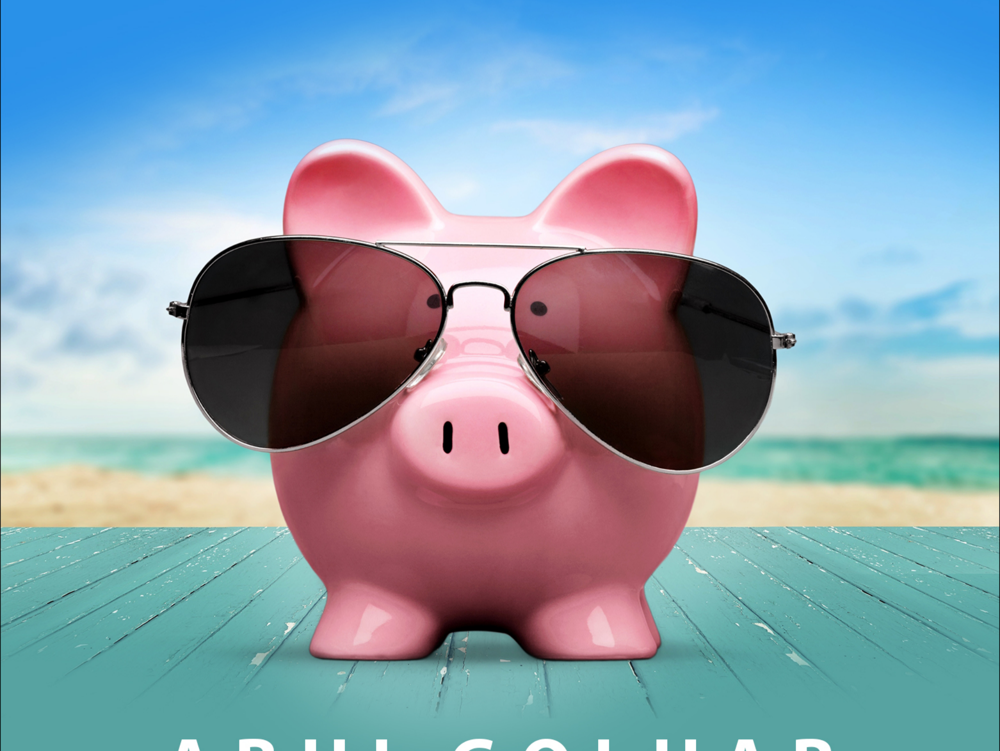
MAKE IT RAIN

REAL ESTATE INVESTING FOR REAL ESTATE AGENTS



ABHI GOLHAR

Make It Rain

The new launch model for moving from real estate agent to investor

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Section One:

Why Are There So Many Poor Real Estate Agents?

If you're a real estate agent, your Facebook and Instagram feed is probably full of motivational sayings, positive thinking, and pictures of the luxe life to which you aspire. A recent one that I ran across said: "Real Estate is a numbers game; show up and prospect and the rewards are yours!"

If real estate is a numbers game, the numbers are currently fairly depressing. According to the National Association of Realtors (NAR) there were approximately 2 million real estate agents in the United States in 2016. According to the Bureau of Labor Statistics (BLS), there are 444,100 agent jobs in the United States. That means that for every licensed, working agent, there are three agents who are either unable or unwilling to find work in the field.

Now look at the numbers for those agents who are actually working. The average salary, according to the BLS, for real estate agents in 2016 was $46,410 per year which they translate into an hourly salary of $22.32 per hour based on a 40 hour work week. What active agent works only 40 hours? If you are trying to sustain and grow a real estate business, you are working seven days a week from early morning until late night handling marketing, lead gen, client communication, follow up, showings, appointments, paperwork, inspections, closings, and more.

Then there are the expenses for continuing education, licensure, association fees, equipment, paid leads, advertising, and more. Now add in the local organizations you have to belong to and the meetings, conferences, and workshops you're expected to attend. Then add the luxury car you need in order to impress your clients and the upscale clothing and accessories to project that image of success.

Now your $46,410 is looking more like minimum wage, for a highly skilled and informed professional. And when you meet with a potential client, they're probably asking you to reduce your commission and you're probably feeling the pressure to do so.

Perhaps that is why the failure rate within five years for real estate agents hovers around 85%, with some estimates as high as 95%. How's that for a compelling number? But we've seen successful real estate agents. We know they're out there. How are some people killing it financially in real estate, while others get left behind? And what can you do to create a real estate business that creates wealth for you in a way that is self-sustaining, so you're not working so hard and so many hours for so little?

Why did you go into real estate?

Think about the stereotypical real estate agent or broker. Endlessly perky, outgoing, and over-the-top extroverted. For many agents, the answer to why they went into real estate is as easy as people and pretty houses. Indeed, the opportunity to get to know people, socialize, and constantly network is a big draw for a real estate career.

In addition, many real estate agents and brokers are looking for the opportunity to be their own boss, set their own hours, and have the kind of autonomy you don't get in many professions. And unlike many other jobs, you don't need an MBA to be a real estate agent--in most markets you can become an agent at 18 with a high school diploma.

The big promise, of course, is that as an agent, you are in charge of your own advancement. You are not subject to the whims of a boss who withholds raises or promotions. Your career is only limited by your willingness to work and the number of clients you can find and help in a given year.

Indeed, I would guess that very few agents go into real estate expecting to make $46,000 a year. For most, the promise is that with a few years of work, they can build a business to be proud of. One that will afford them a luxury lifestyle like those they see on Million Dollar Listing or HGTV. And there's a whole industry of coaches, consultants, and marketing gurus reinforcing that idea. With the right system, or the right platform, or enough work, you too can be a top producer.

If that's true, though, why are so few agents finding real financial success in real estate, and why are so many, as many as 95%, leaving within the first five years of their real estate career?

Market Problems

For some agents, part of the difficulty of finding success is the cyclical nature of the real estate market itself. Knowing how to sustain and grow a business during recurring market downturns and downtimes can create major challenges in terms of sustainable income and expansion.

In many markets, the calendar is king and drives inventory, with feast during the spring and summer, and famine during the fall and winter. A new real estate agent who is unprepared for this cycle can find him or herself unable to stay in business when clients are few and far between.

Other agents are driven out of the business during market corrections, a problem that can be exacerbated for agents who niche market to either buyers or sellers, or to a small market like luxury, vacation, or new construction. Lack of a balanced lead gen strategy means that a buyer agent can struggle during economic downturns, while a listing agent will suffer when inventory is low. Agents specializing in new construction will suffer when inventory is plentiful or when the economy limits development. All agents share in the misery of major economic downturns, and even many longtime agents find themselves unable to sustain their businesses during major meltdowns like the 2008 housing crisis.

Lead Gen Problems

For new or struggling brokers, one of the most frustrating aspects of trying to build a real estate business is the lack of actionable advice offered by most real estate brokerages, books, and coaches.

Traditional Lead Gen Methods

Cold calls and door knocking are two of the primary ways agents are advised to get clients. There is little instruction as to who to call, when, or what to say. For agents with the money to pay for coaching or sales systems, there may be some scripts offered which they can read. They then need to pay more for a calling system to give the phone numbers of homes in the area, primarily those which have recently expired or are being sold By Owner.

This means that the few available numbers are for homes that didn't sell the first time, with competition from every agent in town who is farming that same area. Then, even if a homeowner picks up, the agent is told to read a canned sales pitch in order to try to set an appointment, where they will have to go in and sell again.

They are told to Lather, Rinse, Repeat with this method for hours every day in order to try to convert one potential client out of hundreds. And remember, that one client's listing has most likely already been on the market for months or even years. The new agent then lays out more money for new photos, property description, Open House refreshments and more, mostly to try to generate interest from buyers who might then become clients themselves.

If calling is not an option, agents are told to door knock in order to generate leads and appointments. This means that for part of the year, lead gen is put on hold by bad weather. For most of the week, lead gen is put on hold by the fact that most homeowners are at work our out for the day. Of those who do answer the door, the vast majority will have no plans to sell in the near future.

Perhaps you strike gold and find a homeowner not only willing to talk, but willing to let you come into their home and evaluate it as a potential listing. Security then becomes a major concern as you don't know who this is or what might happen once you are closed up inside their house. If you are willing to risk your safety, you may give them a potential listing price, only to be told that they were "just curious" or were hoping for more.

Call me crazy, but I don't think you should have to risk your life in order to make $44K a year.

The most overlooked aspect of this advice is that business development and launch for a new real estate agent must take into account their personality. Cold calling and door knocking work for some, but not for others.

Sphere of Influence

One piece of advice that you've probably gotten is to sell to your sphere of influence. Make a list of everyone you know, including your dental hygienist and your daughter's soccer coach. Hand write notes to all of these people, then put them into a database and call, email, visit, and otherwise harass them for hours each day in order to find out who they know who is thinking of buying or selling real estate.

That sounds like a great way to lose friends to me. But if that's not enough, proponents of this method want you to take it a step further. Go and get your nails done and talk to the nail tech about real estate. Go out to lunch and talk to the waiter about real estate. Go shopping and talk to the sales clerk about real estate. Take your friends to dinner and talk to them about real estate.

If you are looking for a way to ensure that people run when they see you coming, this sounds ideal. Beyond that, where are you going to fit it in among the three hours of phone calling, door knocking, sitting Open Houses, and other advice offered? And how are you paying for all of those salon appointments and lunches on your $44K salary?

Purchased Leads

Many agents finally resort to purchasing leads from online portals like Zillow and Trulia. (We'll talk more about all of the ways they are undermining agents in the next section). In order to be a Preferred Real Estate Agent on one of these platforms, agents are spending hundreds of dollars a month or more. They may also be paying for landing pages, websites, and other ways of gathering emails and contact information.

Many of the leads gathered this way give false contact information, are looky-loos who just want a free home valuation, or are many months or years away from a real estate transaction. They then are dropped into a customer managements system, which the agent is also paying a pretty penny for monthly, in order to entered into a drip campaign and nurtured on the off chance that one day they convert.

Add up the time and money spent for all of these lead gen methods then subtract the commissions actually generated. For most agents, they are either operating at a loss or barely breaking even.

The Zillow Problem

There was a time when real estate agents had an almost unchallenged monopoly on the process of home selling. Agents and brokers were the market experts, and their reach and network was a determining factor in how effective they could be for their clients.

With the advent of the Multiple Listing Service (MLS), funded by brokers and agents, there arose a centralized clearinghouse for listings that enhanced the ability to of individual agents to serve their clients. With greater access to the status of listings throughout their service area, agents were able to create more value for their clients (and potential clients) with better access to valuations, better pictures of market trends, and almost instant access to the latest listings for buyer clients.

Into that landscape, Zillow and its fellow portals took the broker-funded MLS's and created a buyer-friendly user interface, drawing in looky loos and serious buyers alike with access to the latest listings, photos, videos, and market stats. Through this they became an essential part of the home shopping process for the majority of homebuyers--more than half, according to the NAR.

Zillow and its ilk then turned around and sold access to those same buyers back to brokers and agents, essentially forcing them to pay for leads twice--once by funding the MLS and second by paying to be a "preferred agent" on their platforms. Late response by the NAR with their Realtor.com platform allowed Zillow to be the market leader in access to real estate information without even putting up much of a fight.

This has resulted in a boondoggle for wealthy agents with the money to buy access. And now, with Zillow Instant Offers, carefully chosen investors are given direct access to sellers, allowing them to make offers and cutting the real estate agent or broker out of the process entirely. Speculation abounds that this is the eventual goal for these portals, and that they will eventually begin facilitating direct purchases or FSBOs and undercutting agents and brokers even more.

The Leverage Problem

Leverage is one of those poorly understood concepts that many real estate agents fail to focus on. They feel buried in the tasks and responsibilities of the daily running of their real estate business and do not have the time or energy to focus on scaling up.

Real Estate agents leverage challenges come in a variety of packages.

- **Leveraging Time**: For a single agent, running a successful real estate business includes lead generation, follow-up, marketing strategies, implementation of marketing strategies, continuing education, recertification, licensure, and associational responsibilities. Notice what's missing? Clients. All of these elements don't take into account the time preparing and reviewing paperwork with clients, holding Open Houses, negotiating offers and presenting them to clients, home inspections, a second round of negotiations, appraisals, closings, and follow up.
- **Leveraging Money**: Real Estate agents are paying fees to their broker, their local association, and their national association at a minimum. They are also paying for a personal website in many cases, a customer management system, and any variety of lead gen or marketing platforms. If they get a listing, they are responsible for ever bigger and better marketing strategies, including professional photography, videography, property description

writing, and listing-specific websites, Facebook ads, and more.

- **Leveraging Expertise**: Most real estate agents are forced to be not only market and home experts. They are expected to be appraisal experts, financial experts, marketing experts, social media experts, photography experts, and content creation experts. They are expected to do all of this while also being a small business owner, keeping track of their taxes, insurance, and retirement planning.

This results in agents who are overextended and under-qualified for the vast number of tasks they are supposed to undertake and the vast number of subjects they are supposed to be experts in. It leaves little time for more lead gen, more marketing, and more clients. It creates a ceiling beyond which the overextended agent has to add hiring, paying, and managing employees to their already long laundry-list of tasks and skills.

The Growth Problem

We've already talked about leverage issues, but assume for a moment that you successfully manage to create the leverage needed to begin growing your business. You've developed a successful lead-gen strategy so that you have the clients to keep you going and you've made the right hires to help you serve those clients. Your next conundrum is how and how much to grow.

One of the biggest difficulties with scalability in real estate businesses is the amount of leverage needed in order to grow significantly. It is essential to know and understand the numbers associated with large-scale growth. How many admin hires do you need? How much lead gen help do you need? How many ads must you run?

There is a breakout number beyond which you reach a point of diminishing returns. If you have lead gen and inside sales agents working round the clock to bring in leads, but you can't sufficiently serve and nurture those leads, at what point do they stop making a difference to your business's bottom line?

