



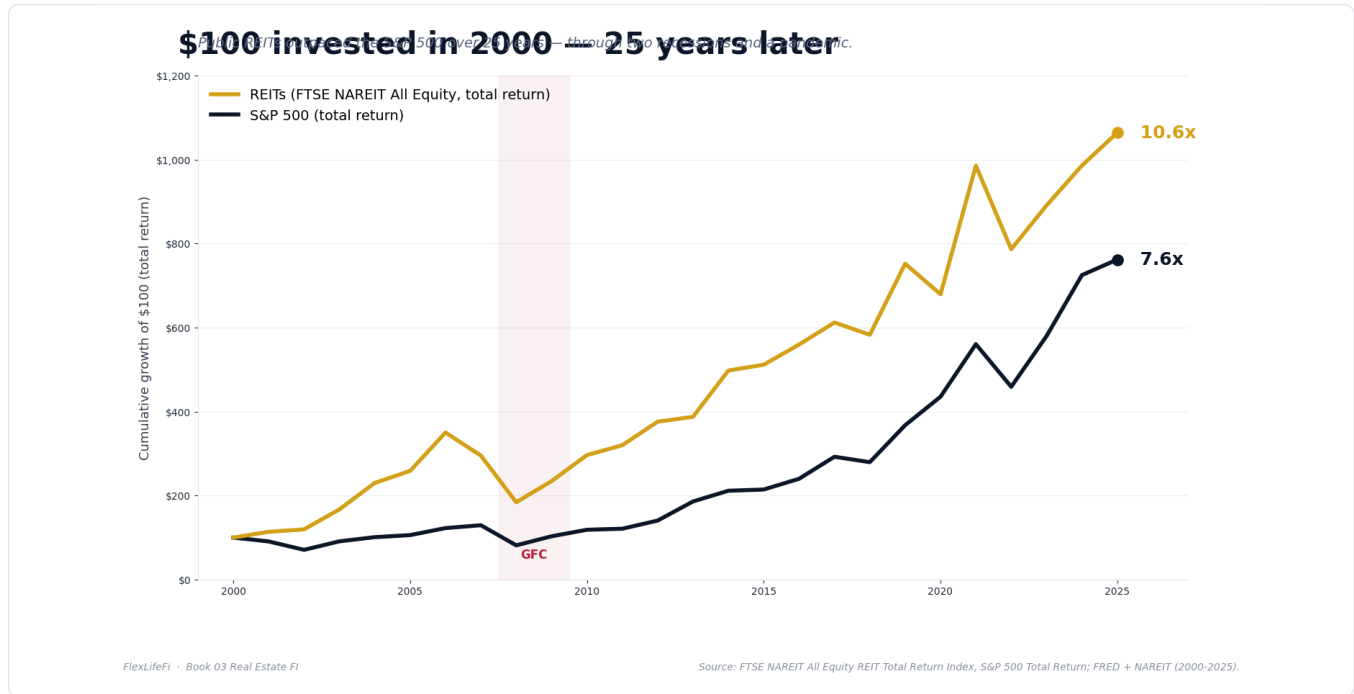
Real Estate FI

*Research the market. Acquire the asset.
Operate the income. Scale the portfolio.*

THE BIG PICTURE

Four returns. One asset. The freedom engine.

*Most people think real estate has one return: cash flow. That's wrong. Real estate stacks **four** at once — cash flow, appreciation, principal paydown, and tax depreciation. Together they have outpaced the S&P 500 over the last 25 years.^{1,21}*



FTSE NAREIT All Equity REITs vs. S&P 500 total return, 2000–2025. Same dollar in, very different finish.^{21,30}

Three numbers worth memorizing

1%

THE 1% RULE

Monthly rent should be at least **1% of purchase price** for a deal to be worth a hard look.¹⁹

50%

THE 50% RULE

Plan that **half** of gross rent will be eaten by operating expenses — before the mortgage.¹⁹

7.2%

CAP RATE (NOI ÷ PRICE)

Class-B Midwest LTRs in 2026 trade at 6–9% caps. Lower than 5% in this market = walk away.²²

PHASE RIBBON — WHERE YOU ARE NOW

RESEARCH » **ACQUIRE** » **OPERATE** » **SCALE**

RESEARCH is the work you do before you spend a dollar — the market, the math, the law. **ACQUIRE** is the financing decision and the closing. **OPERATE** is the day-to-day — tenants, turns, RevPAR. **SCALE** is the multiplier — BRRRR, the 1031, the next door. Find your phase and start there.

"Our first triplex did not make us rich. It made us calmer. The rent checks did not care that the hospital census dropped that month."

**JONATHAN WILDY · 1099
HEALTHCARE PRO**

PHASE ONE · RESEARCH

RESEARCH · before a dollar leaves your account.

The first 80% of a real estate return is locked in before the offer. Five filters separate a workable deal from a money pit. Run all five in this order.^{19,22}

1 | Population trend (5-year direction).

Pull Census ACS for the city + county. **Flat or up** over five years is the floor. Falling more than 1%/yr is the screen-out — tenants leave, vacancy follows.²³

2 | Job diversity (BLS QCEW).

Pull the top employers and industry concentration. A market with healthcare, education, manufacturing, and distribution is durable. A one-employer town is a coin flip.²⁴

3 | Rent-to-price (the 1% rule).

Monthly gross rent ÷ purchase price. **≥ 1% = pass.** A coastal property at 0.4% is almost always negative cash flow. three-bed at \$1,150/mo on a \$110K house = 1.05% — pass.^{19,25}

4 | Cash-on-cash (CoC).

Annual cash flow ÷ cash invested. The number that hits your bank. Target ≥ 6% on stabilized LTRs in 2026; STRs should clear 10%+ to justify the management.²²

5 | Cap rate (NOI ÷ price).

