

Wholesale, Rehab, or Rent? Evaluating Your Different Options in Real Estate Investing



“LendingOne has the whole package: responsiveness, ease of use, knowledge, and competitive rates.”

Mark is a real estate investing pro who got his start as a wholesaler in order to gain experience in the industry. What started as just a few investment properties turned into a full scale business. Through this experience, he learned how to calculate the potential of a property as either a wholesale, fix and flip, or a rental. He explains how wholesaling was not only a great stepping stone for learning the business but how it also provides an excellent opportunity for building wealth when you are just starting out. Additionally, Mark expands on the importance of funding from lenders such as LendingOne, and how leveraging financing can really help your real estate investments grow.

OBJECTIVES

- 1 • Background: How wholesaling helped develop his skills, techniques, and knowledge in real estate.
- 2 • Strategies: The ways he handles assembling a team, managing expectations, and budgeting.
- 3 • Case Study: A look at one of his wholesale properties he turned into a rental.
- 4 • Financing: Why LendingOne’s user-friendly and fast online process made for an easier borrowing experience.

Purchase Price
\$120,000

Rehab
\$30,000

Loan Amount
\$120,000

Sale price
\$200,000

Profit
\$30,000

THE MAN BEHIND THE BUSINESS

Mark began his career as an investor when he realized the potential real estate had for building wealth. Not knowing anyone in the industry, the challenge was learning this business from scratch. Mark initially turned his attention to wholesaling as a means of bringing in the income he needed to financially kickstart his investing. Wholesaling proved to be a viable means of not only cash flow but also was a great educational experience for him as someone just starting out in real estate. As a much less risky option than rehabbing, wholesaling allowed him to learn how to locate properties, market them and match the properties with motivated cash buyers.

As his experience grew, Mark created a framework that he used to evaluate the earning potential of each investment before determining whether to

wholesale, rehab or rent. If it could be sold quick, he would wholesale it. If the numbers looked good, he would hold it as a rental. And, if the area and price were decent, he would fix and flip it. He started with just one or two at a time, slowly gaining more and more knowledge regarding contractors, materials, and supplies. He explains that the key was not to be afraid of making mistakes, to just learn from them and move on.



TIPS FOR SUCCESS

When it comes to budget, Mark says to over inflate due to the unreliable nature of rehabbing. You never know what you will find when you tear open the walls, so be realistic with what you quote contractors. He goes on to recommend sitting down with your contractors and your team prior to beginning any project so that you are all on the same page and organized with what needs to be done. He says it takes patience when assembling a winning team of workers. Get referrals from brokers, realtors, and other rehabbers. Use your network of contacts you've acquired over the course of your work and leverage their experiences in order to create a team you can count on.

Another great strategy is to use the comps in your area when determining how much you want to put into a rehab and what types of materials. If the comps don't support the particular fixes you are looking to make, you may be hurting your chances of earning a profit. He discusses the seasonality of selling, where the time of year can have an influence over your rehab schedule. For instance, in the months of November and December, he is marketing properties to rehab so they are ready to list in early Spring. If the weather is not suitable, sometimes it makes sense to do condos or townhomes because the renovations only need to be completed indoors.

THE POWER OF LEVERAGING FINANCING

The first property Mark did with us was a refinance. His plans for the property were initially as a wholesale, but it did not pan out, which caused him to switch to rehabbing it. After multiple buyers fell through, he shifted his strategy to just holding it as a rental which led him to contact us for a refinance. He had worked with other lenders before but found LendingOne through a Google search. Due to the fact that investors are naturally busy finding deals, financing and completing rehab projects, he appreciated the fact that our online process was user-friendly and took the administrative work out of applying. There was less documentation required and fast communication throughout the entire process.

He explains that there are lots of lenders out there who aren't as quick or as professional as we are and these other lenders sometimes charge way too much. Overall, it was the balance we have created with our responsiveness, ease of use, knowledge, and competitive rates that started his financing experience with LendingOne.



ABOUT LENDINGONE

LendingOne is a direct private lender that specializes in 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 it is not a bank, but rather a lending partner, LendingOne prides itself 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 its 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 next real estate investments.

 888.443.2177

 www.lendingone.com/investor-spotlight


Private Real Estate Lending