If you have handed off responsibility for much of the paperwork, marketing, and more to admins, you are then left with the problem of oversight and the financial impact of omissions and errors which are bound to go up with scale and outsourcing. If you then have to hire middle managers to manage the employees, their higher rates and training needs can make a huge dent in your bottom line.

Now think about the cyclical nature of the real estate business. You've leveraged people to boost your business. What happens in the event of a market downturn? What happens when the social media platform your marketing plan is based on changes its terms of use in a way that affects your ads? What happens when ad rates go up and ROI goes down? Any of these can significantly impact your business's bottom line and create the need for layoffs or realignment, sucking up more time and money.

The Mindset Problem

One of the biggest limitations for many real estate agents is the negative inner monologue that makes them believe that real estate investing is not for them. Many agents, in fact, will spend months or years faithfully helping a real estate investor get rich while taking discounted commissions themselves.

Why is this? Why does it feel safer to act as an agent only instead of investing that same time and effort, plus your finely honed negotiating skills, in your own investment projects?

- **Lack of Money:** Many agents believe that it takes a great deal of money to get started in real estate investing. In reality, however, you can get started very cheaply and there are many options for accumulating a small nest egg to get you started on your first deal. Or you may be able to set aside one commission and designate it specifically to begin your real estate investing career. We'll talk more about the way to build your financing options in the next section.

- **Lack of Time:** You may find yourself spending 12-16 hours each day taking care of clients, writing contracts, managing transactions, and more. It may seem impossible to add the time and effort it would take to begin flipping or managing a portfolio of investment properties. This might be the time for you to consider leveraging some of your time and effort, either with an admin or with a transaction coordinator to buy yourself some extra time. You'll find out more about leverage in Section Eight.

- **Lack of Control:** As an agent, you know how to handle the basics of a real estate transaction, and if you've spent time building your client base, you may feel that you have a lot of control over your income. As an investor, you will be at the mercy of contractors, tenants, and other people who can have a big impact on your bottom line. But the financial rewards are so much greater and in terms of real wealth-building, the control you'll give up will be more than worth it. Remember, you were once a beginner real estate agent as well. Consistent effort will help you become more accomplished and return you to a position of greater control.

- **Lack of Knowledge:** Tony Robbins says, "If you want to be successful, find someone who has achieved the results you want, copy what they do, and you'll achieve the same results." That's why I wrote this book and why you're reading it! The knowledge you need is here and we'll be laying out investor after investor in Section Ten to help create investment role models for your business. I believe you'll return to this book again and again as you start and grow your business.

Section Two:

Don't Be A Salesclerk. Be An Entrepreneur

The Richest Man in Babylon

You may or may not be familiar with the short book *The Richest Man in Babylon* by George Clason. Told as a parable, the book is meant to illustrate the steps necessary to develop good financial habits that lead to wealth building and financial freedom.

The book offers a number of stepping stones to financial security and offers these as "cures" for financial insecurity. While Clason uses an archaic way of framing his story, the steps essentially boil down to the following:

- Earn Money
- Control Expenses
- Invest Savings
- Carry Insurance
- Own Your Home
- Insure Future Income
- Increase Earning Potential

Now, think about how the average real estate agent conducts his or her personal financial business.

- **Earn Money:** Check. An agent gets licensed in order to be able to start earning money. Through a combination of a number of factors, the agent begins to get clients and commissions.
- **Control Expenses:** Check. Unfortunately, too many agents cut corners in those very areas that would pay the most dividends. While they "need" a new suit and a fancy car "to take clients out in" they do without an admin, a professional CRM, or paid lead gen.
- **Invest Savings:** Not so sure about this one. Most agents, if they save money, set aside money to pay their taxes and consider that a savings plan. Their money never gets used in a way that will generate returns.
- **Carry Insurance:** Check. Most agents probably have some sort of insurance, though they may be carrying less health and life insurance than they should. Remember, if an agent can't work, they don't earn.
- **Own Your Own Home:** Check. Homeownership among agents is actually much higher than in the population at large. However, it remains a question

how well they optimize the income potential of their homes and how much they put their expertise to work to create ROI on their personal residence.

- **Insure Future Income:** Not so sure about this one. Many agents do well to pay the bills and taxes. Long term investment for retirement is pretty far down the list of must-dos which is a shame, especially for younger agents who could be putting the compound interest potential of 40 years plus to work for them.
- **Increase Earning Potential:** Not so sure about this one. Some agents become more complacent and less driven as they get older, depending on long-time clients and referrals. They are ill-prepared for market corrections or large shifts in business norms.

Notice the weak spots for many agents? They are in the areas of investment and planning for the future. Too many agents and brokers live high on the hog when the market is hot and times are good and ride out the lean times as best they can. But that's no long term plan for a comfortable retirement, much less a wealth-building strategy.

Why Real Estate Investing?

So if too many agents are depending on short-term and intermittent earnings for their financial stability, how can real estate investing offer them long-term wealth building potential. Why is real estate investing better than a 401k or playing the stock market?

1. Real Estate Investing uses what you know.

You're looking at market statistics and data every day. You have your ear to the ground and you know what areas are generating buzz. You're meeting with colleagues and hearing their stories of where listings just aren't moving or where they're selling like hotcakes. You have access to investors, lenders, title company reps and more, as well as colleagues who have clients who are potential sources of investment leads.

Why spend your time gambling on investments you don't understand or know anything about? Why trust a financial advisor who may just be selling you the investment package with the highest fees to line his own pockets? Why not control your investments and their potential by betting on something you know and understand? Data you can analyze? Strategies you can implement?

2. *Real Estate Investing offers a variety of models to suit you and your market.*

Have access to a reliable contractor and crew? Fix and flip might work well for you. Live in a college town or near a military base? Buy and hold might be a winning strategy with all of those potential renters. Perhaps some combination of the two would work if you have access to the capital you need to reliably fund your projects.

However you choose to focus your time, money and energy in real estate investment, you are bound to find an investment opportunity that works well for you and for the amount of risk you are able to tolerate. Don't want to handle your projects personally? Use your contacts to find a well-run real estate investment group and use your market knowledge to evaluate the projects they are considering. You may find you can buy in for a few thousand, then increase your stake over time.

3. Real Estate Investing produces returns you just can't find in other investment models.

Compared to the volatility of the stock market or the meager returns of CDs and bonds, real estate investing can produce returns that are exponentially greater than those of other stock market-based investments. While corporate unicorns are, as the name suggests, a rare breed, market and property appreciation is far more frequent and reliable.

In addition, there are far fewer moving parts in a real estate investment, reducing volatility and risk. No need to worry about an embezzling CFO or a class-action lawsuit against the company. While real estate investment has its own risks, you're far more likely to be able to choose your team and work with dependable professionals you know and trust. Plus, your market knowledge is more likely to steer you in the right direction than an earnings report that may or may not pan out or an international investment in a market you've never heard of.

Real Estate Agent Career Model

As we said earlier, most real estate agents are making somewhere around $46K per year, but many of the agents on the lower end of that average aren't making near that. Of course, there are some agents who develop a large client base and continue to hire and add leverage in order to build and manage a large team. They may then be able to become a broker and, in time, own their own brokerage.

Best case scenario with this model is a lot of work and a lot of management in order to own a brokerage that is still vulnerable to the vicissitudes of the real estate market, the cash flow frustrations of slow fall and winter markets, and the impact of underperforming or poorly trained agents who can undermine the brokerage's reputation at any time. And that's best case.

For the vast majority of agents, real estate ends up being something they just couldn't make work, and most leave the profession within a year or two. If they stick it out, most agents are subject to down markets, tech companies biting into their customer base, and the need to constantly lead gen in order to ensure a reliable and somewhat consistent income.

But even that kind of steady, consistent effort can be insufficient, as witnessed by the large-scale exit of thousands of agents after the 2008 housing market meltdown. A disaster of that scale is enough to drive most agents--under-capitalized and with no new prospects-- to financial meltdown as well.

Add to this the fact that the average real estate agent, according to the NAR, is 53 years old. That's a tough time to start all over and find a new career. And unless they've been saving and investing for decades, a large-scale market correction could find that agent out of work during what they thought would be the peak earning years. That could spell disaster for any retirement plans they may have entertained.

Real Estate Investor Career Model

By contrast to real estate agents, whose earning potential can all but disappear as time goes on or as market corrections occur, a real estate investor's portfolio only gets bigger over time. Market corrections, when they come, often create even more opportunities as they bring underpriced properties that gain equity quickly when the market comes roaring back.

Here are two possible trajectories for an investor--one starting with no up-front money, the other with a little to invest already:

Option One: Investor has no money

In the event that you're starting out without money to put into your first flip, consider the following action plan:

A. Start out in wholesale real estate (average profit margin $3-5K per deal).

With wholesaling real estate, you'll find and negotiate the purchase of a property at under market value, which upon renovation could be worth significantly more. You then assign the contract to another buyer for a few thousand more than you paid and they proceed with the flip.

You've spent: Earnest Money, which will be returned to you when assigned, and time.

Example: You find a home listed for $100,000 which could be fixed up and sold for $150,000 according to comps. You negotiate a price of $90,000, sign the contract, then sell to another investor for $95,000. You walk away with $5,000.

B. After accumulating cash from wholesaling, do a few flips for significantly more profit (set yourself a minimum of $35K profit per flip)

Remember, profit is what is left over after renovation AND carrying costs which include insurance, taxes, real estate agent commissions for the buyer, closings costs, and more. Don't underestimate your carrying costs and let them eat up your profits.

C. Build steady cash flow by acquiring single family rentals using the 1.2% rule.

The 1.2% rule is that the minimum rent should be 1.2% of the "all-in price of the property." The all-in price includes the purchase price, costs associated with the purchase like closing costs, and any renovation or rehab costs.

Example: You find a home listed for $120,000. You negotiate a purchase at $112,000, closing costs are $3,500 and you need to do about $10,000 in repairs and renovations. Your all-in cost is $125,500 and your monthly rent would be $1,506.

Option Two: Investor has money

In the event that you are starting out with some money to invest:

A. Learn as much about your local market as you can and go straight to your first flip.

B. Build steady cash flow by acquiring single family rentals using the 1.2% rule.

C. Begin to purchase small multi-family properties using OPM (Other People's Money)

Consult a private financier or hard money lender and begin looking for small multi-family properties. These produce more ROI over time and help you build your investment portfolio faster.

As you can see, in contrast to the real estate agent trajectory, this affords you tremendous long-term wealth-building opportunities, not to mention the fact that at the end of the investment strategy, instead of hoping you've somehow saved enough for retirement, you have the option of either continuing to draw income from monthly rental payments or cashing out by liquidating your portfolio in whole or in part. Those are some pretty great options to have!

Section Three:

What Do You Know? More Than You Think.

One of the most difficult aspects of financial planning for most people is the knowledge leap that is necessary to create an investment plan. For example, as an employee in a non-finance-related occupation, there are myriad terms and financial instruments you need to learn about in order to make an informed decision about your savings and investments.

One of the advantages of investing in real estate when you work in real estate is the amount of knowledge you already have that you can put to use in making decisions about your investments. Market knowledge is a given. You've honed your negotiation skills through scores of sale and purchase processes. You've learned how to work with clients both eager and reluctant, Buyers and Sellers, and you understand their pain points and the way they think.

But you'll be surprised to learn how many things you've already figured out about other, less obvious aspects of real estate searches and transactions. That means you're already starting out from a knowledge base that far exceeds anything you could duplicate when investing in stocks, bonds, or other investments.

What you already know about the market

One of the most valuable things you have cultivated as a real estate agent is market knowledge. That means you know what neighborhoods are up and coming and which have slowed down. You understand which home styles are preferred and which mean more days on market.

How can what you already know about the market translate into effective real estate investment decisions?

- **Great rental markets:** If you decide to pursue a Buy and Hold strategy, you already understand which areas and home styles are most popular with renters. If your market includes a university, a military base, or a major medical center, you know how these create micro-markets that are particularly popular with renters.
- **Popular home sizes and styles:** If you are interested in Fix and Flip investments, you will have a better handle on the types of home styles that are popular in your area. If local Buyers can't get enough of Craftsman, you'll be able to incorporate some of those design elements into your home remodel.

Knowing how many bathrooms and bedrooms your market's typical buyer is looking for can help you make better decisions about layout.

- **Market movement:** Being able to see trends before everyone else helps you make better predictions about what neighborhoods to concentrate on when looking for investment opportunities. Is there an area showing the early signs of gentrification or a long-rumored commercial area that just got approved? Has the transit system just announced a new station or an expanded rail line? You'll be able to understand the impacts while other people are still trying to decide where to focus.
- **Most desirable micro-markets:** We all know neighborhoods that have more desirable and less desirable areas. Perhaps the homes around the community's swim and tennis club are the most sought-after. Maybe homes within walking distance of the elementary school sell faster and for more money. Maybe some of the homes in a neighborhood have a split foyer, creating a confusing layout that turns of homebuyers and results in more days on market. When you know the details of a neighborhood, you can focus on just

those streets, styles, or locations that provide the best return on investment.

What you already know about the MLS

You use the MLS every day as a real estate agent or broker. You track the status of certain listings, create automatic listing mailer for potential clients, or create and manage your own listings. Because of that, you already understand a lot of things that the MLS can do for you. As an investor, you'll find that the MLS will be one of your most important tools in determining where and when to focus your investment activity.

- **Sale Prices:** One of the most valuable elements you'll be able to study through the MLS is the sale prices for homes in your area. This is, of course, how you already determine comps and prepare CMAs for clients. As an investor, you'll be able to take that knowledge and apply it to determining pricing strategies based on neighborhood, time of year, market saturation, and more.
- **Days on Market (DOM):** One of the things you'll be able to look at on the MLS is the number of days homes have been on market before sale. This will

be valuable as you begin thinking about carrying costs for your projects. It can also help you decide what time of year to begin a fix and flip in order to take advantage of reduced days on market during the sale process.

