<u>Learning to be a Real Estate Investor (Part 2)</u>

Last week we wrote the first in a series of columns about how to become a Real Estate Investor. If you missed that column but would like a free copy, please email us and we'll get it to you.

If you took the first steps outlined in last week's column and are still interested in becoming a Real Estate Investor, here are the fifteen steps we recommend new Investors learn <u>BEFORE</u> making a written offer.

1. **Determine your target area and target market.** This is a fancy way of saying know where you want to buy property, and know what type of property you want to buy.

   For example, Kim and I will only buy property in Gordon and Bartow counties. To narrow it down, the target property can't be more than 25 minutes from our house. Since we live in Adairsville, this eliminates properties in Acworth, Emerson, and most anything outside of Calhoun.

   Next, we mainly buy single family homes. Most of the homes we buy have been built since 1978. In addition, before we will make a written offer, we must be willing to live in that house, on that street, in that neighborhood.

   Remember, our way is only **A** way, not **THE** way. There is no **THE** way to be a Real Estate Investor. For example, Brannon Fain is a good friend of mine. He is a fellow Investor and a builder (though not nearly as debonair or hairo dynamically enhanced). He buys and builds single and multi-family properties from Tennessee to Atlanta. In other words, there's more than one way to skin a cat (no offence to the cat lovers out there).

2. **Know the difference between a seller and a <u>*motivated*</u> seller.** A motivated seller is someone who really, really, really wants and/or needs to sell his property <u>*yesterday!*</u>

   What causes folks to become motivated sellers? They are moving out of town or state; they just found the house of their dreams; they can no longer afford to make the mortgage payments; they inherited the property and just want to get rid of it; a job loss; etc.

   Trying to get an unmotivated seller to even consider a seventy-cents-on-the-dollar offer is just a big ol' waste of time.

3. **Build your REI (Real Estate Investing) team.** Investors have two REI teams, a primary and secondary REI team.

   Primary REI team: An Investor's primary REI team consists of a real estate attorney, a CPA, an insurance agent, and a banker.

   Secondary REI team: Your secondary team will consist of realtors, mortgage brokers, an appraiser, a home inspector, contractors, landscapers, other Real Estate Investors, etc.

Where to find the best folks to be on your REI team? Ask other Real Estate Investors, most of us use the same folks.

4. **Know how to tell a good REI deal from a bad REI deal.** Such an easy thing to say, such a hard thing to do.

   Simply put, you must know your numbers – all of your numbers. Most new investors get knee deep in a bad deal because they did a deal to do a deal, not because it was a great deal to do.

   By knowing your numbers, I mean know what the property is worth – *conservatively*, the cost of the rehab, the cost of holding a vacant property for five months to a year, the cost to sell the property, the minimum profit you must make in order to do the deal, etc.

5. **Be able to get the money to do a deal.** Most new investors never make the first offer. Why? Because of fear. Not the fear of a seller saying “no”, rather it’s the terror of the seller saying “yes”. Talk about not being able to sleep, just wait until the first time a seller accepts your offer. The question, “Oh, gosh, what do I do now?” or “Oh, gosh, what have I done?” is often asked.

   It’s important that you know a very important thing: If you find a really great deal, don’t worry about the money, the money will find you. This has happened to us numerous times.

That’s it for this week, next week we’ll cover the next five things an Investor needs to know before he starts making written offers.

If you want to learn more about REI, please visit our new website at REIoutpost.com.