

Rental and BRRRR Purchase Checklist

This checklist outlines the major steps you should take when buying a rental property or BRRRR (buy, rehab, rent, refinance, repeat). Run through it to make sure you've covered all of the important things.

Select a Market

- Once you've figured out your real estate goals and understand your investment criteria, work on finding a market that best fits them
 - Focus especially on picking an area with a growing housing market and a strong economy. You want a market with solid job growth, inflow of new residents and that is landlord friendly
- Review your market selection criteria and prioritize it based on what's more important to you
- Start with a list of major metropolitan areas around the country and use your criteria to narrow down your market selection to 1-2 cities

Build Your Local Team

- It is important to network and find reputable local professionals to work with before you start looking for properties to purchase
- At the very least, you should find a good real estate agent, property manager and a general contractor (if you'll be doing extensive rehab work)
- You can find real estate professionals via online search or by networking with other investors. Conduct a thorough phone interview with each candidate and pick the one that you like best

- Find 2-3 potential real estate agents and pick the one you want to work with after interviewing them
- Find 2-3 potential property managers and pick the one you want to work with after interviewing them
- If you'll be doing extensive rehab work (like with BRRRR's), you will likely need a general contractor to oversee it. Find 2-3 potential contactors and pick the one you want to work with after interviewing them

Get Pre-Approved for a Loan

- If you're going to use financing, you need to find a good lender and get pre-approved for a loan before looking at potential properties
- Instead of working with a direct lender, you can opt to work with a mortgage broker, who has access to multiple loan programs and can help you find the best one
- Use online search or ask for referrals from your agent or other investors to find an investor-friendly lender in your target market
- Interview the lender and ask about their loan programs, interest rates and underwriting fees
- Submit all required documents to the lender and get pre-approved for a new loan

Find a Property to Purchase

- Once you've selected a market, built your local team and obtained a loan pre-approval, you can start looking at neighborhoods and available properties
- Remember that information presented in property listings, especially cash flow projections, may be inaccurate. Always do your own due diligence, verify everything and perform your own cash flow analysis
- Look up important home facts about each property, including its price, location, year built, layout and floodplain boundaries

- Conduct a thorough cash flow analysis and calculate the property's net operating income (NOI), monthly cash flow, cap rate and cash on cash return (COC). [DealCheck.io](#) can help you with this
- Meet with your agent for a walkthrough inspection of the property and note any rehab work that will be required to make it rent-ready

Put the Property Under Contract

- When you've found a property that you like and that fits your criteria, it's time to put it under contract and start the escrow process
- Work with your agent and the seller's agent to negotiate a purchase price that both parties agree on
- Put the property under contract by signing a Purchase Agreement with the seller. Your agent should prepare this for you
- Send your "earnest money" deposit to the escrow company or closing attorney, usually via wire transfer

Complete the Purchase Process

- While in escrow, you will have time to finish your due diligence, get rehab estimates from your contractor and get approved for a loan
- If using financing, the escrow process typically lasts at least 30 days. It can be just 1-2 weeks if you're buying with cash
- Order a complete home inspection. Review the inspection report and work with the seller to correct any discrepancies or get a cash credit
- Get a detailed rehab scope of work and cost estimate from your contractor. This is especially important for BRRRR's, which typically require more substantial rehab work
- Set up a property insurance policy to bind on the closing date. Make sure to obtain a "landlord" policy with adequate liability protection

- Review the title report prepared by the escrow company for any legal issues that need to be resolved prior to closing
- Get approved for a loan. Work with your loan officer to finalize and underwrite your loan. Note that you may be required to pay for an appraisal at this time and submit additional documents

Close on the Property

- Once your loan has been approved and you've finished all due diligence, you can sign the final closing documents and become the property owner
- Signing the closing package usually requires a Notary Public and has to be done in-person on or before the closing date
- Review the entire closing package ahead of signing for any errors or omissions
- Sign the closing package in the presence of a Notary Public and return it to the escrow company or closing attorney
- Send a wire transfer with the required funds to close escrow after you sign the closing package

Make the Property Rent-Ready

- After closing, you will receive the recorded deed for the property within the next few weeks. Save it, as it certifies your ownership of this property
- You can now perform any required rehab work and then work with your property manager to rent the property (if it's not already rented)
- Get the property keys from the seller and turn them over to your property manager, or place in a lockbox for the rehab crew
- Either you, or your property manager, should set up utilities at the property to turn on electricity, gas and water
- Work with your contractor and rehab crew to begin any required rehab work to make the property rent-ready

- Sign a Property Management Agreement with your property manager
- Make sure your property manager has your contact details, as well as your bank information for rent deposits

DealCheck makes it easy to analyze any investment property and find the best real estate deals in seconds.

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