- **Date Sold:** Knowing when listings sold over the past several years will allow you to look at market trends for individual neighborhoods, home layouts, and architectural styles. In addition, it allows you to estimate the amount of equity a homeowner might have accrued, giving you a better sense of which homeowners in a desired neighborhood might be open to a lower purchase price.
- **Architectural Styles:** This can make a big difference in some markets where certain styles are highly desirable. This information allows you to cross-reference the impact, whether positive or negative, or specific home styles and features, allowing you to know what type of homes are particularly sought after and which are not worth your time, as well as helping you determine what improvements to make during a remodel/renovation.

What you already know about lead generation

One of the things you probably have to spend the most time on as a real estate agent is lead generation. Because you already know some of the basics, you won't have to spend much time transferring the lead gen knowledge you've acquired to your investment activities. This time, however, you'll be using your lead gen time and efforts to create long-lasting, wealth-building investment opportunities.

- **Website:** You have probably already developed a website, so creating a portion of that website dedicated to your investment activities should be a no-brainer. You may choose to change the focus of much of the website's content, or you may choose to create a page specifically dedicated to your investment activities or to a Call to Action (CTA) for homeowners who might want to work with you. In addition, your website provides a place to feature your current listings for sale or rent.
- **Blog:** If your website has a blog component that you've been using to market your services as an agent or broker, you can easily begin writing content

(or having it written for you) to appeal to other investors, distressed homeowners, retirees, and others in your market who may be good prospects for your real estate investment business.

- **Social Media:** If you currently use social media platforms to market your services as an agent, you can create separate accounts specifically dedicated to your investment business. You'll be able to leverage your current social media following as a way to give an instant boost, bringing brand awareness to your new endeavors as an investor.
- **Direct Mail:** If you already send letters, postcards, or other direct mail promotions to a neighborhood, leverage the brand awareness you've built by using a similar look for your investment company's outreach. In addition, use your careful MLS data analysis to identify new areas, or individual properties, to add to your mailing list.

What you already know about finance

Much of your knowledge as a real estate agent or broker will be based on helping buyers find the right mortgage lender and helping clients successfully negotiate the sale or purchase of property. In addition, you'll have an awareness of property tax rates and insurance requirements for your area. You can put that knowledge to work for you in your real estate investment business as well.

- **Carrying costs:** Understanding the ins and outs of financing a home purchase, property taxes, and insurance, then cross-referencing that with anticipated time and money spent during the renovation and refurbishment of a property as well as the anticipated DOM will be the foundation of how you begin to determine the price you can afford to pay for a home in the first place, as well as what home improvements will be worth paying for.
- **Cash vs. Financing:** Finding a lender you can trust and understanding what options are available to you will make a big difference in determining how best to structure the financing on a deal. In addition, understanding the difference a cash purchase makes in the initial negotiation, days until closing, and carrying costs can create value and change the way you think about your financing options.

It's nice to know that you already know a lot of the basic information you need to be successful as a real estate investor.

You're not starting from scratch--the understanding of legal, financial, and logistical issues present in any real estate deal, as well as the knowledge you've gained about marketing, promotions, and networking allow you to start from a firm base of understanding so that you can make better decisions and be up and running more quickly than you ever thought possible.

What you already know about your investment personality

One of the reasons many people don't get into real estate investing is that they are given formulas for how the "should" or "must" invest. In reality, of course, while I'll tell you that you should invest, it's up to you to decide how.

Don't let anybody tell you what you should do. You know what your investment personality is and we know how to help you capitalize on it.

- **High Risk Vs. Low Risk:** Risk tolerance is very personal and some people have an inherent ability to tolerate more risk than others. Risk tolerance can also be impacted significantly by your family dynamic. If you have a spouse and children, you may have to be somewhat more conservative in order to preserve capital for your personal expenses, while a single investor or one whose children are grown up may be able to take more financial risks.

- **Predictable Vs. Unpredictable:** Some investors would much prefer slow, steady returns over occasional big wins and occasional big losses. Predictability can become more important as you age, since you may not be making as much income and don't have as much time to recover from a reversal or loss.
- **Short Term Vs. Long Term:** This really comes down to attention span for many investors. If you lose interest easily, you may want to do shorter projects with a turnaround in weeks rather than pursuing strategies that require you to manage the same property over an extended period of time.
- **Pain Tolerance:** One person may be able to ride out reversals without too much worry, while others will be discouraged by anything that does not make them money in a real estate deal.
- **Eye for Design:** Some people become real estate agents because they love looking at beautiful houses

and deciding where to put the couch. Others are primarily motivated by the ability to run a small business and real estate seems like a good fit. They are much more focused on dollars and cents than pretty places.

Section Four:

What Do You Need To Learn? We've Got The Info.

Because of your background in real estate, you are uniquely positioned to take advantage of opportunities available for wealth-building through real estate investment. You know the people and processes you'll need in order to achieve success and make all the right moves as an investor.

Of course, there are things you'll need to familiarize yourself with and perspectives you'll need to adjust in order to change your focus from client representation to investment. Build on the knowledge we talked about in Section Three with some additional skills and you'll find yourself quickly progressing on the investment side of your business.

What you need to learn about the market

You're used to thinking about the market in large part through the wants and needs of your clients. Your focus now needs to move away from personal concerns like curb appeal and commute times to more global concerns of market trends, resale value, and profit potential.

If you're pursuing a Fix and Flip strategy: Your focus will be in large part on finding a home that you can acquire cheaply enough to allow you to make significant improvements then resell quickly. You may have heard the saying, "You make your money on the purchase, not the sale." This will be especially important if you are flipping a home and will require you to purchase a home at below market value.

If you're pursuing a Buy and Hold strategy: Your focus will be in large part on choosing a home that you can acquire cheaply enough to keep your mortgage payments low so that you can charge rental rates that are sufficient to cover your monthly expenses and still turn a profit. Potential sellers will include:

- **Distressed Homeowners:** These are probably the first potential sellers you'll think of because they will be looking to get out of the house and will be less concerned about (or able to) hold out for top dollar. In many cases, they will be happy to negotiate a price that helps them avoid having to pay out of pocket. The price they can afford to take will depend in large part on the number of years they've been in the home and thus, the amount of equity they have built up.
- **Retiring Homeowners:** You may find that homeowners who are retiring will be a good source of leads since they often have a great deal of equity

in their home and can thus afford to sell at a price well above what they paid but well below market value. In addition, older homeowners have often not updated the interior finishes but have taken care of the "behind the walls" elements like HVAC, plumbing, and electrical, so you have a good chance of finding a home that has great bones and can be flipped for the price of a cosmetic overhaul.

- **Inheritors:** Those who have inherited property are often a great source of advantageous sale prices. The sale price often represents 100% profit for them so they rarely feel the need to hold out for top dollar. In addition, they may live in another town or state and they may be financially unable to afford carrying costs like insurance and property taxes for an extended period of time, so a quick offer and quick closing process with no need to update or make improvements is ideal for these sellers.
- **Fall and Winter Sellers:** Often if sellers are listing their homes at this time of year, they are more motivated than spring and summer sellers. They may be selling in order to take a job in another part of the country or they may be undergoing a divorce and need to sell the family home in order to split

up the marital assets. In any case, they are probably eager to sell sooner rather than later.

- **Extended DOM Listings:** These properties, for whatever reason, have been on the market for several months or, in some cases, even years. Part of the challenge with these listings will be determining what you can do on resale that the previous owners have been unable to do. In some cases, it will be obvious if the home is outdated or needs extensive repairs. In other cases, the home may be laid out awkwardly or may have features that make it particularly undesirable. You'll have to determine whether it is cost effective to fix these elements and, if so, whether you'll be able to fix them without going over budget.

What you need to learn about the MLS.

You already know that the MLS is a powerful tool for gathering data about markets and individual homes in your area. But there are many ways you can use the MLS to find excellent potential investment properties in ways you might not have thought of.

- **Tracking market corrections:** Finding homes sold during and just after significant real estate market corrections can be a smart way to find homeowners with higher than average equity positions in a given market. For example, those who bought in late 2008 and 2009 were often buying at the bottom of the market before the rebound that brought significant appreciation in many areas. This might mean that you can find homeowners who were able to build a great deal of equity quickly, especially if the more stringent lending requirements post-2008 meltdown required them to put 20% down.
- **Finding absentee owners:** If you are circle prospecting in a particular area, your research should include a search of tax records to determine which homes in the area are owned by owners who do not live at the residence. Some of these may be investors themselves who are looking to liquidate part of their portfolio. Some may be owners who are temporarily living in another area but are holding on to the property in order to eventually return. Some may have inherited the property or are maintaining it for an elderly relative who is living

elsewhere. In any case, it's good for you to have a record of the status of each home to determine whether it is a potential investment opportunity.

- **Targeting homes sold:** Knowing when homes originally sold can give you an idea of which homeowners might have maxed out the interest deduction and built equity in their home and, therefore, might be thinking of either moving up from a starter home or downsizing from a large family home. You may also be able to guesstimate which homeowners might be ready to sell by extrapolating from the style or size of home or the micro-market. For example, homeowners who originally purchased in a highly desirable school district might be ready to downsize within 15-20 years, once the kids have graduated.

What you need to learn about lead generation

Lead gen for investing will use many of the same techniques and platforms, but use them in appreciably different ways. They will need to get to the pain points potential sellers are experiencing and connect with them in a way that is sincere and helpful. Much of your outreach will be to:

- Distressed Homeowners
- Retirees
- Inheritors
- Investors
- Divorcing Couples
- Job Switchers
- Upgraders and Downsizers

You'll want to focus on the value you can add for these potential sellers when you buy their homes. Since so much of your focus will be on getting the property for the lowest possible cost, you'll need to create a value proposition that makes it worthwhile for them to sell to you rather than to hold on for a higher price. This should include:

- **Quick Closing:** You'll need to find a reliable and organized title company or real estate attorney because one of the main things you'll want to offer is a quick and painless closing process.
- **Information-only Home Inspection:** Much of what you'll be providing to the seller is the

assurance that they can sell to you without having to deal with negotiating home inspection items. If you have sufficient knowledge and experience, you may be willing to do a simple walk-through and trust your expertise to determine the condition of the home, but if you would rather have an inspector in, reassure the seller that the inspection is for information purposes only.

- **Straightforward negotiation process:** One of the elements of the sale process most people dread is the protracted negotiation that often results. Because they know what price they need to purchase for in order to come in at or under budget, investors can often tender a firm purchase offer up front without the need for a tedious back and forth with the homeowner.

What you need to learn about finance

You will need to learn about the funding options available to you as an investor in order to ensure that you can move quickly when a potential property enters your radar. You'll also need the ability to pay for or finance carrying costs, insurance, taxes, HOA or POA, and other expenses. All of this is before considering the scope of the repairs, renovations, and refurbishment that may need to be necessary.

If you're pursuing a Buy and Hold strategy, there will be additional carrying costs. In some markets you'll be expected to include some or all of the utilities in the monthly rental payment. You may choose to pay for landscape maintenance in order to ensure that the lawn is properly cared for. You also might choose to pay a property management company to maintain the property, collect rents, and find and rentain renters rather than trying to handle those tasks yourself.

You may choose to work with a private investor or financier who will have access to financing products you might not be able to access with a traditional lender. These can include:

- **Loans Based on After Repair Value (ARV):** Unlike traditional mortgage products, which are lent based on the current value of the property, private lenders can offer loans based on the value of the property after the construction of a new structure or the renovation of the existing structure.
- **Hard Money Lending:** Private financiers or hard money lenders can base the terms of the financing on the shorter timeframe common to investment

projects. In addition, they offer quick turnaround and the ability to create a draw schedule for repairs to better facilitate the renovation process.

- **Adjustable Terms:** Because private financing can provide terms a traditional mortgage cannot, interest rates, terms, and loan value can be adjusted around the needs of the individual project. This creates financing that is far more responsive than that available through traditional commercial lenders.

Formulas you'll need

You're familiar with some of the math you need as a real estate agent, but what about as an investor? Some of these will be familiar to you, some won't, and some you'll use in a different way on investments than you do for clients.

Capitalization Rate (or Cap Rate): The Cap Rate is a ratio of one year of net operating income in relation to the value of a property. This gives an idea of what the profitability for the investment property is. For example, if you anticipate $6,000 of net income per year on a $100,000 property, your Cap Rate is .06. That means at full occupancy, you can expect a 6% profit.

In subsequent years, you can improve your Cap Rate in a variety of ways. As the property appreciates in value you may be able to charge higher rents. In addition, as you pay down the mortgage on the property, you may be able to refinance for lower monthly payments, thus increasing profitability. In addition, building upgrades, additional amenities, and common area maintenance can improve profitability if it allows you to charge higher rents.

One of the best ways to increase the cap rate is to ensure great property management. Happy tenants create consistent occupancy rates and incremental rent increases with each lease renewal. Great property managers can provide convenient options for rent payments and timely responses to tenant requests for repairs, thus keeping great tenants and improving profitability.

Gross Rent Multiplier (GRM): The Gross Rent Multiplier is the total value of the property divided by the potential rental income (PRI). It's a great way for you to compare two different properties and see which one has the potential for higher Return on Investment (ROI).

Loan to Value (LTV): The LTV is the ratio of the loan amount to the value of the property. You're probably familiar with

LTV from working with clients on their mortgage financing--it's important for lenders in determining the equity position of the buyer. A higher LTV can result in higher lending costs, but low LTV is often difficult to find unless you have a fair amount of cash to invest up front or the property is considerably undervalued at the time of purchase.

Maximum Purchase Price (MPP): The formula for MPP is Sales Price minus Fixed Costs minus Desired Profit minus Rehab Costs. What's left is the MPP, or the maximum amount you should pay for the property.

Say, for example, that you identify a property you believe could be sold for $120,000 if it were adequately repaired. Subtracting:

- Fixed Costs--Inspection, Closing Costs, Lender Fees, in this case $15,000
- Desired Profit, in this case $20,000
- Rehab Costs--Needed repairs, in this case $10,000

The MPP for this property should be $75,000. If you can obtain the property for that amount or less, the deal should work for you.

