

**YOUR FIRST STEP TO
PROFITABLE REAL ESTATE INVESTING
IN THE WASHINGTON, DC AREA**



BELIEF! BELIEF! BELIEVE!

Belief in the business as a long-term, sustainable, profitable business.

Search out individuals that are in the same business. You will need to begin to network with them to understand the day to day operation of the business. They will share with you the realities both good and bad and you can learn a tremendous amount from their experiences in the field.

Belief that others in your community are having success today.

The best source of belief is right in front of you. Find mentors and others that are investing in your own backyard. You will be familiar with neighborhoods and the scenarios will be relevant to the current market conditions.

Believe in yourself that you can achieve the success you desire.

Create short and long term goals for yourself and your business. Surround yourself with positive people and listen to their advice to build your business. Find colleagues with no dog in fight and people that have your success as an outcome.

Read motivational books, journals, blogs and listen to positive podcasts to keep you motivated.

OVERCOMING FEAR

NO EXCUSES!

Let go of beliefs and attitudes that hold you back and become open to accepting new ideas. Do not spend your time with DREAM STEALERS or negative people that will create doubt in your life.

Invest in yourself – ask questions and ask for help.

We all need positive reinforcement and help as we build our business. Find Mentors and other investors that have accomplished similar goals you have set for yourself. Be careful not to associate with get rich quick gurus that are in the information business and not there to truly help you succeed.

Be open to give up your time and energy before you have results.

If you decide you want to learn to snow ski, you do not start out on the Double Black Diamond Slopes in Vail, Colorado. Generally, you hire an instructor to teach you the basics of skiing and you begin on green trails that are wide and designed for beginners. Over time, with practice and patience and a few hard falls, you will be skiing expert trails and may become an instructor to others one day.

Be willing to commit.

Success comes with hard work and persistence on achieving your goal. Get out of the GET RICH QUICK mind set and work diligently to your long-term goal of becoming financially independent and an owner of a successful business.

Traits of Unsuccessful Investors

They expect negative results and only focus on problems and failures

They are very opinionated and not teachable, and they believe they know everything

They are skeptical

They make decisions slowly and change their minds quickly

They are suspicious of everything

Traits of Successful Investors

They are positive and expect positive results

They look at overall picture and all aspects

They get along well with people

They focus on success and believe real estate will have positive outcome

They are teachable and willing to learn

They are able to make decisions and stick to them

They trust their support network

They make decisions quickly and change them slowly

YOUR ROLE IN REAL ESTATE INVESTMENT

BIRD DOG

The Bird Dog is an information gatherer. The “bird dog” is someone who sources information on potential deals and sells the information to other investors. Many people get started as a Bird Dog for other investors because it does not take any cash and limited knowledge to look for distressed properties. The Bird Dog identifies property, land, and notes based on criteria of the investor, organizes data and provides the information to the investor. The Bird Dog is paid if the investor is successful in purchasing the asset. The fee will vary depending on the price of the property and the profit potential. The Bird Dog can expect to make \$1000 to \$2,500 each time he provides information that leads to a purchase from the investor.

WHOLESALE

The Wholesaler, like the Bird Dog, locates deals for other investors. He locates a bargain property and signs a purchase contract with the owner. He then has the option of closing on the property and selling it outright, or just selling his contract to another investor. He is providing more than just information by controlling the property with a binding purchase contract. The Wholesaler often puts up earnest money to secure the deal, assuming more risk than the Bird Dog. Since the Wholesaler controls the property with a purchase contract, he has a greater profit potential than the Bird Dog. Wholesalers can sell as many deals as they find. On a full-time basis, a Wholesaler can make well over \$15,000 a month without ever renovating a property or dealing with a tenant. The Wholesaler's lifestyle is that of a true “entrepreneur”. He can work as much or as little as he likes with no boss, no employees, and the freedom to do as he pleases!

RETAILER

The Retailer sources deals from Bird Dogs, Wholesalers and many other sources. They purchase the property, complete the renovation if needed and then sell the asset to an end buyer for maximum profit or rent the property to a qualified tenant for cash flow and appreciation. Compared to other investors, the Retailer puts up the most money, has the most risk, and stands to make the largest profit on each deal. However, it may take the Retailer months to realize his profit, unlike the Wholesaler or Bird Dog who makes his money in a matter of days or weeks.

