

From Running Kitchens to Rehabbing Them: A Recipe for Success in Real Estate Investing

INDIANA INVESTOR FLIPS 4 HOMES IN LESS THAN 1 YEAR WITH LENDINGONE

“ I realized I would have over \$200,000 in profits within 6 months with the money I was able to borrow from LendingOne ”

Within just one year, Gary, an Indiana real estate investor, has managed to start his own successful real estate investing business by fixing and flipping homes. With the goal in mind to find a fruitful investment for his money and future, he found the answer in the real estate investing business. He learned through experience the strategies and techniques it takes to grow his own real estate investing business into the company it is today. In order to fulfill his goal of fast profits at a faster rate, Gary needed the proper financing to help fund his multiple projects. By turning to LendingOne, he was able to complete four fix and flip properties in less than one year and achieve an incredible amount of success in such a short period of time.

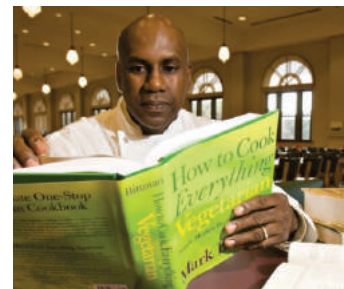
OBJECTIVES

- 1 • **Background:** What it took to go from managing food services to renovating homes
- 2 • **Strategies:** The specific approaches to building a successful real estate investment business
- 3 • **Case Study:** How he changed the value of his home from \$85,000 to \$250,000 in less than 6 months.
- 4 • **Financing:** A closer look at how LendingOne helped him grow from 1 property investment to 4 within a year

Purchase Price	Rehab	Loan Amount
\$85,000	\$65,000	\$108,000
Sale Price	Profit	
\$250,000	\$55,000	

THE MAN BEHIND THE BUSINESS

Gary is a real estate investing pro who, in just under a year, has amassed an exceptional amount of success in his real estate investing endeavors. Originally a chef and manager in the foodservice industry, Gary decided a change was in order. His drive for financial freedom, independence to be his own boss, and a desire to succeed, led him to take a leap of faith into the real estate investing game. As someone who balances his time between his real estate investments and his current full-time job as the manager of foodservice programs at a major university, his story is one that anybody interested in becoming a real estate investor could learn from and gain the knowledge and insight into what it takes to get their start in this competitive business.



After making a move from California to Chicago, only to discover the work he wanted to pursue wasn't in line with what he had envisioned, Gary came to the conclusion he didn't want to continue working for someone else. Determined to find an investment that had the potential to yield a fair profit without risking his life savings, he considered purchasing his own restaurant again. However, a simple radio advertisement promoting the benefits of real estate investing and its potential for earning money quickly through successful acquisitions prompted him and his wife to turn their attention to a different field of investing altogether.

BUILDING FROM THE GROUND UP

In July of 2015, after receiving a crash course in real estate which trained him in the basics, the foundation was set for his pursuits and Gary's real estate investing business was born. His father taught him to "buy the cheapest house on the block and fix it up," and these words of advice served Gary well in how he chose to strategize and develop his real estate investments. A true businessman at heart, Gary explains that the most important criteria he looks at when searching for a potential property is "will the numbers work [and] can I do good math with what I have in my hands?" He has developed a technique to earn more profits by identifying three price bundles that allow him to spend a certain amount on the purchase depending on the after repair value (ARV) on the property. Furthermore, by placing himself in the shoes of a buyer or renter, Gary focuses on what they would be interested in regarding the curb appeal or overall look of the home.

With the market ideal for fixing and flipping homes, thanks to the increase in popularity from TV shows and real estate schools, Gary chose to focus his business first in this direction. Utilizing a strategy that is popular among real estate investors, he purchases a home to fix, invests money to flip it, and uses the profits to buy a rental that'll provide him the necessary cash flow down the road to his financial freedom.

THE INGREDIENTS TO SERVE UP PROFIT

In order to achieve such success in a short amount of time, Gary has displayed the methods and techniques of an experienced investor. He has learned how to organize himself and his team prior to beginning a rehab by working very closely with his contractors in order to ensure they are clear on what it is he wants to accomplish, how much he wants to spend, and the timeline he wishes to do it in.