What you need to learn about your investment personality

You already know what your investment personality is. Now, here are some ways to capitalize on it.

- **High Risk Vs. Low Risk:** If you are very risk averse, you may feel comfortable investing in real estate as part of a real estate investment group where the risk is spread around, or working as a real estate wholesaler where the profits are smaller, but you're not having to worry about the project ROI. If you are more risk-tolerant, you may love the excitement and potential upside of flipping homes or the greater financial risk (and potential rewards) of large-scale development.
- **Predictable Vs. Unpredictable:** If you are looking for steady, predictable income, you can't do better than well-managed rental properties. Continue to add to your portfolio at a manageable rate for steady growth. If you enjoy unpredictability and never knowing what's next, you may love the process of flipping houses or the massive financial potential of developing a totally new or marginal area.

- **Short Term Vs. Long Term:** Short term projects include wholesaling and flipping, while long-term projects include the development of a portfolio of Buy and Hold properties or even large-scale development projects which can take years to come to fruition.
- **Pain Tolerance:** Over time you may find that you have enough money invested to ride out ups and downs of the market fairly comfortably. However, there may be times that you will have too much money tied up in investments and need more liquidity. For example, when you are raising children or putting them through school, or if you are taking care of elderly parents, you may need more access to cash than you will when your children are grown and financially independent or if your parents have access to the long-term care they need. It will be important for you to evaluate your needs and respond to them in a way that works best for you.
- **Eye for Design:** If part of your interest in real estate investing is the ability to create beautiful homes, you will probably love flipping houses with extensive renovations or developing communities

and building spec houses. If your interest is more geared toward the financial and wealth-building potential of real estate, a Buy and Hold strategy with minimal rehab may be far more appealing.

Section Five:

Make Your First Deal

Find the right model: Fix and Flip or Buy and Hold.

The first thing you'll need to decide is whether you want to do a short term (Fix and Flip) or long term (Buy and Hold) strategy for your first deal. This may be driven in part by your **personal preference**, it may be driven in part by your **financial resources**, and it may be driven in part by **current market conditions and availability**.

Personal Preference and Your First Deal

Some people love the idea of house flipping. Armed with a good working knowledge of the most desirable current home features in their market, an eye for property condition, and a personality that can handle the high pressure and compressed timeframe of a Fix and Flip.

For others, the Buy and Hold is a far preferable way to structure the deal. Good market knowledge and organization are two of the hallmarks of this type of investor, since they will need to stay on top of the value of the property as it changes due to market fluctuations, changes in property taxes, and the effect of amortization on property value.

In addition, the personality of the investor affects his or her attitude toward ROI. For some, impatient for results, a short term investment with a quick return is far more satisfying. For others, the knowledge that with each deal they are building value, even though it's gradual, will be preferable. The best case scenario for most investors is some combination of short term and long term deals, but knowing yourself and your investment style is important in determining what the ratio should be.

Financial Resources and Your First Deal

When you are first starting out, it may be important for you to build up your working capital through a number of Fix and Flips. Because these tend to move quickly (if you've done your homework) you can do several of them back to back with minimal initial outlay.

If you have money set aside to invest in a Buy and Hold property, you may be able to start there. But make sure you are not being overly ambitious, as carrying costs can quickly build up due to excessive repairs, lack of tenants, unpaid rent, or damages.

If in doubt, it is better to be more conservative on your first deal, since a financial error here can cut your investment career short before it has even gotten started. This is not the time to go out on a limb in a transitional neighborhood or with a property where the numbers don't crunch exactly according to your model. Remember, if you do things right up front, you can always be more ambitious and take more risks once you have more money and more experience to bring to the table.

Find the right market

As a real estate agent, one of the most important things you bring to bear is your market knowledge. Applying that to your first deal will give you a tremendous advantage. Don't be reluctant to consult with others, though. Look for an active investor group to belong to, or talk to your broker if you need a bit more perspective.

For Fix and Flip, you are generally looking for a hot market where most properly updated homes sell quickly. That will help you to reduce carrying costs on the sales side. Your goal is to find a property that is undervalued due to property appearance or condition, seller urgency, or financial circumstances.

Don't go for a great bargain in a slow market. No matter how many bells and whistles you add, you may end up waiting months for a buyer. **Don't** spend time on a market that is so hot that everything sells, no matter what its condition. You'll probably waste a lot of time making offers that end up getting refused or outbid.

For Buy and Hold, you are generally looking for a market with a large and steady rental market. Locations near hospitals, universities and colleges, and military bases are favorites for this type of long term investment strategy. Your goal is to couple an underpriced property with favorable financing terms to ensure that you are clearing a profit each month which will grow as the mortgage on the property is paid down and, eventually, leave you with a significant monthly cash flow.

Don't overdo the upgrades on a Buy and Hold unless you are sure you can monetize them with a rent upcharge. **Don't** be intimidated by the management aspect of a Buy and Hold purchase. Property Management is affordable and the services offered by a good property management company are extensive and can ameliorate most of your concerns.

Find the right property

For your first type of property, you'll want to keep things somewhat simple. Eventually you will want to expand into small multi-family or perhaps even commercial spaces, but for your first deal you'll want to stick to a single property.

One of the main things you're looking for early on is a property whose remodel or renovation needs are primarily cosmetic. While you may need to install some new systems you don't want to have to do a full-scale structural renovation. There are always surprises as you go through the renovation process, including such things as termites, wood rot, or unexpected plumbing or electrical problems. Save your money and time for those--don't try to take on too much.

This also extends to the types of upgrades you choose to do. You may have visions of over-the-top premium finishes to make the home more desirable at sale, but if these price you out of the market they won't do you any good. While top-of-the-line finishes and appliances would be necessary in a luxury property, for example, you need to be smart about them in less expensive markets. Nice enough to sell, inexpensive enough to preserve your profit.

Your choice of property will depend, in part, on the type deal you are pursuing and the type of market in which you are investing.

Fix and Flip: The property will be driven primarily by the market in a Fix and Flip, since part of what you will want to do is create the ideal version of the most popular home type in that market. If the neighborhood is known for charming bungalows, you don't want to flip the only two story Colonial. Choosing an unpopular property type can increase your days on market (DOM) and, thus, carrying costs.

Buy and Hold: The property will be driven primarily by the potential tenant in a Buy and Hold, since your objective will be to consistently appeal to renters in the area. Finishes should be chosen with the objective of appealing to people from all types of places and all types of backgrounds.

In addition, you need to keep in mind that you will ultimately have to maintain and, eventually, replace finishes, appliances, and other fixtures. Putting in too much money up front will force you to replace with similarly upgraded items throughout the life of the investment. Better to go builder grade or mid-market for easy and affordable upkeep.

Find the right lender

Partnering with an excellent lender is one of the most important aspects of your real estate investment. After all, making the numbers work will depend in part on purchase price and in part on the terms of the financing.

In real estate investment, you are not limited to a bank-based lender, although you may choose a conventional mortgage product on a Buy and Hold deal. Here are some of your options.

Private Money: A private financier presents many advantages for a real estate investor. Because they are not constrained by the same restrictions and the terms of prescribed loan products, they are free to structure the loan in a way that works well for your particular deal. In addition, because they are deciding whether or not to lend to you, if they like the deal the may lend to you even if your financial circumstances are outside the limits of traditional lending guidelines.

Hard Money: Hard money lenders collateralize their loans through the value of the property itself. This allows them to create terms designed specifically for the value of the project itself after completion. Although their terms are generally less favorable than a bank or traditional mortgage lender, they are often preferred by investors because of their flexibility and ability to respond quickly to the needs of the investor.

Conventional: You are probably quite familiar with conventional loan products and lenders from your work with real estate clients. If you are pursuing a Buy and Hold strategy, you may choose to lock in a long-term conventional mortgage with a fixed rate APR in order to ensure consistent ROI over the life of the investment. Often investors choose to undertake the initial purchase and renovation with a private or hard money loan for fast turnaround, then convert to a conventional loan once they are ready to rent out the property to tenants.

Find the right closing company

One of the primary advantages of a great title and closing company or attorney is the ability to move quickly and accurately in order to help you close deals before other investors. In many cases, the deciding factor for purchasing a property well under market value is favorable terms like a quick closing process.

In addition, it is important that the closing company or attorney is communicative and organized. As a real estate agent, you've no doubt worked with bad title companies that never seemed to have the details correct, couldn't keep track of which agent went with which client, or even ended up having to push back the closing date because they didn't have everything ready. Now imagine that kind of incompetence when every delay is adding hundreds or thousands of dollars to your budget and carrying costs.

While you may have a closing company or title agent you work with on many of your clients' transactions, they may not have the expertise or ability to move quickly enough for an investment deal. If you are in a real estate investment group, you may be able to get some recommendations from other investors there. If you are working with a private lender, he or she may have a closing company that they work with most of the time. Check out some companies ahead of time so that when you're ready to move forward, you'll have a go-to in place.

Find the right contractor

Many of you may know a contractor who would be perfect for a remodel or renovation. Someone who you recommend to clients and other real estate agents and who you use for your own home repairs and upgrades.

However, your personal favorite may not have the ability to be effective on your investment property for a variety of reasons. Take these elements into consideration when evaluating your contractor.

Availability: Your favorite contractor may be able to fit you in here and there for a one-day or half-day repair list, but you're going to need someone who can, on short notice, keep a crew onsite for weeks or even months at a time. You'll need a contractor who can keep people working because every day your job site is empty is a day you're paying carrying costs and getting nothing in return. In addition, construction delays can cost you on the backend if they mean that you miss the hottest weeks of the market, resulting in more DOM or even price reductions.

Price: While budget is a major consideration, beware of choosing based purely on price. You get what you pay for, and an ultra-low price can mean sub-par quality. In addition, while some contractors may present a low initial bid, they may jack up the price on change orders and overages as the project proceeds. If you haven't properly spelled out the process and cost of changes during the process, you may find yourself going over budget if an unforeseen repair or replacement is needed.

Details: It's important to ensure you are keeping an eye on the specifics of the project when hiring a contractor. An acceptable bid should include a detailed list of the materials to be used and the finish details. In addition, the Scope of Work should spell out everything that needs to be done as well as what will happen in regard to unforeseen conditions and project changes.

Find the right property manager.

If you are pursuing a long term investment, you will probably want to hire a property manager to help you find and retain tenants, manage rent payments, and maintain the condition of the property. As a real estate agent, you may already work with a property management division at your brokerage. In order to find the right manager for your property, pay attention to the following:

- **Get Referrals:** Talk to other investors and real estate agents in the area and see if they agree on a great property manager or management company.

You may even get some insight by checking with friends and family in the area who rent. If they feel that their property management company is great and responsive, that's an excellent sign.

- **View Current Listings:** Check out the local rental listings for the property manager you are considering. See if the MLS listing is presented well and professionally. Preview some of the properties they manage to ensure they are clean and presented well.

- **Check License and Certification:** Ensure the property manager has a currently active real estate license and look for certification from organizations such as Institute of Real Estate Management (IREM), National Apartment Association (NAA), National Association of Residential Property Managers (NARPM) and the Community Associations Institute (CAI). Certification from one of these means that the manager has undertaken extensive training and is highly qualified.

- **Compare Management Agreements:** If you are choosing between a number of managers, check out their management agreements to see what services they provide. You may find that there are big differences in cost as well. In addition, some managers and management companies offer extensive online services that ensure more timely rental payments and more responsive management. These may make one agent stand out from the others.

Section Six:

Control Your Time And You Control Your Profits.

The name of the game when you are working in real estate investment is time management. The more control you have over your time, the more you can control the timeline of the project. Since every day that you are not monetizing the property is lost revenue and ROI, time management is crucial to optimizing your profits. Here are some areas in which, if you play your cards right, you'll find ways to manage your time effectively.

Control your time during financing

As an agent, you are probably familiar with protracted and time-consuming mortgage underwriting processes that can create uncertainty in scheduling closings. By working with a private lender or with hard money, you can take away much of that waiting game. Because they are able to provide funds within days, you can move quickly and close quickly on investment properties. This is especially important if there are multiple investors who are interested in the property.

In addition, many private financiers have a streamlined approval process, so it won't take you weeks to get approval. The amount of documentation needed for pre-approval is often minimized, and other documents can be gathered now in preparation for potential applications.

Even if you haven't already found a property you want to invest in, it pays to go ahead and talk to some private financiers and choose one who you think you'd like to work with. Find out their requirements and gather as much of that information as possible. Here's an idea of the type of documentation you'll be asked to provide.

For Pre-Qualification

- Completed Loan Application
- Copy of Driver's License
- Last two months' bank statements (all pages)
- Last two years' tax returns

For Closing

- Rehab budget from Licensed Contractor
- Executed purchase agreement
- Articles of organization, operating agreement, and IRS Tax ID letter
- Insurance: Builder's Risk Policy

As you can see, many of these materials and documents can be gathered ahead of time and put into a folder or digital Dropbox for quick and easy access when you apply for financing. Even the loan application can be completed in part if you know which lender you'll be working with. That way, when you are ready to get pre-approval, all you'll need to do is add the specific property info and previous two months of bank statements and you'll be ready for pre-approval, often within 24-48 hours.

Control your time during renovation

Just as with finding a lender, you'll want to start ahead of time determining which contractor you'll eventually want to work with. Be sure to review some of the things we discussed in Chapter Five regarding choosing a contractor who's right for your project.

You may feel that once you enter the renovation phase, you are at the mercy of the contractor, the weather, and other factors that are out of your control. However, there are many ways in which you can make smart decisions that positively impact your renovation timeline.

