

## Chapter 1 : The Truth About Real Estate Investing for Canadians by Erwin Szeto on Apple Podcasts

*Telling the (Sometimes Shocking) Truth. The purpose of this post is to sort out the differences for you and share ten truths about real estate investing.*

They started using land. The demand for land was so high that Native Americans were pushed out to make room for the newly arriving settlers. Here we take a look at real estate prices, and the long-held theory that they will rise indefinitely. Historical Real Estate Prices, Bubbles and Beyond Prior to the well-publicized burst of the housing bubble and the resulting real estate crash that began in earnest in , historical housing price data from the National Association of Realtors NAR seemed to support the theory of endlessly rising prices. The chart below tracks median home prices from to and shows an average yearly increase of 6. Medium home prices from to Source: After that, the markets experienced an unprecedented decline. Nationally, prices fell in They fell again in and yet again in By mid, housing prices had fallen back to levels in a stagnant market. Even before the numbers began to go the wrong way, the sales price trends data provided an incomplete picture. The National Association of Home Builders reports that the average home size in America was square feet in , 1, square feet in , and 2, square feet in This trend continued in the first half of the s, after which it began to decline somewhat. With the size of homes getting bigger and inflation adding to the cost of building materials, it is only logical that home prices would rise. But what happens if inflation is factored out of the picture? The result is something completely unexpected. Even before the real estate crash of the late s, home prices fell frequently and significantly. Lesser declines have occurred on a regular basis at other points as well. National Numbers, Regional Trends and Your Neighborhood Even the national trend numbers tell only part of the picture. Housing price trends can vary widely from geographic region to geographic region. A boom in California can mask a bust in Detroit. Even within the same city, numbers can vary widely. Areas that are experiencing new growth or gentrification can show significant price appreciation while areas across town can be in decline. When looking at the national and regional statistics, be sure to account for the reality of the market in your local area. Rising prices at the national level may not help you if your city, state or neighborhood is in decline. So even if your primary residence has doubled in value since you bought it, from a practical standpoint, it probably just means that your real estate taxes have gone up. All of the gain that you have experienced is merely a gain on paper until you sell the property. If you chose to sell and hope to purchase another home in the same area, remember that the prices of other homes have risen too. To truly book a gain from your sale, you will likely need to move to smaller home in the same area or move out of the area and find a less expensive place to live. While it is possible to tap the equity in your home by taking out a loan against it , using your house as an ATM has proved to be a foolish strategy in the past. Not only does the interest you pay eat into your profit, but the loan payment takes away from your financial stability. If real estate prices decline, you could find yourself in the unenviable position of owing more on the loan than the house is worth. By now you may be thinking that there is no value in purchasing a home in the hope that it will gain in value over time. While it is true that you are unlikely to see any profits that you can spend if you plan to live in the same house all of your life, if you go into the purchase with an exit strategy , there is a much better chance of seeing a cash profit. If the answer is "to live in it" then you should stop thinking about profits and losses. If the answer is "to make money" then you need to enter the transaction with an exit strategy. Keeping in mind the purchase price of the property, you should have a sell price in mind. When your price point is reached, you would sell the property just as you would a stock that has appreciated. This may not be a practical approach for your primary residence, depending on your lifestyle, but it is exactly what many real estate investors do when they purchase properties, renovate them and sell them. In the past, Japan has seen housing prices fall even more. The Bottom Line With history as a guide, most would-be homeowners would do well to buy a place they actually hope to inhabit, pay off the mortgage quickly, live there until retirement, and then downsize and move to a less expensive home. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

## Chapter 2 : The Truth About Real Estate Investing for Canadians | Listen via Stitcher Radio On Demand

*Aspiring real estate investors can finally separate the no money down hype from reality and learn the truth about investing in real estate. The real-life experiences of these beginning investors provide a glimpse into the emotional trials and successes to inspire others to reach for their financial dreams.*

