



Copyright © 2014 Curtis Waters

Contents

Contents	2
Getting Started in Real Estate	2
Internet Resources	3
GENERAL REAL ESTATE	4
Research sites	5
Financial	7
Inspection/Appraisal	8
Contracts/Forms Suppliers	9
Forums & Networking	11
More bulletin boards of interest (forums)	13
State specific (forums)	14
Don't laugh serious sites below (forums)	16
Technical & Marketing (forums)	16
Money	17
Commercial Investment Club	17
1031 exchanges	17
Home Improvement	18
Reverse Directory	19
Street-finders/ Maps	19
FSBO SITES	20
List Your Home for Free or low cost	20
Foreclosure searches	22
Free real estate e books	23
More great sites	23
Specialization.....	28
Finding good real estate deals – plus Marketing for more!	28
How much should I offer?	30
Time Management	30
Goal Setting	32
Books	32
Optional Step – understanding appraisals.....	34
Building Your Network of Professionals – Your Team!	34
Money!	36
A Psychological Financial Thriller Finance, A Necessary Evil	36
15- or 30-Year Mortgage Pros and Cons	39
How Can I Get Started If I Have No Money or Bad Credit	40
Wrapping it Up.....	41

Getting Started in Real Estate By Curtis Waters

Congratulations on taking your first—or possibly your next—step in understanding real estate. With 5 years' experience, and properties of my own—as well as a website designed to further support *your* efforts, I am at least somewhat qualified to offer you a few suggestions on how you can get started.

Keep in mind that there are no get-rich-quick schemes, plans, or programs in real estate. Don't be fooled or allow others to dupe or con you into believing they have the new, never-before-told program on how to quickly and easily make your first million in real estate by following their guaranteed, surefire methods of approach. If you have been fired up by a certain guru or investment seminar, then at least do yourself a favor and check them out before being led blindly down the path to the wolves den. Before you plunk down your hard-earned cash, do a search on Google first.

Additionally, if you're just starting out and considering real estate as a profession or part-time job, then read what John Reed has to say at <http://www.johntreed.com/beginner.html>. As John's links show, it is wise to begin your journey through using research of those who have been there before you and have superior knowledge in doing what you are about to do yourself. John emphasizes that you should read recommended books on the subject before you go out and spend hundreds or thousands of dollars buying some guru's how-to packaged deal.

Education is your key to wealth in real estate. Here are some tips on getting started:

- Read and listen to recommended books and tapes.
- Attend a first-time homebuyer's class or paid local college courses (i.e., appraisal).
- Attend local investors' and apartment owners' association meetings in your area.
- Participate in online investment forums, chat groups, and bulletin boards.
- Read local and national news; pay attention to articles, events, and the classifieds.
- Pay attention to recommendations from people like John, above. Don't allow yourself to be misled!

There is a lot of information on the web these days and a lot of misinformation to go along with it. You're going to find yourself on the web looking for resources on a daily basis, so let me give you a list that has taken me two years to research and compile. Don't let it overwhelm you.

When you do go to the websites, check out their **recommended links** and their **resources links**, and view the **site map**; these are the most useful features of most websites.

Okay, here's the list. Remember, you'll be using this for research later; I am giving it to you now so you won't worry about where you will go when you're done with this report.

● *Internet Resources*

Search engine: www.Google.com

Second choice: www.Yahoo.com

Third and final: www.vivisimo.com

● GENERAL REAL ESTATE

Top picks

www.realestateabc.com/top100/top100.asp?Cat=1 (top 100 sites) Michael

www.totalrealestatesolutions.com (totally useful all around resource)

www.rebuz.com (a most solid directory of R.E. related information) Tom

www.reals.com (another great starting off point to find what you need) Michael

<http://www.realestate4.com/> (a monstrous directory to get you going) Michael, again!

www.linkre.com (again, a huge directory to get you moving) Mike you rule

www.dealmakerscafe.com (creative investment education and support) Scott

www.propertyites.com (friends of fizbo's) Bill

www.relibrary.com (deep resources in real estate) Jon

www.thecreativeinvestor.com (serious subscriber support) Joel

www.urbanbombs.com/links10/themeindex.html (one word "links") Trent

www.homebuyingrealestate.com (well respected directory)

www.reidepotshop.com (guru central)

www.topusarealestate.com (all around great resource, articles) Lara

www.realestatepromo.com (Super resource to get going) Mike

www.legalwiz.com (lot of respect for Bill Bronchick) Bill

www.mastermindforum.com/resources/re-entrepreneur.htm#discussions (solid directory)

● Research sites

www.inman.com (your "must" source for news)

www.inrealty.com (very large information resource)

www.nreionline.com (latest real estate news)

www.meyersgroup.com (economic news)

www.newsmax.com/links.shtml (all the news)

www.fnis.com/Research/index.asp (latest market news)

www.fnismarketintelligence.com/2003/03-21/default.asp (news)

<http://www.naahq.org/resources/econ.aspx> (apartment owner's industry news)

<http://www.reiclub.com/real-estate-business-tools.php> (R.E. tools for investors)

www.firstamres.com/news/articles.jsp (analysis)

www.usacitylink.com (relocation guide to cities)

<http://www.findyourspot.com/> (find your ideal spot)

www.realtytimes.com (market conditions)

www.newspaperlinks.com/home.cfm (electronic newspapers)
www.bestplaces.net/ (city and school facts and more)
www.50states.com (state facts & info)
www.census.gov (statistics of the U.S.)
www.dataquick.com (get your data here)
www.dqnews.com (data quick news and stats)
www.infospace.com (your phone book and more)
www.realtor.com (homes for sale nationwide)
www.homeradar.com (what's it worth, comparables free)
www.netronline.com/public_records.htm (public records search)
www.realfacts.com/faqlinks.html (find an owner thru research)
www.inft.net/index.html (find owners in trouble)
www.altmandirect.com (launch a direct mail campaign)
www.policyholdersofamerica.org/index2.html (insurance issues)
www.kwsnet.com (scroll to real estate, huge resource)
www.infocredit.com/ (background checks)
www.docusearch.com/free.html (multiple search databases)
www.creditretriever.com (credit reports on tenants)
www.FINDTHESELLER.COM (track them down)
www.skiptracers.com (find the tenant who owes back rent)
<http://www.policeauctions.com/> (auctions)
www.stealitback.com (go to real estate)
www.financenet.gov/sales.htm (gov't property sales)
<http://www2.fdic.gov/WebCat/sitemap.asp> (go deep into gov't site)
www.nlihc.org/resources/links.htm (national housing links)
www.buyerstrust.com (buyer's agent directory)

