



Complete Guide to Fix It Up and Flip It

Buy a Home, Improve it, Sell it or Rent it for a Profit

There is a continual demand for housing in the United States, and supply almost never meets demand. The U.S. has over 60 million homes that are at least 25 years old and 24 million are between 16 and 25 years old. That makes for a lot of older houses that need improvements. In addition, there's a home improvement industry that's only getting bigger which makes this process ever easier.

Buyers today want kitchens and bathrooms that fit a more casual lifestyle. Houses that are built today have large kitchens and more elaborate bathrooms. Older houses lack these features and are therefore passed over by buyers.

Today's time-strapped buyers are looking for homes they can move into without having to remodel or improve. But many homes are run down and don't sell. That's where improvement and remodeling come in. The right purchase and the right improvements can equal big profits when the home meets the expectations of a new buyer.

If you are time challenged, the best bet is to purchase a home in a good location and live in it while you make improvements yourself on your own schedule. If you have time, you're in a good position to do the work yourself for quicker turn around time, or hire the work done. You profit either way.

Money is also an obvious factor. Investing requires capital.

If you like working with your hands and tools, this is right up your alley. If not there's more than enough on the strategy end to keep you busy.

Most important after how you do all this is why. Finding a home that is below its true market value and making improvements that increase its value is what it's all about.

Formula For Profit

When setting out on your adventure in real estate improvement, there are an infinite number of things to keep in mind to help your bottom line. Here are some important considerations:

Calculate how much future buyers will pay before starting your renovations. Many people buy a house, fix it up, and then try to sell it for what it cost them to fix plus ten or twenty thousand dollars more. It's better to reverse engineer that thinking. Find out what the house should be worth in the future timeframe you're thinking of selling, this way you can plan and strategize on which improvements you will make and how much to spend.

Try to discover or create hidden value. Feel free to negotiate for bargain prices, but don't limit yourself to properties you can buy at a steep discount. Be persistent in your efforts to reduce the costs of enhancements while maintaining focus on increasing appeal. Never accept a contractor's gross bid for a project. Carefully review each line item. Savvy cost management can turn a so-so deal into a real moneymaker!

You might be able to tap your retirement account(s) for real estate investments. Also, you may be able to reduce taxes. Make sure to check with your financial advisor about these possibilities.

It's very important to keep in mind to not become emotionally involved with renovation decisions. For example, if you are a "kitchen lover", but it is the bathrooms that need most attention in your rehab project, don't let your enthusiasm for one area distract you from another. Work on what is right for the future buyer, not what is most appealing to you.

Value vs Strategy

A good entrepreneur will find variations in any situation that make a profitable difference. For example, in selling a stock you're holding for a profit, you have absolutely no control over what the price of that stock is on the day you sell it. It's the same for everybody. In real estate, there are many factors you do have control of.

Appraisers use many factors to determine market value such as most probable selling price, competitive open market, fair sale, equal knowledge, and terms of sale. In looking at comparative sales in the neighborhood, keep in mind that this information should inform you, but not necessarily dictate your actions. Use knowledge to make a decision, not as the decision itself.

When considering on the buying end, be sure you go mainly for appreciation value rather than bargain price. Smart investors love to buy property at below market value, but before they do, they weigh the information and see the relative values across neighborhoods and property types. Always do your comparisons across the

same types of properties. In other words, don't compare what you're looking for in a condo with that of a house, even if they're on the same block.

Keep in mind before you get into a property this question: How will I be able to make this property stand out among those in its type when I am finished with it? This will help add value without a doubt both literally and figuratively and greatly improve your overall strategy.

Living in your Fixer: Pros and Cons

Do you have kids? Do you like to camp? Are you intrigued by the idea of a second job? There are many factors to consider when making the decision whether or not to live in your home improvement project.

The best approach to living in a fixer upper is creating a twofold plan. Start with a long range plan for completing the house to its ultimate condition with a working estimate of the money you'll spend. Also make a short term plan which will include quick fixes and repairs to make the house safe. Take care of a faulty roof, heating, plumbing, and other essentials. Then make low cost instant gratification improvements such as painting or refinishing a hardwood floor. Do things to make it more enjoyable to live.

