

Strategies for Getting Started In Real Estate



Dan Auito

Table of Contents

Getting Started in Real Estate	3
Internet Resources.....	4
GENERAL REAL ESTATE	4
Research sites.....	5
Financial	6
Inspection/ Appraisal	7
Contracts/Forms Suppliers	7
Forums & Networking	8
More bulletin boards of interest (forums).....	9
State specific (forums)	10
Don't laugh serious sites below (forums).....	11
Technical & Marketing (forums).....	11
www.InvestorPro.com (build a site overnight) Lynn	11
Money	11
Commercial Investment Club	12
1031 exchanges	12
Home Improvement	12
Reverse Directory.....	13
Street-finders/ Maps	13
FSBO SITES	13
List Your Home for Free or low cost.....	13
Foreclosure searches.....	15
Free real estate e books.....	15
More great sites	15
Money!	27
A Psychological Financial Thriller.....	28
Finance, A Necessary Evil.....	28
15- or 30-Year Mortgage Pros and Cons.....	33
Adjustable rate or fixed rate.....	34

Getting Started in Real Estate

By Dan Auito

Congratulations on taking your first—or possibly your next—step in understanding real estate. With 15 years experience, a couple of real estate licenses, an appraiser’s certification, 18 properties of my own—bought, sold, or currently held—as well as a recently published book and website designed to further support *your* efforts, I am at least somewhat qualified to offer you a few suggestions on how you can get started.

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

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

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

- Read and listen to recommended books and tapes.
- Attend a first-time homebuyer’s class or paid local college courses (i.e., appraisal).
- Attend local investors’ and apartment owners’ association meetings in your area.

Special Report

- Participate in online investment forums, chat groups, and bulletin boards.
- Read local and national news; pay attention to articles, events, and the classifieds.
- Pay attention to recommendations from people like John, above. Don't allow yourself to be misled!

There is a lot of information on the web these days and a lot of misinformation to go along with it. You're going to find yourself on the web looking for resources on a daily basis, so let me give you a list that has taken me two years to research and compile. Don't let it overwhelm you. When you do go to the websites, check out their **recommended links** and their **resources links**, and view the **site map**; these are the most useful features of most websites.

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



Internet Resources

There are *no* affiliate links in any of these—they *are* friends!

Search engine: www.Google.com

Second choice: www.Yahoo.com

Third and final: www.vivisimo.com

GENERAL REAL ESTATE

Top picks

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

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

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

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

www.realestate4.com (a monstrous directory to get you going) Michael, again!

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

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

www.propertyites.com (friends of fizbo's) Bill
www.relibrary.com (deep resources in real estate) Jon
www.thecreativeinvestor.com (serious subscriber support) Joel
www.urbanbombs.com/links10/themeindex.html (one word "links") Trent
www.homebuyingrealestate.com (well respected directory)
www.reidepotshop.com (guru central)
www.topusarealestate.com (all around great resource, articles) Lara
www.realestatepromo.com (Super resource to get going) Mike
www.legalwiz.com (lot of respect for Bill Bronchick) Bill
www.mastermindforum.com/resources/re-entrepreneur.htm#discussions (solid directory)

Research sites

www.inman.com (your "must" source for news)
www.inrealty.com (very large information resource)
www.nreionline.com (latest real estate news)
www.meyersgroup.com (economic news)
www.newsmax.com/links.shtml (all the news)
www.fnis.com/Research/index.asp (latest market news)
www.fnismarketintelligence.com/2003/03-21/default.asp (news)
www.naahq.org/resources/econ.aspx (apartment owner's industry news)
www.reiclub.com/real-estate-business-tools.php (R.E. tools for investors)
www.firstamres.com/news/articles.jsp (analysis)
www.usacitylink.com (relocation guide to cities)
www.findyourspot.com (find your ideal spot)
www.realtytimes.com (market conditions)
www.newspaperlinks.com/home.cfm (electronic newspapers)
www.bestplaces.net/ (city and school facts and more)
www.50states.com (state facts & info)
www.census.gov (statistics of the U.S.)
www.dataquick.com (get your data here)
www.dqnews.com (data quick news and stats)
www.infospace.com (your phone book and more)
www.realtor.com (homes for sale nationwide)
www.homeradar.com (what's it worth, comparables free)
www.netronline.com/public_records.htm (public records search)
www.realfacts.com/faqlinks.html (find an owner thru research)
www.inft.net/index.html (find owners in trouble)