● **Financial**

www.nfns.com (your states mortgage rates & news)
www.myFICO.com (get your credit score)
www.experian.com 888-397-3742
www.tuc.com 800-888-4213
www.equifax.com 800-685-1111
www.bankrate.com (today's rates and more)
www.bankrate.com/brm/mortgage-calculator.asp (calculator)
www.interest.com (mortgage trends)
www.mbaa.org (solid mortgage news and resources)
www.eloan.com (financial/loans)
www.mortgagequotes.com “
www.quickenmortgage.com “
www.mortgage-referral.com “
www.lendingleaders.com “
www.lendingleaders.com/Loan%20Programs.htm (100% cashout, non-owner occ)
www.interest.com/discussion/ (mortgage discussion)
www.brookviewfinancial.com (rehab lenders)

www.access-100.com (more rehab funding)
www.debtbug.com (stop foreclosure)
www.mtgprofessor.com/calculators.htm (calculator heaven)
www.decisionaide.com (32 different calculators)
www.cybernetmortgage.com (calculators/loans - Texas)
www.mortgage101.com (calculators and more)
www.algebrahelp.com/calculators/index.htm (higher math)
www.homefair.com (calculators & relocation info)
www.lendingleaders.com (finance)
www.homebuyingguide.com/default.asp (4free finance books) PDF
www.homewarrantyexperts.com (find a good warranty co.)
www.orhp.com (home warranties)
www.homeloans.va.gov (military forms resource)
www.alta.org/consumer/hud1.cfm (hud-1 settlement statement)

● **Inspection/Appraisal**

www.inspectamerica.com (free inspection reports)
www.appraisalfoundation.com (click on “.org”)
www.appraisalinstitute.com/default.asp (find your appraiser)
www.naifa.com (find your appraiser)
www.appraisersforum.com/forum/index.php (ask an appraiser)
www.electronicappraiser.com (general valuations)
www.domania.com/sitemap.jsp (valuation tools)
www.camerondirect.com/compsources.shtml (comparable data providers)
www.ashi.com (find a home inspector)
www.homeinspections.com (5000 inspectors)
www.soundhome.com/topics/topic_inspect.shtml#hunt (tips)
www.independentinspectors.org (5000 inspectors)
www.nachi.org/bbsystem/index.php (ask a home inspector)
www.inspectorsjournal.com (ask a home inspector)

● **Contracts/Forms Suppliers**

www.audrie.com
www.audrie.com/creating_advertiseing_flyers.htm (make a flyer)
<http://www.totalrealestatesolutions.com/realestateforms/index.cfm> (you'll love it)
www.buyincomeproperties.com/FreeRealEstateForms.htm#contracts (more love)
www.fidtitle.addr.com/forms.htm (forms in pdf)
www.uslegalforms.com (pay for the form you need)
www.kaktus.com (more forms)
www.urgentbusinessforms.com (ditto)

www.standardlegal.net (ditto)
www.isoldmyhouse.com/forms.html (free contracts - excellent!)
<http://www.kcig.org/custom/index.cfm?id=19423>(more free forms)
http://www.lawfirmsoftware.com/free/forms/real_estate(creative forms)
www.eHow.com (then follow “finance” to real estate)
www.findlaw.com (find an attorney)
www.alllaw.com/forms/real_estate (sample forms/ lawyer search)
www.attorneyfinder.com/index.html (find an attorney)
www.attorneylocate.com/index.html (find an attorney)
www.legalscholar.com/links/realestateassociations.html (every lawyer on the planet)
www.turnpike.net/lawnet (questions answered free)
<http://www.legalscholar.com/links/realestateassociations.html> (law resource)
www.homefindersbulletin.com/docs/checklist.pdf(free tenant move-in checklist)
www.thelpa.com/lpa/free-forms.html?id=nyy2upaZ(free landlord forms)
www.banditsigns.com (bandit signs galore)
www.witnessdesigns.com (wide variety of signage)
www.webuyhousesigns.com (supplier of signs)
www.infotube.net (advertising signage supplier)
www.landlordlocks.com (one key for all the rentals)

● **Forums & Networking**

www.creonline.com (creative investment) JP
www.MRLANDLORD.com (property management) Jeffrey
www.thelpa.com/lpa/index.html (landlord protection) John
www.screeningservices.com/forms/grab-bag.shtml (free landlord forms)
www.lease2purchase.com (networking)
www.propertyinvesting.com/forum (positive cash flow)
www.camerondirect.com (clubs) Cameron
www.neodemmesne.com (friend to all, R.E. investor resources) Bruce
www.naked-investor.com (lease-option forum)
www.creative-financing-solutions.com/hips.html (20 repair forums)

www.creative-financing-solutions.com/realestate.html (43 finance forums)
www.realestatelink.net/clubs.html (clubs & associations)
www.realestatepromo.com/InvestmentClubs/index.html (more clubs)
www.apartmentassociation.com (apartment owners' associations)
www.creonline.com/clubs.htm (real estate clubs nationwide) JP
www.reiplace.com/clubs.php (clubs)
www.reiclub.com (more clubs) Tim
www.bhg.com (ladies discussion, scroll to bottom) Laura
www.property.com/news.html (newsgroups & lists)
www.realestateinvesting.com/investors-associations/search.asp
www.realestatetalks.com/index.php (real estate forum)
www.newyork.craigslist.org/about/cities.html (discuss & more) Craig
www.lease2purchase.com/php/letsnetwork/letsnetwork.php (do it) Jeff
www.realestatediscuss.com (forums galore) Michael
www.landtrust.net/cgi/yabb/YaBB.pl (land trust and creative r.e forum) Bill

- **More bulletin boards of interest (forums)**

www.ownerwillcarry.com (owner financed homes for sale) Greg
www.neodemesne.com/forum/index.php (r.e.investing resources) Bruce
<http://forums.mjmls.com/> (wide variety of useful articles) Michael
www.mrlandlord.com (the best land lord site on the planet)
www.thelpa.com/lpa/forum.html (the next best landlord site on the planet) John
www.reotalk.com/ (foreclosure experts) (Steve)
www.thecreativeinvestor.com/Forum-index.html (serious r.e.investment community)
www.realestatepromo.com/discussion (widely read bulletin board)
www.onlinerealtysales.com (free listings, bulletin board and more)
www.creonline.com (the granddaddy of creative finance)
www.propertyites.com/forums (well covered topics list here)
www.reiclub.com (quick offers and tons of resources)
www.realestatediscuss.com (good forum a little agent biased) Michael

- **State specific (forums)**

www.azpig.com/ Arizona
www.azcentral.com/ Arizona again!
www.sdca.com California
www.nc-treia.org N. Carolina
www.charlestonrealestateguide.com S. Carolina
www.carei.com Colorado
www.dcmreig.com D.C. Maryland

www.gareia.org/mboard/default.asp Georgia
www.investorwealth.com Indianapolis
www.qcrpa.org Iowa
www.kreia.com Kentucky
www.ma4salebyowner.com Massachusetts
www.okcreia.com Oklahoma
<http://www.tulsareia.net/> (Tulsa)
www.phoenixrealestateclub.com Phoenix Arizona
www.reiplace.com/ Texas
www.dfwrein.com Dallas Texas
www.slreia.com Utah (group)
www.uslandco.com/forum U.S. Land
www.reidepot.com Directory of forums
www.creative-financing-solutions.com/realestate.html 43 forums
www.bravenet.com/search/forum.php 100's of forums

- **Technical & Marketing (forums)**

www.warriorforum.com/forum/default.asp (one of the coolest sites I've seen)
www.realestatewebmasters.com (tech-guru's of real estate website design)
www.webmaster-forums.net (webmasters found here too!)
www.InvestorPro.com (**build a site overnight**) Lynn

- **Money**

www.wsj.com (wall street journal on-line)
www.ft.com (financial times, world news)
www.fortune.com (spots trends, events and opportunity)
www.forbes.com (your eye on business)
www.fastcompany.com (information on the razors edge)

- **Commercial Investment Club**

www.crenews.com/crnews (top stories)
www.globest.com (latest commercial news)
www.loopnet.com (commercial properties for sale)
www.vandema.com/Frames/FrameJournals.htm (directory of resources)
www.icsc.org (browse navigation bar)
www.naeba.org (exclusive buyer's agents)
www.pikenet.com (ask Pete, he knows everything!)