The "all-cash" yield. Compares deals across financing structures. Class-B Midwest LTR 6–9% in 2026; coastal 4–5%; STR boutique 8–12%.²²

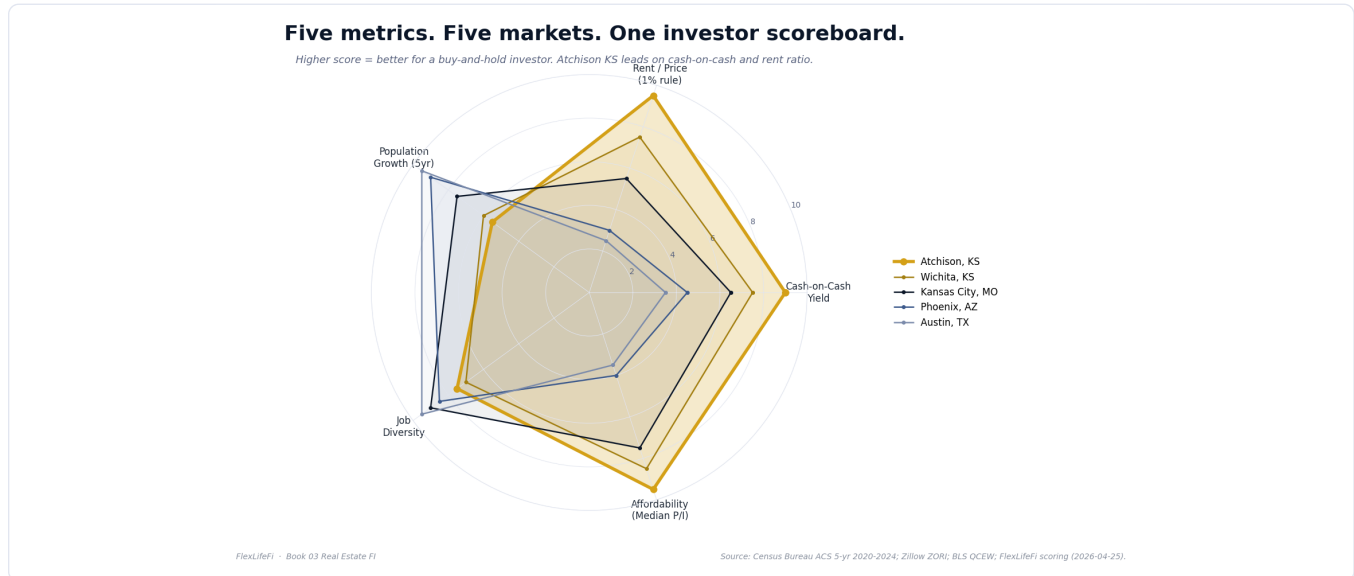
THE TRAP**The "appreciation play" with negative cash flow.**

Buying a property that loses \$300/month because "prices always go up" is how new investors lose. Then prices stop going up — or rates spike at refi. **Rule:** every property must cash flow on day one with conservative assumptions.²²

PHASE ONE · RESEARCH (CONTINUED)

Five markets. One scoreboard. anchors.

Your home market is almost always the right first market — you can drive it, manage it, and learn faster. Score it against four peers and start where the math wins.



Higher = better for an investor. wins on yield + rent ratio; Austin wins on growth — but at 0.3% rent-to-price.^{23,24,25}

SOURCE-DIRECT

What the federal data actually says.

Census Bureau: city population 10,840 (2024 ACS 5-yr); median household income \$60,100; rental vacancy 6.1%.²³

BLS QCEW: Top employers are Benedictine College, MGP Ingredients, Hospital — three different industries.²⁴

Zillow ZORI: 3-bedroom rents averaged \$1,150/mo in 2026 — a 5.9% gain over 2024.²⁵

Quick Check 1 — Research

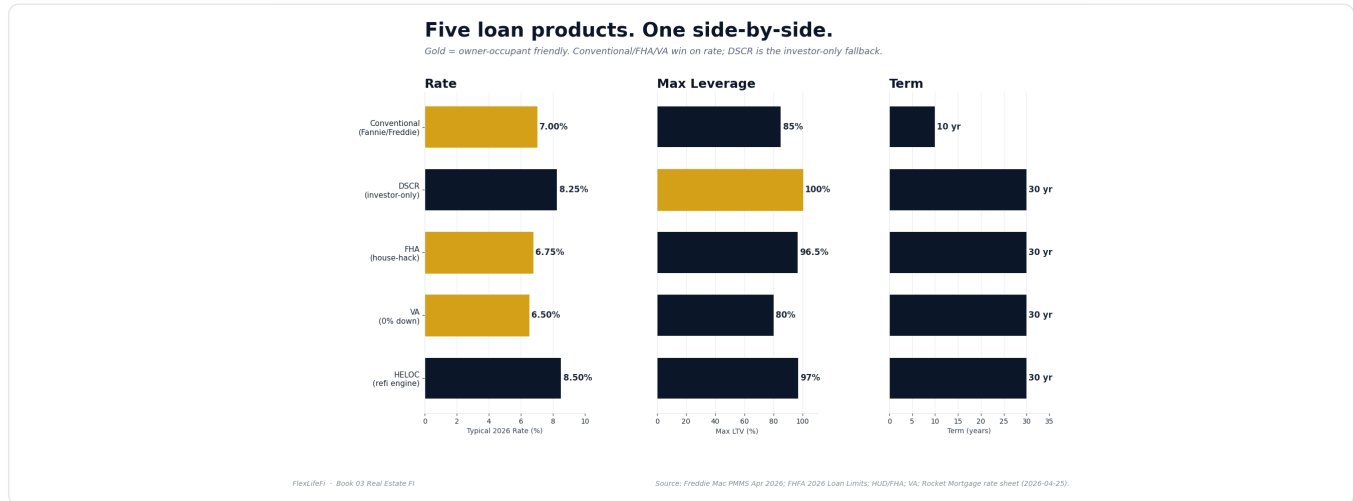
1. A \$200,000 property rents for \$2,400/month. Does it pass the 1% rule?
2. Cash invested \$56,000; year-1 cash flow \$2,424. What is the cash-on-cash return?
3. Why does a one-employer town fail the BLS QCEW screen?