1. **Choose smart upgrades.** If you love homes and home improvements, it will be tempting to add all of the bells and whistles you enjoy into your flip or rental. However, you must think about ROI on

everything you add to the home. Putting all of your money into finishes and ignoring the bones of the home will hurt you on the home inspection negotiation. Putting all of your money behind the walls but failing to provide attractive updates and upgrades will mean fewer potential Buyers coming in the first place. You must balance upgrades so that they elevate the condition and appearance of the property for quicker resale.

2. **Choose smart materials.** Remember that you are not renovating this home for your own personal taste, nor for you and your family to live in. While you may love top of the line marble or special order finishes, they are rarely necessary in order to get the home sold. Your objective is to make things look great while keeping your eye firmly on the budgetary bottom line. In addition, anything that has to be special ordered and, thus, will throw off your timeline is a definite no-go. The only exception to this is luxury properties which will require upgraded materials and which can lose value if inferior products are used. In that case, a special order or highly desirable feature might be worth waiting for.

3. **Prioritize permits.** Consult with your contractor regarding permits and make sure you have filled out and signed any requests well ahead of time. You don't want to be stopped in the middle of your renovation by bureaucratic red tape that prevents you from moving to the next phase of the project.

4. **Be present.** When you are first starting out, it is vital that the contractor and crew know that you will be stopping by frequently to ask questions, double-check work, and walk the site. They also need to know that you expect there to be steady, ongoing activity at the property. Disappearing for days or weeks at a time sends the message that this project is low priority, and it may tempt the contractor or sub-contractors to schedule other projects simultaneously, taking a day or days off in order to fit in other clients. This can play havoc with your timeline and result in project delays, increased carrying costs, and more.

Control your time during the sale process

If you are pursuing a Fix and Flip strategy, this may be your favorite part of the project. You know what to do to get a house sold, and you will be able to put your networking prowess, staging skills, and marketing expertise to work to sell the property you've flipped.

As a real estate agent, you have no doubt seen your share of poorly completed flips, with unfinished elements, bad kitchen layouts, wobbly stair rails, or bad paint trim. But when it's your baby, it's sometimes hard to see these flaws. Bring in a trusted colleague or even a friend with a good critical eye and have them walk through with you before you are ready to show the property. It will be much better to delay for a day or two to finish the project properly than to rush it onto the market with a half dozen problems.

If if fits into your budget, have the home staged before it goes on the market. Buyers typically don't have a great imagination when it comes to layout and how a vacant home will look once furnished. Beautiful home staging can make the difference. Balance the cost against the risk of extended DOM without staging. You haven't saved any money if the vacant house sits on the market for extra days or weeks.

Once you know what day you're going to list, reach out to your network of agents, brokers, and former clients. Don't keep your project a secret--offer private showings, let them know about Open Houses or Broker's Opens, and brag about all of the great updates and upgrades you have put into the property.

In addition, if there is a local blogger or media outlet that covers your neighborhood, see if they'd like to discuss the property renovation as part of their coverage of the area. Especially if the home has historic significance or if the property rehab was extensive, readers will be interested to hear how you have improved not just that property, but the neighborhood as a whole through your renovation.

Social Media will be an important tool in spreading the word as well. Targeted ads on Facebook, smart hashtags on Instagram, Before and After pics, and reaching out to local notables on Twitter will help you let people know about the renovation. If you or your brokerage maintain a blog, write about the property and share the blog link through social media as well.

This is the time to pull out all of the stops in getting your project sold. Every day until you close you are paying carrying costs, including financing, insurance, utilities, and taxes. Get it done.

Control your time during the lease process

If you are pursuing a Buy and Hold strategy, your objective will be to get the home rented as quickly as possible. Here are some ways to make your home more attractive to potential tenants.

- **Know your competition.** Preview other rental properties in the area so that you can positively compare your property to theirs. If your home has better proximity to public transportation, make sure that is featured in the description. If you paid special attention to the kitchen in your renovation, make sure it is featured prominently. Figure out what your property offers that no one else does, then make sure it is front and center in your marketing.
- **Pay attention to curb appeal.** It's easy to get so focused on the interior renovation that you forget to cast a critical eye to the outside of the property. Make sure the lawn is trimmed, as well as bushes, trees, and other landscaping. Put out a tub of flowers. Replace or repaint house numbers. Replace an old mailbox. Power wash walkways and siding.

Any of these low-cost improvements can make the home more appealing to potential renters.

- **Consider allowing pets.** While many landlords resist having pets in their rental homes for fear of damage, others find that pet owners tend to be more responsible and reliable and tend to stay put longer than non-pet owners. That can mean fewer vacancies over the course of your property ownership. Just ensure that you include a pet deposit and pet rental sufficient to offset damage.
- **Add value.** Find something to include in the monthly rent that no one else is doing. Do you have an affordable lawncare company? Include lawn maintenance in the lease. Are there lots of trees on the property? Offer to include leaf pickup if affordable. Or consider offering some portion of the utilities, like water or trash pickup. You'll create an incentive for renters to sign with you as well as ensuring that the property is properly maintained.

Remember, every day that your property is unoccupied is a day that you are footing the bill for financing, insurance, utilities, taxes, and more. While a great property manager will help you find potential tenants, creating ways to make your property stand out will help them do so even faster and reduce these carrying costs.

Section Seven:

What Do You Know? DIY Or Outsource

Real Estate Agents get into the business with a variety of skillsets. Some are interested in running a small business. Some love online and social media marketing. Some are extroverts who enjoy all of the opportunities to network and collaborate with clients and colleagues. Others just love pretty houses and revel in the opportunity to see so many of them.

Because of this variability, you may find that there are some aspects of real estate investment project management you will enjoy more than others. Fortunately, there are many options for outsourcing those tasks you don't enjoy, while undertaking those you do enjoy and are good at.

The main thing to remember is that you haven't saved money if you take on a task you don't like and aren't good at. It is better to pay for marketing, staging, or property management (or all three, if necessary) than to undertake them yourself and do a poor job. That will end up costing you far more money in the long run.

Marketing basics

Do-It-Yourself: Marketing for real estate investment is a two-fold process. On the front end, you are marketing for potential properties to purchase at a discount. This may involve direct mail, circle marketing, door knocking, and other lead gen techniques you will be familiar with as a real estate agent. In addition, you may find that it is helpful to have a robust web and social media presence in order to bring in potential sellers.

On the backend, the marketing changes according to the type of strategy. For a Fix and Flip, you are marketing the property for sale once the renovation is complete. For a Buy and Hold, marketing is focused on signing a tenant for the vacant property. Since you probably already do some of this type of marketing for client listings, you will have a good idea of what works best for your market.

Outsourcing: There are many content marketers, social media managers, and other marketing gurus who can help you develop and implement a strategy for marketing a particular property and for lead gen. They may charge an hourly fee or offer a flat fee per project. In the case of ongoing management, you will probably be billed monthly at a flat rate.

Make sure that you are working with experts who can help you in the timeframe you need. For example, long term marketing strategies like Search Engine Optimization and list building for funnel marketing will have more impact on the lead gen process. Short term strategies like targeted ads on social media platforms or property specific websites will help you market the property itself.

Staging basics

Do-It-Yourself: If you already offer staging services as a real estate agent, you're in luck! You probably have a great eye and an inventory of furnishings and accessories you can use to stage your investment properties.

As with any staging job, one of the key benefits of staging is to help to define spaces. If there are awkward elements to the layout of the home that you were unable to satisfactorily address during renovation, staging offers you an opportunity to ameliorate them for potential Buyers.

Outsourcing: Many investors, in an effort to cut costs, think that staging is optional or has only a minimal impact on the sale of a home. In fact, however, the latest statistics from The Real Estate Staging Association, staged homes sell 73% faster on average, and often for a higher price. That is a number you cannot afford to ignore, especially when

DOM is so important to your profitability. And with home staging cost at an average of only $675, this is probably an expense you should factor in if you are unable to do the work yourself.

Property Management basics

Do-It-Yourself: You may work as a property manager, in which case you will already have a variety of training and systems in place. Or you may decide that you would like to undertake the management of your investment properties in order to save money, especially if you only have a few properties or if you are particularly handy and enjoy interacting with tenants and making repairs yourself.

Remember, however, that property management also involves finding and signing tenants, collecting rent, and enforcing the rules spelled out in the lease agreement. That can be stressful and time-consuming, so if you haven't managed a property before, you may want to look into training classes to help you learn the ropes. Many of these can be taken online and will give you a sense of the responsibilities of property management as well as the strategies that will give you a better shot at success.

Outsourcing: Property Management is often done as a division of a real estate brokerage, so you may already have an in-house management team to draw on. See if your broker will offer you a discount or referral fee on property management from within your brokerage. If working with a property manager or management company from outside your brokerage, ask for referrals and recommendations from other investors in the area and see some of our tips from Section Five.

Property Management usually costs somewhere around 10% of the monthly rental rate of the property, although some companies charge a flat fee instead. When you consider the fact that a good property manager helps you find and onboard tenants and helps to retain good tenants long term, they almost pay for themselves in the form of fewer days of carrying costs on a vacant property.

Section Eight:

Creating Leverage For Growth

Your first hire

One of the first things you may want to do is create leverage in your company by hiring some help. There are many ways to think about who your first hire should be.

You may choose to hire based on the tasks that you don't enjoy. You may choose to hire based on the tasks that take up most of your time. You may choose to hire a revenue producing employee for sales and lead nurturing. Here are some possibilities.

- **Administrative Assistant:** For many, this hire is a game changer, both because of the variety of tasks a good admin can undertake and for the amount of time he or she can free up. You may find, in fact, that by taking on tasks like email responses, social media scheduling, and bookkeeping, you'll increase revenue because you will have more time to network and make deals.
- **Inside Sales Associate (ISA)**: If you hate the lead gen involved in cold-calling to find listing leads, an ISA may be a valuable and revenue-producing first hire. If you have put in place a funnel marketing

system or if you pay for sales leads, having an ISA nurture and convert them may mean that this position easily pays for itself each year.

- **In-home Assistance:** Many of us think of a first hire as a business-related employee, but for some it may be more beneficial, and free up more time, to hire help at home. Especially for female entrepreneurs, singles, and single parents, having help to do laundry, grocery shopping, cleaning, or other chores may free up a great deal of time, allowing you to maintain appropriate work-life balance while also growing your business.

Your advisory team

Your advisory team will be made up primarily of people who bring value through their experience and expertise in real estate investing. They will help you ensure you are in compliance in regards to legal, tax, and building ordinances. They will help you get the money you need for both short term and long term projects. And they will help you build, renovate, and maintain your investment properties. These will include:

- Mentor
- Real Estate Attorney
- Accountant/CPA
- Insurance Specialist
- Your Lending Network
- Your Construction Network

Your lending network

Your lending network will be made up of people who are specifically focused on the financial side of your real estate investment business. Some will be focused on helping you build wealth, while others will be focused on helping you keep more of it. These will include:

- Financier
  - Hard Money
  - Private Money
  - Conventional Financing
- Community Bank
- Asset Protection Specialist
- Appraiser

Your construction network

Your construction network will be made up of those people who will be involved in the new construction, renovation, or maintenance of your real estate investment properties. These will include:

- General Contractors
- Subcontractors
  - Plumber
  - Electrician
  - Pest Control
  - Cleaning Crew
- Home Inspector
- Property Manager

Your technology

As a real estate agent, you no doubt already work with a great number of technology resources for document management, contract preparation, and document prep. In addition, you may have learned a thing or two about graphic design in the course of creating flyers, mailers, and more.

As an investor, you'll want to learn about a number of resources that streamline your business and create systems and processes that allow you to more easily collaborate, organize, and grow and manage your potential client base.

- **Slack** (slack.com): Slack's online and app iterations create a platform for communication, workflow, and more to help all of the members of your team more effectively communicate, share, assign, and follow-up. Messaging, archive, and search functions ensure that you can track and organize the information you need in order to keep everyone in the loop.
- **Zapier** (zapier.com): Zapier's workflow automation allows you to coordinate communication among more than 750 apps currently in use so that you can better integrate all of the different technology platforms you use each day. Need information from Gmail to trigger an action in Quickbooks? Zapier lets you create workflows so that you are not duplicating effort entering data across multiple platforms.
- **IFTTT** (ifttt.com): Another workflow automation platform, IFTTT helps facilitate communication across multiple platforms. Want to post to Facebook

and have it automatically added to Twitter? Create a dialogue that automates that task. Want an event on your iPhone character to trigger a reminder on your Google Home Assistant? IFTTT helps you sync up all of your accounts to optimize communication.

- **Google Sheets** (sheets.google.com): Forget the need for expensive Microsoft Office platforms. Google has created shareable versions of many of those platforms that live in the cloud, so you can access from any device at any time. Google Sheets is the cloud version of Microsoft Excel, and gives you all of the functionality with the additional ability to share with others in your team or company. Create a formula to help you automate property evaluations and find out whether or not that bargain sale price will create sufficient ROI, and share with a partner or lender in real time.
- **CRM**: As a real estate agent, you probably already use a Customer Relationship Management system to organize information on former and current clients as well as leads you are working to convert. There are a variety of CRMs especially designed for investors, allowing you to track and nurture leads,

create marketing materials, store and generate scripts, and more. Some also allow you to track your deals, even helping you analyze how different scenarios can affect your investment outcomes.

Section Nine:

Marketing For Scale

Your Brand Matters

You may think of branding in terms of visual elements like colors, fonts, and logos that represent your business. But great branding goes beyond those elements to create an identity that your company projects to potential buyers, renters, sellers, lenders, and others with whom you work as an investor.

Stacey Cohen, President & CEO of Co-Communications, an award-winning NYC PR firm, has spent two decades helping business owners and entrepreneurs perfect their personal branding. Her passion is helping business owners find and express their authentic identity as they represent their business. Cohen has a special affinity for real estate professionals-- her mother was a residential broker in NYC, her husband is a real estate attorney, and Cohen herself held a New York real estate license for many years.

Cohen boils down her personal branding strategy into the "Three W's," and they serve as the launch point for identifying brand identity. Put them to work for your real estate investment business and let them guide the content you produce and the way you present yourself.

