



## A Marriage Made in Real Estate Heaven

“We are glad we found LendingOne. The people were very helpful in explaining the loan approval and closing process in detail and helping us through it.”

Virginia resident, Stefan, started out in the real estate investing business with the objective of fixing and flipping houses, hoping that the profit he earned would provide him the success he desired. However, with the 2008 housing-market crash, he had to reevaluate his investment plans and stepped away from the business for a while. A few years later, when he met Kim, the woman who he would later ask to marry him and who shared his passion for real estate, they decided it was time to get back into the business together. With a little help from LendingOne, Stefan and Kim were able to continue building their business with the goal of having a permanent nest-egg of investment profits to retire with in the future.

### OBJECTIVES

- 1 • Background: How he overcame the housing bubble and found success again.
- 2 • Strategies: The specific ways they go about sourcing, financing, and managing their investments.
- 3 • Case Study: What they have learned in order to improve their real estate investing business.
- 4 • Financing: A closer look at how LendingOne helped provide them with the funds they needed at a much more reasonable rate than competitors.

Purchase Price  
**\$45,000**

Rehab  
**\$35,000**

Loan Amount  
**\$73,250**

Sale Price  
**\$125,000**

Profit  
**\$30,000**

## THE MAN BEHIND THE BUSINESS

Stefan is a full-time real estate investor who got his start about ten years ago flipping houses in Northern Virginia. A commercial real estate agent at the time, he recognized that there was money to be made in this business and started flipping houses. What started as just a few flips, grew into a full-time career. However, the sub prime mortgage crisis of 2008 put a pause to his investing plans. Thankfully he and his business partner at the time were able to make it out before things got too bad, but fixing and flipping homes was no longer a financially feasible venture at that point anymore.



## A TIME FOR REBUILDING AND REINVESTING

After leaving the real estate investing business for a while, Stefan went through changes in his job and personal life and ended up moving to another part of Virginia. It was here that he met and started dating Kim, who has been a real estate agent for over 15 years. She would later become both his fiancé and his business partner. Together, they sparked not only a romance, but also the desire to get back into the field of real estate investing. In the meantime, Stefan went back to college to complete his MBA, so with this and his years of fix and flip experience, coupled with Kim's background in real estate, construction, and working with other successful investors, this couple decided it was time to open the door on their next great investment together.

## THE SEARCH BEGINS

As they tried to make the leap back into the business, Stefan and Kim faced a challenge. Because they lacked enough money to fully fund their investments themselves, they needed to find a lender who was willing to provide them with more than just the 75-80% financing that was typically being quoted. After a six-month search, they finally found a lender who offered 100% of the financing they needed, were able to invest in one property, and since then, they have successfully expanded into six properties so far.

## STRATEGIES FOR SUCCESS

In order to accumulate a decent amount of cash as they regained their footing in the investing business, Stefan and Kim turned their attention to fixing and flipping homes for the short term. They focused on their acquisition strategy and examining the marketability, which Stefan says is a key factor in a successful fix and flip. Some elements about the area that he says makes his homes so desirable are the beautiful neighborhoods, reasonably priced homes, close commuting distance to DC, its appeal as a university town, and the fact that it is considered a popular retirement community along the east coast.

Other investors can learn from this couple's techniques, especially if they are just starting out. The key is to look for areas, as Stefan and Kim did, that offer valuable real estate for a profitable investment. Stefan explains that they found a place to begin investing again where the housing prices were as low as \$150,000; in Northern Virginia the median price for a home was between \$350,000 and \$400,000. As a result of the lower prices, the interest and points that he has to pay are also relatively low. He strategically looks for homes with a "delta" or "gap" between the purchase price and the after repair value (ARV) of at least \$100,000, leaving him enough room for commissions and costs for closings, the rehab, and the loan, but still with the potential to earn a reasonable profit of \$20,000-\$30,000.

## LESSONS LEARNED

No project goes completely as planned, but it is how you deal with the issues that arise that determine your success. Stefan explains that "the most difficult [part of flipping] was dealing with contractors." As many investors have experienced, the contractors were "notoriously unreliable," and Stefan had to fire one as a result. He advises other investors to learn how to locate, manage, and not always go with the cheapest one you find. It takes time to decide if this is the right partnership going forward.

The other big issue Stefan and Kim faced was how to get quick financing. He says there is a "huge discrepancy in terms of the cost of financing and finding good financing" and that this "has been our biggest challenge." Even though his initial lender provided him with 100% of the capital he needed to pursue that first fix and flip, he couldn't remain with them due to how expensive they were. Stefan explains that he was "glad we found LendingOne" because LendingOne was able to give them the financing they needed.

## LENDINGONE LENDING A HELPING HAND

About a year ago, Stefan spoke to other lending agencies but found that the finances wouldn't work with what he was looking for. After gaining enough cash from his first fix and flip, he called other lenders and asked his industry contacts for recommendations. His research led him to LendingOne.

LendingOne was the first national lender he had ever done a loan deal with and Stefan was grateful for how "helpful LendingOne's people were in explaining the process in detail and helping [him] through it." He appreciated the fact that LendingOne actually did provide the 90% financing as opposed to other lenders who promise they will but don't come through. He also noted LendingOne's flexibility; his project was in a rural location and he found that most lenders wouldn't loan to investors in these areas, but LendingOne did.



## WHAT THE FUTURE HOLDS

Stefan and Kim will be getting married in September. They plan to use the profits from their short-term fix and flip deals to finance their long-term goals of developing a larger portfolio of buy and hold rental properties to retire and live off of. He likes the fact that LendingOne also offers loans for long-term rentals, and hopes to take advantage of this option for financing in the next year or so when he is ready to start fully pursuing the buy and hold side of his real estate investing goals.



## 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

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