



Do's and Don'ts of Real Estate Acquisition

The Philosophy Regarding Acquisition and Renovation of Rental Properties

● **Do not Confuse the Buying Process!**

- Factor in the Taxes and Applicable liens (Water, Sewage) **AFTER** you have made initial contact and received the asking price for the property. Together we can negotiate the price **DOWN** to whatever you deem **FAIR!** Use it as **LEVERAGE!** Bring this information to the CLOSING table! Believe in your ability to **NEGOTIATE,** use that pressure to win BIG!

● **Properly Identify the Model that suits the Investment!**

- Cash Flow **SAFE-** A Property in a **DISTRESSED** environment that is **NOT** being Rehabilitated for the foreseeable future (5-10 Years)
- Equity Play **RISK-** A Property in a **MARGINAL** environment that is currently showing **STRONG** signs of Rehabilitation. Expected to make a massive turnaround in 5-10 Years!

● **Do not OVERESTIMATE the Rental Income!**

- **STICK** to the Fee Schedule for income projections!

● **Do not UNDERESTIMATE the Renovation Expense!**

- This is the most important step (Next to the Title Search)! It Can **TANK** your company!
- Developing a **TRAINED** eye takes **TIME!** Be **PATIENT** with yourself **RELY** on your Network

● **Do not borrow more than 55% of the PROJECTED rental income.**

- Attempt to stay between **35%-55%** when **NEGOTIATING** the Mortgage terms.

● **Do not purchase Additional Properties if your Portfolio is <75% VACANT.**

- For Every **(4)** properties only **(1)** unit can be vacant in this model to be **SUCCESSFUL!**
- Spend that energy making what you have more **RELIABLE!** Consistent **Annual!** Renters!

● **Do not expect to keep the first tenant!!**

- You are learning this property! Be **REALISTIC** with your Expectations!
- Handle **ALL** maintenance concerns as quickly as possible while keeping in mind that **some** people do not handle disruptions in their living environment very well. Great People Skills are amazingly helpful!!

● **Do not Spend Everything that you make as soon as you get it!!**

- BE sure to set aside 15% of every dollar that you make for repairs. \$15 per \$100 or \$75 per \$500 to be **SAVED for those RAINY days coming soon!**

● **Do not Underestimate the amount of TIME REQUIRED to be successful!**

- This business is more than Rehabbing Properties!
 - Building personal relationships much like a local coffee shop, is the key to **Client RETENTION!**
 - Finding something to RESPECT about your demographic is Critical to **Client RETENTION!**
- You either pay it in Money or you Pay it in Headache!
 - Hiring unqualified people saves a ton of money! However, what you aren't paying in money you are paying in time loss due to a lack of specialized experience and material damage!
 - Hiring Seasoned Contractors is a double edged sword in that some of them are clueless! But you're going to Pay them top DOLLAR to Find out which ones have integrity!
 - Vet your contractors well! Leverage your network for trustworthy maintenance support.