- **1031 exchanges**

www.irs1031exchanges.com/manual/book.shtml (read about exchanging)

www.ree.com (1031 exchanges facilitators)
www.ipx1031.com “
www.exchangers.com “
www.1031ri.com “
www.1031pros.com “
www.starker.com “
www.1031it.com “
www.ixg1031.com/updates/tic.html “

● **Home Improvement**

www.hometime.com (plan your work)
www.diyonline.com (remodel it)
www.doityourself.com (super site)
www.build.com (home plans)
www.nahb.org (find a builder under resources)
www.decoratorsecrets.com (finishing touches)
www.plbg.com (plumbing repair forum)
www.paintcenter.org/pexpertqa1.cfm (the world of paint)
www.carpetguru.com/site.htm (be smart about carpet)
www.hardwoodinstaller.com/hardwoodinstaller(wood floor Q's)

● **Reverse Directory**

www.anywho.com (reverse lookup)
www.infospace.com (multiple directory)
www.switchboard.com (find numbers)
www.people.yahoo.com (general addresses)
www.reporter.org/desktop (multiple search options)
http://www.theultimates.com/ (latest multiple source)
www.whowhere.lycos.com (last chance)
www.donotcall.gov (no more real estate agent calls)

● **Street-finders/ Maps**

maps.google.com
www.randmcnally.com (maps)
www.mapsonus.com “
www.mapquest.com “
www.globexplorer.com “
www.terrafly.com (aerial photography & demographics)
www.epa.gov/enviro/html/em/index.html (E.P.A maps)
www.gazetteer.hometownlocator.com (data, data, data)
www.fodors.com (travel)
www.moversguide.usps.com (helps you relocate smoothly)

- **FSBO SITES**

www.directoryrealestate.com (directory of places to go)
www.topfsbo.com (top 100 fsbo sites)
www.linkre.com/index.php?t=sub_pages&cat=6462 (81 fsbo sites)
www.mlshub.com/ (national fsbo homes for sale)
www.floridaforsalebyowner.com (florida)

- **List Your Home for Free or low cost**

www.homeportfoliojunction.com (free) Sue
www.allthelistings.com (free - also forms under resources) Wally
www.fsbobasics.com (free) Connie
www.ired.com (free ads & articles) Becky
www.realestatelistingfree.com (free) Don
www.ushx.com (free) Bill
www.homesalewizard.com (free) Levin
www.homewelcome.com (free) Jeff
www.virtualfsbo.com (free)
www.us-real-estate.net (free) Michael
www.onlinerealtysales.com (free) Richard
www.freehomelistings.com (free)
www.gonehome.com/advertise.jsp (free)
www.aireo.com/propertylistings/index.shtml (free) William
www.realestatelistingfree.com (free)
www.fsbo-home.com (free and guide) John
www.10realty.com (free and guide) Gina
www.nuwaymls.com (free or paid MLS) Randy
www.FSBOfreedom.com (30 days free) Jerry
www.mlshub.com (free) Jerry
www.soldbyowner.com (free)
www.fsbozone.com (\$199.00)
www.fsbosystems.com (free or broker \$995 flat) Don
www.isoldmyhouse.com (free contracts, lender owned) good
www.homediscovere.com/hddev/index.aspx (alternative, lender owned)
www.oneweb.com/reo/fsbo1.html (low fee)
www.homesbyowner.com (low fee) Wayne
www.sellitbyowner.com (low fee) David
www.fsboardvertisingsservice.com (low fee) Randy
www.sellyourhomeyourself.com (low fee) Alana
www.sellmyhome.com (low fee)
www.fsbo.com (low fee)
www.fisbos.com (low fee) George
www.by-owner-ol.com (low fee) Laine
www.privatehomes4sale.com (low fee) Michelle

www.forsalebyowner.com (low fee) Damon
www.fsbonetwork.com (low fee)
www.usa4salebyowner.com (low fee)
www.owners.com (low fee, largest inventory) Steve
www.usa.homesalez.com (low fee) Shawn
www.buyowner.com (high exposure, not cheap) Kevin
www.byowner.com (Kevin offers good value)
www.openhousefree.com (open house day) Ger Vang
www.fsbo.net (view listings, for buyers) Wayne
www.ownerwillcarry.com (a neat twist) Greg
www.dmoz.org/Shopping/Classifieds/Homes_-_FSBO/ (want more)
www.linkre.com/index.php?t=sub_pages&cat=6462 (that's enough) Michael

● Foreclosure searches

www.foreclosures.com (foreclosure resources)
www.foreclosurefreesearch.com “
www.hud.gov “
www.homesteps.com “
www.fanniemae.com “
www.noticeofdefaults.com (find it first)
www.propertydisposal.gsa.gov/property “
www.iasreo.com/search/home4sale.asp (r.e.o. search)
www.treas.gov/auctions/customs (auctions)
www.all-foreclosure.com (can you guess)
www.policeauctions.com (auctions)
www.hud.gov/homes/homesforsale.cfm (repossession agencies)
www.fastcashinrealestateforeclosures.com/forum (learn about foreclosure)

● Free real estate e books

www.reiclub.com/rejebook (nice beginners guide from Barry)
www.reiclub.com/contiebook (scroll to sign up for free book) Pete
www.reiclub.com/swatteam (negotiate those foreclosures) Thanks Joe!
www.reidepot.com (Subscribe to get 2 free e-books)

