

Learning to be a Real Estate Investor (Part 1)

The most common question we get asked goes something like this: “I want to get into REI (Real Estate Investing), how and where do I learn what to do?”

This happened to us yesterday at Home Depot. Kim and I were buying supplies for a house we are rehabbing to sell in Adairsville. A man stopped me and asked, “Hey, aren’t you that guy from the paper?” I said I was. He looked at my buggy overloaded with stuff and said, “Well I’ll be, you really are a Real Estate Investor.” Again, I agreed. Then he asked the question, “I’ve been wanting to learn how to buy a house, fix it up, and then sell it for a profit. What is the best way to get started?”

After a few minutes of talking, he thanked me for the info then said, “You know, your wife looks a lot better in person, but you, well, you are shorter, fatter, and balder than I thought. Have a nice day!” All I could think to say was, “Thanks, mister,” as Kim stood there laughing uncontrollably.

Since “How do I learn to be a Real Estate Investor?” is such a popular question, we’ll spend the next several columns trying to give solid meat and potato answers.

There are two ways to learn about REI. The first way is to attend a boot camp that lasts for two to five days. These boot camps range in price from \$1,000 to \$10,000. For twelve to fourteen hours each day, you’ll listen to instructors teach about specific parts of REI. This is often referred to as “drinking from a fire hose”. The second way is to learn about REI in bits and pieces over time. This way is known as...ummm...learning about REI in bits and pieces over time.

Of the two ways, we *strongly* recommend folks learn in bits and pieces over time. Why? Let’s look at the phrase, “drinking from a fire hose”. Let’s say you are thirsty. Someone gives you a fire hose from which to drink. They tell you the drink will cost \$5,000. After agreeing to the price, you put your mouth over the end of the hose. The water is switched on. What will happen? Will you achieve your goal of quenching your thirst? Probably not. The only thing that will happen is your head will be blown into the next county! Why? It’s too much water, too fast.

Now let’s look at the other way. Instead of drinking from a fire hose, what if someone brought you a very small glass of water. After agreeing to a price of \$1, you drink. Remember, you are very thirsty, so this small drink will not quench your thirst, but it is a step in the right direction. In addition, you’ll know whether you like the water **BEFORE** spending thousands of dollars purchasing a truck load full. And if you like the water and want more, you can drink all you want for pennies per glass at your speed – not the Fire Chief’s speed.

With this in mind, here are the first steps we recommend folks take who want to learn about REI:

1. Meet with someone who is trying to sell his or her home. Why is this so important? This is a Real Estate Investor’s most important job. This is how properties are bought and sold. If

you discover that you don't like meeting with sellers, you are not out any money, just a little bit of time.

2. Meet with a Real Estate Investor. The best way to find the Investors who are in your area is to attend one of the regular meetings of the local REIA (Real Estate Investors Association) group. There are hundreds of these groups across the country.
3. Go to these free websites which are loaded with REI information: REIoutpost.com, dealmakerscafe.com, and creonline.com.

OK, that's a start. If you do these three steps and are still interested in learning more about REI, it will be time for your next step, which we'll cover in next week's column.

If you have an REI question, you are welcome to call or email us. We are always glad to help.