

Read our 1st deal deep dive on our nightmare “turnkey” rental property that we purchased in 2017 and held until 2021. After a series of issues with our Raytown rental property, we decided to sell in in early 2021 and 1031 tax exchange our profits into a different property. We found a FSBO (for sale by owner) duplex in Columbia, MO (our hometown) that we 1031ed our profits from the Raytown sale into.

WHAT MADE YOU INTERESTED IN INVESTING IN THIS TYPE OF

DEAL? We already decided to sell the Raytown property and were looking for something to roll the profits into to avoid paying capital gains tax





CASE STUDY 4

1031 Exchange of Kansas City Turnkey to
Columbia Self-Managed Duplex



HOW DID YOU FIND THIS DEAL AND HOW DID YOU NEGOTIATE IT?

- While back in Missouri walking our Raytown property, we went to our hometown in Columbia, MO to visit family and found a FSBO (for sale by owner) listed on Zillow. The couple that was selling was a middle-aged couple that self-managed the property and they said that Natalie and I reminded us of them when they were young.
- We offered slightly below asking, and in the inspection period we asked sellers to concede a couple thousand for some minor repairs.



HOW DID YOU ADD VALUE?

- Property 100% rented upon purchase. Within 1st year, we bumped rents up from \$1400/1150 to \$1800/1400 (\$650/month total increase)
- Invested \$10k on first turnover of both units in fall 2022 on new paint, replace fixtures, cosmetic repairs, HVAC tuneups, carpet cleaning, etc.



CASE STUDY 4

1031 Exchange of Kansas City Turnkey to Columbia Self-Managed Duplex

WHAT CHALLENGES DID THIS DEAL PRESENT?

- Pareto principal: 20% of your properties will cause 80% of your problems
 - This was true of our Raytown rental, so selling Raytown property and 1031 exchanging the profits into Columbia duplex was huge weight off our shoulders
 - Comparatively, the property and tenants have been a dream to work with!
- Be aware of the 1031 time restrictions
 - Delays with closing on Raytown property (due to buyer's financing) had a domino effect on subsequent 1031 closing at Belle Meade
 - Recommend spacing out dual closing 1031 exchanges by several weeks to create breathing room, and use title agency that's familiar with the 1031 process.
- Self-managing systems/processes:
 - We decided to take over self-managing this property from a distance and learned a lot about systems and processes
 - We have a list of contractors that we use and created a special agreement with a local realtor to handle to turnover for us, then we manage the day-to-day property management



WHAT WAS THE OUTCOME?

- Currently estimate the property value around \$400k
- fully rented and cash-flowing \$1000-\$1200/month

FUTURE GOALS? WHAT'S NEXT?

- Considering converting one side of this duplex into a short term rental down the road so we can use it for personal use when we go back to visit family in Missouri





MODULE 9

CREATIVELY LEVERAGE YOUR COMPETITIVE ADVANTAGES



“But as it is, God arranged the members in the body, each one of them, as he chose. If all were a single member, where would the body be? As it is, there are many parts, yet one body.”