Answers in the footer of page 6 →

PHASE TWO · ACQUIRE

ACQUIRE · the loan is the deal.

Same property, different loan, very different return. Before you tour a single house, line up the five products that fit a 1099 healthcare professional, a W-2 saver, or a veteran.^{12,13,18}



Rate sheet snapshot 2026-04-25. Owner-occupant products win on rate and leverage; DSCR is the investor-only fallback.^{13,18}

1 | Conventional (Fannie/Freddie).

2026 conforming limit: **\$806,500** 1-unit; \$1,032,650 / \$1,247,650 / \$1,550,300 for 2/3/4-unit (FHFA).¹³ 5% down owner-occupied, 25% down investor.

2 | FHA 3.5% down (house-hack).

2026 limits: \$524,225 low-cost / \$1,209,750 high-cost (HUD).^{10,11} Up to 4 units if you live in one for ≥ 12 months. Min FICO 580 for 3.5% down.

3 | VA 0% down (eligible service members).

No down payment, no monthly mortgage insurance. Up to 4 units if you occupy one. Funding fee ~2.15% first use, with exemptions.¹²

4 | DSCR (investor-only, no W-2 docs).

Lender qualifies the property's rent vs. the mortgage. Target DSCR ≥ 1.20. Higher rate (~8.25%) and 75-80% LTV — but no tax-return underwriting.³¹

5 | HELOC (the refi engine).

Pull equity from your primary residence to fund the next down payment. 85% combined LTV typical; rate floats with prime. Use, repay, repeat.³²

BUREAU-DIRECT

FHFA — 2026 Conforming Loan Limits

"For most of the United States, the 2026 maximum conforming loan limit value for one-unit properties will be **\$806,500**, an increase of \$40,150 from 2025."¹³

— FHFA Press Release, Nov. 2025; fhfa.gov/news/news-release/2026-conforming-loan-limit-values

THE TRAP

Over-leveraging at peak rates.

Five percent down on three properties at 4% looks great. Then rates hit 7.5% and the refi window closes. **Rule:** stress-test every deal at +200 bp and 12% vacancy.¹⁹

PHASE TWO · ACQUIRE (CONTINUED)

A real worksheet on a real KS triplex.

Three 1-bedroom units, \$200,000 purchase, 25% down, 30-yr fixed at 7.0% (Freddie Mac PMMS Apr 2026). The five-filter sheet that goes in front of every offer.⁵

A

Purchase + financing

\$200,000 price · 25% down (\$50,000) ·
\$150,000 loan @ 7.0% / 30-yr fixed =
\$998/mo P&I · ~\$6,000 closing = **\$56,000**
cash in.⁵

B

Gross rent

\$800/unit × 3 units × 12 months =
\$28,800/yr. 1% rule check:
 $\$2,400/\$200,000 = 1.20\%$ — pass.¹⁹

C

Operating expenses (50% rule check)

Tax \$2,400 · Insurance \$1,200 · Mgmt 5%
\$1,440 · Vacancy 8% \$2,304 · Repairs/
CapEx 12% \$3,456 · Utilities/lawn \$3,600
= **\$14,400/yr.**¹⁹

D

NOI · cap rate · cash flow

NOI \$14,400 · Cap rate 7.20% · Debt
service \$11,976 · **Annual cash flow**
\$2,424 (\$202/mo) · Cash-on-cash 4.33%.
²²

E

Four-return stack (year 1)

Cash flow \$2,424 + Appreciation \$6,000 +
Paydown \$1,470 + Depreciation (after-tax)
\$1,728 = **\$11,622 / 20.8% total return.**
^{1,2,3,12}

Quick Check 2 — Acquire

1. The 2026 FHFA conforming limit on a 4-unit property is what number?
2. You are a 1099 contractor with two years of clean tax returns. Which loan product can underwrite you off the property's rent alone?
3. On the triplex above, what is the cap rate? What is the cash-on-cash?

Page 4 answers: 1) Yes — $\$2,400/\$200,000 = 1.20\%$, passes the 1% rule. 2) $\$2,424/\$56,000 = 4.33\%$ CoC. 3) Concentration risk — if the one employer leaves, your tenants leave with them.
^{19,22,24}