Stop the hype already. We need actionable steps to get moving. I understand the importance for motivation. To briefly explain the difference: Exaggerated expectations of an outcome based on "um". Realistic possibilities for an outcome based on past performance of many others. The reason I like motivation is because it tells me what is likely possible if I follow a certain plan. Hype tells me what was possible for some guy in Timbuktu if I get as lucky as he did. Motivation tells me I can do this. Here at BiggerPockets, we believe that self-education is one of the most critical parts of long-term success, in business and in life, of course. This list, compiled by the real estate experts at BiggerPockets, contains 20 of the best books to help you jumpstart your real estate career. Telling the Sometimes Shocking Truth The purpose of this post is to sort out the differences for you and share ten truths about real estate investing. For those of you have been investing for years, perhaps these truths are as evident to you as gravity. At BiggerPockets " we are all about stopping the hype, leading with truth, and educating through our peers. So without further ado, here are ten shocking tips about real estate investing. Right out the gate, I hit you with one of the meanest things I could say. Go ahead, say it with me! Real estate investing is hard work. It takes skill, determination, perseverance, and sometimes even a whole lot of sweat and tears. If you are just starting out and have no money, experience, or contacts but are looking to replace your full time income: Do you have that passion? The more you can bring, the easier it is going to be. For example, if you can bring a lot of knowledge and time but no experience or cash " it can be done but it will be tough. So work to build up all four areas of your real estate arsenal. If you are lacking at all four " at least start building your knowledge here on BiggerPockets. Each week, we would take tests for fun, competing with other schools to see who could get the best score on math tests. I was am a nerd. However " it does take math. It does take the dedication to sit down and really learn how the numbers work in relation to one another. It takes the dedication to learn the vocabulary. I actually think I had a pretty terrible mind for math and figures. However, I had something more important: I would sit at my kitchen table and work on my math homework because I knew I needed to understand the concepts being explained. I would stay after school for extra help understanding my homework. I did everything in my power to learn the math. You have to be dedicated to learning the math though. Investors need to be social. Whether you are dealing with an emotionally devastated motivated seller or a high-strung real estate agent " this game is a people game. If you are just beginning, this is even more true. You need to network. Right now " the best thing you can do to get started is to build connections. Start building relationships today for the future you want to create tomorrow. Building serious wealth is not complicated and does take time " so a lot of investors get bored and start trying to do different things to get more excitement and money today. Investing for stability takes time and can seem boring at times. As I mentioned in the previous section " there are ways to invest in real estate for fun and profit " like flipping and wholesaling. However, these are day-jobs like any other that require trading time for dollars. While there is absolutely nothing wrong with the notion of trading time for dollars " it is not the only way. Find a job you love. If your passion is in helping people " be a nurse or a teacher. If your passion is software " then go work for Apple. If your passion is property " then go flip houses. As I mentioned above, real estate investing for building wealth is a slow and boring process but it is not complicated though, again, not necessarily easy. There is a difference. Find a job you love, and begin building wealth through real estate investing. What excites you and would make you excited to get out of bed and get to work? Find that and follow it. You May Lose Money Correction: The fact is " most real estate investors lose money. Real estate investing is a never-ending learning process and often comes with a hefty tuition bill Tweet this Quote! We try to create systems that prevent against loss, but sometimes it is inevitable. Perhaps a contractor will rip you off and skip town. Maybe a storm will hit and destroy your roof. Whatever the cause " you will lose money. Prepare for it, save for it now, and expect it soon. Strategies Will

Change with The Market One of the things that intrigues me most about real estate is the ever-fluid movement of it. Sometimes as mentioned above this can cause a loss for us and other times it can cause a gain. What you are doing today may not work tomorrow. That said, I am not a big believer in trying to chase the latest market trend. I believe in following certain rules like needing great cash-flow in any market and if your market is drying up, change strategies but follow the same rules. I might flip a property, however, knowing that I could rent it out as an exit strategy and be okay. So the strategy may change, my rules will not. Most Starters will Quit There is a good chance you are going to quit. Most people who try to get into real estate investing quit before ever getting their first deal. It clearly works, and there have been countless examples of those it has worked on, yet the majority of people who start a diet end up quitting. I think it comes back to my shocking truth number one: The point of this article was to share these truths with you so you have the greatest chance for success. I want you to succeed! I want you to make a lot of friends, make a lot of money, and come to BiggerPockets to share your stories and your wisdom. I am passionate about what I do because I love what real estate investing has done for me. I want you to experience all the joys and fulfillment that a life in real estate can bring! Definitely jump head first into this community and experience all the awesome things it can do for you. Free eBook from BiggerPockets!