Sometimes the first improvements are not cosmetic such as upgrades to heating, electrical systems, or air conditioning. Actual floor plan changes should be put off until you've lived in the home and have an understanding of how the space functions. It may seem a good idea to knock out a wall, but until you've lived in the kitchen, or bedroom, or bathroom, it's better to wait until you find any design shortcomings to make those changes. Only by living in the house can you learn what works and what you would like to see changed.

Rehabbing can have a dark side, but there's brightness about it too. Bohemian living can be fun and it's a great excuse to lower your standards for a clean home. It's like camping in your house.

If you're undecided about whether this is for you (and your family) or not, rent the movie called Money Pit. It's a comedy, but brings to light in an exaggerated form what living in a home improvement environment is like. If everyone watches this movie and still buys into the idea, you're ready.

A Strategy to Fit Your Lifestyle

If your present job and family obligations allow for some extra time, your best plan may be to buy, improve, and rent a small property. If however you think you have the time and energy to focus on renovation, a quick turnover strategy may work better for you.

For success in the quick turnover arena, you must be able to juggle the requirements

to get the job done along with controlling costs. You must carefully weigh the options between doing the work yourself and subcontracting it out. Many times, professionals can complete the work faster. The fast turnover strategy may also require additional capital because the costs of renovation will be compressed into a short time.

One of the best advantages of investing in real estate is that your investment can provide you shelter while it grows, and you improve it while you wait for your next opportunity. Another advantage to the “living in your investment” situation is better financial deals. Lenders require a much smaller down payment if you occupy the property. Down payments of 5 percent or less are not uncommon in this situation. And if you live in a property, when you sell it, you get a tax break because it is your primary residence.

If you plan to rent out the property instead of occupying it yourself, of course the holding cost clock is ticking before the property begins to earn a return. But if you hold the property for a long period, the costs are spread over this time.

Before you look at your first property, make a basic decision about the time commitment and size of investment you can make. Any of the strategies can make you money, but which one is right for you? You may do one and switch to another, but start where you're most comfortable. And remember to consider all your life factors such as job, relationships, time, and finances.

Show Me The Money

Take the time to make an honest assessment of your net worth. From that you can make a determination on how much you can invest into real estate. If you don't already use Quicken or Microsoft Money, they are great tools for getting a snapshot of your financial picture, but even if you just draw two columns on a piece of paper and add up your assets and debts, you need to know where you stand financially.

Lenders will be looking at your credit report to find out what kind of borrower you are. How much do you owe? Do you pay on time? Have you had a judgment or bankruptcy? Are any of your accounts delinquent? These are the things lenders want to know about you because they are risking their money with you. Your credit situation could not be more important and you should do everything in your power to make sure it is as good as it can be.

Your income and length of time at your job are great factors as well. Lenders like to see recent employment at your same job for a minimum of 2 years. For entrepreneurs and the self-employed, lenders will average earnings over the last 2 years to calculate their loans.

There are many different financing options available, but a place to start for you is to decide the amount you can afford and what you're willing to risk. Using debt to purchase a car or TV is not wise because items like those depreciate. Real estate however, appreciates, so using debt to purchase property, if used wisely, is good.

Take the time to research the different options owner-occupied financing, fixed-rate loans, adjustable-rate loans, balloon loans, low-down-payment programs, etc. If these terms are unfamiliar to you, do as much research and learning about this as you possibly can because these different situations apply across a wide variety of scenarios and you need to know what's best for you.

How to Find and Evaluate the Property

The first concern in the “fix it up and sell it” strategy is finding a good house. One that fits your budget, falls into the time and effort comforts of your life, and that will demand the resale price you desire.

