



GETTING STARTED IN REAL ESTATE

If you're thinking about investing in real estate to make money, you need to first determine your financial goals. Do you need to make money quickly, invest for your children's college fund, or build wealth for your retirement? Once you determine your financial goals, you need to decide which type of investing strategy works for you.

Make Money in Real Estate - Fast Cash Strategy

If you're low on cash, you will want to get started by wholesaling. Wholesaler generally refers to the person assigning a contract to another buyer, for a fee.

Wholesalers typically make cash offers on vacant/abandoned/distressed properties. These generally, but not always, are properties that will not qualify for bank financing because of their distressed condition. The Wholesalers then assign their contracts for a fee to rehabbers who have the cash to



close on the properties. This is the no money, no credit side of the business and is strictly a cash building strategy.

Once you have potential buyers calling you need to schedule times to show the property. Sometimes it is good to show to several potential buyers at the same time to create a buying frenzy. Investors are a strange breed but the more you network with your competition the more you will learn who the true players are. As you further establish yourself in this business and prove yourself to be a source of great deals, you will find that you will deal with a very small number of investors who are willing to pay you for your knowledge and ability to find wholesale deals.

Once you've found a buyer you will need to decide how to proceed with the transaction. There are two ways that Wholesale deals work: Assignments and Double-closes.



Assignments are the quickest and easiest way to make quick money in real estate. When doing an assignment you never actually own the property. You actually assign your interest in a contract to someone else and get paid for the contract by way of an “Assignment Fee.” That person now becomes responsible for the fulfillment of the contract they received as it is written.

Double closings are used in deals where they may be a large profit potential and you would like to keep that fact from your buyer and seller. A double close will involve two contracts, one between you and your seller and another one between you and your buyer. Doing a double closing can be very tricky and requires a lot of things to fall into place.

Make Money in Real Estate - Income Property Strategy

If you want to increase your monthly income, look for income property that returns a positive net income from month to month. Start with single family house. Look for a bargain below



market value. Fix up the house to generate top rental income. Find houses that will rent for more than your mortgage payment. You may need to go out from your home area to a location that supports this type of return on your money. You can't pay \$300,000 for a home with a mortgage of \$1,500 that only rents for \$1,000. You might start with a home for around \$300,000 that rents for \$1,750. You will need good credit to get a loan with good interest rates. In a few years, your rental income should go up. Many real estate investors enjoy thousands of dollars each month generated by income property.

A good residential lease/rental agreement should be used. Make sure it is relevant to your area. Laws are different from state-to-state. You should be familiar with the Landlord Tenant Act for your state.

It is important to be familiar with the entire lease and it should be reviewed with the tenant at signing. Both parties should know



what is being agreed to. Items such as payment dates and late fees should be pointed out and confirmed.

Make Money in Real Estate - Investment Property Strategy

If you want to make money focusing on profits, investment property offers a different strategy. Instead of worrying about rental income, look for property that you can transform and sell or property that will appreciate significantly over time.

There are many simple things that can be done to a property to enhance the value without having to incur high costs and timely tear out and rebuilds. A little elbow grease or a good cleaning and removal of weeds and garbage will add instant value to a property. Most people cannot see the house through the garbage.

Get in the habit of cleaning up the yards and removing the trash, cleaning out the inside, if the house smells tear out the carpet,

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make the sinks and commodes drain, then show and sell. Even other Investors will pay more if you clean the place out.

Besides fixing a house up, you can transform a property by changing it. For instance, some investors buy apartment buildings and turn them into condominiums. Many investors speculate in land and make money by holding the land until new development in the area increases the value.

Examine your financial situation along with your long term goals. You can get started by flipping properties, move onto income properties, and then make larger profits with investment properties. You might end up using a combination of all three strategies to make money investing in real estate.