OUR REAL ESTATE INVESTING JOURNEY

By Jason & Carrie Harris

About us.

Jason is 32 and Carrie is 30. We have been married 9 years come July and live in Utah. I have a full time job in the financial services industry and Carrie is a real estate agent (soon to be real estate broker). We love spending time together, traveling and investing in real estate. We feel like real estate has helped us achieve financial independence much sooner than we aimed for. I wanted to invest in real estate full time back in 2010 but chose to pursue a career in financial services instead and invest in real estate on the side. Our real estate company now generates significantly more money than my day job but Jason continues to work because I enjoy helping people achieve their financial goals. We currently own 75 units. Our real estate portfolio is estimated at $11 million and generates $1 Million a year in gross schedule income. All of our transactions have been low to no money down deals with good cash flow. We love real estate and are grateful for how much it has impacted our lives and want to help others achieve the same.

About our business.

We've mostly invested in residential multifamily in the Utah area. We control close to 11 million dollars worth of real estate with $1 Million in gross scheduled income. We own around 75 units and are continuously acquiring more. Most of these we've accumulated over the last three years. We started out owner occupying multi family units using an FHA loan and/or portfolio loans. In the last few years we have been able to buy most of our properties with creative financing. We have purchased our deals through seller financing, lease option purchase, portfolio loans, hard money, or partnerships. Our goal is always to put as little down as possible and get our money out of the deal as soon as possible so we can repeat the process. Our focus in doing that is always cash flow. We have certain criteria that must be met in order to purchase a property. The main criteria is cash flow. We try to put little money down and buy properties that still cash flows which in our market does not happen with most properties. We also use real estate as a tax strategy. We have just started using

accelerated depreciation to shelter our income, reduce our taxes and be able to buy more deals. We're now offering workshops and seminars for others that want to invest in real estate. Real estate was something we started on the side while Jason worked full time but now we make significantly more money with it than he does at his work.

How we've done it differently.

We are creative in our financing approaches. We haven't let the lack of money slow us down towards our goal of acquiring more cash flow properties. We started young when we were basically broke, yet have found a way to keep buying through it all. We have put very little down on most of our deals due to the creativity we've used in structuring the financing. We have bought almost all of our properties, mainly multifamily units, with very low (5%) down or less! We have had quite a few no money down scenarios in a very competitive real estate market. We believe in the "velocity of money". We look for how quickly can we get our initial investment out of an asset, retain and manage the asset to take care of itself and then repeat the process. We know what lenders expect through all the experiences we've had in working with them. We now know how to position ourselves to be successful at getting loans. We've asked a myriad of questions and have studied loan products/qualifications in depth, so we can know before we start negotiating the deal how to structure it. It makes finding the property and negotiating the deal easier when you know beforehand how to structure and profit from the deal. This information can make a good deal, great or a mediocre deal a good one.

Where it all began.

We started in college after we got married. We bought a fourplex with an FHA loan and owner occupied it. Carrie's grandpa owned a few apartments and had always said he did a lot better with his rentals than with his day job. We knew it was something we wanted to do in our lives and we started a lot younger than we initially thought we could. We were 24 and 22 years old and were surprised we could get a loan of that size at such an early age. After experiencing tenants pay down my mortgage and getting to live in my own place payment free, I became obsessed with real estate. We now own about 70 units.

Where we are now.

We've mostly invested in residential multifamily in the Utah area. We control close to 10 million dollars worth of real estate with $900,000 plus in gross scheduled income. We own around 75 units and are continuously acquiring more. Most of these we've accumulated over the last three years. We started out owner occupying multi family units using an fha loan and/or portfolio loans. But in the last few years we have gotten more creative and have purchased our deals through seller financing, lease option purchase, portfolio loans, hard money, or partnerships. Our goal is always to put as little down as possible and get our money out of the deal as soon as possible so we can repeat the process. Our focus in doing that is always cash flow. We have certain criteria that must be met in order to purchase a property. The main criteria is cash flow. We try to put little money down and buy properties that still cash flows which in our market does not happen with most properties. We also use real estate as a tax strategy. We have just started using accelerated depreciation to shelter our income, reduce our taxes and be able to buy more deals. We're now offering workshops and seminars for others that want to invest in real estate. Real estate was something we started on the side while Jason worked full time but now we make significantly more money with it than he does at his work.

