

REAL ESTATE ROOKIE

90 DAYS
TO YOUR FIRST
INVESTMENT

ASHLEY KEHR

CO-HOST OF THE BIGGERPOCKETS
REAL ESTATE ROOKIE PODCAST

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TO YOUR FIRST
INVESTMENT**

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BiggerPockets®
PUBLISHING
Denver, Colorado

Praise for *Real Estate Rookie*

“Fun, easy to read, and insanely thorough, this book will become a bible for a generation of up-and-coming real estate investors!”

—**Brandon Turner, Best-selling author
of *The Book on Rental Property Investing***

“Every new investor MUST read this book. Real estate can be one of the best ways to achieve financial freedom, but you can only get there by taking the right steps. Ashley walks you through these you through the basics of real estate investing to get you going on your financial journey.”

—**James Dainard, Managing Partner at Heaton Dainard
Real Estate and co-host of the *On The Market* podcast**

“Nothing is more daunting than embarking on a career in a new domain without a formal education, mentorship, know-how, or a roadmap—yet this is commonly the case for new real estate investors. Ashley’s book is *exactly* what I’d recommend for the rookie investor. It demystifies a complex industry and provides a clear framework for building the tools you need for long-term success. This book will provide the perfect jumpstart for the self-starter!”

—**Leka Devatha, President of Rehabit Homes**

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Real Estate Rookie: 90 Days to Your First Investment

Ashley Kehr

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DEDICATION

For Mr. Emerling



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INTRODUCTION

My Rookie Start

Everyone who tries something new starts out as a rookie. That's the truth. Even though I have bought, sold, owned, and managed a large real estate portfolio and now help others get started in real estate, I began the race at the starting line like everyone else. To prove it, here is my Real Estate Rookie origin story.

First, let me begin by telling you that there is nothing special about me or my ability to achieve success. In school, I worked hard to receive average grades. I went to college, but I didn't excel there right away. In fact, I failed an accounting class—and I was an accounting major! I transferred to a different university and eventually graduated with a degree in public accounting and finance.

See? Nothing remarkable so far.

After college, I started working for a public accounting firm, one I had interned for while still in school. I couldn't wait for the day when I'd receive my first full-time salary offer. I was ready to finally be paid the big bucks. But, to make a long story short, when that long-awaited offer came, I was super disappointed.

The dollar amount shocked me. It was so low! When I finally held everything I had been working for in my hands, I was left feeling less than satisfied. I remember talking with another employee and sharing my disappointment. She was the youngest partner at the firm, a successful woman I admired immensely. Through her, I learned that even the partners (the top dogs at the firm) didn't make "great money," even after years of hard work and long hours. That moment was one I'll never forget. I didn't want to be her. I didn't want what she had. I wanted more.

But I didn't know what else to do. While I didn't love my line of work, I still had the idea in my head that a job was a job. A job was a necessity. So I swallowed my pride and frustration, and I stayed.

I worked at the firm for about six months. During that time, I started studying for my CPA exam and took the first of the four required tests. I failed. I was so embarrassed. Maybe I wasn't good at being an accountant; maybe I had wasted my degree; maybe I would be broke forever. When tax season came around, each day became more painful than the last. I didn't want to go to work. Even though I'd worked so hard to arrive at this destination, I wanted out. The thought of spending the rest of my life like this killed me. I wanted to go somewhere else. To do something else.

I talked with my husband, and his blunt answer was, "Well, if you want to be a barefoot stay-at-home mom on the farm, I think it would be great if you quit." I put in my two weeks' notice, and a week later found out I was pregnant. It seemed meant to be.

After six weeks as a pregnant stay-at-home soon-to-be mom, I was approached by a family friend to help him organize his business. It was a part-time position where I could work at home and make my own hours. I wasn't really good at doing nothing, so this seemed like a good solution. The "organize" part of the job ended up being managing a forty-unit apartment complex. Without even knowing what a property manager was, all of a sudden, I was one. I was shown my setup—a small office with no windows or AC, a drawer full of keys, and a box full of leases. In that little office, I started a property management company and grew the courage to start investing myself (after I had my *aha* moment).

This *aha* moment came from working for this investor. Not only did I see firsthand the properties and businesses he owned, but he also let me assist and learn along the way. When I first started, he was acquiring a new business, purchased in *cash*. I couldn't comprehend how someone could just have that much cash laying around, but I learned quickly that it wasn't just sitting in piles around his house. Instead, he showed me how to help him refinance one of his apartment complexes that had appreciated in value. He took a new mortgage on the property and used the money he'd gained in new equity to purchase the business. The apartment complex's rental income was paying the mortgage, and he was using the funds from the refinance to buy this new business that would generate more income for him. My mind went a mile a minute. It would have taken me years—maybe decades—to earn and save enough cash to buy a business,

and here this investor was leveraging money into more money, into more money again!