● More great sites

www.johntreed.com/realestate.html (John exposes gurus)
www.ripoffreport.com (feel ripped off, report it!)
www.legalwiz.com/gurusites.htm (a list of gurus)
www.homeadvisor.com (Bill Gates does real estate)
www.thomaslucier.com (Tom teaches)
www.ernesttew.com (Ernest is also a teacher) free downloads
www.richardroop.com (a rich resource)

www.legalwiz.com/realestatesites.htm (one smart Bill)
www.nyu.edu/library/rei/weblinks.htm(Jacks library)
www.money99.com/documents/index.asp(John's downloads)
www.e-homenews.com (mike's how to)
www.digonline.org/Links.html (comprehensive resource list)
www.refdesk.com/toc.html (reference any topic)
[www.wealthaddress.com/Real Estate Articles.html](http://www.wealthaddress.com/Real_Estate_Articles.html)(article resource)
www.groups.msn.com/RayComosHouseBuyingkindom(paste it)
www.propertyinvesting.com (Australia anyone?) good people!
www.realestatelink.net (comprehensive resource)
www.realestateclub-la.com (Los Angeles group) Phyllis
www.bizweb.com/categories/real_estate.html(long list of links)
www.homeseekers.com (home searches and general information)
www.cyberhomes.com (home searches and evaluations)
www.homescout.com (home evaluations and agent locator)
www.nolo.com (form your LLC)
www.realestate.yahoo.com/re/ (yahoo real estate portal)
www.info-s.com/estate.html (another list of entry points)
www.realestatelink.net/articles.html (solid articles)
www.creonline.com/ (article heaven)
www.thegaryhalbertletter.com (marketing genius and friend -rated PG)
www.selfstartersweeklytips.com (technology answers – Lynn)
www.im4newbies.com (more tech support – Mike)
www.webproworld.com (Programmers – Brittany)
www.principledprofits.com/25000influencers.html (Shel a man of principle)
<http://www.thomaslucier.com/resources.html> (Didn't find it? Dig deeper!)
www.twomen.com (the moving company that saves your back)
www.inrealty.com (hands off investing in real estate stock R.E.I.T.'s)

My site, which is designed to further support your efforts, is

www.EntrepreneursReport.com

I told you it was a daunting list. Basically, it is the top 10 percent of more than 2,500 websites I have researched. Granted, I didn't investigate too thoroughly some of the free home listing sites as they are more of an exposure resource for the FSBOs who sell their own real estate, but otherwise I am confident in recommending the rest based on the solid information they provide.

Now that you have plenty of resources at your fingertips, what should be your first step of action in the real estate game? If you don't have your own home yet, then I strongly recommend you acquire one. My first home purchase was a small two-bedroom, one-bath that I paid \$32,000 for back in 1980.

Naturally, the more research, education, support, advice, and understanding you can acquire before you jump in, the better off you'll be. Some experienced investors suggest taking 12 to 18 months to read and gain the knowledge before you buy anything. I think two to four months is more realistic as long as you read some good books, ask lots of questions, square away your finances, understand market values, and have a solid game plan. I encourage you to go slow at first and not overextend yourself by trying to buy things that are beyond your skill level and monetary means.

I strongly recommend that in addition to reading books, you attend a free homebuyer's class, listen to tapes or CDs when you drive, and stay in tune with local and national news. Hit the web to do research and ask questions on forums and chat groups while looking at the many properties that are offered for sale in your area. This will help you begin to understand how the world of real estate works—and help you develop a keen eye for buying the right properties.

In a nutshell, when looking at a potential property to purchase, you want to check the plumbing, electrical system, foundation, and structure and roof. Keep in mind the importance of the property's proximity to schools, shopping, transportation routes, police, fire, hospitals, employment, restaurants, office supply stores, pharmacies, and so forth. Don't forget to investigate the economic outlook for that specific type of investment.

Set your initial goal of acquiring just one property within six months and then acquiring another within another six months. If you stick to that schedule, you can have 20 properties in 10 years! That's the slow and sure method—or rather the “buy and hold” strategy—but it makes millionaires of ordinary people all the time.

Using the above strategy, however, will force you to determine whether you can handle property management and being a landlord. I guarantee to show you the tricks of the trade in “landlording,” so don't let this bother you. Just know that you can do it.

Let's say you've decided that landlording is not for you. In that case, you might consider retailing or fixing and selling homes that need help. In doing this, many of the same skills apply, things like doing the research, finding, evaluating, negotiating, contracting, financing, closing, repairing, marketing, showing, and then selling the property to achieve your desired profit margin. The “fix and sell” method doesn't give you any long-term appreciation or tax advantages, but it can offer you some immediate cash returns allowing you to build up your reserves to do more or acquire better deals using all cash.

No doubt you've heard about no-money-down deals, short sales, lease options, tax sales and certificates, attending auctions—and 100 different ways to creatively finance them all. Many of the programs will work to the degree that you apply yourself to become an expert at understanding and using these methods. Just remember not to believe all the hype. Investigate the purveyors of the “sounds too good to be true” program by going back to John Reed's site and looking them up.

You are going to need to understand how to read and fill out sales contracts, learn the terminology used in real estate, and understand basic finance, loan guidelines, applications, and

qualifying procedures. You can't very well persuade reluctant sellers and lenders into believing you're able to solve complex problems unless you're prepared to do so.

A thriving real estate investor or retailer solves a lot of other people's problems; that's how you become successful. The more knowledge, ability, experience, contacts, and resources you have, the more solutions you can begin to offer people in solving their problems. In addition to this, you will be ahead of the pack if you can get people calling or coming to you with their specific problem first. That means you have to advertise the fact that you are in a position to help while being fair, trustworthy, and accurate in making quick decisions before the competition tries to persuade these people first.

For the above reason alone—competition—you will need to understand marketing. That means deciding on what you are going to specialize in, developing a method to define your target audience, and then attracting them with a well-written message using the different types of media to get the word out.

That last paragraph brings up a good point: What exactly do you want to specialize in?

●5 Ways to Purchase Real Estate

Based on your financial resources, here are 5 ways to purchase real estate:

Wholesaling

You find property that is priced under 65% of its value after repairs – what real estate investment professionals call ARV (after repaired value). For example, if you found a house that would sell to an owner/occupant for \$100,000, the most you would pay for this property would be \$65,000 – if the house was ready to move in. If it needs \$20,000 in repairs/rehab, then you shouldn't pay more than \$45,000 (\$65,000 target price less \$20,000 repairs/rehab). If this house is in a neighborhood dominated by renters, then see the section below on 'How much should I offer' because the criteria should then be based on return. Rather than doing repairs/rehabs yourself, you assign your purchase contract to a Flipper/Rehabber for an assignment fee (between \$1,000 and \$10,000 based on the market).

Flipping

You purchase the home (as in wholesaling) and perform the repairs yourself. You can then sell this property to an owner/occupant or to another investor (ready to rent)

'Sandwich' Lease Option

This method is great for investors starting out. You need to find a motivated owner who wants to get out of their property. This could be an owner/occupant who needs or wants

to move out of the area and doesn't have the time to deal with marketing their home, or doesn't want to involve a realtor.

You agree to take over the owner's payments under a lease agreement (typically at least 2-3 years). You have a separate agreement to purchase the home at any time during this period for a pre-determined amount. The owner may want to you put some money down as part of this option.

You then market the home to a 'tenant/buyer' for an amount higher than the present owner's payment (typically 200-300 per month- more if your market has higher rents), plus an amount for a purchase option during this period (at a premium to your option purchase price). If the present owner wanted money down, then the tenant/buyer would be offered the purchase option at an amount to cover your option cost plus \$2000 - \$50,000 based on the market and the property value.

This option is of value to families with some recent credit, foreclosure, or bankruptcy problems. You should consider having your mortgage banker qualify the tenant/buyer and get the tenant/buyer into a credit repair program. If the financials or their history indicates that this person wouldn't be able to purchase the home at the end of the option period, then you should consider if this is a good deal. Recent governmental actions (such as the Dodd/Frank law) have put more pressure on property sellers (which you will be at the end of the option period) to qualify buyers properly.