About the deals we've done.

Every deal was different but the financing of these deals was creative. All of these deals we were able to put a lot less down than the typical 25% down that most banks require. What's notable about these deals is although using little money down the outcome has still resulted in good positive cash flow. We buy property with the expectation that my debt service (PITI) will make up 55% of the gross income and all other expenses will make up another 25% or less. My goal is to have all expenses be 75% of the gross income with a maximum of 80%. This percentage gives me a 1.33 to 1.25 debt coverage ratio that commercial lenders typically expect to qualify. This means I need to know going into the deal that I can either reduce expenses somehow

on the property or increase the income to meet these ratios. I have found that buying properties close together helps me reduce expenses (ie. lawn care services, combine garbage disposal services, property management dues, etc.) and 3 Bed or bigger units help me increase my income to price ratio compared to other smaller properties. High leverage typically negatively affects your cash flow. Nevertheless, we have been successful at taking ownership of a property with little down and then improving the efficiency of the property to meet our income to expense ratios.

A few of the deals we've done in depth

- * 2010- Fourplex, FHA loan, 3.5% down owner occupied. I had to do a 5 year ARM to get the interest rate low enough in order to qualify. With an FHA loan, the 3 unoccupied units rent income has to be sufficient to cover your monthly mortgage (PITI and HOA if there is one). We bought our fourplex for $434k. We put $15,190 down but with the security deposits, prorated rents by closing early in the month, one additional month of no mortgage and the first time home buyer's credit of $8,000 we had all our money back in two months and were now living payment free!! That enabled us to start saving $1,000/month towards our next property. This fourplex is currently worth $640k+. Gross monthly rents have gone from $3,065 to $4,400 (still under market rents).

- 2014- Duplex, Portfolio loan, 10% down owner occupied. Bought for $271k currently worth $395k. Increased gross monthly rents from $1900 to $3,050.

- * 2015- Duplex, Partnership deal, hard money. 0% of our own money, used forced equity as our down payment. purchased at $245k, $40k in renovations. Refinanced into our name only using equity as the down payment and bought our partner out. Win win for both. Currently worth $425k. Increased gross monthly rents from $2,000 to $3,700.
- 2015- Duplex, Partnership deal. 0% of our own money, hard money, Fix and flip. We found the deal and partners provided the capital. 3 month turn around and $45k profit.
- 2015- Duplex, Partnership deal. 0% of our own money, hard money, Fix and flip. We found the deal and partners provided the capital. 7 month turn around and $70k profit

- 2015- Duplex, Seller Finance deal. 0% of our own money, used agent commissions for our down payment by helping the seller by an off-market fourplex with a 6% commission built in. Bought for $296k currently worth $385k. Increased gross monthly rents from $2,250 to $3,050.

- 2016- Duplex, Partnership deal. 0% of our own money, 50% equity, BRRRR strategy. Bought for $276k currently worth $360k. Increased gross monthly rents from $1,900 to $2,500.
- 2016- Commercial Office Building. Seller Finance deal. 0% of our own money. $50k down with 4% interest rate with 6 year balloon. Bought for $470k currently worth $550k. Increased gross monthly rents from $0 to $4,300. It was vacant which helped us negotiate good terms on the purchase.
- * 2016- 4plex, Seller Finance deal. 1% of our own money by spreading out lump sum payments over 5 years. Bought for $542k including the lump sum payments and is currently worth $700k. Increased gross monthly rents from $3,900 to $6,075.
- 2016- Duplex, Partnership deal. 0% of our own money, hard money, Fix and flip. We found the deal and partners provided the capital. 5 month turn around and $36k profit.
- 2016- Single Family Home, Borrowed $40k for 1 year, 0% of our own money by using agent commissions for the down payment. Bought for $172k currently worth $345k. Increased gross monthly rents from $0 to $1,975. This was our primary residence for a year. We did a cash out refinance after the remodel and removing PMI that we had our first loan. This gave us enough money to pay back the $40k we borrowed plus interest. Then we used a HELOC up to 100% of the appraised value at 5% interest to be able to buy or renovate more properties.