- **W #1: WIFM (What's In It For Me?):** According to Cohen, this is the question every blog post, tweet, Facebook post, or video should answer. "You need to get into your target client's mind and understand how you can solve his or her pain points," she says. "What value do you bring to the table? What is the benefit of you?"

  For real estate investors, this might include an emphasis on purchasing homes that have languished on the market long-term, homes that need extensive repairs, or the ability to create the most desirable rental properties in the market. You may want to emphasize your ability to move quickly with an offer or a closing date. Or you may want to emphasize the personal service you provide and your great communication.

- **W #2: The "Who Cares?" Test:** When you are creating content, there should be a reason, and a value-add. "Content needs to be relevant, timely, and memorable. If you look at it from a news perspective, it should be a 9 or 10," says Cohen. "Add value, not clutter."

Are you sharing the same tired memes, jokes, or articles as all of the other real estate investors in your newsfeed? Are you writing blogs that are already well-represented in a Google search? If so, you're not adding to the conversation. Create content that is either different or operating on a demonstrably higher level than other content that's out there. If you're going to write about the sale process, offer more detail, better ideas, and better writing. If you're going to share on social media, make it meaningful and timely, not generic.

- **W #3: WOW!:** What do you bring to the table that nobody else is bringing? What WOW Factor can you highlight that makes you stand out from the crowd? According to Cohen, "A lot of people expect a quick offer and fast closing. Why should they choose you from among the other investors in your market?"

  Are you an incredible communicator? Do you know everyone in town, allowing you to create a network that's second to none? Do you have a special affinity for a specific neighborhood or home style? Figure out what you know and shine a light on it. Let your content reflect the things you're best at and show potential clients how your expertise is the answer they've been looking for.

Social Media Marketing

Many entrepreneurs only half heartedly maintain their social media platforms. For one thing, social media can be a time suck, creating a distraction and generating busy work that can take hours each week to manage. In addition, many investors are unsure what to post, resulting in generic photos, links, and messages that don't have much impact and don't generate any buzz.

But social media marketing is a necessary tool in your marketing arsenal. So how can you ensure that you are maintaining an effective social media presence without sacrificing too much time and effort?

- **Remember the purpose.** Many investors (and agents) dismiss social media because they've "never gotten any clients from Twitter (or Facebook or Instagram, etc.). But the point of social media is not conversion--it's connection. No, you probably won't find a seller directly from social media, but you'll make someone aware of your service. You'll share something good you've done in the neighborhood. You'll get them thinking about whether it's worth a traditional sales process or whether they should work with someone like you to sell their house. You're on social media to communicate your brand and, hopefully, spark a conversation that then leads to a business relationship.

- **Give people a place to find you.** What's the first thing you do when you hear about a new restaurant, shop, or other business in your area. If you're like many of us, you look up their Facebook or Twitter account, check reviews, and see when the last post occurred. That lets potential clients know that you are active and involved. A consistent social media posting schedule gives people the sense that you are active and engaged, and lets them know about your business. Remember, however, not to make it an extended commercial for your business. Give great info and great content, then slip in an advertisement on about every 5th post.
- **Focus on platforms that work.** Don't try to master every social media platform. Generally, you'll only want to try to maintain 2-3 accounts at any

given time. Be on Facebook because everyone is on Facebook. Then choose either Twitter or Instagram as a second. Instagram seems to be the more popular platform at the time of this writing. If you work extensively with urban areas and small condos, Snapchat may be a good 3rd platform as it will help you communicate with the Millennials who will form the bulk of your buyer or renter market.

Content Marketing and Re-purposing

Content marketing is king right now, and a robust content marketing plan can pay extraordinary dividends in not only building your brand presence but also making you into a market expert. In addition, one of the great advantages of content marketing is the ease of repurposing high quality content into a myriad of other effective content elements.

Here are some of the basics of an effective content marketing plan and all the ways in which you can put it to use.

- **Blog**: A twice-monthly blog allows you to talk about any variety of topics, including market conditions, the sales process, home buying and renting, and more. Focusing blog posts on local businesses, subdivisions, and neighborhoods can create hyperlocal content that gets you noticed by search engines and on social media.

- **Infographics or Graphic Cards**: Now take the outline of your blog post and turn it into an infographic, perfect for sharing on social media. Or pull 3-4 quotes from the post and create graphic cards to share on Instagram or Facebook. Use a graphics program like Canva and create professional-looking elements branded with your logo or photo and contact info.
- **Video or Podcast**: Do you love performing? Take the content you created and turn it into a script to share on a video or podcast. It allows people another way to "hear" from you, with the added benefit of your voice and your personality conveying the information.
- **Media**: Find a local blogger who needs a real estate expert for a once-a-month roundup. Connect with the editor of the Real Estate section of your town's newspaper. Even pitch a two-minute real estate roundup on your local radio or television station's

morning show. Repurpose that blog post to create content for your next appearance.

The great thing about this plan is that it also gives you multiple links, images, videos, and sound files to share on social media, so that everyone is hearing from you in a variety of different ways.

Relationship Marketing

As you are seeking to develop your advisory network and reach out to other investors, branding or marketing experts, potential clients, and more, you will find that building relationships will give you a leg up in creating connections and buy-in.

Start out by researching the experts you need in your area. Some of your research will be online while some may occur as you meet with investment networking groups and hear who they are recommending and working with. In addition, there may be some people who are just starting out but have a skillset that would be valuable for your projects.

Use social media, especially LinkedIn, to connect with the pros in your area who you would like to bring onboard or who you would like to consult with. You may also find that checking LinkedIn will allow you to see who among your current circle of contacts might be able to make an introduction. You never know what fellow alumni, old fraternity brother, or fellow team mom might know someone you've been dying to meet.

However you end up reaching out to that wholesaler, lender, fellow agent, or other potential partner, make it personal. Take the time and trouble to learn about them and their business and reach out with a way that you can add value as well. You might find that little bit of extra effort helps you create a long-term and profitable relationship.

Funnel Marketing

For many investors, funnel marketing is the key to creating and growing an extensive list for direct mail and email marketing. The idea is to get people into the funnel, then nurture them as leads until you get them all the way through the sale process.

There are a number of elements that will help you create a funnel marketing plan, including:

- **Social Media:** Connecting with categories of potential sellers on social media allows you to begin the process of steering people into the landing page or website in order to give you the opportunity to capture their information for the funnel. You may find that paid advertisements on social media platforms allow you to focus on particular demographics or particular neighborhoods in order to more effectively direct your marketing efforts and budget.
- **Landing Pages:** Like mini-websites with a specific Call to Action (CTA) as their focus, you can create multiple landing pages for your investment business, utilizing different keywords and URLs in order to appeal to different online searches and niche markets. For example, if you are trying to attract sellers of discounted properties, you might have a landing page for retirees, another for job relocators, another for inheritors, and another for distressed homeowners.

  The page should culminate in a contact form that gathers information including the home address and homeowner email and phone number so that the lead can be contacted and nurtured for a potential purchase. You may want to create an ebook or white sheet as an incentive for visitors to receive when they enter their information at your landing page.

- **Website Contact Forms:** Your website is another place to capture leads. Website content, blog posts, and more should direct visitors to a contact form to gather information on potential sellers. As with the landing page, you may want to create an ebook or white sheet as an incentive for visitors to receive when they enter their information at your website. You may also offer the ability to request an online property valuation at your website in order to capture the potential seller's information.

Section Ten:

Next-Level Thinking

Tony Robbins says, "The surest way to achieve success is to model someone who is already successful." I'm so thankful for the role models and mentors who have provided vision, information, and a timely word when needed. This book wouldn't be complete without offering you some real-life investors and their real-world advice.

Investor #1: Joe Fairless

Joe Fairless, Principal at Ashcroft Capital and Host of the top-ranked podcast on iTunes, *Best Real Estate Investing Advice Ever.*

1. How did you get started in real estate investing?

After purchasing a 12-month certificate from a local bank and receiving a measly 1% return, I began to investigate other investment avenues. I landed on real estate and started off by investing in single family homes in my home state of Texas.

2. Who is/was your RE investing mentor?

Trevor McGregor

3. **What is the most helpful book you ever read – something truly actionable that changed the way you do business?**

The Go Giver by Bob Burg taught me to focus less on what I want to receive and more on giving and contributing to others. When we give unconditionally, the universe will reward us, so it is a win-win!

4. **If someone wants to get into REI, what is one little baby-step they can take to get started?**

    1. Start a real estate investing meetup in your local market. This allows you to chose who you want to interview or invite in as a speaker, so you can personalize and customize your education and learning experience. Additionally, you will elevate yourself as a thought leader in your market, build relationships with active investors and it can also be a great source for deals.
    2. Take an active real estate investor out to lunch or coffee.
    3. If you have the ability to move, a great entrance into real estate investing is to "house hack" – purchase

a residential rental property of 2 to 4 units with a 3.5% down FHA loan, live in one of the units and rent out the others

5. What's the best way to find other real estate investors to learn from and collaborate with?

Create a BiggerPockets account, search for active investors in your local market and invite them out for lunch/coffee to pick their brains and – this is the most important part – offer to add value to their business before asking for anything in return.

6. What is the most important quality that you see again and again in successful real estate investors?

1. Consistent action towards a specific goal (e.g. buying my first investment property) on a daily basis.
2. Surrounding themselves with experts as opposed to trying to perform all aspects of the business themselves.

7. Why do you think more real estate agents don't get into investing?

Real estate agents are generally paid for their efforts on a specific project in a year or less, while the benefits of real estate investing won't pay off for years or decades. They are focused on the short-term, one-off gains of a commissions as opposed to the long-term, continuous benefits of investing in real estate.

8. What are the biggest barriers to entry in real estate investing?

Being overwhelmed by the amount of time and effort required prior to even doing a deal (i.e. education, saving up capital for a down payment, building a team, finding a deal, etc.). In addition, many people suffer from incorrect expectations: thinking real estate is a get-rich quick strategy.

9. What piece of advice can you offer our readers?

Think and plan in terms of decades, not month or years. With this mindset, you won't be overwhelmed or give up when faced with minor setbacks and failures

10. What do you think has been the key to your success as a real estate investor?

Creating a long-term vision for what I want to accomplish in my life and why, setting annual goals based on this vision, and committing to taking daily action that brings me closer to those goals and that vision.

11. What are the best ways you find real estate deals?

Building relationships with experienced brokers, who will then send me on-market and off-market opportunities. I also find it effective to speak directly to owners, identifying their pain points and offering solutions to their problems.

12. What national and local market indicators do you look at to determine trends?

1. Job diversity – does one industry make up more than 25% of the jobs in a market?
2. Unemployment – is the unemployment trend decreasing?
3. Population – is the population increasing?
4. Supply and demand – are the rental vacancy rates decreasing?

13. What technology/software do you use to keep track of your business and why?

The CRM Contactually, which I use to organize my passive investor database and make sure that I am staying in touch with them on a regular basis.

14. Who is on your team and why did you pick those specific roles?

1. Broker – to find on-market and off-market apartment opportunities
2. Bookkeeper – so that I don't have a heart attack tracking my business's operations
3. Property management company – to manage my properties so I can focus on the money-making activities (i.e. finding deals and raising money)
4. Mentor – for advice and accountability

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

Apartment syndication – leveraging other people's money to purchase large apartment buildings and share in the profits.

16. What's the #1 negotiation tactic you use to win a seller over?

Identifying the seller's pain points and speaking about how I can solve their problem. Always speak about the seller's needs and wants.

Investor #2: Thach Nguyen

Thach Nguyen, Founder, Thach Real Estate Group

1. How did you get started in real estate investing?

After being a realtor for a couple years, I had the good fortune to move to an office where the owner, Sol Avzaradel, was a successful real estate investor. He asked me if I wanted to be wealthy or rich. At the time I didn't know there was a difference between the two. Sol explained to me that rich is working for money; wealth is your money working for you.

Having come from a background as a homeless refugee from Vietnam, I had a ton of hunger and drive to be successful, so the idea of being rich had always been something I craved. However, I don't think I ever considered not having to work hard and grind for every dollar. The concept of being wealthy was foreign to me. Yet when Sol asked me that question I was intrigued and eager to learn.

He took me under his wing and not only opened my eyes to this difference between rich and wealthy, but also showed me how to intelligently and deliberately accumulate rental properties and grow passive income. Sol truly changed my life.

I officially became a real estate investor in 1997 when I bought my first rental property which I still own to this day.

Along this journey, I've created my own definition of wealth which is having freedom, options and choice. It's like the Warren Buffet quote cautions: "If you don't have a way to make money while you sleep, you'll have to work until you die." Because Sol taught me the value of investing and showed me the way, my family and I will have the freedom to choose how we live our lives rather than having to work until we die.

2. Who is/was your RE investing mentor?

Besides Sol Avzaradel, I would also add that my wife Camie's focus and determination to reach our goals has been crucial in our success as investors. She's great at keeping us focused on our end game and ultimate goals so that our actions actually match up with our priorities. Her keen focus and clarity keep us on track and ensure we're making disciplined, intelligent choices.

3. What is the most helpful book you ever read - something truly actionable that changed the way you do business?

I don't really read business books. Rather I love soaking up info that helps me expand and improve myself as a person and elevate who I'm being in the world. My favorite is listening to Abraham Hicks audios. Working on my mindset, alignment, and spirituality not only catapults my success by attracting more ideal opportunities but also helps me feel more appreciation, joy, and peace to enjoy the journey along the way.

4. If someone wants to get into REI, what is one little baby-step they can take to get started?

Get clear on your end game. If you don't know what destination you're trying to reach, it's very hard to know what roads to take to get there. Determine where you'd like to be 20 years from now, stay focused on that point on the horizon, keep stepping in that direction.

Do you know how much money you'd need every month to get out of the rat race and be able to CHOOSE whether you work or not? That's the perfect place to start. Once you know your number you can determine how many rental properties you need to generate that much passive income each month. Armed with this clear standard to reach, you'll be able to more easily sift and sort through the opportunities that life presents to you.