www.altmandirect.com (launch a direct mail campaign)
www.policyholdersofamerica.org/index2.html (insurance issues)
www.kwsnet.com (scroll to real estate, huge resource)
www.infocredit.com/ (background checks)
www.docusearch.com/free.html (multiple search databases)
www.creditretriever.com (credit reports on tenants)
www.FINDTHESELLER.COM (track them down)
www.skiptracers.com (find the tenant who owes back rent)
www.policeauctions.com (auctions)
www.stealitback.com (go to real estate)
www.financenet.gov/sales.htm (gov't property sales)
http://www2.fdic.gov/WebCat/sitemap.asp (go deep into gov't site)
www.nlihc.org/resources/links.htm (national housing links)
www.buyerstrust.com (buyer's agent directory)

Financial

www.nfns.com (your states mortgage rates & news)
www.myFICO.com (get your credit score)
www.experian.com 888-397-3742
www.tuc.com 800-888-4213
www.equifax.com 800-685-1111
www.bankrate.com (today's rates and more)
www.bankrate.com/brm/mortgage-calculator.asp (calculator)
www.interest.com (mortgage trends)
www.mbaa.org (solid mortgage news and resources)
www.eloan.com (financial/loans)
www.mortgagequotes.com "
www.quickenmortgage.com "
www.mortgage-referral.com "
www.lendingleaders.com "
www.mainstfinancial.net/Loan%20Programs.htm (100%cashout, non-owner occ)
www.interest.com/discussion/ (mortgage discussion)
www.brookviewfinancial.com (rehab lenders)
www.access-100.com (more rehab funding)
www.debtbug.com (stop foreclosure)
www.mtgprofessor.com/calculators.htm (calculator heaven)
[www.mortgage-investments.com/Real estate and mortgage downloads/downloads.htm](http://www.mortgage-investments.com/Real_estate_and_mortgage_downloads/downloads.htm)

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

Inspection/Appraisal

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

Contracts/Forms Suppliers

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

www.standardlegal.net (ditto)
www.isoldmyhouse.com/forms.html (free contracts - excellent!)
www.prepaidlegal.com/newCorp/lrc.html (free contracts - all 50 states)
www.dora.state.co.us/real-estate/contracts/contrcts.htm (free - Colorado contracts)
www.kcig.org/custom/index.cfm?id=19423 (more free forms)
www.lawfirmsoftware.com/free/forms/real_estate (creative forms)
www.eHow.com (then follow "finance" to real estate)
www.mortgage-investments.com/Real_estate_and_mortgage_Forms/form_fr.htm (free)
www.findlaw.com (find an attorney)
www.alllaw.com/forms/real_estate (sample forms/ lawyer search)
www.attorneyfinder.com/index.html (find an attorney)
www.attorneylocate.com/index.html (find an attorney)
www.legalscholar.com/links/realestateassociations.html (every lawyer on the planet)
www.turnpike.net/lawnet (questions answered free)
www.legalscholar.com/links/realestateassociations.html (law resource)
www.homefindersbulletin.com/docs/checklist.pdf (free tenant move-in checklist)
www.thelpa.com/lpa/free-forms.html?id=nyy2upaZ (free landlord forms)
www.banditsigns.com (bandit signs galore)
www.witnessdesigns.com (wide variety of signage)
www.webuyhousesigns.com (supplier of signs)
www.infotube.net (advertising signage supplier)
www.landlordlocks.com (one key for all the rentals)

Forums & Networking

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

www.creative-financing-solutions.com/realestate.html (43 finance forums)
www.realestatelink.net/clubs.html (clubs & associations)
www.realestatepromo.com/InvestmentClubs/index.html (more clubs)
www.apartmentassociation.com (apartment owners' associations)
www.creonline.com/clubs.htm (real estate clubs nationwide) JP
www.reiplace.com/clubs.php (clubs)
www.reiclub.com (more clubs) Tim
www.bhg.com (ladies discussion, scroll to bottom) Laura
www.property.com/news.html (newsgroups & lists)
www.realestateinvesting.com/investors-associations/search.asp
www.realestatetalks.com/index.php (real estate forum)
www.newyork.craigslist.org/about/cities.html (discuss & more) Craig
www.gladwell.com/tp_excerpt2.html (networking triggers) Malcolm
www.lease2purchase.com/php/letsnetwork/letsnetwork.php (do it) Jeff
www.realestatediscuss.com (forums galore) Michael
www.landtrust.net/cgi/yabb/YaBB.pl (land trust and creative r.e forum) Bill