The first step in realizing your first concern, is to find your target neighborhood. Choose an area that suits you (and your target market). Once you find that, your real estate agent can help you conquer the knowledge and gain a commanding mental handle on what's happening in that area. A good real estate agent will give you insights into the neighborhood, show you the properties, and ultimately lead you through the process of buying and taking possession of your home. When looking at a property with an agent, he or she can tell you about comparable sales for an idea of the current value. If you are buying to rent, an agent can inform you about rental history and possibly even help you locate tenants.

What you can bring to the relationship with your agent is a clear idea of what you want. What type of property are you looking for both in concept (renting or fixer upper, etc.) and in physicality? Also, how much are you willing to spend? Together you and your agent will work toward a common goal that is your vision.

Finding property can be done in many ways -- looking through the newspaper, the real estate listings, face to face, etc. But when you find properties to evaluate, there are a few VERY IMPORTANT things to watch for. Standing water on the lot indicates bad drainage. Water and moisture damage in the home promote the growth of mold and mildew. Structural problems can be disastrous if left untreated and are often too costly to make it a worth while venture in the first place. Underground tanks can be problematic and environmentally hazardous. Well and septic systems should be avoided in favor of sewage systems and public water. If you can avoid these larger pitfalls in a property, you are doing yourself a tremendous service. Almost anything else can be fixed or repaired without great concern.

Home Improvement: An Investors Look

Besides “buy low, sell high”, the next most notable cliché in real estate is “location, location, location”. Location is obviously important, but is not the only factor which determines a property's value. You must look at current value, but must also look at POTENTIAL value. You want to buy a property that is below its current market value.

Your real estate agent will do a comparative market analysis which determines what houses in a given price range, size, location, and general condition, have been listed and what the sale price was. Also consider when looking through this information, factoring in the neighborhood.

To understand what buyers expect in a house at the price you want to sell your investment property for, look at similar characteristics of recently sold properties in that area. For example, if you want to sell at \$300,000 a home you purchased for \$200,000, you will have to change the property to meet the expectations of buyers who bought at \$300,000.

Some specific things to consider when evaluating this information are location, size, condition, features, and special circumstances that may apply to that neighborhood (or regional area). Your agent will be best equipped to inform you about these special local nuances if any exist.

When considering the purchase of a fix it home for future resale, there are a couple of stand out things... In making repairs to meet a future buyer's expectations it is most wise to concentrate on kitchens and bathrooms and to certainly avoid those situations that call for major structural repair. In other words, don't buy a house that has major structural damage. Do buy a house that can be vastly improved by making upgrades to kitchens and bathrooms.

Regulations can Make You Money!

Every minute of time you spend learning something is generally worth it. In real estate however, every hour of research you invest will pay you back for that hour at many times the hourly pay as any top executive or millionaire. Knowledge is key, especially in real estate.

Here are a few key areas that are well worth your time to study and familiarize yourself with...

It's important to know which government agencies (national, city, local, etc.) control regulations for the particular situation you find yourself in. Many times regulations can help you as opposed to the natural human tendency to think otherwise.

The law comes into play as well. Did you know you can use a judge to ask your neighbors to clean up their property? Also, talking to a zoning lawyer, and perhaps even establishing a relationship will greatly increase your knowledge and garner

you superior advantage over other real estate investors. Home Owner Associations (HOAs) are sometimes even more powerful than government when it comes to the living situation. If you are a member of an HOA, be in the know. It might even be a good idea to see if you can get on the board as a member.

Read your contracts. Before renovating (and in this case, before purchasing the property) make sure there are no contractual stoppages for renovations in either the mortgage or the insurance policy.

With some areas, almost anything goes, in others you need permission to put up a mailbox. Make it a habit of applying your general knowledge and research ethic to the specific location(s) you work with. Never be caught saying to yourself, "I wish I'd known that before." Of course, no one can know everything, but you can try. The more you know, the more successful you will be.

Do The Math

The formula is simple. (Sales price) (purchase price + cost) = profit. Each of these values are made up of smaller components. Some you have control over, some you don't. Purchase price and costs can be controlled; sales price will be an estimate.