## Chapter 3 : The Truth about Passive Income Real Estate Investing

*The Truth About Real Estate Investing From Dave Ludena, Real Estate Rockstar The circus came to town. I know this because I see the road rash of bandit signs flaring up like a bad case of the well, fill in the blank.*

My name is Paul, the Real Estate Spy. Thanks for stopping by for my Bill Bronchick review. I hope you have a full mug of your fave dark roast and a few minutes to hang here. This site really has one purpose—prepare you for things like what happened to me in REI. Before we jump into the review, tell me: Are you a casual browser? Killing half an hour while your kid gets their teeth cleaned? Or are you a serious researcher? Looking into real estate investing as your ticket out of your current station? Your tediously taxing Or I should say, I could relate. I used to be that guy. I was on my way. I acquired investment properties and was set to stay at it and get more. And then everything crashed, and I found myself at the bottom of a proverbial financial hole looking at a tiny piece of sky, above my head. He introduced me to the concept of digital property management, and the rest is history. One of my potential clients told me yesterday on the phone that Google is the real estate of this century. I had never heard of it put that way. But he was right. If I own a property on the first spot of Google, I stand to get lots and lots of traffic, lots and lots of customers and—well you know the rest. Give me three minutes and watch this video below. James will tell you more about it. Did you watch the whole video? Bronchick is also an attorney. He is a best-selling author with a number of books to his credit and is the founder and host of Legalwiz. His YouTube channel, William Bronchick, has a ton of video posts. These videos range in length from four minutes to 18 minutes. They are current—as of this writing the last one was posted three days ago—and it looks like he posts videos about once a month or so. Most of the video posts are on the subject of real estate investing. Here are some of the video titles: These are current and recently posted podcasts. They range in length from 12 minutes to 45 minutes. You can subscribe on iTunes for the same podcasts. You can also hear William Bronchick podcasts at Flipnerd podcastchart. These are on a wide range of topics, divided into categories: These are postable on any blog or website without permission, as long as they link back to the main page at Legalwiz. Now to charged resources. Affiliate sellers on Amazon are selling the same book, used, starting at a penny. Wealth Protection Secrets of the Millionaire Real Estate Investor was published in and is available from affiliate sellers starting at a penny. Defensive Real Estate Investing: Bronchick has a wide assortment of products for sale at his Legalwiz. At the top of the store page, there are two separate libraries of resources. This series contains seven separate modules. Small apartment investing, Buy-and-hold rental houses, Creative real estate financing, Fix and flips, Buying subject-to, Short sales and foreclosures, and Wholesaling houses. Each course has three different purchase levels. How to Create a Bulletproof Corporation; Volume 3: A partial topic list in this library includes: How to set up and use corporate entities to slash your taxes by thousands, How to use trusts for asset protection and enjoy massive tax savings, How to use tax laws and legal loopholes to maximize your wealth building, How to hire family members and enjoy lucrative tax deductions, How to save hundreds of thousands of dollars in estate taxes, How to incorporate in any state without a lawyer, How to choose between S or C corporations, How to avoid the fraudulent conveyance trap, how to legitimately deduct nondeductible living and vacation expenses, Five ways to prevent your corporation from being pierced in a lawsuit, How to create a positive and professional image for a one-man corporation, and How to convert your existing business to a protected corporate entity. These are just a few of the topics covered in this series. These include courses on hiring contractors, telephone scripts, realistic negotiating, foreclosure disclosures, and self-directed IRA investing. The course covers finding subject-to deals, learning how to negotiate subject-to deals with sellers, and handling all of the various forms, disclosures, and contracts necessary for doing a successful subject-to deal. Another new course available at LegalWiz. This e-course covers how to open and run a self-directed IRA, which custodian to use for your money, which transactions are qualified or disqualified, and how to self-direct a k , among other subjects. Seminars and Webinars Bill Bronchick is active in conducting seminars and webinars. He also hosts the occasional multiple-day real estate investing boot camp. This is the early bird special. A few days after that he leads an advanced wholesaling boot camp in Norfolk, Virginia. This boot camp is designed to teach

participants everything they need to know to find, evaluate, negotiate, and flip deals for cash. Space is limited to 20 people at this boot camp. A hard money lending seminar in Denver, Colorado, is scheduled the same month following the Norfolk boot camp. Past events within the last couple of months of this writing included a lease option strategies workshop in Denver, Colorado, an investing-in-small apartments boot camp, also in Colorado, and an asset protection workshop in Dallas-Fort Worth. Bronchick is an active and current real estate educator as demonstrated by his presentation schedule this year. There are no prices given on the website. There is a minute complimentary coaching session. Bronchick is an Active and current real estate educator as demonstrated by schedule this year at legal list. There are no prices given for this coaching. He posts currently and actively, publishing blogs approximately every two weeks. Blog topics include Using Facebook as a real estate investor, Converting your real estate notes into cash, Seven ways to find real estate deals, and Raising private capital for real estate. There are blog posts that go back In other words, at this site there are almost 10 years worth of blogs. Is it all a SCAM? Bronchick personally replied with an apology and the explanation that a person hired to run the coaching program did not do a good job and was no longer with the company. Others who posted on the same thread were positive about their coaching experience. There was another complaint filed in May of the same year. Bronchick responded to that one. So to sum up: Bronchick definitely knows his stuff inside and out, both from an investor perspective and also from a legal perspective. The prices for his products and programs are standard. OK, the rest is over to you. Thanks again for stopping by. I hope this was helpful. Please check out my other reviews. It could be a game changer for ya. I give real estate investors a quick connect to what they really want and often introduce them to new material that gives them insight into what keeps them from getting the results they hoped for when they got started.