More bulletin boards of interest (forums)

www.ownerwillcarry.com (owner financed homes for sale) Greg
www.neodemesne.com/forum/index.php (r.e.investing resources) Bruce
<http://forums.mjmls.com/> (wide variety of useful articles) Michael
www.dealmakerscafe.com/forum/index.php?s=00fcd8ff1923e3457f2b6b1dfcf0986e& (solid community of investors at the dealmakers above)
www.mrlandlord.com (the best land lord site on the planet) Jeffrey
www.thelpa.com/lpa/forum.html (the next best landlord site on the planet) John
www.mastermindforum.com/phorum/list.php?f=14 (jerry knows the mobile home game)
www.reotalk.com/ (foreclosure experts) (Steve)
www.reiplace.com/newsgroup/list.php?f=1&a=2&t=37654 (Steve)
www.thecreativeinvestor.com/Forum-index.html (serious r.e.investment community)
www.realestatepromo.com/discussion (widely read bulletin board)
www.onlinerealtysales.com/p/forums (free listings, bulletin board and more)
www.creonline.com/wwwboard/index.html (the granddaddy of creative finance)
JP

www.aireo.com/bbs/index.shtml (excellent texas based site) Bill
www.propertyites.com/forums (well covered topics list here)
www.naked-investor.com/forums/index.php?act=idx (lease purchase and more)
Michael
www.moneycentral.msn.com/community/message/board.asp?board=YourMoney
Liz
www.lease2purchase.com/wwwboard/list.php?f=1&t=14524&a=2 (lease purchase) Jeff
www.reiclub.com/forums/index.php (quick offers and tons of resources) Tim
www.realestatediscuss.com (good forum a little agent biased) Michael
www.everythingre.com/phpBB2/index.php Robs place
www.realestateinvesting.com/cgi-bin/general/index.html (quality discussions)
www.groups.google.com/groups?hl=en&lr=&ie=UTF-8&group=misc.invest.real-estate

State specific (forums)

www.azpig.com/cgi-bin/yabb/YaBB.cgi?board=news Arizona
www.azcentral.com/phorum/list.php?f=61 Arizona again!
www.sdcia.com/msgboard.mv California
www.nc-treia.org N. Carolina
www.charlestonrealestateguide.com/forum/index.php S. Carolina
www.carei.com/cgi-bin/ultimatebb.cgi Colorado
www.dccmreig.com D.C. Maryland
www.gareia.org/mboard/default.asp Georgia
www.indypropertyinvestors.com/forum Indiana
www.investorwealth.com/cgi-bin/forums/YaBB.pl?board=questions
Indianapolis
www.qcrpa.org/wwwboard Iowa
www.kreia.com Kentucky
www.ma4salebyowner.com/pages/index1.html Massachusetts
www.okcreia.com Oklahoma
www.tulsareia.net (Tulsa)
www.forums.nwreii.org/forums_index.asp Oregon
www.phoenixrealestateclub.com/modules.php?op=modload&name=Forum&file=viewforum&forum=9&4 Phoenix Arizona
www.reiplace.com/newsgroup/list.php?f=1&a=2&t=37654 Texas
www.dfwrein.com/megabbs/category-view.asp Dallas Texas

<http://cpanel.richclub.org/invision//index.php?s=181f1ddac1a4f2709a8fb32db5dfa0a3&> Houston above.

www.slreia.com Utah (group)

www.uslandco.com/forum U.S. Land

www.reidepot.com/links/forums.html Directory of forums

www.creative-financing-solutions.com/realestate.html 43 forums

www.bravenet.com/search/forum.php 100's of forums

Don't laugh serious sites below (forums)

<http://ths.gardenweb.com/forums/> everything garden and more

<http://boards.hgtv.com/6/ubb.x> home and garden t.v.