This clarity will also help you stay focused on the actions you need to take to get there so you're less likely to get distracted by life along the way.

The other thing I'd add to that is to find and listen to the right mentors. Look for people who have achieved what you'd like to create and are actually DOING what they're teaching. Even more importantly, be sure they have and energy or beingness you like. The right mentor will have values, intentions and integrity that inspire you.

5. What's the best way to find other real estate investors to learn from and collaborate with?

Keep your eyes and ears open to who's out there doing it. Could be people in your own backyard or online. Notice which of them you resonate with and align with your goals and values. Reach out to them and connect.

6. What is the most important quality that you see again and again in successful real estate investors?

Very simple…They pick a lane and master that. Don't need everything to be a home run or be super sexy. Rather, they see the value of singles and doubles. This means they not only become known as trusted experts in that area, but are focused enough to not get overextended so they can operate from integrity and follow through on their word. This builds credibility and a respectable reputation, so people are eager to work with them and bring them opportunities in the future.

7. Why do you think more real estate agents don't get into investing?

Because they don't know how to get started or who to ask learn the ropes. Of course, they don't want to have to learn the hard way through expensive mistakes and white-knuckling their investment deals, so avoid stepping in that direction.

Also, I think it's easy for real estate agents to get so wrapped up in the demands of keeping with their regular real estate business that the years fly by and before they know it they're still sprinting on the same treadmill without as much to show for it as they'd like.

What's amazing is that the opportunities to invest are all around Realtors all the time, but because they don't know what to look for and are feeling burned out, they don't see the opportunities that are right in front of their eyes. However, with a tiny bit of training for what to be on the lookout for and a little guidance from a good mentor, Realtors are perfectly primed to be investors because of the experience they have in the industry already. It is so much more possible than it might seem at first for Realtors to add this income stream to their business. Find the right mentor and go for it!

8. What are the biggest barriers to entry in real estate investing?

Mindset! The limiting beliefs about ourselves, money and success are the biggest barrier to success in anything. Real estate investing is no exception. As my friend and business partner Marc Erickson says: "You have a $1,000,000 skillset, but if you have a $50,000 mindset, your mindset will trump your skillset every time."

Our experiences in life leave us with stories and filters that determine how we see the world and what we believe is possible. Left unchecked these beliefs and fears will unconsciously keep you playing small, settle for less than what you really want or paralyze you from taking actions you know would help you achieve your goals and dreams.

If the conversation inside your head about yourself, money, what you deserve or what's possible in your life is disempowering, it'll be a barrier to considering, declaring, and taking action to invest in real estate. However, the good news is that you can choose to clean up your mindset so that you have more confidence and stronger beliefs that what you want is possible. You don't wear the same bathing suit you wore when you were 12 because it doesn't fit any more. The same is true of the beliefs and fears you may have brought along with you along the way. Isn't it time to let go of the stuff that's keeping you from getting where you REALLY want to go?

It doesn't have to be all at once. Step by step you can change your thinking so that the barriers drop and you're more aligned to success. From there, anything is possible.

9. What piece of advice can you offer our readers?

First, get your head right. Clean up your mindset so that you can choose a focus that aligns you with what you DO want rather than what you DON'T want. Second, get clear on and have an end game. Know your destination and choose your actions so they are aligned with those goals.

10. What do you think has been the key to your success as a real estate investor?

Having a great mentor that keeps me clear headed, on track and in my lane. Also, being teachable, coachable and following Sol's guidance and trusting his experience. Finally, the willingness my wife Camie and I had to take action and remain disciplined, so our choices were future-focused and aligned with our end game.

11. What are the best ways you find real estate deals?

NOT on MLS! Off market properties are the best place to find deals. Keep your eyes open for tired, run down houses and approach the owner. Often, they're looking for relief from a home that's not working for them as much as you're looking for the opportunity.

12. What national and local market indicators do you look at to determine trends?

Follow what the new construction builders are doing. When new construction starts to slow down it's a sign that the trend is changing.

13. What technology/software do you use to keep track of your business and why?

I keep things pretty simple and delegate to people I trust. Camie and I have a spreadsheet of our properties and deals in the works, but other than that not much. Our property managers and other support team members handle the rest.

14. Who is on your team and why did you pick those specific roles?

- Wife – Camie who analyzes potential deals and determines which properties to buy
- Assistant – takes care of administrative stuff so we can stay focused on profit generating activity and the stuff we enjoy most
- 1 Listing agent and 1 Buyer agent manage our residential real estate business

- Stephanie and Marc – co-founders of *Spring Board To Wealth*, our coaching and training company that teaches Realtors the systems, tactics and mindset needed to exponentially increase their income by working with investors so they can ultimately build wealth through passive income. We created this because so many people were asking me how to go from being a realtor to investor, so we wanted to make the process available to more people without taking my eyes off of my goals of growing my real estate investments and other businesses.
- General contractors – work on our new construction and rehab projects
- Property Management team – take care of all our rental properties

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

I like to buy fixer houses and run-down apartment buildings and rehab them to keep for rentals.

I also like to build micro apartments. These projects are especially near and dear to my heart because they provide affordable housing for people. This means so much to me because I remember being homeless in the refugee shelter when my family and I first came to the United States. A man named Charles Zettler and his mother sponsored us to come live with them so we could leave the shelter. They let all eight of my family members live with them for months while we got on our feet.

I'll never forget, or fully be able to repay the kindness they showed to us. I know firsthand the difference it makes to have a place to call home. The rest of life's goals and achievements spring from that foundation. So being able to give back by providing affordable housing really feels good.

16. What's the #1 negotiation tactic you use to win a seller over?

Contribution. I make it my priority to really listen to what's important to the seller and find out what they need most. Then we see if I can provide solutions that help them solve their biggest problems that simultaneously allow the deal to pencil out. Seeking these types of win/win solutions makes it easy and fun to get the deal done. Plus, it feels good to know that good will and service are at the heart of it.

Investor #3: Terry Burger

Terry Burger, Owner, Nice Guys Buying Houses and Host, *Agents Flipping Houses* Podcast

1. How did you get started in real estate investing?

I was an agent for 14 years and it was a natural progression for me to enter the investing space.

2. Who is/was your RE investing mentor?

Andy McFarland and Justin Williams

3. What is the most helpful book you ever read -- something truly actionable that changed the way you do business?

The E-Myth Revisited

4. If someone wants to get into REI, what is one little baby-step they can take to get started?

Figure out a way to add value to a successful person's business and learn from them.

5. What's the best way to find other real estate investors to learn from and collaborate with?

REIA meetings, foreclosure auctions, IRA Meetups, Investor Masterminds and Facebook Groups

6. What is the most important quality that you see again and again in successful real estate investors?

They are teachable, and mastermind with other servant minded people. None of us are an island and there are really no new ideas under the sun. It's just finding those ideas and figuring out which ones are good for your business.

7. Why do you think more real estate agents don't get into investing?

Agents are not naturally wired to think like investors.

8. What are the biggest barriers to entry in real estate investing?

Startup costs for marketing and understanding deal structure

9. What piece of advice can you offer our readers?

Just start! It sounds simple, but I run into people all the time with incredible knowledge who never take action to put the knowledge to work. As a famous tennis shoe company says: "Just Do It!"

10. What do you think has been the key to your success as a real estate investor?

My knowledge of the markets that I learned as an agent for 15 years or so and the fact that I'm not afraid to take risks. Taking risks is starting something new without an expected end result and I don't think people in general have much risk tolerance. Agents make a great living taking less risk for 3% of a transaction.

11. What are the best ways you find real estate deals?

Network with other investors and other Realtors; partner with other Realtors on deals. We use the internet, Facebook (including Facebook ads), and direct mail.

12. What national and local market indicators do you look at to determine trends?

The free stats that come from MLS (absorption rates, inventory, etc). Agents get a lot of free information and stats. I use Realtor.com--they have a couple of full time economists on staff. I also pull a monthly report on my local market. I also look at how many listings did not sell, how many expireds--if you start to see a lot of expireds in a market, there's something going on there.

13. What technology/software do you use to keep track of your business and why?

I use Investorfuse. It's the best one out there -- it's not perfect but it gets the job done. It's a CRM and allows you to schedule follow-up sequences, drip emails, and texts.

14. Who is on your team and why did you pick those specific roles?

Lead Manager: Answers the phone live at all times during the business day and build rapport with people

Acquisitions Manager: Meets with people and puts houses under contract for the team

Project Manager: A general contractor who manages the rehab projects for our properties

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

The one that has as many exit strategies as possible. If we get a house and it's a little tight, how to squeeze a profit out when the margins are tight? When you have as many strategies as possible, you get to win.

16. What's the #1 negotiation tactic you use to win a seller over?

I think long term follow up is the key. After that, building rapport and getting them to trust you is the other piece of it.

Investor #4: AdaPia d'Errico

AdaPia d'Errico, co-founder, Patch of Land

1. How did you get started in real estate investing?

I bought my first investment property, a condominium rental property in Kelowna, Alberta, British Columbia, Canada. I bought it as an investment because I thought it would be a good property to own. I didn't know anything about REI at the time, I knew the city because I had gone to college in the city. When I bought it it was on the outskirts of the city, but now it is right downtown.

2. Who is/was your RE investing mentor?

You are, Abhi! I really look to my network of peers and people who are doing work and you're one of them.

3. What is the most helpful book you ever read -- something truly actionable that changed the way you do business?

Zag which is a great book about positioning as well as, more recently, one called *Essentialism*. *Zag* had a massive influence on me when I first started getting into branding my business.

4. If someone wants to get into REI, what is one little baby-step they can take to get started?

Go to a crowdfunding site and read all of the information they have on there, check on the project. Especially the ones that have non-accredited investors like FundRise or MogulREIT.

5. What's the best way to find other real estate investors to learn from and collaborate with?

I first got connected to this whole world when I had to build patch of Land's brand. Go to Meetup.com and look for meetups about real estate. This is definitely a people-first and face to face business, even if you're not doing it full time.

6. What is the most important quality that you see again and again in successful real estate investors?

Real Estate investors are always on and always looking for opportunities. When you wire your brain for opportunity, it will keep coming to you. You need dogged persistence and optimism, because there is so much that can go wrong, so you need a resilient attitude, sense of humor, and persistence.

7. Why do you think more real estate agents don't get into investing?

I don't know how to answer that question. Maybe they are too focused on Buy and Hold when there are so many options. There's no reason not to include real estate in your portfolio--whether you're purchasing or not.

8. What are the biggest barriers to entry in real estate investing?

Lack of knowledge because most investing is either high end (big-time professional developers and commercial properties) which requires specialized knowledge or the less well-known path of the individual investor. There's more information now thanks to online REI sites, but prior to 2014 there was a lack of knowledge and a lack of transparency. Now there is a lack of awareness that those barriers are gone.

9. What piece of advice can you offer our readers?

Because so much information is available now from reliable companies, the biggest piece of advice is do some research.

If you're a very gregarious person, go meet people who are in the industry. People in this industry are among the most open and helpful people I've met professionally--they are so helpful. Reach out online or in person, ask questions, and get comfortable by seeking out information. If you don't want to be face-to-face, go to the forums, read the whitepapers, and take advantage of the information available online.

10. What do you think has been the key to your success as a real estate investor?

The way I've selected the properties I've invested in, which comes down to the mantra "Location, Location, Location." I don't have the best cap rates or the best returns, but the properties I have chosen have appreciated well because I was smart about the properties and the timing worked very well for me. I bought in 2003, 2010, and 2015 right before the area where I bought went through the roof. The timing was often lucky, though I've done a lot of research, and I purchased properties that will hold their value long-term.

11. What are the best ways you find real estate deals?

I'm networked now, and so I find real estate deals through people I know. That has come with time and with getting to know people. I also find some great deals online through crowdfunding sites. They have some really good deals.

12. What national and local market indicators do you look at to determine trends?

Jobs and jobs growth--all things being equal, that's my strongest indicator. I like to read about cities that are in periods of growth and contraction. That's a big topic that they'll always be talking about. Companies moving into an area to create jobs. I like to follow the mantra: Real estate follows the artists because where the artists move in, those become the hippest, trendiest neighborhoods. That is true everywhere.

13. What technology/software do you use to keep track of your business and why?

I use Quickbooks to keep track of my business and track properties with my own Excel files. I don't need professional real estate management software at this point in my business.

14. Who is on your team and why did you pick those specific roles?

My husband and I--we are working on building a portfolio for ourselves that will allow us to live comfortably in retirement.

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

I like rentals. I am very interested in getting into bigger projects, developments, and equity deals. I go through other investors and crowd-funding sites for those larger projects. I like single family rentals an am moving towards owning some multi-family properties.

16. What's the #1 negotiation tactic you use to win a seller over?

Build a relationship with a person. Really understand where they're coming from and make it less about price but more about valuing what we each want to achieve and where those to interests merge.

Investor #5: Dan Butler and Douglas Skipworth

Dan Butler and Douglas Skipworth, Co-Founders, CrestCore Realty LLC and CityLight Commercial Services

1. How did you get started in real estate investing?

Earlier than most people, but later than we wish it would have happened, we both came to the point where we desired financial freedom and determined that real estate investing offered it. We spent time learning about the investing business and finally made our first step by each purchasing a rental property that made economic sense to us.

Specifically, Dan bought a 19-unit apartment complex with another partner and Douglas bought a single family home. For each of us, we worked creatively so that we borrowed 100% of the money to purchase the property. This allowed us to preserve our cash as well as maximize our return.

The key to getting started was making the mental decision that we were going to do all we could to be successful real estate investors.

2. Who is/was your RE investing mentor?

We both pride ourselves in learning from any and everyone we can. Specifically, we each value conversations immensely.

In our view, there are two kinds of learning conversations. There are conversations where we listen and think and then there are conversations where we talk or ask questions and get feedback.