## Chapter 4 : Deal Analysis | Clever Investor

*The truth is, people who truly cannot afford a home should not buy real estate—even if rent is the same amount as a monthly mortgage payment. Renters avoid hidden costs for repairs and maintenance that add to a monthly mortgage payment.*

You really need at least enough capital to get you through the first days, because even if you get lucky enough to find a great deal your first few weeks, it can take over a month to turn that deal into some money. Sure, it can happen faster, but typically it takes a while, especially at first when you may be depending on help and guidance from other people. Wait until you do a lot of your own FREE education and research before considering paying to learn. Surround yourself with positive motivating people, and research as much as you can on real estate investing and strategies. Start networking with Real Estate Investors and professionals. After you spend a few months doing your FREE research, at that point you will be in a better position to know if paying for a Mentor Program or other training program is a fit or not. Force yourself to wake up earlier daily, grind as many hours as you can, go to bed, repeat Can you make sacrifices for your future? Get a second PT job or side business earning Y amount of money. If possible, find a PT job that you basically do nothing but set around and can be on the computer, iPhone etc, getting paid to work on your side business, or learn real estate. For example, I took a part-time job working the overnight shift at a hour call center doing technical services for clients. There was a lot of down time doing nothing, where I could spend on the internet doing research and was being paid. There are also jobs out there that you get paid while you sleep, but are on call if something happens. Get a third PT job or side business earning Z amount of money preferably this should be starting in real estate in some way—wholesaling, or PT job at realtor, RE Management Co. Figure out how to live off W less than you earn, eliminate all unnecessary expenses until you get ahead. Just be careful not to over leverage in case of a crash. You need to keep a nest egg of your own capital to get you through in case anything bad happens, because it will at some point. Following the steps above can help anyone get where they want to be!! Conclusion— I adapted the outline a little to be more geared towards real estate upfront, when I started I was just focused on getting ahead and trying to save money to grow my own non-real estate business. Prior to that, I was buying, closing, rehabbing, and then reselling— Long slow process. But starting with a good amount of my own cash, definitely sped up the process. But I also continue doing some deals, and flipped or wholesaled 27 deals in My goal is to continue building more capital in to be able to expand acquisitions into midsized apartment complexes in , while also looking to help others learn how to build their own real estate business. This is for general information, and not tax or investment advice. Readers should do their own due diligence and seek professional counsel prior to making any kind of tax changes or investments.

**Chapter 5 : The Truth About Real Estate Investing Expert Dean Graziosi | Real Estate Investing Center**

*Dean Graziosi is a real estate investing expert and America's leading real estate educator. Through multiple NY Times best selling books and weekly live events across America and Canada, Dean shares his recipe to profit in today's changing market.*