www.bhg.com/bhg/dgroups/viewForum.jhtml?forum=31 better homes and gardens

www.ivillage.com/money/boards choose your board at ivillage

<http://forum.doityourself.com/> do it all yourself

www.remodelnet.com/msg_board/index.php?sid=e2238d12a78f081fee92908c8ecbc472

www.dannylipford.com/cgi-bin/yabb/YaBB.cgi?board=gen_discussion remodel discuss

www.ehow.com/home/home.jsp its how things are done

www.thisoldhouse.com/toh/ ask Deano

Technical & Marketing (forums)

www.warriorforum.com/forum/default.asp (one of the coolest sites I've seen)

www.realestatewebmasters.com (tech-guru's of real estate website design)

www.webmaster-forums.net (webmasters found here too!)

www.webproworld.com/viewforum.php?f=3&sid=fe62f61c80f7c783ad9ba541d25aee76

www.selfstartersweeklytips.com/forum/index.php?sid=5ee41bc141ec40ca87bc47900f2cc11e

www.InvestorPro.com (build a site overnight) Lynn

Money

www.wsj.com (wall street journal on-line)

www.ft.com (financial times, world news)

www.fortune.com (spots trends, events and opportunity)

www.forbes.com (your eye on business)

www.fastcompany.com (information on the razors edge)

Commercial Investment Club

www.crenews.com/crnews (top stories)

www.globest.com (latest commercial news)

www.loopnet.com (commercial properties for sale)

www.vandema.com/Frames/FrameJournals.htm (directory of resources)

www.icsc.org (browse navigation bar)

www.naeba.org (exclusive buyer's agents)

www.pikenet.com (ask Pete, he knows everything!)

1031 exchanges

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

www.ree.com (1031 exchanges facilitators)

www.ipx1031.com “

www.exchangers.com “

www.1031ri.com “

www.1031pros.com “

www.starker.com “

www.1031lit.com “

www.ixg1031.com/updates/tic.html “

Home Improvement

www.hometime.com (plan your work)

www.diyonline.com (remodel it)

www.doityourself.com (super site)

www.build.com (home plans)

www.smartdraw.com/resources/centers/floorplans (draw your plans)

www.nahb.org (find a builder under resources)

www.decoratorsecrets.com (finishing touches)

www.plbg.com (plumbing repair forum)

www.paintcenter.org/pexpertqa1.cfm (the world of paint)

www.carpetguru.com/site.htm (be smart about carpet)

www.hardwoodinstaller.com/hardwoodinstaller (wood floor Q's)

www.forums.gardenweb.com/forums/#title (the garden)

Reverse Directory

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

Street-finders/ Maps

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

FSBO SITES

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

List Your Home for Free or low cost

www.magicbullets.com (total support/free) Dan
www.homeportfoliojunction.com (free) Sue
www.allthelistings.com (free - also forms under resources) Wally
www.fsbobasics.com (free) Connie

www.ired.com (free ads & articles) Becky
www.realestatelistingfree.com (free) Don
www.ushx.com (free) Bill
www.homesalewizard.com (free) Levin
www.homewelcome.com (free) Jeff
www.virtualfsbo.com (free)
www.us-real-estate.net (free) Michael
www.onlinerealtysales.com (free) Richard
www.freehomelistings.com (free)
www.gonehome.com/advertise.jsp (free)
www.aireo.com/propertylistings/index.shtml (free) William
www.realestatelistingfree.com (free)
www.fsbo-home.com (free and guide) John
www.10realty.com (free and guide) Gina
www.nuwaymls.com (free or paid MLS) Randy
www.FSBOFreedom.com (30 days free) Jerry
www.mlshub.com (free) Jerry
www.soldbyowner.com (free)
www.fsbozone.com (\$199.00)
www.fsbosystems.com (free or broker \$995 flat) Don
www.isoldmyhouse.com (free contracts, lender owned) good
www.homediscover.com/hddev/index.aspx (alternative, lender owned)
www.oneweb.com/reo/fsbo1.html (low fee)
www.homesbyowner.com (low fee) Wayne
www.sellitbyowner.com (low fee) David
www.fsboadvertisingservice.com (low fee) Randy
www.sellyourhomeyourself.com (low fee) Alana
www.sellmyhome.com (low fee)
www.fsbo.com (low fee)
www.fisbos.com (low fee) George
www.by-owner-ol.com (low fee) Laine
www.privatehomes4sale.com (low fee) Michelle
www.forsalebyowner.com (low fee) Damon
www.fsbonetwork.com (low fee)
www.usa4salebyowner.com (low fee)
www.owners.com (low fee, largest inventory) Steve
www.usa.homesalez.com (low fee) Shawn
www.buyowner.com (high exposure, not cheap) Kevin
www.byowner.com (Kevin offers good value)