In the first kind of conversation, where we do the listening and thinking, is primarily with books, articles, speakers, videos, classes, etc. We find a topic that we are interest in and then we become a student. Teachers like Robert Kiyosaki, Grant Cardone, and Gary Keller have been our primary mentors in the real estate field. But, we've learned just as much from other more general business teachers and inspirations such as Tony Robbins, Warren Buffett, and Charles Koch.

The second kind of conversation, where we dialogue with others, is typically done in a one-on-one setting. Here we have learned from local leaders even more than we have from the international authors and speakers. Successful investors who few people outside of our local community have likely heard of (like Gary Connell, Tim Newell, Bernard Lipsey, and Terry Kerr) have provided so much wisdom and insight to us.

The good news for all aspiring investors is that mentors are all around if you look for the two types of conversations we described above.

3. What is the most helpful book you ever read--something truly actionable that changed the way you do business?

One of the most foundational books we have ever read is *How to Win Friends and Influence People* by Dale Carnegie. The book is about treating others the way you want to be treated and the way they want to be treated. Real estate is a people business and knowing how to effectively communicate with others is one of the most valuable assets a real estate investors can possess. In fact, we can trace all of our real estate success to relationships with people.

Carnegie's book is a classic for a reason!

4. If someone wants to get into REI, what is one little baby-step they can take to get started?

The little baby step we would take is to connect with another real estate enthusiast. We all need people to hold us accountable to taking action. That is why we partnered together in our real estate investing business. Finding someone who is on the same path as you is a great way to make progress.

A bigger baby step would be to connect with a local banker to qualify for a loan and learn what the bank is willing to finance. We consider bankers to be mentors and valued team members.

The biggest step is to make an offer on a property. Find a property and determine a price that you would gladly pay to own that property. Here's how we think of it.

Almost every property is worth paying one dollar to own. The question is whether you would pay $100. How about $1,000? $10,000? $100,000?

Find a property that is For Sale, determine a price you would pay that would make you super excited to own that property, and then go make an offer to purchase that property. The seller will either accept, reject, or counter your offer. But, no matter which option the seller chooses, you will have had a real estate learning experience.

5. What's the best way to find other real estate investors to learn from and collaborate with?

The best way to find other real estate investors is to first get around them physically or virtually and then to actively engage with everyone of them you meet.

For connecting online, we recommend social media sites like Meetup or the Think Realty online community. These sites are great because you can access them at your convenience.

For face-to-face venues, be sure to check out national real estate conferences (we both met Abhi Golhar at a Think Realty-hosted event!) or local meetups like REIA's. Nothing beats the relationships you can forge talking real estate investing one-on-one with someone in your market.

Once you commit to being active in an online or real-world community, be the kind of person who genuinely appreciates the perspective of others. You will get more than you imagined if you give more to others than you take.

6. What is the most important quality that you see again and again in successful real estate investors?

The most successful investors we see all have a bias for action. They do not sit around and wait for things to happen. They make things happen.

Taking action can be as simple as sending someone a friend request on social media, reading a book, making an offer, watching a video, touring a property, developing an action plan, driving through a neighborhood, or simply having a conversation.

Do not be someone who observes from the sidelines.

The following quote from President Teddy Roosevelt guides much of how we aim to think and live.

"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat."

7. Why do you think more real estate agents don't get into investing?

In our experience, most real estate agents do not get into investing because they are taught how to do real estate in a transaction-oriented environment. They are working from one deal to the next, which makes it hard for some agents to make the switch to buy a property and hold it long term.

Similarly, most agents are so focused on helping others that they forget to think about themselves. They spend all of their time assisting their clients and neglect to develop the skills and investing confidence they need to build their own business. Remember, real estate investing is not a hobby; it is a business.

We have found that most agents treat their role as a job not a business. As such, they do not think they have the time to get into investing because they see investing as another job.

8. What are the biggest barriers to entry in real estate investing?

The biggest barrier most people have to entering real estate investing is the fear of failure, which is often a result of uncertainty. We believe that uncertainty can be overcome by creating predictability. Predictability brings confidence and overcomes fear. Therefore, confidence eliminates fear.

Uncertainty = Fear

but,

Confidence > Fear

The key is to develop confidence and overcome fear. The way to do that is to learn and educate yourself.

9. What piece of advice can you offer our readers?

The best piece of advice is to give more than you receive in relationships. Obviously, we all have to have our own self-interest at heart, but being known as a giver and not a taker is very beneficial. It opens doors and is the best asset you will ever own.

10. What do you think has been the key to your success as a real estate investor?

We believe that the key to our success as real estate investors comes from our the reputation we have development by being committed to follow through. More than anything else, we want to be known as people who do what they say they are going to do. We are obsessed with being true to our word.

Throughout our careers, we have seen that possessing a stellar reputation as being a trustworthy individual has opened more doors than any other means.

11. What are the best ways you find real estate deals?

In our experience, the best way to find estate deals is good old fashion networking. It's not net-playing or net-trying. It's net-working. You have to work to maintain relationships, but it pays off in the end.

Over the years, we have worked hard to develop friendships with people who cross our paths and we have received our best deals from those relationships. In fact, our most financially successful deal ever came through a close family friendship.

They say location, location, location are the three best words for real estate, but we think people, people, people are just as important.

12. What national and local market indicators do you look at to determine trends?

We read as much about the industry and talk to as many professionals as we can to keep up on where trends are headed. National conferences are great way to keep up. So are the trade periodicals such as *Think Realty* Magazine.

13. What technology/software do you use to keep track of your business and why?

We use QuickBooks for our accounting software. Having timely financial statements and reconciled bank statements are business basics.

For property management we use Propertyware because it is a create tool for leasing properties, collecting renting, communicating with residents, and paying vendors.

14. Who is on your team and why did you pick those specific roles?

Here is the list of the key team members we have on our real estate investing team. Oftentimes, we have more than one person in each role.

- Mentor / Advisor
- Cheerleader
- Banker
- Real Estate Agent
- Closing Attorney
- Property Manager
- Insurance Agent
- Accountant

The reasons we selected those roles is because our buy and hold business needs all of them to function as effectively as possible. Over time we have swapped out certain people in a position for another person as we have grown our business. Said another way, some people are only on the team for a season while other people can last many years. A lot of it is how much value are they creating for the team and what is the chemistry between them and the other team members.

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

As goal setters and achievement-oriented individuals, more than anything else, we are buy and hold investors. Both of us are of the mindset that it is better to work hard today and get a greater payoff tomorrow than to settle for less right now. This strategy is much easier said than done, but we believe it has the highest likelihood of long-term success.

16. What's the #1 negotiation tactic you use to win a seller over?

The best negotiation tactic we have seen to win over a seller is the old real estate negotiations adage, "Your price, our terms. Our price, your terms."

We usually get to this by determining their #1 priority, which is usually their #1 pain point, and then work hard to fix that item for them. You really have to know what the seller really wants. It takes some questioning, but you have to identify what the seller is trying to accomplish and at the same time you have to know exactly what you want. It is easy to get carried away in the heat of the deal so if you do not have your priorities set you might wind up with a less than optimal outcome for yourself.

Investor #6: Chris Lazarus

Chris Lazarus, Chief Operating Officer at Sellect Realty

1. How did you get started in real estate investing?

My wife and I have been together since high school, and during our college years, we decided it would be wiser for us to buy and own housing rather than renting. We purchased a townhome right before she entered her first year at the University of Georgia's Veterinary College of Medicine. We still own that property today.

2. Who is/was your RE investing mentor?

My Father-in-Law, Victor Higgins, encouraged me to start accumulating properties indirectly. I watched him acquire a few during the recession, and had pretty good success with the acquisitions. He said he wished he had started purchasing properties at my age, and so, I took this advice to heart. My wife and I made a plan to buy and hold during our twenties, and those properties are now a solid part of our portfolio.

3. What is the most helpful book you ever read - something truly actionable that changed the way you do business?

I can't pick just one! When I was at the University of Georgia, Atlas Shrugged took a large part in shaping the foundation for my business. More recently, however, a book that has helped me further improve the way I operate is Turn This Ship Around, a leadership book by David Marquet. I rely heavily on growing my leadership skills, and this book has changed the way I approach it in business.

4. If someone wants to get into REI, what is one little baby-step they can take to get started?

My wife and I started by purchasing a property, which was a townhouse in our case. Buying a home is the easiest entry point because of the favorable rates and loan programs that were, and are still available today. We purchased a home, lived in it, and when it came time to move, we kept it. We placed a tenant in the property and used their lease to offset our debt to income ratio when we applied for the financing on our second home. We have continued to move, place tenants, and purchase again as our family grew or circumstances changed.

5. What's the best way to find other real estate investors to learn from and collaborate with?

I run an investor-friendly brokerage, so we are lucky to have a wealth of agents who are fluent and familiar with investing in real estate. They are a great resource for new real estate investors to learn from; Atlanta has a great investing climate for these interested individuals. In addition, there are helpful networking environments through organizations such as Real Estate Connections, or through our local Real Estate Investors Association (REIA).

6. What is the most important quality that you see again and again in successful real estate investors?

A voracious and continual appetite to learn and understand the mechanics of finance involved in investing. Without the right drive, it's easy to falter and quit when facing difficulties. Investing is not a guessing game, it's about 15% style and 85% math, in my opinion. If a person learns how properties work then they can predict their success.

7. Why do you think more real estate agents don't get into investing?

I think that many real estate agents avoid investing due to the hard work that is required of it, and the high failure rate of the agents themselves. The hard work can be seen in the Pareto principle. This principle, which is not exclusive to real estate, states that the roughly 80% of your success is produced by only 20% of the effort you have put into making the successes a reality. Couple that with a near 90% failure rate of real estate agents over 5 years, and you will find that very few agents are left to buy and sell property, let alone expand their horizon to investing.

8. What are the biggest barriers to entry in real estate investing?

The lack of knowledge. Most agents do not fully understand the investing that is available to them, and how the investments work. There is a mountain of knowledge out there, and that can seem overwhelming to some people. If it weren't for my background and undergraduate degree in finance, I may have also been overwhelmed and weary of the real estate investment world.

9. What piece of advice can you offer our readers?

There is no excuse for not taking a shot at your dream. If real estate investing has been a passion that you want to pursue then your next phone call should be to a REALTOR that understands investing and is willing to teach. If you can't find one of them, find an investor and offer to help for free for a deal or two. One of the downsides of our high-tech lifestyle is that many have become accustomed to asking the internet for an answer. Learning the ropes of successful investing requires an apprenticeship.

10. What do you think has been the key to your success as a real estate investor?

I don't get attached to a property. I have lived in each of the properties I own and now have tenants in, but I have never become sentimental with any of them. I have instead viewed my homes as a functional asset to my family's long-term financial goals. Before making any purchase, I have always planned two exit strategies. These strategies are finding a long-term income/equity plan, and a liquidation plan.

11. What are the best ways you find real estate deals?

Believe it or not, despite being a broker, people don't just show up at my door with deals and suggestions. For my investment strategy, I focus on the criteria and location for where I would personally like to live. Schools, existing neighborhoods, shopping, amenities, and places under construction are just some of the things I consider in addition to my financial decision of the property itself.

12. What national and local market indicators do you look at to determine trends?

I like to look at generational trends. What does this mean? If a generation were a bell curve, I would watch for when the peak of one generation will be most likely to act. In a real estate case, for example, when the peak would be purchasing their first home.

In addition to generational trends, the National Association of REALTORS releases accurate economic forecasts that are available to agents. I also purposefully stay current with knowledge of trends within schools, neighborhoods, and municipalities that my office serves.

13. What technology/software do you use to keep track of your business and why?

I have many different types of software to run my firm, but for managing investments, I use an online software that is very inexpensive and is packed full of features that are useful to me. Some of the features are the ability for tenants to make online payments, and a direct deposit option into owner accounts.

14. Who is on your team and why did you pick those specific roles?

I run a brokerage of over 100 real estate agents, but my core team consists of my in-laws, Victor and Suzanne Higgins, and my Administrative Director, Colleen Novotny.

My in-laws are the reason I began a real estate career. In 2010 they gave me an opportunity to become licensed, and

I ran with it. Victor and Suzanne continue to advise and collaborate in running Sellect Realty with me as the Chief Operating Officer to this day. My amazing Administrative Director, Colleen, helps me by overseeing a great deal of our agent administration and training.

15. What investing strategy do you like the most and why? (e.g. rehab, rentals, etc)

I'm an advocate of the buy and hold strategy. Renting to tenants lets me focus much more of my time on developing my agents and growing Sellect Realty while still pursuing personal long-term wealth.

16. What's the #1 negotiation tactic you use to win a seller over?

Care and compassion have been instrumental in my deals. When I genuinely care about the people I conduct business with and have compassion for their needs, I build trust in the transaction itself. Clients are interested in how their own problems may be solved, not mine. Therefore, in a sense, instead of just selling or buying a property, I am selling my help in order for my clients to achieve their goals.

Final Thoughts

I hope you've found something useful in this book, but more than anything, I hope you've found something actionable! Desire, motivation, knowledge--none of it is of value without action.

Every successful investor has been right where you are, though many of them never had the market knowledge and professional network you are starting with. But they've all been beginners at one time or another, and, as with the investors I've featured in the last section, they've gone on to great personal and professional success.

I want you to hear me when I say: You can do it, too.

You are uniquely positioned with the market knowledge, referral network, client contacts, and more to hit the ground running in real estate investing. Even if you don't have the money to purchase right now, start with some wholesale deals or participate in crowdfunding a project.

Get your feet wet. Learn from colleagues--both peers and those with far greater experience. Ask questions. Pick their brains. Model their successes and learn from their mistakes.

And let me know how it goes. Drop me a line and ask questions. I'd love to talk with you at www.realestatedealtalk.com. Listen to the Real Estate Deal Talk podcast on iTunes and my national radio show. I'll bring you the best minds (and the best mouths) in real estate investing so you can learn more, do more, and succeed more. That's a promise from me to you.

Until next time, happy investing!