All right, All right. So, I want to get into this right away. I enjoy hanging out with Alex virtually, through Skype. I have not actually. And by the way, Alex has his cell phone voice on today. Well, actually, actually, you know what, now, I take that back. Lonnie Scruggs was actually here in my local market. Lonnie Scruggs was like a tin can investing or something like that but he was a, he was a giant when it came to mobile home investing. Yeah, and John, have you heard of Lonnie Scruggs? I got a big smile on my face. You two are hilarious. This is going to be a very good podcast. Lonnie Scruggs is the grandfather in this industry. Well, unfortunately, you would have to buy a tape or a CD or something because he is no longer with us. I know he passed away recently. But his teachings live on and soâ€¦ Alex: Our guest today, Alex, is John Fedro. And John, you live in Texas, right? But now, I still get carded. You appreciate it now. I could talk for five hours. I could talk for days. Let me, let me steer a little better then. What were you doing in high school? And when you got out in high school, what did you, what was your career path? What did you want to do? I think I wanted to be a chef at one point and then a physical therapist, and then a plastic surgeon. My family was in the health field so I started with a pre-med, and then quickly after going through a few years of college decided that that was not for me. I worked just mundane job after job â€” cell phone, a parking lot attendant, Walmart. I mean, I knew that there was so much more inside of me than working just for minimum wage. So I always wanted to work for myself and the gentleman that I was roommates with at the time, still a good friend, had a real estate book. And this was an infomercial kind of guru at night book. I picked it up, read through it all in one weekend. It wasâ€¦ Who was it? No, but just as much of a guruâ€¦ Joe: Yes, how could I not remember that? So, it was Carleton Sheets. And so, so I went through the course, went through it all in one weekend. Realized kind of later that those were kind of pie in the sky numbers, the ideal type of real estate deals but it got me hooked. I mean, this is something I could do. But hey, this is the vehicle that couldâ€¦ I have all the requirements. So, hey, this is for me. So that was just the start of the real estate. Alex, God bless Carleton Sheets. Is he still, is he still alive? What would it take to get him on our show? Oh, that would be interesting. I bought hisâ€¦ I actually bought his course directlyâ€¦ Well, no. No, I think I bought that on eBay too. But Russ Dalbey had some issues butâ€¦ Joe: John, we haveâ€¦ Alex: Robert Kiyosaki or Dean Graziosi. I mean, you know. And in no disrespect to Carleton Sheets. And that actually helped me get into mobile homes but no. Now, how old were you when you were starting to venture into this? I got my first property right after spring break of How much do I need to know before I just full pull the trigger for the first time? But then eventually, you got to pull the trigger so. Well then, talk about your journey after that point then. Well, I had just a few thousand dollars of life savings which I was very proud of at that time. So a few thousand dollars of life savings, I wanted toâ€¦ I was in Tampa at the time, Tampa, Florida, whereâ€¦ my goodness, you could buy a home and clean a window and resell it for a profit. And I wanted to do single-family homes. That was real estate investing. I knocked on doors. Looking back, I really was putting forth a lot of effort. I went through my life savings on marketing, made a number of offers and nothing stuck. Well, my first dealâ€¦ Alex: These offers, deals where owner-finance type situations, right? Like you carry the paper. Iâ€¦ Well, I knew, I knew just enough to be dangerous. I know a little bit about wholesaling. The owner-financing was something that just blew my mind at the time. Is this piece of paper? Is this like a magical, is this somewhere hiddenâ€¦? I mean I knew soâ€¦ Alex: I know what you mean. I have no idea. And all that can seem like such a big monster. My first deal was a woman who called me. I finally got a call. And well, I was getting a few calls. Well, three-bedroom with a den, could be four-bedâ€¦ I turned it into a four-bedroom. Four-bedroom, two-bath on a lake. I thought Iâ€¦ I mean this was divine. So, really caught me off guard. I got this music blasting to try to get me pumped up. And I rememberâ€¦ Alex: Do I go home? Do I run between myâ€¦ run home between my legs? And I ended up going to the appointment like I said I would. That woman, we ended up negotiating.

It needed just a tiny bit of work. And picked up thisâ€¦ And really set the bar high. John, what do you mean by setting the bar high? This mobile home that I purchased, I should go into what I resold it for. I actually discounted it after, I think, 4 months. And she took it. But anyway, when I resold the home, I sold it three times total.

### Chapter 6 : Than Merrill Review - Scam? Legit? Accurate Review

*The Truth about Real Estate Investing. July 14, / Chris Goff. You have probably been hearing, seeing and reading that real estate investing is the best thing.*

Just not what I signed up for. But the BS, flaws and junk in my own uncoached personality stood in the way and got me burnt pretty bad in real estate investing. Not gonna cry you a river. Watch the video, it explains everything. All the way through? Check out the review. How could , foreclosures be good news? In and , more than 1., people lost their homes during each of those years. If everyone who invested in real estate followed the dave ramsey real estate philosophy, there would be zero foreclosures. Dave Ramsey knows all about the wrong way to invest in real estate. During the next two and a half years, Dave and Sharon, his wife, lost it all. For more great dave ramsey real estate investing advice, read *EntreLeadership*, full of valuable advice on building a successful business. When is it the Right Time to Buy a Home? Is owning a home the best answer for everyone? For prospective home buyers, Dave recommends paying cash for the house instead of taking on a mortgage. To find out how much house is affordable, run the numbers on the dave ramsey real estate calculator. Unlike rent, these expenses can be unpredictable, but must be paid. Before listing the home, there are a lot of considerations. Some of the points covered include: In , Dave formed Ramsey Solutions in order to counsel those who were severely stressed over their financial problems. Dave sold his first book, *Financial Peace*, from his car. That book covers all of the mistakes he made and recommendations on what should be done instead. There are classes available for parents, kids and teens. The Bible Studies for young people incorporate a biblical foundation into lessons on life and money. Before Dave Ramsey, many people had never considered that they could become debt-free. Dave shows the way, one Baby Step at a time. It takes a tremendous amount of self-discipline and not everyone has it. Good luck to ya! I hope you got a lot out of the review. I highly recommend you continue your learning whatever you do. Catch up with ya later. Paul Real Estate Spy About the author: I give real estate investors a quick connect to what they really want and often introduce them to new material that gives them insight into what keeps them from getting the results they hoped for when they got started.