Much of your potential profit in real estate is determined when you settle on the purchase price of the property you're buying. If you overpay, the added value of your improvements cannot be fully realized. There are a multitude of variables in the profit equation:

- + Closing costs: the buyer pays for an appraisal, survey, property transfer taxes, and legal fees.
- + Holding costs: interest on the loan, taxes, and utilities.
- + Repairs and improvements.
- + Contingencies: a burst pipe when altering plumbing, for example. A \$100 job turns into a \$400 job.
- + Sales costs: the largest component here is your realtor's commission, but well worth it for the insight, knowledge, and help you'll receive.
- + Profit: the actual cash you hope to garner after the dust settles and the property is sold, and all loans and bills are paid.
- + Time: unless the local real estate market is red hot, appreciation over a short period won't cover the holding costs. But opening that horizon over a few years or more, and the property can appreciate to cover these costs.

Buying Your Property

Savvy investors agree that you make your money when you buy your home, not when you sell it. If you don't buy right (below market value) it's much harder to realize profit later. Investing in real estate introduces you to a host of professionals bankers, appraisers, loan officers, insurance agents, and home inspectors, all of whom will require your attention.

In doing the deal, first you make an offer. The seller may counter offer and that's when negotiations begin. Your broker really earns his or her money here. They will help you through the process. Always make sure any contract you sign has two contingencies. One should let you out of the deal if the home doesn't pass inspection and you and the seller can't agree on a resolution. The second contingency should let you out of the deal if you can't get appropriate financing within a certain time.

In hiring a home inspector, make sure you are able to be with the person when the inspection is conducted. Ask questions; make sure you are well educated on what happens during this process.

There are numerous factors for the buyer in the "closing costs" category. These include a current survey, appraisal, insurance binder, pest inspection, loan points, property taxes, and title insurance. Each is important, and each will require you to become aware of how they affect the purchase. Ask your agent/broker about these and make sure you 're up to speed on all of the closing costs. You'll be glad you invested some time in gaining that knowledge, especially if this is your first real estate venture.

Before closing, make arrangements to have your name put on utilities accounts. The day before, arrange a walkthrough to confirm everything is in working order.

A good broker will shepherd you through this entire process and act as a go-between for your loan officer, and the seller's broker.

Enhancing Interior

Upon inspecting the inside of a house, you can balance the entrepreneurial with the critical. Detailing what's wrong will help you with a better purchase price. Detailing what's right will give you insight to potential money-making improvements.

You need to verify square footage. Many factors can contribute to a wrong number over time. Who counted it? Has there been an improvement that was forgotten? Scrutinize here and get an accurate number that satisfies you. Some people count anything with a roof over it as space. Others count just the living areas. Make sure you know the square footage.

Imagine people living in the house. You can anticipate the needs of buyers and tenants and use your images to make enhancements. Modernize floor plans. Make extra storage. Create emotional appeal (for example a sky light). Clean, or make new, the most visually obvious areas.

Homes that need repairs scare buyers away (except of course for the savvy real estate investor). You need to make the home look new, even if it's an older property. Areas to especially concentrate on are plumbing, heating and air conditioning, electrical, ceilings, walls, floors, and quality of materials.

Learn from experts. Talk to several different contractors and make your informed opinion based on many sources of input, not just one or two. If you are doing work

yourself, find people that have done it as well and gather from their insight.

Finally, you owe your buyer a safe and practical home. Make sure utilities are in fine working order and safe. Energy efficiency pays off, and if you can show a potential buyer how they will save in that area, this strengthens your sales position greatly.