- 2017- Single Family Home, 0% of our own money, Fix and flip. We found the deal and partners provided the capital. 5 month turn around and $44k profit.
- 2017- Duplex, 0% of our own money, Fix and flip. We found the deal and partners provided the capital. 8 month turn around and $67k profit.
- * 2017- Commercial 10plex. 0% of our own money, hard money, 50% equity, BRRRR strategy. Bought for $221k currently worth $475k. Increased gross monthly rents from $1,000 to $6,000. There was $110k in renovation cost but most came from hard money sources that were paid off after we refinanced. Great cash flow now!

- 2017- Duplex, Partnership deal, Portfolio loan 10% down, 0% of our own money by using agent commissions for our 50% equity in the property. Bought for $356k currently worth $400k. Increased gross monthly rents from $2,250 to $2,905.

- 2017- Duplex, Partnership deal, Portfolio loan 10% down, 0% of our own money by using agent commissions for our 50% equity in the property. Bought for $412k currently worth $430k. Increased gross monthly rents from $2,550 to $2,900.
- * 2017- Fourplex, Lease option purchase with a 15 month term. $10k down of our own money. Triple Net Lease and had full control to increase rents and value before purchasing. 15 months later closed with hard money and then immediately did a rate and term refinance. I did this in order to take title of the property and then lenders can go off the appraised value to determine the 75% LTV ratio and down payment required. They will allow you to use the equity as your down payment and I knew the fourplex was worth significantly more. The appraisal came back at $624,000. $10k was all we had tied up in the property plus hard money cost but most of that was made up in the cash flow I received while managing the property for 15 months.

- * 2017- Fourplex, Closed with hard money and no money down. Spent $3k painting the outside and cleaning the yard and putting in a flower bed. I then posted a notice of rent increase due to them all being in month to month contracts. The rent income increased $700/month. None of them moved out because rent were already low before increasing and their home now looked a lot nicer on the outside. I then immediately did a rate and term refinance and used the equity in the fourplex as my 25% down. I purchased the fourplex for $349k and two months later it appraised for $475k allowing me to pay off the hard money lender and use the equity as my down payment. We were creative which helped us by this fourplex for $3k. We sold it Jan. 2018 for $562k after owning it 7 months for a profit of $186k.

- * 2017- Single Family Home- Seller Finance deal. $15k down. 3% of our own money by using agent commissions to help with the $30k down payment on a $500k home. 15 month note with PRINCIPAL ONLY payments. We are using the house as a rental and it currently brings in $4,150 month in rent and we expect our monthly mortgage upon doing a rate and term refinance and using the equity as our down payment to be roughly $2,400/month. Bought for $500k currently worth $550k. Increased gross monthly rents from $3,700 to $4,150.
- 2017- Single Family Home- 1% down by using agent commissions for the additional amount needed for 5% down. Bought off market and negotiated

commissions to be involved. Legal accessory apartment with $1,250/month in rent. Bought for $435k currently worth $450k. We plan on doing some renovations to increase the value and then once again do a rate and term refinance to remove PMI. Then we will take out a HELOC to have access to the remaining equity left in the home.

- 2018 - Brick wall house - negotiated 9% commissions, bought for $290k, lease optioned immediately for $30k option money, 1 yr lease, $342k purchase price, will seller finance after 1 year and receive another $30k as a downpayment.
- 2018 - Vernal 16 plex- bought with hard money, hard money lender also gave $30k per building for renovations
- * 2018 - Mountain View House- Found on MLS, negotiated 5% commissions and 2% closing cost help, $726 purchase price, owner occupied, Appraised at $799,00 in current condition, comps around $900-1 Mil after renovations. Plan to renovate and take out a HELOC. Will live here for 2 years then sell to avoid capital gains tax.
- 2018- Lake View House- purchase price $699,000, found on KSL, seller finance for 24 months, comps around $800,000 in current condition and over $1 Mil after renovations, plan to renovate and rent out, will owner occupy after 2 years and take out a HELOC, will live in for another 2 years then sell it to avoid capital gains tax.
- 2018 Big bro Duplex- Purchase price $301,500, found on KSL, appraisal came back at $355,000, bought with hard money, plan to use the BRRR strategy (buy, renovate, rent, refinance, repeat).
- 2018- Little bro Duplex- Purchase price $275,680, found on KSL, appraisal came back at $320,000, bought with hard money, plan to renovate then sell for a quick profit.
- 2018- High tower fourplex- Purchase price $660,000, estimated ARV per income approach $820,000, met owner while inspecting a fourplex we used to own close to his, plan to use the BRRR strategy (buy, renovate, rent, refinance, repeat).