www.openhousefree.com (open house day) Ger Vang
www.fsbo.net (view listings, for buyers) Wayne
www.ownerwillcarry.com (a neat twist) Greg
[www.dmoz.org/Shopping/Classifieds/Homes - FSBO/](http://www.dmoz.org/Shopping/Classifieds/Homes_-_FSBO/) (want more)
www.linkre.com/index.php?t=sub_pages&cat=6462 (that's enough) Michael

Foreclosure searches

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

Free real estate e books

www.homebuyingguide.com/default.asp (4 free finance e-books)
www.homes4sbo.com/fsbo_book_download.htm (fsbo buyers/sellers handbooks)
www.reiclub.com/rejebook (nice beginners guide from Barry)
www.reiclub.com/contiebook (scroll to sign up for free book) Pete
www.reiclub.com/swatteam (negotiate those foreclosures) Thanks Joe!
www.reidepot.com (Subscribe to get 2 free e-books)

More great sites

www.johntreed.com/realestate.html (John exposes gurus)
www.ripoffreport.com (feel ripped off, report it!)
www.legalwiz.com/gurusites.htm (a list of gurus)
www.homeadvisor.com (Bill Gates does real estate)
www.thomaslucier.com (Tom teaches)

www.ernesttew.com (Ernest is also a teacher) free downloads
www.richardroop.com (a rich resource)
www.legalwiz.com/realestatesites.htm (one smart Bill)
www.nyu.edu/library/rei/weblinks.htm (Jacks library)
www.money99.com/documents/index.asp (John's downloads)
www.e-homenews.com (mike's how to)
www.digonline.org/Links.html (comprehensive resource list)
www.refdesk.com/toc.html (reference any topic)
[http://www.wealthaddress.com/Real Estate Articles.html](http://http://www.wealthaddress.com/Real_Estate_Articles.html) (article resource)
www.groups.msn.com/RayComosHouseBuyingkindom (paste it)
www.propertyinvesting.com (Australia anyone?) good people!
www.realestatelink.net (comprehensive resource)
www.realestateclub-la.com (Los Angeles group) Phyllis
www.bizweb.com/categories/real_estate.html (long list of links)
www.islandtime.com/surfsup/ (my buddy Dave down in Clearwater fl.)
www.racelinecentral.com/Monster/monsterlinks1.html (links to everything)
www.homesekers.com (home searches and general information)
www.cyberhomes.com (home searches and evaluations)
www.homescout.com (home evaluations and agent locator)
www.nolo.com (form your LLC)
www.realestate.yahoo.com/re/ (yahoo real estate portal)
www.info-s.com/estate.html (another list of entry points)
www.realestatelink.net/articles.html (solid articles)
www.ecki.com/links/srlst.shtml (39 more sites)
www.creonline.com/site-map.html (article heaven)
www.thegaryhalbertyletter.com (marketing genius and friend -rated PG)
www.sethgodin.com/ideavirus/downloads/IdeavirusReadandShare.pdf
(download this)
www.selfstartersweeklytips.com/forum (technology answers – Lynn)
www.im4newbies.com/forum/index.php (more tech support – Mike)
www.webproworld.com/forum.php (Programmers – Brittany)
www.mountaineagleweb.com/Creative/Creative.htm (creativity)
www.anthonyrobbins.com/community (self-improvement forum)
www.positive-club.com/pc.1/e-books.html (Free e books to pick you up)
www.positive-club.com (discover your power)
www.warriorforum.com/forum/forum.asp?FORUM_ID=10 (100's of free e books)
www.herosoul.com (be a hero - my good friend Sharif)
www.principledprofits.com/25000influencers.html (Shel a man of principle)

www.thomaslucier.com/resources.html (Didn't find it? Dig deeper!)

www.twomen.com (the moving company that saves your back)

www.inrealty.com (hands off investing in real estate stock R.E.I.T.'s)

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

www.magicbullets.com

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

Now that you have plenty of resources at your fingertips, what should be your first step of action in the real estate game? If you don't have your own home yet, then I strongly recommend you acquire one. My first home purchase was a small two-bedroom, one-bath that I paid \$50,000 for back in 1989. I thought I paid \$5,000 too much for that home but we still own it today. It's currently worth \$100,000, so that \$5,000 was well spent because it got me in the game.