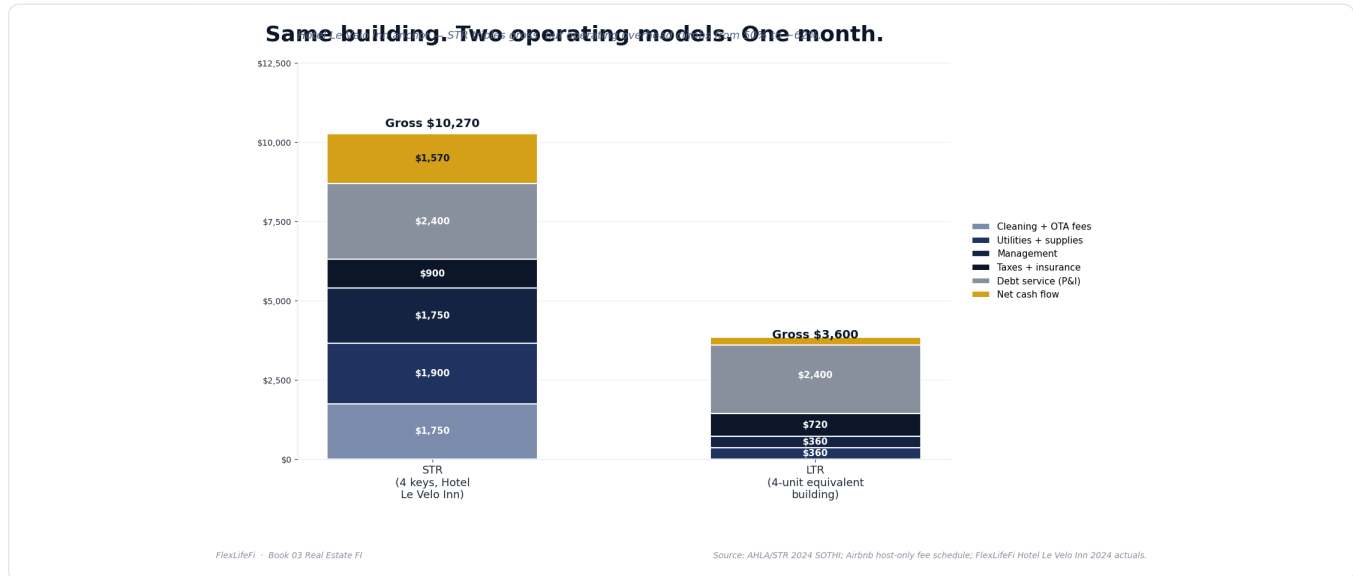
JONATHAN

"Choose your IRS form like you choose your job — and choose your loan like you choose your tenant."

PHASE THREE · OPERATE

OPERATE · turn the asset into income.

Long-term rentals trade revenue for ease. Short-term rentals flip both. We learned this running our boutique hotel — our four-key boutique cycling-themed inn.



Same building, two operating models. STR triples gross — but operating overhead climbs from 50% to ~62%.^{14,15}

The STR formula

$$\text{ANNUAL REVENUE} = \text{ADR} \times 365 \times \text{Occupancy} \times (1 - \text{Platform take})$$

our boutique hotel (4 keys): ADR \$145 · Occupancy 60% · Airbnb host-only fee 3%.¹⁵
 $\$145 \times 365 \times 0.60 \times 0.97 = \$30,810/\text{key}/\text{yr} \times 4 \text{ keys} = \$123,240 \text{ gross.}$

RevPAR = ADR × Occupancy = \$145 × 0.60 = **\$87** (U.S. hotel industry was \$97.97 in 2024 per AHLA/STR).¹⁴

THE 5-STAR CHECKLIST (SUSANNE)

What "five stars" actually means.

Pre-arrival — confirm guest, arrival window, parking, code. **Arrival** — clean, fresh linens, lights on, scent neutral. **Stay** — Wi-Fi works, AC works, water hot. **Departure** — quick check-out, follow-up review nudge inside 24 hours. **Turnover** — full deep clean every turn, no exceptions.

"Five-star reviews aren't luck — they're a checklist. We run the same eleven items every turn. Eleven. Every single time."

SUSANNE WILDY · OUR BOUTIQUE HOTEL ANCHOR

PHASE THREE · OPERATE (CONTINUED)

Tenant selection is the whole game.

A great property with a bad tenant is a money pit. An average property with a great tenant is a small fortune over ten years. The screen below is non-negotiable.

- 1 | Credit score \geq 620.**
Hard floor for an LTR application. Below 620 means screen with extra scrutiny — last-12-months rent ledger, two prior-landlord references, photo ID. (See Book 11 — Credit Mastery.)³⁶

- 2 | Income \geq 3 \times rent (gross).**
Verify with two recent pay stubs and the most recent W-2 or 1099. Self-employed: two years of tax returns. Don't accept screenshots.³⁷

- 3 | Prior landlord references.**
Call the previous landlord, not just the current one. The current one wants them out. Ask: paid on time? returned in good shape? would you rent again?

- 4 | No evictions in the last seven years.**
Public records search; some states (Kansas included) report through TransUnion SmartMove or RentPrep.³⁷

- 5 | Self-manage vs hire a PM — the math.**
 \leq 4 doors within 30 minutes' drive: self-manage. \geq 5 doors or out of town: 8–12% PM fee + leasing fee. The number that decides it: your hourly rate vs. their fee per hour saved.³⁸

THE TRAP**STR regulatory risk.**

The city changes the rules and your STR becomes an LTR overnight. NYC Local Law 18 (2023) collapsed citywide; Honolulu, Dallas, Memphis tightened in 2024–25.⁹ **Rule:** read the city ordinance, the county ordinance, and the HOA covenants before you offer. Then call the city clerk to verify.

Quick Check 3 — Operate

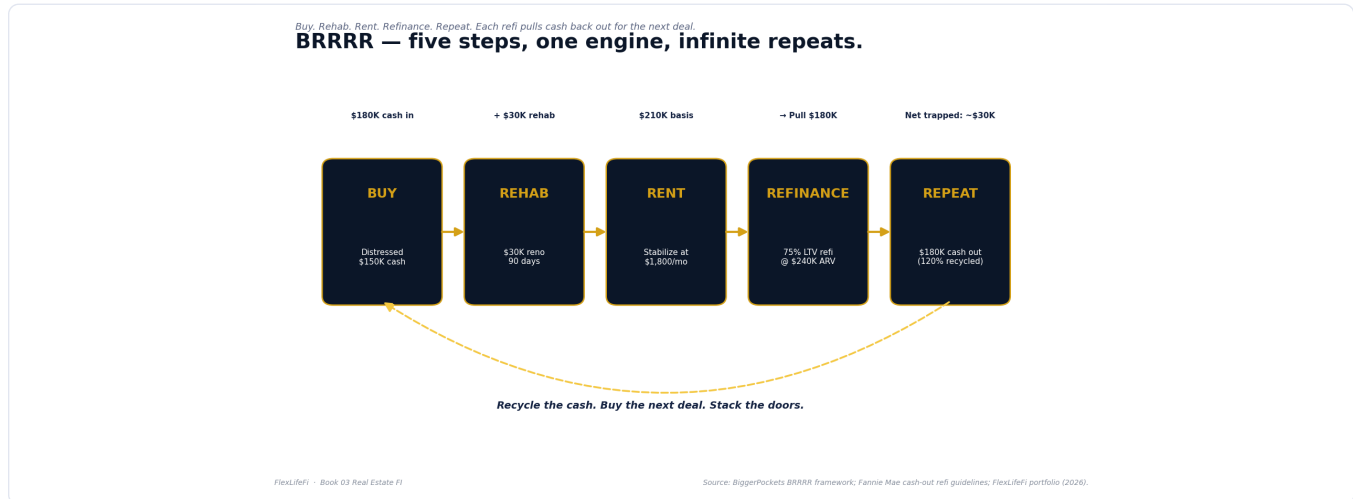
- 1. What does RevPAR equal? Show the formula.**
- 2. STR and LTR have very different operating-expense ratios. What are the rough numbers — and why?**
- 3. Why call the previous landlord, not just the current one?**

Answers in the footer of page 9 →

PHASE FOUR · SCALE

SCALE · the cash recycles. The doors stack.