If at the end of the option period the owner can't exercise the option – and your option with the original owner allows for flexibility – you could extend the option, or move the tenant/buyer out and rinse and repeat with a new tenant/buyer.

This method is very powerful for new investors. It takes next to no cash on your part, and you get money as part of the option fee, money each month (difference between the tenant/buyer's monthly lease fee and your lease fee to the present owner), and more money when the tenant/buyer exercises his option (as the principal you earned is credited plus your option with the tenant/buyer had a premium in the purchase price). The power of a lease option is that you get paid multiple times with recurring revenue!

Subject-To, Contract for Deed, or Wraparound Mortgage

These purchase options need to be done carefully, as they can trigger the due on sale clause that exists in almost every mortgage issued in the past 30 years. I recommend that you read more on these topics and consult a real estate legal professional if you consider these purchase options – or any other purchase options in this book.

Buy and Hold

This is the traditional way to wealth in Real Estate investing. You benefit from the monthly income month after month, year after year. You receive depreciation which reduces your current income, and you hopefully profit from property appreciation in value.

● *Specialization*

Following are some categories from which to choose:

- Condos, vacation property
- Single-family homes
- Apartments for one to four families (residential duplex, triplex, fourplex)
- Commercial—hotels/motels, strip malls, office complexes, mobile home parks, storage units, parking lots, garages, restaurants, stores, apartments for five or more families, and so forth
- Industrial—factories, refineries, manufacturing plants, and so forth
- Farms—commercial, industrial, or agricultural, depending on zoning
- Raw land—lots, vacation, recreational, sub-dividable residential, commercial, industrial, agricultural, and special purpose
- Special purpose—churches, schools, hospitals, power plants, theaters, sports arenas, golf courses, marinas, and so forth

● *Finding good real estate deals – plus Marketing for more!*

- Look at bulletin boards, local papers and small independent publications. This goes for every publication you get. Make sure you get one of the first copies off the press (or better still – view these online if available). Let no one beat you to the punch.
- Better yet, advertise yourself and get people who are thinking about selling to call you before they actually tell the world through an ad.
- Look at the legal section of the newspapers or subscribe to your local print or online legal publication resource. Contact heirs and attorneys, and sales in the garage or estate sale sections. Also, 20 percent of people who have garage sales are planning on moving soon. Ask about their house or their neighbor's homes. Always keep your antenna up!
- Your odds of success increase when you choose large population centers and remain in the market constantly on the lookout for your type of deal.
- Look for vacant houses that are run down, fire damaged, or abandoned, with city notices evident. Talk to the neighbors of these homes. They usually know who owns it and what is going on. They have an interest in seeing it restored to beauty. It sure is a shame you can't look in the mailbox to see who is receiving mail at the property in question—wouldn't that be easy? Walk up to a property and look in a window to confirm that it is indeed vacant—but don't endanger yourself by getting bit or shot! Use common sense. Contact out-of-state owners through property records or by letter and/or phone. Leave your cards on the door.
- Oreo stands for Other Real Estate Owned. Make friends with your local lenders and let them know you are the one to call when they have a foreclosure looming or in progress. Hint: If you prequalify with lenders beforehand, they may call you sooner.

- Watch the local paper for foreclosure auctions, tax sales, and HUD and VA listed properties. Note: Auctions held in bad weather where the property absolutely must be sold are your best chance to limit competition and get property at rock-bottom prices. Because there is no low limit on what can be accepted (no reserve) you may win big.
- Real estate agents are going to try to sell you something! When you approach them be very specific with them and tell them to call only if they have an absolute steal. Ask agents to give you those expired listings since they couldn't sell them. Suggest a 2 percent commission if they will assist with closing the paperwork after you make the deal with the seller on your own.
- Don't be so selective. If the property is an absolute steal, lock it up and sell it to somebody who does like to work with that type of real estate. Get the option and hand it off to another buyer. Look for distressed sellers in addition to distressed property.
- Post fliers everywhere—colleges, Laundromats, shopping centers, bowling alleys, public bulletin boards, churches, local businesses, wherever large numbers of people congregate. Give them a chance to give you a lead on a hot deal. (For example, print up cards that say "I pay \$500 to you at closing if I buy a house that you told me about! Do you know anyone who is selling property? Please call [your name] at 555-1212.") Print quality business cards.
- Join organizations of all types. The sky is the limit. There are so many—just pick the ones that you would be interested in truly being a member in and let it be known you pay bounties for consummated (closed) deals.
- When you use headhunters, leave out no one. Property managers, moving companies, relocation services, neighbors, landlords, tenants, the mailman, the paper boy, gardeners, landscapers, service technicians, pest control people, friends, acquaintances, relatives, and other investors. You name it! Everyone should know they can make \$500 if you end up buying a property they tell you about. Enlist your army! Give each of your soldiers stacks of your cards for exponential growth.

A special note: Water, gas, and electric company personnel who shut off utility meters can be very good bird dogs when it comes to finding property that is in trouble or vacant. Make sure they have your cards.

- Have at least 10,000 business cards printed with your offer of the \$500 bounty and hand them out in stacks to everyone you can.
- As you grow, you might consider TV, radio, phone books, billboards, street benches, bumper stickers, and bigger commissions. Use your imagination.
- Put up signs telling people you buy real estate.
- Make multiple lowball offers on overpriced properties and walk away. Don't deposit earnest money but they may stew on your offer and call you a month later accepting your deal. Leave the offer with them.
- Older people should not be left out. They are very valuable informants. They know everything and need people to talk to! Listen to them.
- Go to free seminars on real estate. Do this not only to learn about real estate but also to capture names and circulate among real estate-minded people. Once you have their names, call your own club meeting and network to prosperity. Find your mentor here.
- Go to where people are buying those "by owner" signs. Ask them what they are selling. Follow them home and get the first look! Be first or lose the deal.

- Try offering 15 percent less than what you intend on paying. You never know; they may accept it. If they don't, you can still negotiate up to 15 percent more and get it for what you originally were willing to pay. If it's any higher, walk away but leave the offer on the table (the offer stands).
- Make your offer easy for the seller to understand. Get the option to buy but use a contingency to protect yourself. Iron out the details later but lock it up now!
- Buy from sellers who tend not to care: seized, foreclosed, tax sales, corporations, nonprofits, disinterested heirs, probate attorneys, and private auctions.
- Try just helping someone to sell his or her property even if you don't want it. Be a friend and offer to help for nothing in return. You will be amazed at what happens when you sincerely try to help with no thought in mind of making money. This is a magic bullet in disguise.

Those are some of the basics of advertising and finding the opportunities to buy real estate below market. The old saying goes: *You make your profit when you buy, not when you sell.*

Again, your ultimate goal is to have motivated sellers calling you. Many a beginning investor has went the route of going out and wasting plenty of time looking for the good deals instead of advertising to have the good deals come to him or her. The pros know how to attract motivated sellers by using direct mail, signs, newspaper ads, websites, and a host of other media that reaches their specific audience with a hard-hitting message. Then when the phone starts ringing and the website starts pinging, they go into action to find out whether or not they can solve the particular problem at hand. When they find the numbers will work, that is when they hit the street to go face-to-face with the seller to further investigate the physical property itself. Essentially, the property is actually the second piece of the puzzle after they find out if the seller is motivated enough to allow for a profit to the investor or retailer.