He budgets conservatively, leaving 10-15% room for error on unanticipated things such as electrical or plumbing. He advises others to record every penny you spend, and manage your money closely in order to make sure you do remain on budget. Learning from his past fix and flips, Gary will give a certain amount to his contractors in order to buy at the big box stores the smaller supplies they need like nails and tools, but he'll do the shopping now for cabinets, appliances, and windows, and have them delivered so the contractors can then install them. By moving more towards this role as a general contractor, a role Gary foresees himself taking over more often in the future, he can better control what is being purchased and therefore keep his budget in check.

A CLOSER LOOK AT HIS PROPERTY

One of Gary's first properties was an \$85,000 home in an amazing school district that looked like a much higher-end house despite being priced relatively low for its size. With a pre-construction evaluation set at \$246,000 and an estimated rehab cost of \$50,000, the opportunity to invest was clear and the numbers gave him the spread he was looking for. By turning to a private lender like LendingOne, he received 80% funding at a reasonable rate for the purchase and rehab price, put in his own 20% of the costs, and closed quickly. As a result, he was able to then follow up with another property in just three short weeks, and two additional properties over the next month. The quick success real estate investing promised at the onset seemed to be paying off nicely.

Looking back on this property now, his only regret is to have handled his contractors differently, something many investors struggle with and can learn from. By running through the budget too rapidly, his rehab finances went up to over \$65,000. He was still able to turn a profit, but Gary's solution was to not be so generous next time. He has learned to give the contractors cash in small amounts throughout the course of the project, rather than providing them with a substantial amount upfront. Both he and other investors can take away from this experience one piece of advice: be tighter on the rehab budget because this can be one of the most important parts to any investment.

WITH A LITTLE HELP FROM LENDINGONE...

According to Gary, financing is “desperately important,” and having the right lending partner there is necessary for getting the money you need to fulfill your investments. Gary found LendingOne through a recommendation from one of his fellow investors, and after a phone call with LendingOne’s account executive and loan specialist Jeff Lezark, the relationship between LendingOne and Gary was formed. Gary explains how they made it easy for him to get started by applying conveniently online at lendingone.com/apply and receive the funding he needed for this particular property. Since financing is so vitally important when performing a flip, he felt that they provided him with the “little piece that enabled [him] to get the fast start [he] did.”

With a staff of incredibly nice and knowledgeable people, he states that “there wasn’t a day [he] called and was made to feel like an amateur.” He felt extremely comfortable and was happy to receive credible advice for any questions he may have had, making him feel as if he were “dealing with a partner more than a lender.” Gary enjoyed the freedom that LendingOne gave him to control his own projects as compared to his experiences with previous lenders. With their quick and simple platform, LendingOne “makes it easy, where it could be 2am and I could jump online, request a draw, input a new property, leave a message for Jeff, and sometime tomorrow, I’ll get a response.”

INVESTING IN THE FUTURE

In the long run, Gary hopes to bundle the rental properties he currently has and sell them. With these profits, he potentially would like to turn his attention to the urban market where he can invest in mid-rise buildings housing 30 plus units all in one square block, with retail establishments on the first floor.

What Gary’s journey and experiences can teach anyone is that it takes hard work, determination, and a willingness to take calculated risks in order to make it in this competitive real estate investing business. As some final words of wisdom, Gary advises other future fix and flip or buy and hold investors “to be very cautious, and if you are just doing it because you think you can do it or because others are, then it’s probably not that easy.” By putting in the right time upfront, there is a better chance that you could make some incredible deals that may provide you with the fast profits you desire. Gary feels that having “financial resources behind you is the number one factor for success,” so finding the right private lender partner in LendingOne was necessary in supporting both his past and future investing ventures.



ABOUT LENDINGONE

LendingOne is a direct private lender who specializes in short-term real estate loans for non-owner occupied residential properties, specifically involving fix and flip, rental units, and lines of credit to fund larger projects. Because they are not a bank, but rather a lending partner, they pride themselves on speed and efficiency when it comes to supplying investors with the money they need in a timely manner. LendingOne has achieved this through direct access to their own capital and a user-friendly online application that has streamlined the process so investors can receive approval in as little as 10 business days. By putting the investor first and foremost, LendingOne is devoted to providing exceptional customer service and an overall easier lending experience for investors looking to finance their real estate investments.

 888.443.2177

 www.lendingone.com/investor-spotlight


Private Real Estate Lending