## Chapter 7 : The Truth About Real Estate Prices

*Show Info: For Canadians by Canadians sharing the truths about generating wealth through real estate investing. This show is about getting rich slowly, investing is a marathon, no get rich quick methods will be discussed here hosted by award winning investor and three time Realtor of the Year Erwin Szeto aka Mr. Hamilton.*

Post may contain affiliate links. Few investments have created as much wealth as real estate. Investment in land and property seems to be the only true constant across the history of investing and wealth building but is truly passive income from real estate investing possible? Passive income is technically an income you receive on a regular basis that involves little effort on your part. You get paid every month, quarter or year but do not participate in management or contribute work in the investment. Passive real estate investing is one of the hottest topics for investors with no lack of stories by successful real estate investors trying to sell their strategies. But can real estate investing be a source for passive income? I love real estate investing and have made a lot of money but the idea of passive income is a myth for most people. So how do you make money in real estate investing, passive or otherwise? Direct purchase involves a larger up-front cost but generally higher potential returns. Indirect investment can be made through real estate investment trusts REITs or tax liens but does not involve the immediate or direct ownership of the property. I turned this post into a video to share the four secrets I learned about real estate investing! When most people talk about direct real estate investing, they usually mean either buying to remodel and resale at a higher price flipping or buying to rent for a monthly income. Most of them started in the business by doing more of the work but have now grown their portfolio to cash flow enough that they can hire the work out. This level of passive income real estate investing is in stark contrast to what many people try to do when starting out in the real estate investing business. There are always parts of the real estate investing process that you can hire out. It eats into your cash flow but moves you closer to a truly passive income. I started getting active in real estate investing after getting out of the Marine Corps. I worked as a commercial real estate developer and agent during my last two years of college. I liked commercial real estate because it involved bigger projects and tenants were generally more stable. Seeing the residential real estate boom coming, I started buying single-family rentals in I learned a lot about real estate investing and passive income properties over the next five years. As someone that has flipped houses as well as managed a group of rental properties, the best advice I can offer is to know yourself and how much time you are willing to spend on the business. Learn what you can realistically do yourself and what you want to hire out. In fact, about the only way to make direct ownership real estate investing more passive is to share the responsibilities through a real estate investment group. New laws around crowdfunding have opened the door for websites like PeerStreet which allow investors access to real estate projects. With real estate crowdfunding investments , investors can get access to different property types and locations across the country. PeerStreet offers investment in real estate debt on commercial property. I use PeerStreet to balance out the risk in my equity investments on other platforms. Check out available investments on PeerStreet How to get your Passive Income Real Estate Empire off the Ground There are a lot of moving parts to a passive income real estate business model. Before jumping into your first property, there are a few questions you need to ask yourself. Do you want to rent commercial or residential properties? I started my professional career as a commercial RE agent before starting residential investing. Buying and renting out commercial space like office, industrial and retail will generally yield a lower return but will also involve far fewer headaches. The drawback to commercial space is that it costs much more to buy one property. In which socio-economic neighborhoods do you want to buy? I know real estate investors that have done very well buying and renting in lower-income neighborhoods. For me, it was a huge mistake. The money you lose on tenant turnover, unpaid rent and repairs far outweighs any benefit to buying property at a discount. If the business does poorly, you may end up living in one of your homes. Do you want to buy fixer-uppers and remodel the property or do you want to buy homes ready to rent? Many investors immediately think that buying a home that needs a complete remodel, at a steep price discount, will yield the biggest profit. I would recommend that new investors start out with homes in need of just cosmetic repairs like painting and carpet. Your first step into a passive income real estate