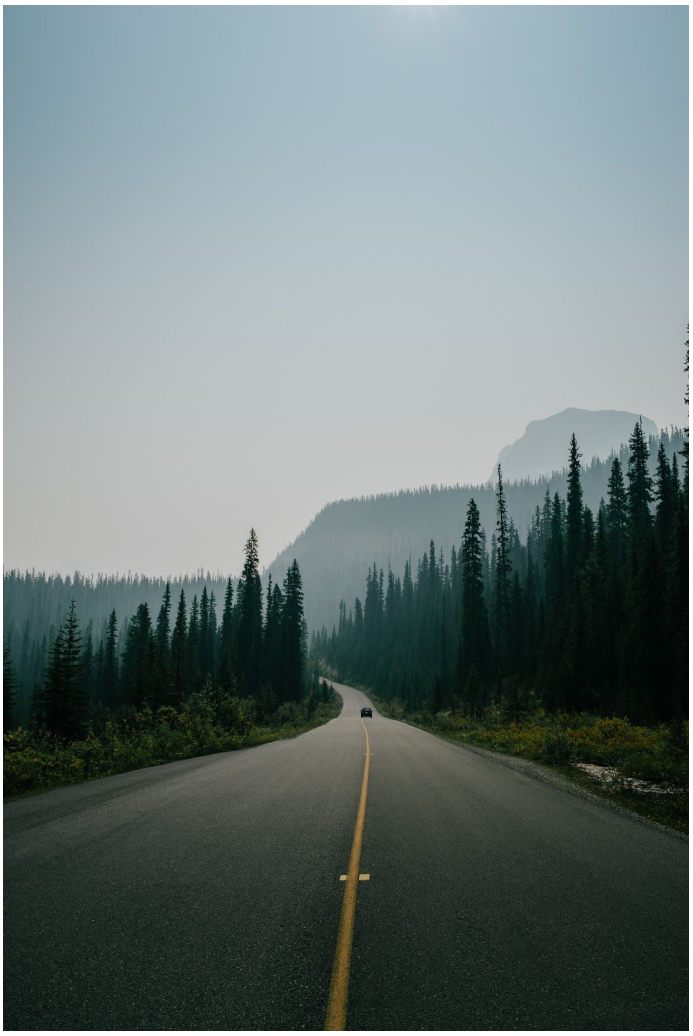
Current focus of our business.

We are currently focused on the acquisition of good cash flowing properties in our local area and rehabbing current properties to maximize the rental income. Up until now our focus has been acquiring high cash flowing multifamily units, but in our market the inventory is at an all time low for these properties so we have recently put more effort in single family homes. If we are not purchasing a property, we take our excess cash flow beyond reserves and invest it back into our current units. We choose the unit/units to renovate based on what gives us the best ROI or most upside rent income amount per total renovation expenses. (ie. A $12,000 remodel may increase monthly rents $500/month or $6,000/year. That is roughly a 50% ROI before factoring in vacancy loss. I could spend $1,500 to put in a storage unit behind an apartment and charge $75/month or $900/annually. That's a 60% ROI. This helps us make better decisions on where to invest our capital.) We are continuously calculate how to spend our investment dollars to maximize our return on investment. Our business is every evolving but overall our goal is to control as much real estate, as quickly as possible,

with the ability to have very little of our own capital involved and with sufficient cash flow.

Let us help you on your journey.

Let us help you start your real estate investing journey! Visit the website or contact us or more details.



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