LANDLORD

The Landlord is sourcing deals from, Bird Dogs, Wholesalers and many other sources. Their goal is to identify property that will cash flow and grow in value over time. This strategy is crucial to implement if you want to establish long term wealth in the real estate investment business. It will grant you passive income in the future and allow you to shelter income by implementing depreciation on your tax returns and 1031 tax free exchanges to grow your portfolio over time.

Once you have decided on your role in the business, you can begin to learn technique and strategy to implement to become successful.

Identifying Opportunities

Analyzing the Numbers

Raising Capital

Execution of the Deal

Property Management

Deal Structure

Writing Contracts

Renovation

Geographical Area

You will need to choose an area that is your preferred area to invest. I would recommend an area that you have some familiarity with that is accessible.

County or city you live

County or city you work

As you become familiar with your area, you can expand your territory.

As you begin your investment career, it is important to understand the real estate market in your desired area.

What is average home value for first time home buyers?

What kind of development is happening locally?

What is average rental rate in area?

Are there jobs being created in area?

Identify neighborhoods near public transportation.

Growth Investors...

If you want to grow... become familiar and implement new techniques to your current business or expand your territory and replicate your current system.

Building Your Network

It is very important as you embark on your real estate business to build a database of contacts that can assist you in your business. You cannot do this alone and need proven professionals to assist you on your journey.

Start this process by networking with other local investors in your area. This can be done online or as we re-open at in-person events. Eventually, you will want to source your own network so they are helping you not only in your current business performing the desired task but also helping you build your business by referring business to you in the future.

As you begin to acquire property, you can implement MAGNET APPROACH to build your database.

MAGENET APPROACH *is defined as using current book of business to grow your business by attracting new contacts that can be used in future.*

Contractors

Property managers

Realtors

Private Capital investors

Title Companies

Loan Officers

Wholesalers

Growth Investors

If you want to grow.... Create a system to document current deals and spend time building out your network for increased referrals to your desired business act

FIVE COMMON MISTAKES

Over Analysis

I call this the Engineer Syndrome. They want to analyze and analyze and never pull the trigger on the deal. You need to have solid investment criteria and be able to make a decision to move forward on a property.

Lone Ranger Syndrome

This new investor has no plan and is trying to accomplish everything on their own. They have no systems in place and do not take the time to build reliable experts to help them grow. You need to take some time early on to be patient and create a sustainable plan to reach long term success.

Mediocre Marketing

Marketing for leads is the lifeblood of any business. Spend time regularly analyzing your marketing strategies and be consistent. Be confident in your message and try to differentiate yourself from your competition.

Understanding Seller Motivation

It is critical to take time and understand why the seller is disposing the real estate. Make sure you are clear on your messaging and ask questions so you can create a deal that is fair to both buyer and seller. Also, understanding the motivation will allow you to securing more deals by using creative methods to structure the offer based on seller needs.

Unprofessional Business

Do not treat your business as a hobby. Conduct yourself professionally, by having professional materials and proper follow systems in place. Show up on time and treat everyone with respect and create long term relationships.

KRUNCH LIST

A krunch is a statement which encourages the other side to give you a concession. As long as the other side is making concessions in response to your krunches, keep krunching. Never use a more aggressive krunch than necessary, unless you're obviously doing it in jest. Here are some examples of krunches.

Gentle Krunches

- *Where do we go from here?*
- *What can we do about this?*
- *I know you can do better than that.*
- *What if I paid cash?*
- *I Hope you have some room to negotiate.*
- *Let's talk about that a little.*

Middle of the Road Krunches

- *You've got to do better than that.*
- *You're going to have to sweeten the deal.*
- *You're not giving me anything on this.*
- *Run this by me again.*
- *I can't afford that.*
- *We're not in the same ballpark.*

More Aggressive Krunches

- *Ouch!*
- *There's no profit in it for us.*
- *That doesn't cut it.*
- *We were hoping to make a profit here.*
- *I love your humor.*
- *You can't be serious.*

Inflammatory Krunches (say these with a big smile)

- *Get real.*
- *Dream on.*
- *You're breaking my heart.*
- *Don't make me laugh.*
- *Do I look like Santa Claus?*

Responses to Krunches

- *Make me an offer.*
- *What could you live with?*
- *Give me a number.*
- *What did you have in mind?*
- *What's fair?*
- *Tell me your problem with it?*

Work on your **NEGOTIATION** skills and watch your closing rate go up!!

Read **Getting to Yes** by Roger Fisher and William Ury