● *How much should I offer?*

This advice is derived from Bonnie Laslo's book – Hobby Millionaire - <http://amzn.to/VNCDeX> (disregard the bad reviews – these are from some disgruntled tenants). I have known Bonnie personally for almost a year and can vouch for her recommendations).

The basic benchmarks of: A minimum of \$200 a month net cashflow and a 10% Cap Rate are what I look for first to determine if a deal is worth considering.

● *Time Management*

You will find that time is your most precious and limited resource in this business, between eating, sleeping, family, exercise, routine tasks, and possibly a nine-to-five job, you may wonder just how you will be able to manage. First thing you can do is say goodbye to the television as you won't have time to waste. Among other things, you will find the following also are great enemies who steal your time. Try to eliminate these:

- 1Lack of motivation
- 2Lack of self-discipline

- 3 Mistakes of my own
- 4 Unclear goals
- 5 Failure to listen
- 6 Conflicting priorities
- 7 Mistakes of others
- 8 Procrastination
- 9 Indecision
- 10 Lack of delegation
- 11 Poor planning
- 12 Poor communication
- 13 Unwillingness to say no
- 14 Unreal time estimates
- 15 Lack of procedures
- 16 Micromanaging
- 17 Cluttered workspace
- 18 Junk Mail
- 19 Equipment failure
- 20 Red tape
- 21 Interruptions
- 22 Meetings
- 23 Peer demands
- 24 Waiting for answers
- 25 Civic activities
- 26 Socializing
- 27 Oversleeping
- 28 Shifting priorities
- 29 Negative attitudes

Many of these will not apply but circle a few that do and work on getting an hour or two of time back so you can pursue your new real estate goals. Organization goes a long way toward helping you stay focused in this biz.

● ***Goal Setting***

At this point, I hope you realize there are no get-rich-quick schemes. You also know how to research gurus using John's site to do so. Additionally, do the following:

- Set a small achievable goal—maybe one house within three to six months
- Start reading books, news, and articles while participating online
- Attend real estate investment association meetings in your area
- Use the internet to do research and network on a broad scale
- Seek out knowledgeable advisors and duplicate proven success formulas
- Get that credit score (FICO) up to at least 680 (preferably 720) www.myFICO.com
- Begin saving or gaining access to other people's funds to acquire assets
- Get familiar with real estate terminology and the forms required in real estate
- Decide upon how you will market to get those motivated sellers calling you
- Get organized and start using your time wisely to pursue real estate interests

●Books

Now that you have some ideas percolating, we need to get you into the largest bricks and mortar bookstore in your local area. I don't recommend Amazon or the library *at this point* and here is why. By going to the big box stores, you're going to see a wall of real estate books in the business section. Make time to spend about three hours to review all the titles offered—yes, all of them!

The way you do this is to start at the beginning and pull that first book down, look at the table of contents and see if it triggers any excitement in those old bones. If not, put it back and go to the next one. As you move along there will be a book that gets your attention. Now keep that book and measure the next one against it! Which one is better? Keep the one you like best and keep going, systematically eliminating titles that don't measure up to the one you have.

Sometimes you'll find yourself torn between two good titles. That's when you put one down on a table close by and keep going. Now you're collecting the good ones; do this until you have exhausted the resource. Odds are you will have 10 to 20 books. Now sit down at that table and whittle that stack down to about five. Take the plunge and go to the cashier, get your membership card (buy it now), and buy those books!

Now go home and make time to read them. They're yours, so feel free to highlight and make notes as you read. I write the page number and the topic on the inside back cover of items that get me thinking for quick reference later. (This is my own personal index based on what interests me.) You can't do this with library books! Beside the fact that library books have to be returned, they often are outdated and the selection can be inadequate as well.

You need to start building your resource library to refer to often when you need answers to questions as they arise. Here is my short list of reading material that you should have when starting out:

- A street-finder map book, local edition
- A real estate dictionary
- A real estate tax book, recent addition as tax laws change
- A homebuyer's inspection guide with checklists
- ***The Hobby Millionaire* by Bonnie Laslo, great purchase guidelines**
- *The Landlording Manual* by Leigh Robinson, for rental property
- *The Realty Bluebook* by Robert de Heer—very comprehensive
- *The Unofficial Guide to Real Estate Investing* by Spencer Strauss
- One or two books that jump out at your innate interests

Use BN.com and Amazon.com to buy books that have already been recommended to you.

With the above books and guides in your possession, you're already miles ahead of the pack. Now you have to read them in addition to doing some of the things we have discussed previously. Again, I'll emphasize that this is your own personal reference library, so write your

name on your books and never loan them out. People don't return them and you will forget who you loaned them to.

●Optional Step – understanding appraisals

This next step is optional but if you want to put some distance in between you and the competition, then it is time well spent. Sign up for a four-weekend appraisal class at your local college. With 75 hours of appraisal training under your belt, you'll begin to acquire the ability to recognize value and also understand how appraisers think which leads you to make improvements to properties that appraisers will add into final evaluations.

●*Building Your Network of Professionals – Your Team!*

It is important to start building a network of real estate industry professionals you can personally call upon to get things done. You will also build on those relationships by referring their services to others when you see opportunities to do so; they, in turn, do the same for you.

Start a personal address book for all your real estate contacts, and I do mean all of them, including your tenants if you have them. The following is a list of specialties in order, as you may need them. List their names, what they do, their phone numbers, and e-mail addresses:

- Attorney
- Commercial banker
- Mortgage broker
- Home inspector
- Appraiser
- Title company
- Surveyor
- Insurance agent
- Pest control company
- Real estate agent
- Rental manager
- Home warranty company
- Home security company
- Electrician
- Plumber
- Heating and cooling
- Roofing company
- Skilled carpenter
- Flooring company; installer
- Painter
- Appliance repair
- Landscape maintenance company
- Cleaning service
- Tax planning (CPA)

- Tenants

Hint: Get private numbers and promise not to give them out. This will save time.

All of the above people can be any of these: information resources, bounty hunters, assistants, educators, specialists, net workers, referrals, facilitators, strategists, tacticians, problem solvers, buyers, sellers, partners, friends, tenants. Real estate is a people business. Start out on the right foot and acquire and organize your network of professionals.

There are a few different ways to begin finding good service providers; one of the best ways I know is to ask appraisers who they would recommend if they needed certain things done themselves. Appraisers know value and they also know those who do good work. Ask them for a referral and follow up on it. Be sure and mention that “so and so” has sent you. This way, in a sense, you are getting a somewhat personal introduction from someone they trust. The appraiser also gets bonus points for turning them on to a new customer—you!

Here is another sweet deal: Look for air conditioning, plumbing, and electrical service trucks parked along side streets in your own neighborhood. These are where the blue-collar technicians live. Since you are their neighbor, you can begin asking them if they do side jobs (most do) and when they do, they chop off all the company overhead often resulting in discounts of 40 to 50 percent of what normally would be charged if you went through the front office to schedule those same services.