Quick Fixes and Clean ups That Increase Your Profit

Buyers will only be impressed by what shows. Do things the buyer can see. A buyer will notice faulty or incomplete workmanship and/or things that don't work. Spend your efforts on fixing these things. This tells a buyer an effort was made to get the home in a "ready to move in" condition just the impression you want to make. Here is a comprehensive, but perhaps not all-inclusive list of upgrades:

DECORATING BATHROOM HOUSE EXTERIOR

Paint Clean surfaces Gutters

Window Blinds Clean/seal tile grout Downspouts

Decorative window film New caulk Exterior lights

Floor registers & heat grates

Flooring upgrades **INTERIOR SYSTEMS ELECTRICAL**

Smoke detectors Switches/receptacles

Heat pump Dimmer switches

WALLS, DOORS, WINDOWS

Central air

Furnace

Light fixtures

Thermostats

Wall repairs

Radiators

Closet doors

Exterior doors **KITCHEN**

Storm/screen door **LANDSCAPING** Cabinets

Sliding patio door Lawn Cabinet hardware

Double-hung windows Trees Range hood

Window glass Shrubs Dishwasher

Screens Edge lawn & plantings Refrigerator

Windowsills Worn lawn Butcher block

Expanding Space

The rooms in a house that are under the roof offer the best expansion possibilities because they're already part of the structure. Improving these areas doesn't require expensive new foundation work or building exterior walls. Instead, it's all about taking advantage and making the most out of available space. The challenge is knowing when a room offers untapped living space potential or when it should be left as is. Specific areas of interest include attics, basements, and enclosed porches.

Here are many ideas regarding how improvements can be made in these areas and the factors they include:

Basement conversions: Unfinished attic conversion: Enclosing a porch:
Stairwells Access Floor joists & beams
Windows Floor joists Footings
Electric wiring Headroom Pest damage
Plumbing Fire blocking Lines, ducts & pipes
Insect problems Lighting Climate control
Moisture Heating/cooling Windows & sidings
Ceiling height Ventilation Ceilings & walls
Storage area Storage Floors
Walls & support poles
Floors
Climate control

Obviously this is a lot to consider, so educate yourself and solicit advice as to whether these areas are worthwhile to consider. Sometimes these conversions can greatly enhance the living space and add to the value of the home. Other times, it's well enough left alone.

Getting the Work Done

The success of a remodel project greatly depends on the improvements made to the property. Whether you resell, rent, or live in the home, how you make the improvements is important. Obviously, many factors contribute to this decision. Do you have a lot of time on your hands? Do you have a full-time job? Are you skilled and do you have stamina enough to do these upgrades yourself? Assess your situation and make a clear plan of how you will get everything done. Whether you do the work yourself or hire pros, keep a "punch list" of what that needs to be accomplished. This will give you a clear vision and will act as a to-do list for anyone helping you.

Your real decision will be whether to do all the work yourself, do some of the subcontracting work, or act as general contractor and manage the project? If you do decide to hire the work done, when you speak with contractors, find out if they are licensed. Are they insured for worker's compensation, property damage, and personal liability? Do they like working on investment property? Do they work alone or with helpers? How many projects do they typically have going on?

Ask the contractor for names of satisfied customers. Talk to these people. A good idea is to see if they will let you come to their home and actually see for yourself the work that has been done. People are usually willing to let you take a look, especially if they like the contractor and think it will help to get them more work.

Lastly, if you contract work, make sure to have a good written contract. The Remodelers Council of The National Association of Homebuilders has suggestions on how to make and what to put into your contracts. Don't make the mistake of not being thorough here. Talk to people who have hired work done and find out what's important. Many contractors work in a three stage process. One third is paid up front,

one third when the work is about half way completed, and the last third when you are satisfied at the end of the project. Know before you get started how it will all play out.

Refresh & Update the Neighborhood

What? Change the neighborhood? Not possible, right? Consider these factors about what makes up a neighborhood... Convenience, aesthetics, people (attitude / lifestyles), legal restrictions, schools, taxes, services, microclimate (weather), safety, security, image, reputation, affordability, the list goes on. Now do you think there are ways you can improve your neighborhood? Improving the neighborhood can only increase sales prices.

Learn what people are saying about different neighborhoods. Will this neighborhood gentrify in the next decade? Will that neighborhood benefit from its new elementary school? Study your area(s) and know how you can affect changes as well.