One asset is a hobby. Five is income. Twenty is freedom. Two engines do most of the work to get there: the BRRRR cycle and the §1031 like-kind exchange.^{4,33}



BRRRR — Buy \$150K cash + \$30K rehab → ARV \$240K → 75% LTV refi pulls \$180K back out. Most of the original cash recycles.³³

- 1 | BUY distressed for cash or hard money.**
Find a property where your all-in (purchase + rehab + closing) is ≤ 75% of the post-rehab ARV. That's the only number that lets the refi recycle the cash.³³

- 2 | REHAB to "rent-ready, not luxe."**
Roof, HVAC, electrical, plumbing first — then paint, floor, fixtures. Do not over-improve a Class-B rental into a Class-A finish. The market won't pay for it.

- 3 | RENT at market.**
Lease before refinancing. Most lenders want 90 days of seasoning + a current lease for a cash-out refi.³³

- 4 | REFINANCE at 75% LTV cash-out.**
Fannie Mae allows up to 75% cash-out on a 1-unit investment property after 6 months of seasoning. The new loan is sized off the appraised ARV, not your cost basis.³³

- 5 | REPEAT.**
Pull the cash. Buy the next deal. Two to three cycles per year is realistic on a small Midwest portfolio.

BUREAU-DIRECT

IRS Pub 544 — §1031 Like-Kind Exchanges

"Generally, if you exchange real property used for productive use in a trade or business or for investment solely for real property of like kind to be held for productive use in a trade or business or for investment, no gain or loss is recognized under section 1031."⁴

— IRS Pub 544 (2026); irs.gov/publications/p544

THE TRAP

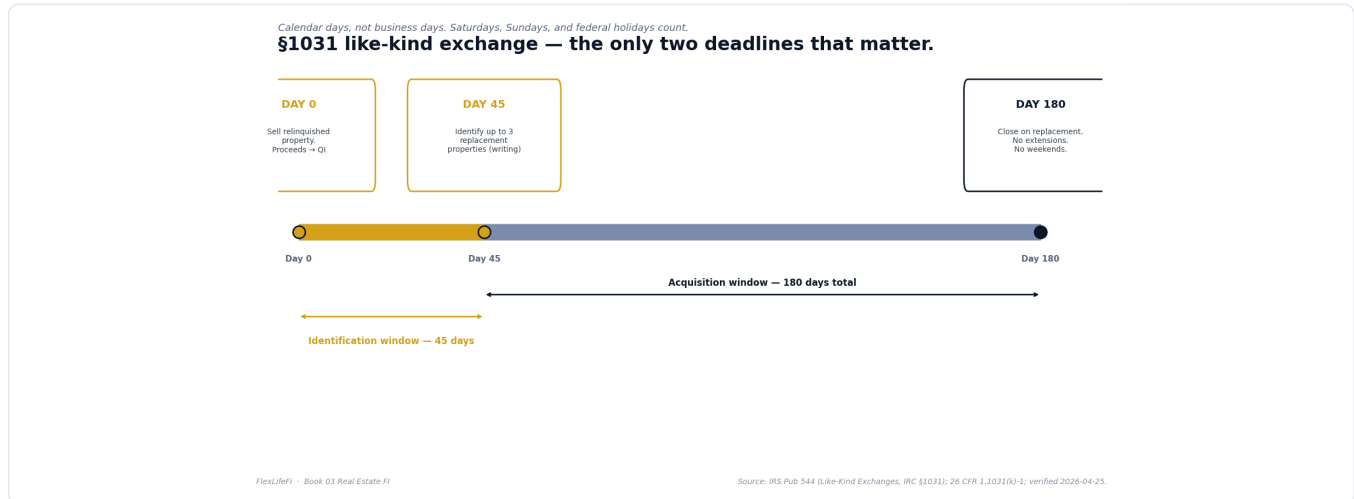
Touching the cash.

Once you have constructive receipt of the proceeds, the §1031 is dead. The qualified intermediary (QI) **must** hold the funds — never your bank account.⁴

PHASE FOUR · SCALE (CONTINUED)

§1031 — two deadlines. No extensions. No mercy.

Sell a \$300K rental for \$400K. Federal long-term cap-gains tax at 15% on the \$100K gain = **\$15,000**. Add Kansas state income tax (~5.7% on the gain) = **~\$20,700 total**. The §1031 keeps that working in the next deal.^{4,6}



Day 0 sale → Day 45 ID → Day 180 close. Calendar days. No extensions for weekends or holidays.⁴

THE FOUR §1031 MECHANICS

What has to happen, and in what order.