1 Corinthians 12:18-20

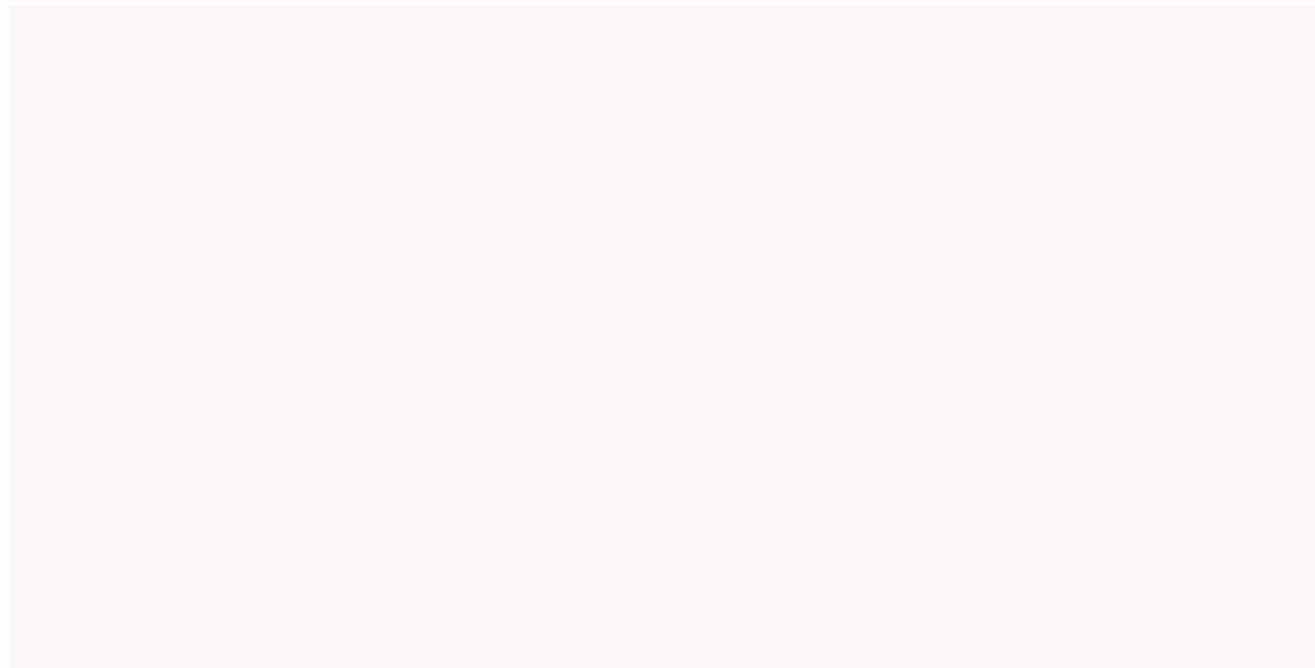
MODULE 9

Creatively Leverage YOUR Competitive Advantages

Module 9 Key Takeaways

- Real estate is NOT one size fits all... You can build a business around your competitive advantages
- Different loan programs can help you get started with lower down payments (VA, FHA, etc.)
- The BRRRR method can grow your real estate portfolio while recycling the same capital into new deals.

Assignment: Make a list of your competitive advantages related to real estate investing. Share the list with someone else to get a second opinion.



MODULE 9

Creatively Leverage YOUR Competitive Advantages



01 What competitive advantages do you uniquely bring to the table?

02 How can you leverage your competitive advantages to grow your business?

03 Are there opportunities you see that require a skill set and network you currently don't have? How can you grow into that opportunity?

MODULE 9

Creatively Leverage YOUR Competitive Advantages

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:

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CASE STUDY 5



TUCSON DUPLEX DIY BRRRR + STR + MTR

CASE STUDY 5

Tucson Duplex DIY BRRRR + STR + MTR



01 This space is where you ask questions that require short responses.
Keep this within 2 to three lines

02 This space is where you ask questions that require short responses.
Keep this within 2 to three lines

03 This space is where you ask questions that require short responses.
Keep this within 2 to three lines



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AT A GLANCE

PROPERTY DETAILS

- Built in 1954
 - Detached Duplex
 - 954 sq ft (500 and 454 sq ft units)
 - Two 1 bed/1 bath studio apartments
- Neighborhood is north of the University of Arizona off Mountain Ave (main walking/bike path to campus)
 - Located SE of a higher crime area, but neighborhood is pretty safe and turning over
- Purchase Price: Asking \$112,000
 - Negotiated down to \$106,500
 - Financing: Used \$32,674 to put 30% down on the deal
 - Rehab Costs: \$49,000
 - Closing/Holding Costs: \$5,026 closing, \$0 holding (started cash-flowing month 2)
 - All In: \$155,500
- Refinance: \$167,000
- Current Value: Estimated over \$180k (Maybe over \$200k, hard to compare to what's available)
- Rent: Averaged \$3437/month gross AirBnB income in 2021, \$1471/month cashflow
- Cash flow estimates before purchasing property:
 -

SUMMARY

This property comes with quite a story as our first duplex & major flip/BRRRR in a 1 month time span. We began renting both units as AirBnBs in 2018 then converted the units to long term furnished rentals when Covid crashed the Tucson travel market in mid 2020. Now both are back on Airbnb, but have had stents of MTR in each.

WHAT MADE YOU INTERESTED IN INVESTING IN THIS TYPE OF DEAL?

After our first 2 deals (1 turnkey and 1 single-family VA loan house-hack) we were looking for something with more value-add opportunities. We also wanted to find a home to live in and eventually rent in the Tucson area.

HOW DID YOU FIND THIS DEAL AND HOW DID YOU NEGOTIATE IT?

- After months of unsuccessfully searching for deals with our realtor that were both in a safe area and the numbers made sense, we eventually gave up and decided to rent... Then we got an email from our realtor about a property for us, but the catch was that it needed a LOT of work. It was in such bad shape that many others didn't even want to touch it on the MLS.
- Negotiated property down after the property inspection revealed termite damage, roofs in need of replacement, needed new HVAC systems.

HOW DID YOU ADD VALUE?

- Removed tons of debris from the premises, including an old metal shed and wooden lean-to thing in picture
- Moved 2x inherited tenants out of the property
- Landscaping
- Interior/Exterior paint
- New mini-split HVAC systems
- 1 new roof, 1 resealed roof
- Completely gutted/remodeled front unit
- Added parking awnings
- Rusted corrugated steel fence around the entire property
- Much needed TLC



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WHAT CHALLENGES DID THIS DEAL PRESENT? LESSONS LEARNED?