At the closing table, he let me write out the checks. It was more money than I ever thought I would write a check for. The impact this moment had on me can't be understated—I realized both that I wanted to be the one signing those checks one day and that it might genuinely be possible for me. Over the next few months, I talked with his son about investing in real estate with me. Within a year, we pulled the trigger and bought our first duplex. That was just the beginning, but I had my work cut out for me.

Four years later, in 2018, I was thirty, married with three kids, living in the dream house my husband and I built—and I was \$169,000 in debt. This debt was from a line of credit, farm equipment, student loans, and our vehicles, and the monthly payments amounted to \$3,712. I wish this was a dramatic rags-to-riches story for your entertainment, but it's not. Each month, we paid our bills. We didn't struggle, but we didn't thrive. I was making around \$35,000 a year at my W-2 and my husband's farm income averaged around \$60,000 a year. We had less than \$5,000 in savings.

It all seemed normal until I found Dave Ramsey and his sometimes-divisive debt-free plan. He inspired me to get out of personal debt. I started taking all of my cash flow from the small rental portfolio I'd built up and paying off our personal debt. We did it in two and a half years. I honestly don't know if we could have done it without my rental portfolio. There are so many opinions on whether you should get out of debt before investing or if you should just dive in. I'm not going to give you a single answer on that—I believe you should choose what's right for you. For us, paying down debt and investing simultaneously was the best option.

The answer for me to start thriving in life, as you can probably guess by the title of this book, was real estate. Since that first property purchase in 2014, finding BiggerPockets in 2017 (when I tripled my portfolio thanks to the resources I found there), and getting out of personal debt, I have completely transformed my life. I went from stability to building wealth, and I saw some of the most growth in my personal development. Having something you are passionate and excited about can be transformative. At first, I wanted to buy investment property because I wanted to be wealthy. I wanted the extra income. I wanted to get out from under our debt and to be work-optional. But once I was investing, I realized how much I wanted to be spontaneous. I wanted to be secure *and* have time freedom. Real estate got me there. Once I defined my “why” (living spontaneously and

not being bound to a job or set income), I became even more motivated and focused.

In less than a decade, I have created two property management companies, opened a wine and liquor store, built a portfolio of over thirty units in residential and commercial real estate, and embarked on many other random business ventures. This will probably be the hardest paragraph I have to write in the book, because it's where I'm supposed to highlight my accomplishments so you know I'm legit and should listen to me. The truth is, I've had just as many failures as I have had successes. Nobody's perfect, and so much of life is an experiment. I made my fair share of mistakes along the way. In this book, I want to share with you both my successes and pitfalls; armed with both pieces, you can be more successful and reach your goals even more quickly than I did (with less trial and error than it took me). The "why" I started with all those years ago has shifted and pivoted. But the beauty of real estate is that it is a vehicle that can help you arrive at your dream destination or reach your next milestone, no matter what your goal may be.

About This Book

If it's all right with you, let's skip to the good stuff: I'm going to tell you how to become a Real Estate Rookie by getting your first—or next—deal.

To the outsider, real estate can look confusing. And it's true that there are many moving parts, some of which go unseen, especially if you don't know what to look for. But don't worry. In this book, I will walk you through the entire process, step by step. In fact, each step will get its own chapter. Before we go any further, I want to give you a rundown of where we are headed. Through this abbreviated version of our journey, you'll learn what lies ahead on the Real Estate Rookie roadmap.

You may already have questions popping up in your mind. That's good. You can use the double-entry journal I've provided at www.biggerpockets.com/rookiebonus to write them down. Emptying your brain of these questions rather than forcing yourself to hold and remember them while you also try to take in new information will help you learn more successfully. As you learn the answers, fill them in.

Chapter 1: Goal Setting

How are you supposed to know how to arrive if you don't know where you want to go? In this opening chapter, I'll present a variety of tips and tools to help you set goals and align them with your investing journey.

Chapter 2: Real Estate Investing Strategies

This chapter is all about learning your options. Once you know what types of investments are out there, you can pick the opportunities that best match your skill set, goals, and lifestyle.

Chapter 3: Building a Business

It's important to treat your real estate investing like a business rather than a hobby, so I'll give you step-by-step instructions on how to set up your business so that it can take you to where you want to go.