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



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

In a nutshell, when looking at a potential property to purchase, you want to check the plumbing, electrical system, foundation, and structure and roof. Keep in mind the importance of the property's proximity to schools, shopping, transportation routes, police, fire, hospitals, employment, restaurants, office supply stores, pharmacies, and so forth. Don't forget to investigate the economic outlook for that specific type of investment. Here's a website that has a few articles of mine posted that can help you gain further understanding on these points:

<http://www.topusarealestate.com/investing/bio/DAuito.htm>.

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

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

Another surefire way to do well in real estate is to stay put! When you move, all your friends, networks, service providers, and contacts go right out the window, not to mention you can't actively manage your assets effectively and you will lose control and pay others good money to do the things you could be doing for pennies if you were there to manage the process. So find a place on this earth and decide that you will never move farther than 30 minutes away from your properties.

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

No doubt you've heard about no-money-down deals, short sales, lease options, tax sales and certificates, attending auctions—and 100 different ways to creatively

finance them all. Many of the programs will work to the degree that you apply yourself to become an expert at understanding and using these methods. Just remember not to believe all the hype. Investigate the purveyors of the “sounds too good to be true” program by going back to John Reed’s site and looking them up. You are going to need to understand how to read and fill out sales contracts, learn the terminology used in real estate, and understand basic finance, loan guidelines, applications, and qualifying procedures. You can’t very well persuade reluctant sellers and lenders into believing you’re able to solve complex problems unless you’re prepared to do so.

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

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



That last paragraph brings up a good point: What exactly do you want to specialize in? Following are some categories from which to choose:

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

- Special purpose—churches, schools, hospitals, power plants, theaters, sports arenas, golf courses, marinas, and so forth



Here are some examples of how you might go about finding some good deals:

- Look at bulletin boards, local papers and small independent publications. This goes for every publication you get. Make sure you get one of the first copies off the press. Go to the facility that houses the presses and get your copy before the ink has a chance to dry. Let no one beat you to the punch.
- Better yet, advertise yourself and get people who are thinking about selling to call you before they actually tell the world through an ad.
- Look at the legal section of the newspapers. Contact heirs and attorneys, and sales in the garage or estate sale sections. Also, 20 percent of people who have garage sales are planning on moving soon. Ask about their house or their neighbor's homes. Always keep your antenna up!
- Your odds of success increase when you choose large population centers and remain in the market constantly on the lookout for your type of deal.
- Look for vacant houses that are run down, fire damaged, or abandoned, with city notices evident. Talk to the neighbors of these homes. They usually know who owns it and what is going on. They have an interest in seeing it restored to beauty. It sure is a shame you can't look in the mailbox to see who is receiving mail at the property in question—wouldn't that be easy? Walk up to a property and look in a window to confirm that it is indeed vacant—but don't endanger yourself by getting bit or shot! Use common sense. Contact out-of-state owners through property records or by letter and/or phone. Leave your cards on the door.
- Oreos stands for Other Real Estate Owned. Make friends with your local lenders and let them know you are the one to call when they have a foreclosure looming or in progress. Hint: If you prequalify with lenders beforehand, they may call you sooner.
- Watch the local paper for foreclosure auctions, tax sales, and HUD and VA listed properties. Note: Auctions held in bad weather where the property absolutely must be sold are your best chance to limit competition and get property at rock-bottom prices. Because there is no low limit on what can be accepted (no reserve) you may win big.
- Real estate agents are going to try to sell you something! When you approach them be very specific with them and tell them to call only if they have an absolute steal. Ask agents to give you those expired listings since they couldn't sell them. Suggest a 2 percent commission if they will assist

with closing the paperwork after you make the deal with the seller on your own.