business, after learning as much as you can about the subject through real estate investing books, will be to find your first property and tackling the question of financing. One of the biggest benefits to the real estate business model is the ability to buy on borrowed money and writing off the interest as a business expense for taxes. Without the leverage of financing, my experience is that the return from real estate investing is not worth the risks or headaches. While a higher down payment will decrease your payment and increase your immediate cash flow, it will likely reduce your return on the money you put up. Most with good credit scores should be able to get a conventional mortgage though interest rates on rental properties are usually higher than owner-occupied home loans. These loans are only available on owner-occupied purchases but you can get around that by buying a duplex, triplex or even four-plex. These small, multi-family properties are usually the best for new investors anyway because they give you multiple properties with the benefit of being more easily managed. Other types of sponsored financing for real estate investing to consider: The required down-payment is as low as 3. HomePath mortgages are available through Fannie Mae for foreclosed homes and can be used for investor, non-owner occupied homes. The financing is only available on foreclosed homes held by Fannie Mae so visit the HomePath site to see if any of the properties are of interest. Depending on how much equity you have available in your own home, you may be able to refinance or get a home equity line of credit HELOC on it to finance your rental real estate investments. If you are not able to get a mortgage on the property, there are still a few options available though rates can be fairly high. You might try approaching the seller for owner financing where they sell the property to you on monthly installments. If you do go this route, make absolutely sure you get a notarized contract with all the details. Money partners can lend on a rate basis, a portion of the profits or a combination of the two. It helps immensely if you know the investor first and know that you can get along. Trust is a big part of the relationship and knowing each other beforehand will help keep things running smoothly. Finding Properties for your Passive Income Real Estate Investing Business There are several places to find properties to build your real estate business. The Multiple Listing Service MLS, a platform for real estate agents to advertise their listings, is the most popular and widely used. MLS listings are searchable on Realtor. How to Search for Passive Income Properties You may eventually build enough of a relationship with real estate agents to get good leads through that channel. Make sure you are crystal clear about what you want and they will be more selective about what they show you. As with any investment, successful real estate investing is all about buying low. That makes distressed properties like foreclosures and bank-owned properties generally your best bet. Getting a rental property on the cheap means your rental income and return is a larger percentage of your price even after putting a little money in for renovations. These are foreclosed homes that the bank now owns. While you can get some great deals here, the defaulted owner may still live on the property and could make taking possession difficult. Be sure you know the legal process for eviction and be prepared for clean up and remodeling when you finally take possession. Loopnet is an online platform for commercial real estate and multi-family property that is worth a look. Most of the listings will be for large commercial space but there are also small, multi-family listings as well. Your best deals, but the most work, will come from properties not formerly listed as for sale. Contacting the owners of abandoned or run-down properties might uncover a deal without the hassle of competition from other investors. Want to invest without all the headaches of real estate? Income Property Investment Valuation Even the worst property could be a good deal for the right price. There are a few ways to value property but the two most widely used are comparable sales and the capitalization rate approaches. The comparable sales approach values a property against those of similar properties that have sold recently. Write down characteristics of the investment property including age, square feet living space, number of bedrooms and baths, neighborhood, as well as features like a garage and central air. You then need a list of all the homes that have sold within the last year in the same neighborhood and with the same features. If your county assessor is on the ball, this could be a fairly easy process. These are actual home sales so give a true market value. To get a good idea of an average value for your target property, you will want at least ten sales with which to compare. To get a big enough list of comparables, you may need to set a range on your search. Instead of searching for the exact age or square footage, search for a range of 15 years around the property age and a few hundred feet around the size. Arrange the list by most expensive, by price per square foot, to least expensive.

Check out any very high or very low values because they may be throwing off the average. Properties with extremely low values may have needed extensive remodeling. The table below is an example of a comparable sales valuation. Notice all the sales are within the same district and within a year of each other. The properties were all built between and are between 1, and 1, in square foot to be similar to an example property build in and of 1, square feet. I took the price divided by the square footage of each sold property to find a value and then the average across all 15 properties. Understanding exactly how much a property is worth will put you ahead in the negotiations and get you the best price possible. Getting a lower price for your real estate investments will mean stronger cash flow and the ability to hire out more of the management. That will make it a truly passive income investment and will save you a lot of hassle. If you are unable to search actual sales through the assessor, you can use properties currently listed for sale in the MLS. The problem here is that the asking price may not be a true reflection of what the property is really worth.