● *Money!*

Nobody seems to have enough! At least in the beginning anyway, there are so many ways to get the money that this little report could turn into a book the size of a New York phone directory if we explored all the potentials. Just remember this: When you find property that is being sold far below its true market value and you can present a solid plan for getting its full market value, people who have money sitting in banks and dead equity in their houses (home equity loans) that could be generating returns of 10 to 15 percent if they loaned it to you instead, will listen to what you have to say. You must present the plan and it has to make sense!

This last segment is me rambling on about finance, so take what you can from it and do the basic things we have been discussing along the way. Let’s get the paperwork together.

Here goes.

● **A Psychological Financial Thriller Finance, A Necessary Evil**

Before we get started, I want to ask you a question. Who loans money? The Federal Reserve, commercial banks, insurance companies, mortgage backed securities, lenders such as Fannie May, Freddie Mac/HUD, local savings and loans, credit unions, mortgage brokers, wealthy private individuals, the sellers themselves, and credit agencies of various organized structures including credit card products.

How about a wealthy family member, partner, or friend? Equity lines or yourself in the form of personal savings, or by using brainpower to creatively structure deals using no money at all?

If you're counting on me to tell you one surefire, easy method, then keep reading. The only way I can do that is to bombard you with ideas and let you come to your own solution. We all have a very different situation and as a result, your alternatives will be different than mine.

Here's your first bullet. Institutions don't lend money, people do! A building can't approve or disapprove anything so you're going to have to understand people and how they think in order to persuade them into seeing how you can help them by getting the loan. You fill their quotas.

The people who decide whether or not you're getting financing have to know in their own mind that you're not going to jeopardize their own financial security. They don't want to be fired or go broke or have to fight you in court, or anything else that requires time, effort, and money just to break even. These people want a benefit not a headache.

The first thing you can do to build trust in the mind of your benefactor, or lender, is to show this person you have done your homework. This means you must have as many of the details as you can gather concerning why you need the money. People are reasoning creatures. If you don't make sense, then your odds at success are marginal at best. So the number one way to get money is to create trust in the minds of those who control the purse strings.

You create trust through credit scores, tax returns, work history, and net worth assets and liabilities worksheets—i.e., loan applications. Every intelligent lender wants those things up front so gather them together and have copies ready for your first meeting. This is called preparation and due diligence.

The time to ask for a loan is when you don't need it. Now does that make sense? Yes, it does! Here's why: You need to build trust and you should take a little time beforehand to do that. Think about whom you personally could use to get a loan and then provide them with copies of your aforementioned self-worth documents. Let them research your documentation and then you will be entitled to their time in further discussing your wants, needs and desires. Once you build relationships, a phone call is all it takes to get whatever you want if it coincides or makes sense with what you have already discussed and planned for.

I started out by getting small loans of \$60,000 to \$70,000, and those were the hardest to get because the lenders had to verify and trust what I said, backed by my history, which was represented by pieces of paper. If you want to accelerate the trust-building phase of your financial relationship, provide collateral and high level references. That way you have something

to lose and your high level references give you their permission to use their reputations and good name to validate you. Get a co-signer if you can!

So get the following things together: W-2s, tax returns for the previous two years, a credit report, a filled-out loan application, three months of bank statements, copies of titles to good collateral (if any), three references, and a person willing to co-sign if possible. Make copies and start shopping for loan providers.

Organization and planning will help you prepare for your loan. I also have encouraged you to attend a homebuyer's education class. These are held free in your community and will give you a basic introduction to real estate finance at no charge. I go all the time to refresh my memory. Plus, I am informed of current loan products, rates, and programs that can be used to my advantage.

What types of loan products are available? We have veteran's loan (VA) guarantees, first-time buyer loans, HUD 203 rehabilitation loans, FHA, conventional bank loans, fixed rate loans, variable rates, graduated payment loans, low income loans, personal loans, and hundreds more.

What category do you fit into? That's for you to figure out—with some free help. Go to the homebuyer class and talk to some lenders. Don't forget mortgage brokers. Mortgage brokers are a special type of animal. These wily beasts more often than not have more access to money than almost anyone you will meet. This is because they are brokers, in essence, middlemen. They find lenders and borrowers and create a marriage. They often know of many routes to take to obtain financing for your situation. They deal with banks, money markets, insurance companies, wealthy people, and private investors. Sometimes they themselves have money to lend. They can often get you a loan that the people they represent wouldn't give you personally.

These brokers will package a bunch of loans together and sell them as one large financial interest-bearing product that has been scrutinized, verified, and prepared in accordance with the preapproved buyer's guidelines. Insurance companies, pension funds, bond funds, financial stock purchasers will invest in you through this larger secured product. Your loan has been sold at that point to someone else as a long-term investment.

Holy smokes, do you feel like you're just another number yet? Well, finance is based on numbers, and people who deal with numbers are more often than not left-brain thinkers. Back to Psychology 101, folks. I see it all the time...people thinking that the financial gods of Isaac are against them. These people who deal with numbers think analytically. They are numbers-oriented and they deal with cold, hard facts. The numbers either add up or they don't, cut and dried. They are required to enforce policy standards. I'm trying not to offend these bright and intelligent people, because without their skill, this country would not exist.

Now picture this: Here is the right-brain thinkers' view of things. The right-brain lives in space, seeing things in pictures and grandiosity. They always have an idea and a million questions to go with it. They ask, "Why can't, what if, how about, why not, how come," and to top it off, they will attempt to ring out the left-brain analytical types like a sponge, to collect further information

to achieve their objective. These people include artists, salesman, public speakers, entertainers, designers, and politicians.

Well, when the smoke clears and the left brain numbers-cruncher gets over the initial shock of being blasted by the onslaught of right-brained gibberish, there's usually a period of silence. You know what happens? Yep, the right-brain extrovert starts talking again. At this point, the financial person is being asked to find some financial solution to the problem.

Normally, they can't do it and stubbornly refuse to even consider alternatives because of the approach used by the right-brainer. What often happens is you will get a request for more information, documentation and research. They're looking for numbers because they use qualifying ratios to solve problems. Here's what I mean.

If you're talking standard home loan, they often use a 28/36 ratio. What that says is 28 percent of your monthly income can be used to pay the mortgage principle, mortgage interest, property taxes, and property insurance. If you make \$3,000 a month, you can afford to spend \$840 a month on housing. That's the front ratio.

The back ratio is 36 percent. The lender says that up to 36 percent of your total monthly income can go toward paying for the mortgage plus credit card loans, auto/boat loans, student loans, and other similar loans, not to exceed 36 percent for everything.

Well, that leaves 64 percent leftover. Why don't they count some of that? Here's why. You often need that much a month to pay for electricity, phone, cable, water, sewer, garbage, heat, clothes, food, car insurance, gas and repairs, entertainment, furniture, toys, doodads, knickknacks, and everything else you come across that sounds like a must-have.

The 28/36 ratios are the limits that say you won't default on your loan. But a military veteran will get ratios of 41/41, so shop around and ask about ratios and whether or not there are any special programs that may help you qualify for a certain loan amount.