- Don't be so selective. If the property is an absolute steal, lock it up and sell it to somebody who does like to work with that type of real estate. Get the option and hand it off to another buyer. Look for distressed sellers in addition to distressed property.
- Post fliers everywhere—colleges, Laundromats, shopping centers, bowling alleys, public bulletin boards, churches, local businesses, wherever large numbers of people congregate. Give them a chance to give you a lead on a hot deal. (For example, print up cards that say "I pay \$500 to you at closing if I buy a house that you told me about! Do you know anyone who is selling property? Please call [your name] at 555-1212.") Print quality business cards.
- Join organizations of all types. The sky is the limit. There are so many—just pick the ones that you would be interested in truly being a member in and let it be known you pay bounties for consummated (closed) deals.
- When you use headhunters, leave out no one. Property managers, moving companies, relocation services, neighbors, landlords, tenants, the mailman, the paper boy, gardeners, landscapers, service technicians, pest control people, friends, acquaintances, relatives, and other investors. You name it! Everyone should know they can make \$500 if you end up buying a property they tell you about. Enlist your army! Give each of your soldiers stacks of your cards for exponential growth.

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

- Have at least 10,000 business cards printed with your offer of the \$500 bounty and hand them out in stacks to everyone you can.
- As you grow, you might consider TV, radio, phone books, billboards, street benches, bumper stickers, and bigger commissions. Use your imagination.
- Put up signs telling people you buy real estate.
- Make multiple lowball offers on overpriced properties and walk away. Don't deposit earnest money but they may stew on your offer and call you a month later accepting your deal. Leave the offer with them.
- Older people should not be left out. They are very valuable informants. They know everything and need people to talk to! Listen to them.

- Go to free seminars on real estate. Do this not only to learn about real estate but also to capture names and circulate among real estate-minded people. Once you have their names, call your own club meeting and network to prosperity. Find your mentor here.
- Go to where people are buying those “by owner” signs. Ask them what they are selling. Follow them home and get the first look! Be first or lose the deal.
- Try offering 15 percent less than what you intend on paying. You never know; they may accept it. If they don’t, you can still negotiate up to 15 percent more and get it for what you originally were willing to pay. If it’s any higher, walk away but leave the offer on the table (the offer stands).
- Make your offer easy for the seller to understand. Get the option to buy but use a contingency to protect yourself. Iron out the details later but lock it up now!
- Buy from sellers who tend not to care: seized, foreclosed, tax sales, corporations, nonprofits, disinterested heirs, probate attorneys, and private auctions.
- Try just helping someone to sell his or her property even if you don’t want it. Be a friend and offer to help for nothing in return. You will be amazed at what happens when you sincerely try to help with no thought in mind of making money. This is a magic bullet in disguise.

Those are some of the basics of advertising and finding the opportunities to buy real estate below market. The old saying goes: *You make your profit when you buy, not when you sell.* (20 percent off retail, minimum)



Generally, if you can't get a \$100,000 property for \$80,000 or less, forget it!



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

actually the second piece of the puzzle after they find out if the seller is motivated enough to allow for a profit to the investor or retailer.

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

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

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

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

- Set a small achievable goal—maybe one house within three to six months
- Start reading books, news, and articles while participating online
- Attend real estate investment association meetings in your area
- Use the internet to do research and network on a broad scale
- Seek out knowledgeable advisors and duplicate proven success formulas

- Get that credit score (FICO) up to at least 680 (preferably 720)
www.myFICO.com
- Begin saving or gaining access to other people's funds to acquire assets
- Get familiar with real estate terminology and the forms required in real estate
- Decide upon how you will market to get those motivated sellers calling you
- Get organized and start using your time wisely to pursue real estate interests

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

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



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

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

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

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

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

With the above books and guides in your possession, you're already miles ahead of the pack. Now you have to read them in addition to doing some of the things we have discussed previously. Again, I'll emphasize that this is your own personal reference library, so write your name on your books and never loan them out. People don't return them and you will forget who you loaned them to.

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

I mentioned this earlier but will say it again: the sooner you can decide on where you would like to live for a very long time, the better off you will be. Preferably you want to be within 30 minutes or 10 miles of large population centers (big cities) as these areas are hubs of activity and offer plenty of opportunity to solve multitudes of problems. If you can go against the trend of moving out of your established area every five to seven years, you will eventually become a recognized expert and people will seek you out. In addition, you will be able to maintain active control of the assets you acquire along the way.

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

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

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



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

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

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

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

<http://www.magicbullets.com/gifts/The%20Professional%20Investor.pdf>

Money!

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

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

Here goes.