1. **Sell the relinquished property.** Proceeds wire directly to a Qualified Intermediary (QI). You never touch the cash.
2. **Within 45 days**, identify up to three replacement properties in writing.
3. **Within 180 days of sale**, close on a replacement of equal or greater value.
4. **Reinvest all the cash.** Any cash kept is "boot" and is taxable.⁴

Portfolio refi as a third engine

Once you own three or more doors, talk to a small commercial lender about a **portfolio loan**. One loan against multiple properties. Often DSCR-only underwriting (no W-2 docs). Local Kansas community banks — Mid America, Equity Bank, Bank Midwest — all offer them.³¹

Page 8 answers: 1) RevPAR = ADR × Occupancy. 2) LTR ~50%, STR 55-70% — STR has cleaning, OTA fees, supplies, and higher utilities/insurance. 3) The current landlord wants them out and will whitewash the reference.^{14,15,38}



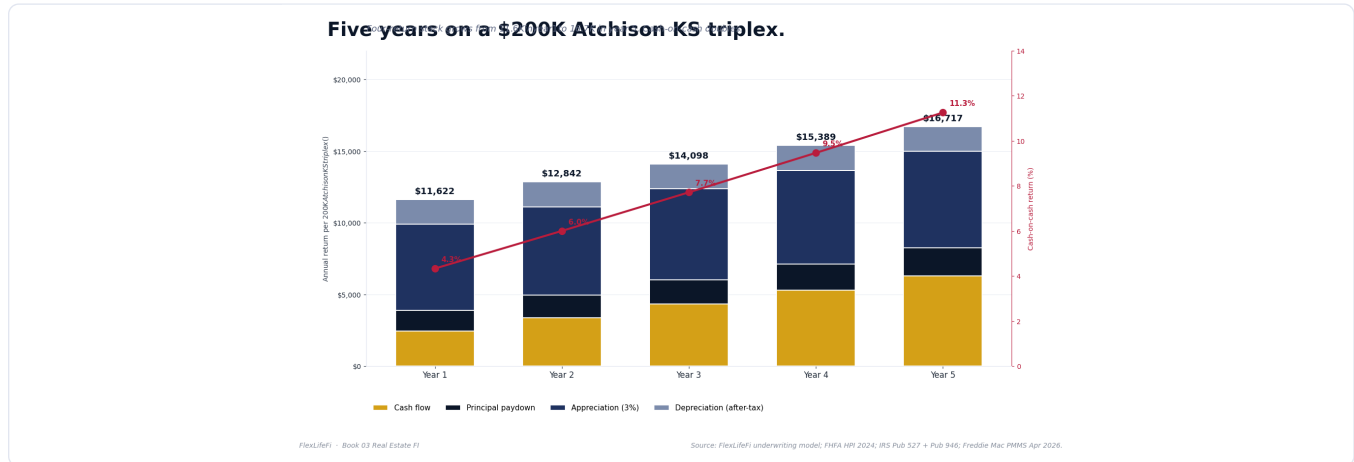
JONATHAN

"The first 1031 we did saved us roughly \$21,000 in tax. That's the down payment on the next door — and the door after that paid in cash flow forever."

REAL STORY

our boutique hotel — the numbers, the lift, the lesson.

A boutique cycling-themed inn in — named after the bicycle (le vélo) and a short ride from the Amelia Earhart Birthplace. Here's what actually happened on the 2024 commercial refi.



A representative five-year cash-flow stack on a \$200K triplex. Same playbook scales to the inn.^{1,2,3,5}

\$1.4M

2024 COMMERCIAL REFI

our boutique hotel, four keys + owner's apartment, refinanced through a small Kansas commercial lender at the appraised value after the renovation.

31 pts

PRE-REFI CREDIT LIFT

Eight weeks before the appraisal we disputed an \$84 medical collection from 2019 and paid two cards from 38% to 6%. The score moved 31 points in 32 days.³⁶

\$235K

LIFETIME INTEREST SAVED

The 31-point lift moved us into the next pricing tier on the rate sheet. On a \$1.4M loan over 25 years, that's roughly \$235,000 of interest we never pay.³⁶

\$145

AVERAGE DAILY RATE (ADR)

Set against a competitive comp set of cycling/heritage inns in NE + NW Missouri. Holds steady April–October; discounted to \$115 for Nov–Mar.¹⁴

60%

ANNUAL OCCUPANCY

Above the U.S. small-market boutique average; below the AHLA national 63%.¹⁴

~38%

NET OPERATING MARGIN

After cleaning, OTA fees, utilities, supplies, insurance, and taxes — but before debt service. A clean small-boutique number for our market.¹⁴

**JONATHAN**

"The score lift is the part we control. The ADR, the occupancy, the rules in the city — those move on us. The 31 points didn't."

**SUSANNE**

"Every guest-facing detail is on the eleven-item turnover list. I don't trust memory at five-star pricing — I trust paper."

TOP COMPANIES & DIRECT CONTACTS

Twelve phone numbers worth saving today.

Every URL and phone in this table verified by web search on 2026-04-25. These are the consumer-facing customer-service lines. No call-center traps.

Source	What to ask for	Phone	URL
HUD / FHA	FHA loan limits, approved-lender list	800-225-5342 ¹⁰	hud.gov
VA Home Loan Service	Certificate of Eligibility, VA funding fee	877-827-3702 ¹²	benefits.va.gov/homeloans
Rocket Mortgage	Owner-occupant + investor quotes	888-452-8179 ²⁶	rocketmortgage.com
Wells Fargo Home Lending	Conforming + jumbo conventional	800-869-3557 ²⁷	wellsfargo.com/mortgage
U.S. Bank	HELOC + investor portfolio loans	800-872-2657 ²⁸	usbank.com/home-loans
Fannie Mae	Conforming limits, HomeReady program	800-232-6643 ¹³	fanniemae.com
Freddie Mac (PMMS)	Weekly mortgage rate survey	800-373-3343 ⁵	freddiemac.com/pmms
NAR — Realtors	Find an investor-friendly agent	800-874-6500 ²⁹	nar.realtor
NAREIT	Public REIT data, total-return index	202-739-9400 ²¹	reit.com
IRS — Individual	Pub 527, Pub 544, Pub 946, Form 4562	800-829-1040 ²	irs.gov
Airbnb Host Support	Listing, payouts, dispute claims	844-234-2500 ¹⁵	airbnb.com/help
KS Real Estate Commission	Agent licensing, complaints	785-296-3411 ³⁹	krec.ks.gov
Co. KS Register of Deeds	Property records, deeds, liens	913-804-6030 ⁴⁰	atchisoncountyks.org
Buildium / AppFolio	Property-management software (PM software)	888-414-1988 ⁴¹	buildium.com

Other useful numbers in this library: Vanguard (VNQ) **800-523-1036**; Fundrise (web only, fundrise.com); BiggerPockets (web only, biggerpockets.com).