That's the basic conventional bank financing and mortgage broker lending practice. There are a hundred different ways to do something with all the variables so you need to investigate which programs are available and the guidelines used to qualify to be eligible.

Owner financing is almost always a good deal if you can get it because you usually can put less money down. The transaction costs are lower and they don't ask you to go through the process of being qualified like an organized financial organization would. No more ratios to deal with. Owner finance deals are usually used when the property for some reason can't be financed any other way or when the owner has a lot of equity in the property but doesn't need all the cash that would come as a result of a lender paying them off at closing. The seller can be the bank and get a good interest rate on their private mortgage to you. (Don't forget to get your attorney involved!)

Private lenders are also a good source of funds. Sometimes they are called hard-money lenders because they charge higher interest rates but they won't qualify you to death. Paperwork is

minimized and things can move swiftly. Once again use an attorney to review and approve any private deals! That's a critical point. Use "legal man" to protect you from people who can and do take advantage of the needy.

Family members, uncles, aunts, parents, or grandparents are often willing to help with that down payment money that banks require. Family can sign a letter saying the money is a gift, not a loan. Otherwise, it gets factored into that 36-percent back ratio as a loan.

You could also go around the above by becoming joint owners, thus you rely on them to provide credit and down payment money. Buy them out later by refinancing in a year or so or pay them their share when you sell for a profit.

Here are some things not to do when preparing to take out a loan. Don't go out and buy a new car, new furniture, or a boat, or charge up your credit cards. That is revolving debt on a pay-per-month plan and can sink you when it is applied toward your qualifying ratios. Wait until after you have closed on the property before you acquire any more liability for debt repayment.

Special note on credit cards: This can hurt you and you wouldn't even know it. Say you have four credit cards with spending limits of \$5,000 a piece in available credit. Now you're a smart person so you have zero balances on all of them. You owe nothing but the lender says, "Hey, you could go into debt for \$20,000 overnight just by taking cash advances." They might say that \$10,000 is as much potential debt as they would like to see. You would best be served by reducing your total ability to assume revolving debt overnight to a \$10,000 limit. After you close, you can raise it if you have to.

The more cash you can personally put into a deal, the more favorable lenders will look upon you. You may be offered lower interest rates, higher qualifying ratios, maybe even a toaster. That brings us to PMI, or private mortgage insurance. This is an ugly product you pay for to protect the lender. Basically, what it does is cover the top 20 percent of your loan.

Let's say you were able to put down 3 percent to purchase a property but you didn't make your payments like you promised in your lender's mortgage note. The bank can foreclose and take back your property, and sell it quickly for 80 percent of its true value because you have given them 3 percent down and your PMI policy will pay them the other 17 percent. If you can afford to self-insure, then put down 20 percent of the value of the house when you buy it. That way, you don't throw away your money on insurance that is no benefit to you. You get a lower house payment and the bank still has their margin of safety with no mortgage insurance required. (Don't confuse this with homeowner's insurance.)

●15- or 30-Year Mortgage Pros and Cons

A standard **30-year mortgage** is often easier to qualify for since your payments are lower, but in the long run you're going to pay a lot more interest to your lender. If that's all you can qualify

for, take it because you can still shorten the duration of your loan by paying extra money toward the principal when you can afford to. **Always ask if there are any prepayment penalties.** These clauses prevent you from accelerating your mortgage, or rather paying it off faster than the lender wants without paying a penalty. Most of these clauses have been outlawed but they do exist. After all, if you sold your house before the 30 years were up, they could penalize you for early repayment. That clause was and is a bad deal. Don't accept it!

The **15-year mortgage** saves you 15 years of payments but it takes more income to qualify for it and your monthly payments are higher, and unlike the 30-year mortgage, you can't extend it by paying less. You must make your payments as agreed. Usually you will get 1/8 of a percentage point lower on your interest rate because the lender has the shorter period of risk exposure of 15 years, not 30.

Note – most lending institutions will limit purchase of investment property to a 20 year term.

Adjustable rate or fixed rate

Adjustable rates can go up or down. They are always lower than fixed rate loans in the beginning because the lender has the power and authority to raise them if the Federal Reserve raises its loan rate to the bank. Thus you're betting that interest rates won't go up and you're getting a cheaper percentage rate for the risk you take in choosing that option.

Fixed rates in today's rock-bottom interest-rate market just seem to be the best way to go. You still must decide for yourself but for me, I'm locking in my right to pay 3 or 4 percent forever. These are great rates—especially when you consider that back in the inflationary 1980s, interest rates climbed above 17 percent.

Once again, there must be 50 different versions of interest rate programs. Those are what can be called blended rates, so make your best deal according to what is currently available.

If you are not sure which way to go or don't quite understand rates and mortgages, go get a book on the subject and read all about it. The lenders will also educate you on what's available in the market.

This stuff is boring to the right-brained extrovert but it is a fact of life and an important one too. When it comes to financing, bear down on it and get through it. Make sure you do your best because you're going to have to live with the end results of your efforts or refinance later and pay more fees.

●*How Can I Get Started If I Have No Money or Bad Credit*

Many investors have this problem – you are not alone!!

I recommend that you look at these means to purchase property:

- Lease Purchase – this is a great method to solve a seller’s dilemma in getting rid of his mortgage debt. Perhaps they lost their job, moved to a different city, or have another home but don’t want this debt anymore. You can agree to lease their property for a period of time with a separate option to purchase the property during this lease period. You are paying the original mortgage each month. You can then find a ‘tenant-buyer’ who pays agrees to lease for \$100-300 more per month plus pay you \$2000-10,000 as consideration for the ability to purchase within their lease period. You start with a 60-90 day option where you don’t pay anything until you find a tenant buyer. The benefit of this method is that you get cash up front, get monthly income, plus more cash when you sell. If the tenant buyer walks away and doesn’t buy – you rinse and repeat!
- Buying Subject-To. In this method the current owner doesn’t sell the property to you using conventional means, but agrees to sell it to you subject to the existing financing. You should consult a real estate attorney who has a history of constructing the legal documents, as you risk the existing lender calling the note.

Both of these methods are great ways to purchase real estate investments. A qualified real estate attorney is needed to do these alternate purchase methods correctly.

●*Wrapping it Up*

My point is this: Rely on other people to educate you in your weak areas. We all have them. Simply call upon an expert in your field of weakness. Learn from them while they save you costly mistakes at the same time. Overcoming adversity was another strongly touted quality that Napoleon Hill, in his timeless book *Think and Grow Rich*, continually harped on

Courage, a positive mental attitude, mixed with purpose, passion, and a desire to succeed, will skyrocket your chance at success. Perseverance, willpower, and determination are like carbon is to steel. Don’t let anyone be a dream thief to you. Those people are the enemies of success.

If you will trust me enough to go to www.EntrepreneursReport.com, then I can offer you everything I’ve learned over years in the business.

Good luck,

Curtis

P.S. As in all real estate investing:

- Step 1—Learn a system (get a mentor to show you).
- Step 2—Get your first deal done.
- Step 3—Master the system.
- Step 4—Get investors to put money into your deals.
- Step 5—Pay out to investors their “cut” and keep the rest.