A Psychological Financial Thriller

Finance, A Necessary Evil

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

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

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



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



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

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

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

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

I started out by getting small loans of \$60,000 to \$70,000, and those were the hardest to get because the lenders had to verify and trust what I said, backed by my history, which was represented by pieces of paper. If you want to accelerate the trust-building phase of your financial relationship, provide collateral and high level references. That way you have something to lose and your high level references give you their permission to use their reputations and good name to validate you. Get a co-signer if you can!

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

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

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

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

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

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



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

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



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

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

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

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

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



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

That's the basic conventional bank financing and mortgage broker lending practice. There are a hundred different ways to do something with all the

variables so you need to investigate which programs are available and the guidelines used to qualify to be eligible.

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

Private lenders are also a good source of funds. Sometimes they are called hard-money lenders because they charge higher interest rates but they won't qualify you to death. Paperwork is minimized and things can move swiftly. Once again use an attorney to review and approve any private deals! That's a critical point. Use "legal man" to protect you from people who can and do take advantage of the needy.

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

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

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

Special note on credit cards: This can hurt you and you wouldn't even know it. Say you have four credit cards with spending limits of \$5,000 a piece in available credit. Now you're a smart person so you have zero balances on all of them. You owe nothing but the lender says, "Hey, you could go into debt for \$20,000

overnight just by taking cash advances.” They might say that \$10,000 is as much potential debt as they would like to see. You would best be served by reducing your total ability to assume revolving debt overnight to a \$10,000 limit. After you close, you can raise it if you have to.

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

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

15- or 30-Year Mortgage Pros and Cons



A standard **30-year mortgage** is often easier to qualify for since your payments are lower, but in the long run you’re going to pay a lot more interest to your lender. If that’s all you can qualify for, take it because you can still shorten the duration of your loan by paying extra money toward the principle when you can afford to. **Always ask if there are any prepayment penalties.** These clauses prevent you from accelerating your mortgage, or rather paying it off faster than the lender wants without paying a penalty. Most of these clauses have been outlawed but they do exist. After all, if you sold your house before the 30 years were up, they could penalize you for early repayment. That clause was and is a bad deal. Don’t accept it!

The **15-year mortgage** saves you 15 years of payments but it takes more income to qualify for it and your monthly payments are higher, and unlike the 30-year

mortgage, you can't extend it by paying less. You must make your payments as agreed. Usually you will get 1/8 of a percentage point lower on your interest rate because the lender has the shorter period of risk exposure of 15 years, not 30.

Adjustable rate or fixed rate

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

Fixed rates in today's rock-bottom interest-rate market just seem to be the best way to go. You still must decide for yourself but for me, I'm locking in my right to pay 5 or 6 percent forever. These are great rates—especially when you consider that back in the inflationary 1980s, interest rates climbed above 17 percent.

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

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

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



All through my book, you will notice I don't use all kinds of hypothetical math equations to get my point across. The reasons for that are at least fourfold. First, I'm right-brained. Second, real estate finance books can resemble phone books. Third, all the time you spend understanding some wild finance method is generally wasted because you won't use it in real estate. Fourth, it's dry as cat litter and it's no fun to read about math.

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

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

If you will trust me enough to go to www.magicbullets.com, then I can offer you everything I've learned over 15 years in the business. I've spent more than \$60,000 dollars to develop the book *Magic Bullets in Real Estate* and the website to back you up. The book is less than \$20 bucks for the soft cover and less than \$15 if you want to download the whole 304 page hyperlinked, colorized, and illustrated edition. You'll be reading everything you need to really take off in less than 5 minutes from now.

Good luck and God bless,
Dan

P.S. As in all real estate investing:



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



This book was distributed courtesy of:



For your own Unlimited Reading and FREE eBooks today, visit:

<http://www.Free-eBooks.net>

To show your appreciation to the author and help others have wonderful reading experiences and find helpful information too, we'd be very grateful if you'd kindly [post your comments of this book here](#).

COPYRIGHT INFORMATION

Free-eBooks.net respects the intellectual property of others. When a book's copyright owner submits their work to Free-eBooks.net, they are granting us permission to distribute such material. Unless otherwise stated in this book, this permission is not passed onto others. As such, redistributing this book without the copyright owner's permission can constitute copyright infringement. If you believe that your work has been used in a manner that constitutes copyright infringement, please follow our Notice and Procedure for Making Claims of Copyright Infringement as seen in our Terms of Service here: <http://www.free-ebooks.net/tos.html>