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Even the government encourages us to buy. And almost nobody runs the real numbers when they buy. Would it surprise you to know that if there are two equally expensive houses—one for rent, one to buy—the person who buys will pay 40 percent to 50 percent more each month? Buying a house is the largest purchase of your life. A mortgage is much, much more expensive than rent. We all seem to ignore common sense when it comes to purchasing a house. One with recessed ceilings, newer appliances, a balcony large enough for entertaining? But that will probably cost more than your current rent, right? All of that means the monthly payment will be higher. A house is rarely a smart investment. You are NOT wasting rent right now. You are not wasting rent if you live in an expensive area. And since most of you reading this likely live in a major city with an expensive real estate market, let me repeat that: You are NOT wasting rent right now. Realtors and many homeowners are going to flood my inbox with hate mail for saying this, but in truth, real estate is the most overrated investment in America. And the returns on that investment are mediocre, at best. Yale economist Robert Shiller found that from 1925 to 2000, the return on residential real estate was just about zero after inflation. They forget about phantom costs. He or she foots the bill. Your landlord can only charge what the market will bear. Many landlords are losing money every month. When you own, you have to fix things or call someone to fix them for you. And of course you pay for it yourself. You have to amortise that out over the entire cost of the house. The cost of buying a home over 30 years. How does having the ideal house prevent your other dreams from happening? This affects the kind of job you take and your level of risk tolerance. And that could mean sitting behind a desk in a suit working like a robot rather than running your own online business from the beach as you watch your kids play in the ocean or taking two months off to backpack through Europe with your sister. Why would I tell you to give up your dream job or investing in smarter things just to own a house? Like the American Dream, these myths cannot seem to die. And both could cause you to lose money. Leverage works both ways. Homeowners will often point to leverage as the key benefit of real estate. So unfortunately, leverage can also work against you if the price goes down. Leverage works both ways. You need to be prepared to face this potential loss before you drop several hundred thousand dollars. Be very careful here. So although you certainly will save money on your mortgage interest specifically, the net-net is usually a loss. As Patrick Killelea from the real-estate site patrick. Instead, I recommend conservatively investing in the stock market. Just look at this chart. When you do it, you need to understand exactly why. That means an extensive amount of research. When I bought a car, for example, I spent months learning about every trick under the sun. I had 17 dealers negotiating with each other to get my business. And that was to save a few thousand dollars! Buying a house the biggest purchase of your life. You can figure out how to create a balanced portfolio by spending a few hours reading a few key books. YOU decide if buying a house is right for you. Real estate might be right for you. Our parents tell us to buy a house. Our friends are impressed if we own a house in our twenties. The government literally encourages us to own a house by offering tax deductions. Homeownership is the American Dream! You not only need to understand the basic concepts of real estate, you need to be at least intermediate, if not expert, for this expenditure that costs hundreds of thousands of dollars. But the vast majority of buyers do not understand how the math works—on the biggest purchase of their lives. Real estate might be right for you. He writes for over 1 million millennials every month.

### Chapter 9 : passive real estate investing Archives - Stock Market Basics

*You may eventually build enough of a relationship with real estate agents to get good leads through that channel. At first, it is going to seem like a waste of time because every agent will have a "steal" to show you.*

I know this because I see the road rash of bandit signs flaring up like a bad case of theâ€¦ well, fill in the blank. I feel for these new investors. Great Expectations In real estate, you have the ability to create your own income. You have the ability to start something with a very low start-up cost and barrier to entry. Contrast this to a traditional business, where an owner is expected to invest lots of start-up capital, and it takes about 3 years before they even break evenâ€¦ with a lot of up-front risk. That is not how it works in the real world. Why should real estate investing be any different? The same holds for the learning process in real estate investing. I heard that the average attorney or doctor will spend 18, hours of practiceâ€¦read that again.. And they pay for the privilege to pay for their education, to do all the classwork, the unpaid internships, the stress, the long hours of PRACTICE before they even get a chance to go to work. Yet, inside of real estate investing, most people have not even given 18 hours of practiceâ€¦ learning the skills of marketing , negotiation, deal analysis, etc. I can understand the impatience to get paid, like yesterdayâ€¦ but would a medical student just grab a knife and jump into surgery all excited and start carving away and expect any good result? Thankfully, this IS a business in which we can learn and earn. But it requires learning and practice. If you do that, your chances of getting results and success go up so dramatically. I know my numbers. It takes customers sellers and enough of them to make the thing work. You think a restaurant closes down in the first month because only 5 people came to eat there? They work on marketing, menu, hire hotter hostesses and bartendersâ€¦ whatever they need to do to get more butts in the seats cramming their mouths. Why is our industry any different? Yes, ladies and gentlemen, the truth will set you free: Push past the frustration. Give it some time. Work on your skills. What we have with real estate is that you can take something with a little seed capital and some effort, and turn it into something of real value. That is the reality of what we do. Is it going to take some time? If you make a deal in your first 3 months, great. Are you going to become an expert overnight? But thankfully, you CAN collapse time frames and jump some of the learning curve with good mentorship. I get off on helping others punch out of their jobs forever. But it WILL take some time. They are normal beans. And they require time, effort and attention. Will storms come that threaten the harvest? But if you have the right roots in, you will weather it just fine. This is a great business. But it IS worth it. Off my soap box.