Chapter 4: Partnerships

Perhaps the best news about this entire process is that you don't have to do it alone if you don't want to. This chapter will teach you how to create real estate partnerships that will boost your success.

Chapter 5: Financing

It's all about the money, right? To find success in real estate, you first must learn how to grow with the money you have. This chapter will help you think about (intelligently) leveraging your current assets in order to grow and scale your real estate business.

Chapter 6: Market Analysis

Learn how to maximize your time as a rookie real estate professional by analyzing the best potential markets for you. In this chapter, you'll find my list of sixteen questions to help you better understand a selling area and the potential it holds.

Chapter 7: Deal Analysis

There are all sorts of important aspects to consider when analyzing a deal, and this chapter lays them all out for you in the form of checklists, sample formulas, and reports.

Chapter 8: Building Your Team

Building a functional and efficient team can skyrocket your real estate success and earning potential. In this chapter, I'll lay out the potential team members you can invite to join you on your journey, as well as their roles in the process. I'll even assist you with where you can find new team members!

Chapter 9: Making an Offer

You've found your market and have a team in place. You have secured financing and are confident you've found a property you want to purchase. It's time to make an offer! In this chapter, I'll cover important considerations for the buyer and seller, negotiation tips, what to do if there are multiple offers, and my favorite ways to present an offer.

Chapter 10: Under Contract

You've got your first property under contract. Everyone has agreed upon the purchase price and terms . . . but the work is not done. Now what? In this chapter, I share checklists and advice for navigating the finalization of funds, conducting the inspection, and setting up utilities.

Chapter 11: After Closing

You have a property! Congratulations. Pop the champagne and then read this chapter to learn about your responsibilities as a property owner, as well as how you can get started on renting out or flipping the property.

Chapter 12: Automation and Software

Now that we've talked about the entire process, let's look at how we can

make it as smooth and easy as possible. To adequately grow and scale your business, automation and software implementation are key. I will walk you through some of the available options and share how you can choose the best tools for you and your business.

Chapter 13: Motivation and Inspiration

Even though I achieved my real estate success in a short period of time, it can feel like a long road. To truly be successful, you need to stick with it. In this final chapter, I share some of my favorite ways to stay motivated and inspired, as well as stories from some real-life rookie rock stars.

In short, by reading this book, you're going to learn how to make your dreams come true. I realize that sounds like a big promise, but I can assure you that if you are willing to put in the work, it *can* and *will* happen for you. Trust me. I'm walking, talking proof.

I like to think about real estate as a puzzle. The pieces you need to put together are time, money, experience, and security. As you read this book and embark on your real estate journey, you'll learn where and when to place these pieces and how to put them all together to form your picture-perfect career and lifestyle.

When I purchased my first investment property, I was an absolute rookie. I had never bought or sold any type of real estate. At the time, I was living in my husband's grandma's old farmhouse for free. I didn't even have experience getting a mortgage. You guys, I didn't even know a real estate agent was a free service to me as a buyer. I was such a *rookie!*

Although I found my way on my own, you don't have to. I don't want you to feel as lost as I did. I want to help you! If you're taking the time to read this book, then you're on the right track. Investing in yourself is the first step toward success. I am thrilled you have chosen me to help you get your first (or next) deal done.

Your new life is out there, waiting for you to make it happen. Are you ready, rookie? Me too.

Let's go.



Chapter 1

GOAL SETTING

Why Set Goals?

The very first step in your whole real estate plan is to make a goal. It's difficult to arrive at a destination when you don't know what that destination is. How will you know if you've reached your version of success if you don't first define it?

Some of you might be wondering why you can't just try your best and see what happens. The answer is, of course you could. But I'm guessing you didn't pick up this book to become a real estate investor of mediocre proportions. Even if you don't have mogul-sized dreams, you likely want to succeed, and do so as efficiently as possible. Without a goal, that probably won't happen.

The world is full of distractions. Once you open your eyes to the entrepreneurial opportunities available to you, chances are pretty good that you'll see many ideas that look appealing. These new opportunities fall into one of two categories: distractions or room for growth. It will be important to learn how to differentiate between the two and pick out only the best options (for you).

Shiny-object syndrome is real! I have it. I know it can be fun to day-dream and wonder "what if." But chasing after each and every bright idea can slow you down. In order to efficiently and effectively reach your desired destination, you need to have a focal point to keep you on track and moving forward. Navigating through all of the choices life throws at you can be hard. Who wouldn't want to open a coffee shop, pimp out an RV and travel cross-country as a full-time vlogger, or finally launch that