- Buy properties in areas that you want to live in. This duplex was neglected but in a nice, improving area close to the U of A
- Estimating rehab costs:
 - Went way over... Get multiple bids and be conservative on your numbers
 - Debated on lower end vs. nicer finishes pros and cons
 - Think like the tenants you want to rent to!
- Finding reliable contractors:
 - Personal recommendations, Facebook Buy/Sell/Trade Pages, Yelp/Google Reviews
- Is DIY always the best idea?
 - Some tasks better to contract out, like spreading 1.5 dump truck loads of gravel...
- Refinance part of the BRRRR method:
 - Our appraisal came in lower than we had expected, but still helpful in overall investment strategy
 - Invest time/research to make sure your comps are accurate
- Second refinance to an owner occupied loan cost us \$3,938 in closing costs
 - Based on how long you plan to hold the property, will you save this much in loan costs if you refinance? Must take these costs into consideration.
- We began self-managing these units as AirBnBs then moved overseas and handed off the property to a vacation rental property manager, before Airbnb Property Managers were as common. Moved back and self-managed again, then moved out-of-state and hired new STR Property Manager.
 - Know your options, don't be afraid to change management styles with ever-changing lifestyle of military



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WHAT WAS THE OUTCOME?

- After rehab, we did a cash-out refinance at 25% down after the property reappraised at \$167,000. (Less than we were hoping for)
- When interest rates dropped in 2020 and we found out we were moving back to Tucson, we refinanced from a 5.5% 30-year loan into a 2.3% 15-year loan and only saw a \$100 increase in our payment. Major win!!!
- Currently estimate the property value over \$180k, maybe over \$200k? House next door with 636 square feet and 1 less bathroom sold for \$260k in September 2022

FUTURE GOALS? WHAT'S NEXT?

- Keep this property long term and continue using it as an AirBnB. Eventually use it to 1031 exchange into a retirement getaway!

relianteo.
KEY PROPERTIES



MODULE 10

ANALYZE DEALS



“The simple believes everything, but the prudent gives thought to his steps.”

Proverbs 14:15

MODULE 10

Analyze Deals

Module 10 Key Takeaways

- Investing for appreciation is really gambling and gives you less control.
- Invest for cash flow is actually investing and gives you more control.
- Running numbers help us make good decisions, but don't idolize the numbers either.

- **Assignment:** Run Long, Medium, and Short Term Analysis Scenarios on 1 Property.
 - **Challenge:** Commit to analyzing one deal a week

MODULE 10

Analyze Deals

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



MODULE 11

RISK MITIGATION



“The rain fell, and the floods came, and the winds blew and beat on that house, but it did not fall, because it had been founded on the rock.”

Matthew 7:25

MODULE 11

Risk Mitigation

Module 11 Key Takeaways

- Maintain an emergency fund that covers your worst scenario (Murphy's Law).
- Purchasing a property that you would want to live in, and screening tenants reduces your risk significantly.
- Owner occupied properties may not work for LLC protection, but at a minimum carry umbrella insurance on your properties.

Assignment:

Consider your biggest risk factors within your personal life and business. How much should you maintain in your emergency fund to sleep well at night?

What are your biggest liability risks and how can you protect yourself? Prioritize 1-2 action items to better protect your assets.

MODULE 11

Risk Mitigation



01 What are your largest risks in your business?

02 If your worst scenario (Murphy's Law) was to happen, would you be prepared?

03 Are you protected from liability by either an umbrella policy or LLC?

MODULE 11

Risk Mitigation

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



MODULE 12

GO FORTH AND CONQUER!



“Master, you delivered to me five talents; here, I have made five talents more.’ His master said to him, ‘Well done, good and faithful servant.’”

Matthew 25:19

MODULE 12

Go Forth and Conquer!

Module 12 Key Takeaways

- Time value of money: Start now! (But also be patient and diligent)
- Make the next best decision to move towards your long term goal
- Be prepared to pivot and be flexible as things change.

Assignment: Next Steps...

- Like what you've seen in this course?
 - Subscribe to [ReliantBlog](#).
 - Order a [ReliantJournal](#) to get intentional with journaling
 - Contact us to schedule [ReliantCoaching](#) through concepts taught in [Finding Freedom Series](#) and this course!

MODULE 12

Go Forth and Conquer!



01 How can you improve your current assets, budget, etc. to move towards your long term goals?

02 What's the clearest & next best step to move towards your long term goals?

03 Who do you have in your corner coaching you and helping you towards success?

MODULE 12

Go Forth and Conquer!

Top 3 Takeaways from Module Video

How Can You Apply the Lessons Learned?

One Action Step for Next Lesson:



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