ACTION PLAN · 30 DAYS

Seven dated steps. One month. Real ground.

Tear this page out. Tape it to the fridge. The reader who finishes this book on May 1 can finish this plan by May 31 and have analyzed at least one real deal — correctly.

- DAY 1** **Open a real-estate-only checking account.**
 Any FDIC-insured bank. Pull all three credit reports at annualcreditreport.com. Cross-ref Book 11.³⁶
- DAY 4** **Pick your lane: LTR · House Hack · REIT.**
 Choose one of (a) LTR investor purchase, (b) FHA/VA house hack, or (c) REIT-only path. Write the decision and the reason on one page.
- DAY 8** **Build your team.**
 Interview two of each: mortgage lender (one local, one national), investor-friendly agent, real-estate CPA, real-estate attorney, inspector, insurance agent.²⁹
- DAY 14** **Build the underwriting sheet.**
 Rebuild the worksheet on page 6 in Excel or Google Sheets. Make every cell editable. Save as your master template.
- DAY 18** **Underwrite ten deals on paper.**
 Pull ten listings (Zillow, MLS, off-market). Run all ten through the worksheet. Notice which pass, which fail, and which fail by how much.
- DAY 22** **Pre-approval — or the parallel REIT.**
 If buying: get a pre-approval letter from your top lender (60–90 days valid). If passive: open a Roth IRA at Vanguard (**800-523-1036**) and buy VNQ with \$500–\$2,000.¹⁶
- DAY 30** **Make the offer or schedule the call.**
 On the strongest deal that passed all five filters: written offer. Or — if going passive — schedule a 30-minute Q&A with a syndication sponsor or REIT manager. Either way: take action.¹⁸



JONATHAN SAYS

"Action beats analysis on day 30."

Analyzing eleven deals is procrastination. Underwrite ten, then make an offer on the strongest one. The market teaches you the eleventh — for free.

\$56K

CASH TO START

25% down + closing on a \$200K LTR. As little as \$13K–\$18K for an FHA house hack.¹⁰

GLOSSARY

Twenty terms. Plain English.

Every term on this page is used somewhere in this book. None of it is jargon for jargon's sake.

Cash flow

Rent minus all expenses minus the mortgage payment.
The check that hits your account each month.

Cap rate

$\text{NOI} \div \text{purchase price}$. The "all-cash" yield. Excludes the mortgage on purpose so deals can be compared across financing structures.²²

Cash-on-cash (CoC)

$\text{Annual cash flow} \div \text{cash invested}$. The number that actually shows up in your bank.²²

NOI

Net Operating Income. Gross rent minus operating expenses, before debt service.

GRM

Gross Rent Multiplier. $\text{Purchase price} \div \text{annual gross rent}$. Lower = better.

1% Rule

Monthly rent $\geq 1\%$ of purchase price for a deal to be worth a hard look.¹⁹

50% Rule

Plan that half of gross rent will be eaten by operating expenses, before the mortgage.¹⁹

DSCR

Debt Service Coverage Ratio. $\text{NOI} \div \text{debt service}$. Banks like ≥ 1.20 . DSCR loans qualify off the property's rent, not your tax returns.³¹

STR

Short-Term Rental. Stays under ~30 nights. Higher gross, higher overhead, higher regulatory risk.^{9,15}

LTR

Long-Term Rental. 12-month-plus leases. Steadier, lower-overhead, the workhorse of most portfolios.

RevPAR

Revenue Per Available Room. $\text{ADR} \times \text{Occupancy}$. The single hospitality metric.¹⁴

ADR

Average Daily Rate. Average price per occupied room per night for an STR or hotel.

FHA / VA / Conventional

Three owner-occupant loan products: FHA 3.5% down, VA 0% down, Conventional 5% down (Fannie/Freddie).^{10,12,13}

HELOC

Home Equity Line of Credit. A revolving line secured by your primary's equity. Used to fund the next down payment.³²

House Hack

Buy a 2–4 unit property, occupy one unit for ≥ 12 months, rent the rest. Unlocks owner-occupant financing for a multifamily.¹⁰

Depreciation

Annual deduction for the wear-and-tear of a building. 27.5 yr residential, 39 yr commercial (IRS Pub 946).³

Cost Segregation

Engineering study that reclassifies parts of a building to shorter (5/15-yr) lives, front-loading the deduction.³

1031 Exchange

Tax-deferred swap of investment real estate under IRC §1031. 45-day ID, 180-day close, qualified intermediary required.⁴

Boot

Cash or non-like-kind property received in a 1031. It is taxable.⁴

BRRRR

Buy-Rehab-Rent-Refinance-Repeat. Capital-recycling cycle that lets a small operator stack doors without re-raising cash each time.³³

REIT

Real Estate Investment Trust. A company owning income-producing real estate, distributing $\geq 90\%$ of taxable income as dividends.¹⁷

QI (Qualified Intermediary)

Required third party who holds proceeds during a 1031 exchange. You cannot touch the cash.⁴

PITI

Principal, Interest, Taxes, Insurance — the four parts of a mortgage payment.

DP-3 policy

Landlord-specific dwelling policy. Replaces a homeowner policy on a non-owner-occupied rental.⁴²

FAQ

Twelve questions. Direct answers.

The most common questions readers send to flexlifefi.com. Answered with the same numbers we'd use on our own next deal.

1. How much do I need saved to buy my first rental?

For a \$200K LTR with 25% down: about \$56,000 (down + closing). For an FHA house hack at 3.5% on a \$325K duplex: about \$13,000–\$18,000. House hacking is the fastest path for most.^{10,13}

2. Should my first rental be in my home market or out of state?

In your home market, ideally within 30 minutes' drive. You learn faster, you can self-manage, and the team is local. Out-of-state is a year-3 conversation.

