



## Check Out This Deal with Kyle Mack

Harvard Business School has determined that one of the best ways for people to learn business is through real life case studies. We say, if it's good enough for Harvard, it's good enough for us. So, each month we will highlight the case study of one community member's recent deal, so you can learn what they have learned (good, bad, or ugly). Thanks to our amazing community members for sharing!



What type of rentals do you target?



2-4 unit residential, apartments, and office/retail/industrial commercial deals



What market are you in?



Milwaukee, Wisconsin



How many doors do you have in your portfolio?



More than 45



When did you purchase the deal, you want to highlight?



12/31/2019  
Purchase price \$150,000



What town is the property located in?



Milwaukee, WI (Bayview neighborhood)



### What was your plan for this deal?



This deal is a duplex and is a traditional B-R-R-R-R deal. My goal was to orchestrate the perfect BRRRR deal; but plans and timelines changed slightly when COVID hit. In the end, everything worked out, but not without some stress and lessons learned!



### What happened with the deal?



I found the duplex by talking to the neighbors of another property I own. They didn't want to sell the one next to me but were open to selling another duplex because it was too far from their personal house, even though it was in a much more desirable area of town. I purchased it for \$150,000 on 12/31/2019. It needed \$10,000 in rehab work, mostly cosmetic. I rented the units for \$1,000 each. It appraised for \$240,000. Perfect - now, it's time for the refinance portion of the BRRRR process. Around March 2020, my refi loan was ready and planned to close in the early next week. And then COVID happened. The refinance lender immediately stopped lending and wouldn't move forward on anything. For the next 3 months, they didn't take any new loan applications, and I couldn't find anyone else who would look at the deal. This was a tough time - on top of this deal, I was in hard money on 5 other deals and anxious to refi them. It was a lot of work to get this worked out - I ended up reaching out to 30+ local banks/credit unions. One local bank saw the value of the deal and I was able to refi it on the day that my original hard money loan expired (June 2020).



### What is the biggest lesson(s) you learned during this deal you want to share with others?



Aspects of a deal that might seem solid or a "sure thing" can quickly change and really throw off the numbers or the timeline. The lesson learned is threefold: 1) Learn how to pivot QUICKLY, 2) Related to pivoting, ALWAYS have a backup plan or secondary strategy, and 3) Related to the backup plan, these "low-money" deals often appear attractive and the easy way in. However, what many "gurus" don't say is that they require the investor to have reserve funds in case things don't go according to plan. It is too risky to do BRRRR or low-money down with zero cash reserves.



### What is your goal for investing in real estate and how is this deal getting you closer to or further from it?



I grew in a missionary family on a very limited budget outside of the US. I am grateful for this childhood experience and diverse perspective on the world. However, growing up, I quickly realized that I wanted to build wealth for my family and not live "paycheck to paycheck. Real estate has helped me accomplish this goal in a variety of different ways, primarily through cashflow and equity (principal paydown, sweat equity through the rehab process, and equity from buying at a discount).

Photo of Deal:



**Kyle Mack**  
[Mackximus LLC](#)  
Kyleamarmack@gmail.com

May 2021