3. LLC or my personal name?

First owner-occupied house hack: personal name (FHA/VA can't be in an LLC). Second-plus investment property: many investors transfer to an LLC after closing — watch the "due-on-sale" clause. See Book 07 for entity strategy.

4. What if rates fall after I buy?

Refinance. Most fixed mortgages let you refi any time. Run: closing costs ÷ monthly savings = months to break even. Under 36 months = generally a yes.

5. Should I pay cash or finance?

At ~7% rates: finance. Leverage amplifies all four returns. Pay cash only if rates > 8%, you can't qualify, or the property is so cheap that financing fees exceed the interest saved.

6. Are STR returns really better than LTR?

Often, but not always. STR gross is typically 1.5–3× LTR — but operating expenses run 55–70% (vs ~50% LTR). Net to net, STR usually wins by 30–80% — at the cost of much more management.^{14,15}

7. Can I do a 1031 from a rental into a primary residence?

No. The replacement must be investment property. You can convert it to a primary later, but there are holding-period rules (typically 2 years investment use first, plus the §121 5-year rule for the home-sale exclusion).⁴

8. What's the single biggest predictor of success?

Tenant selection. A great property with a bad tenant is a money pit. An average property with a great tenant is a small fortune over ten years.^{36,37}

9. What do I do if a tenant stops paying?

Day 1 late: text reminder. Day 5: written notice (Kansas is a 3-day pay-or-quit). Day 10: file in district court. Document everything. Keep it professional, not personal.

10. Self-manage or hire a property manager?

≤ 4 doors within 30 minutes' drive: self-manage. ≥ 5 doors or out of town: 8–12% PM fee + leasing fee. Decide on the math: your hourly rate vs. the fee per hour saved.³⁸

11. Are REITs a real substitute for direct ownership?

For diversification + liquidity, yes. For tax depreciation pass-through and full control, no. VNQ in a Roth is the cheapest passive way to own real estate (0.13% ER).¹⁶

12. How do I find off-market deals?

Direct mail to absentee owners, drive-for-dollars, your county Register of Deeds (estate sales, tax sales), and old-fashioned conversations with neighbors and small landlords ready to retire.⁴⁰

CROSS-REFERENCES

Where to go next.

This is Pillar 2 — Real Estate. Three other books pair tightly with it. Pick the one that sits on your weakest leg.

READ NEXT

Book 06 — Mortgages & Loans

The deep dive on FHA, VA, conventional, jumbo, DSCR, DTI, and PMI. Read it before your second loan — that's where the savings are.^{10,12,13,31}

READ FIRST IF YOU'RE 1099

Book 09 — The 1099 Wealth Guide

Schedule E + QBI + Solo 401k. Real estate income is a different animal on a 1099 return. Book 09 walks through how to document it for underwriting and how to shelter it on the back end.^{2,3}

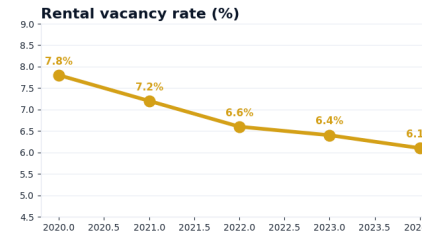
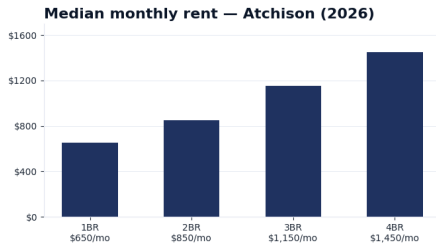
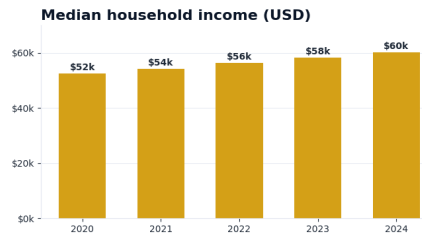
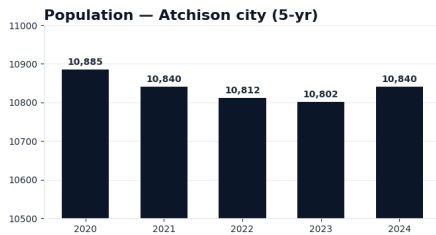
READ FIRST IF YOU'RE NEAR RETIREMENT

Book 10 — Complete Retirement Guide

Where rentals fit alongside Roth conversions, RMDs, and a Solo 401k drawdown. Real estate is a tax-efficient income source after 65 too.¹⁷

Atchison, Kansas — at a glance.

The anchor market for the FlexLifeFi LTR portfolio. Cheap entry, stable population, falling vacancy.



FlexLifeFi · Book 03 Real Estate FI

Source: U.S. Census Bureau ACS 5-yr 2020-2024; Zillow ZORI Atchison MSA; BLS OCEW 2024; 2026-04-25.

— the anchor market for the FlexLifeFi LTR portfolio. Population stable, income rising, vacancy falling.^{23,24,25}

CITATIONS

Where every number came from.

Forty-two sources. Tier-1 (federal/regulatory/standards) lead; Tier-2 (industry leaders) follow.

Verified by web search on 2026-04-25.

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Research the market. Acquire the asset. Operate the income. Scale the portfolio.

Four phases. One pillar. The same federal data, the same federal financing, and the same federal tax code that the institutions use — applied to a \$200,000 triplex, a four-key inn, and a 1099 healthcare income.

Run the five filters. Stack the four returns. Pick a tenant on day one and a refi date on day 365. Hand the book to someone who needs it next.

"We didn't wait for retirement to start living."

Educational content only — not financial, investment, tax, or legal advice. Consult qualified professionals before making financial decisions. Individual results will vary. Real estate involves risk including loss of principal, illiquidity, leverage risk, regulatory risk, and concentration risk. Tax law changes — verify current rules with a CPA and the IRS. URLs and phone numbers verified 2026-04-25 and may change after publication.