Specifically, some ideas to improve neighborhoods from your direct involvement are becoming involved in community action to reduce crime and stop criminals. Fix broken windows. Make improvements in common areas, or on the streets where all neighbors see them. Try to attract new retailers, coffee houses, and restaurants. Remember, fix-up becomes contagious. When you involve yourself in neighborhood improvement, chances are, so will your neighbors.

Improving school performance will help to set new highs for property values in the area. Insist on government services for your neighborhood for which you and your neighbors pay taxes (cleaner streets, alleviating traffic problems, etc.). Give your neighborhood a new name. Publicize your neighborhood's strengths. Talk it up. There are many untold ways to improve a neighborhood, and most don't make this effort which is exactly why you should. A happy, healthy community is the most attractive sell and you have the power to improve that.

Getting Top Dollar

Properties rarely sell themselves for top dollar. There are several things you can do to ensure you get the most profit from your real estate projects. Publicize your property where you can most effectively reach your target market. Sell the sizzle and the steak. Remember, people don't buy features, they buy benefits. Thoroughly plan your message to potential buyers. Use the benefits to attract buyers. Examples of this are:

Bright with natural light
Owner will carry financing
Spacious open floor plan
Safe and secure neighborhood
Great for entertaining
Prestigious community
Quiet street
Energy-saving utilities
Home warranty, no repair costs for 2 years
Lowest price in neighborhood

Top-rated school district Low down payment
Unlimited storage space Seller pays closing costs
Bargain price Walk to shops, cafes, restaurants
Mortgage helper in-suite Easy qualifying assumable financing
Warranted new roof Gorgeous kitchens and bathrooms
Great appreciation potential Private setting
Low upkeep cost Serene views
Choose your own cabinets, carpets, colors Immaculate condition

Be crafty in your newspaper ad. The better you tell, the more you sell. Select the sizzling hot buttons, quote square footage, room count, and amenities. List the street address along with selling price, terms (if any), lot size, telephone number, and web address. Be sure to include your open house hours. Advertise a good price.

Brochures and flyers can provide a highly effective way to motivate prospective buyers. But keep in mind, your flyer won't sell if the property doesn't deliver. Make sure you're honest about the features of the home. Draw attention to the most attractive benefits, but don't overstate what you have. Emphasize what will most appeal to your target market.

When making your sign for out in front of the property, keep in mind that drivers must be able to read it without stopping their car. Make it easy for people to want to look into purchasing what you are selling. And sell the property, don't just show it. People need to hear what the benefits are. Saying something like, "Let me know if you have any questions" may seem like a good idea, but you must let a buyer know what you have. Be honest, extol virtues, and don't try to fake it. Also, be prepared to answer the questions a buyer should ask. Your broker and any associates who have sold before will be a wealth of information in your preparations for these questions.

Lastly, make use of these steps to help you connect with a buyer and offer them the comfort in knowing you really want them to understand the property:

- + Back up any sizzle with facts
- + Establish rapport
- + Segue from their dislikes into likes
- + Diplomatically discover their feelings on other properties they've shopped
- + Really listen carefully to any criticisms they have
- + Translate features into concrete benefits.
- + Inform a buyer about financing
- + Watch for dialogue, emotional responses, and body language
- + Make it easy to close the sale
- + Set up an earnest money escrow
- + Follow up a successful close
- + Follow up an unsuccessful close

Making a Profit

Seller responsibility begins with getting the home ready for the market and ends with handing the keys over at the property settlement. By the time a remodeled house is

ready, the work has been completed and should make any broker pleased to show it.

There is a distinct advantage to showing a recently renovated home without furniture. It makes the house look more spacious. Buyers can more easily imagine their furniture when there's a fresh coat of paint, clean floor, and no sign of everyday clutter. Before posting the for sale sign, take time to make sure the home is clean and inviting. The goal is to create maximum curb appeal so that first impression when the buyer comes in is the best it can be. Areas to pay special attention to:

- + Landscaping
- + Front door
- + Garbage
- + Light fixtures
- + Floors
- + Closets
- + Windows
- + Kitchen
- + Bathroom
- + Laundry room

If you're living in the house, declutter! Make personal items invisible. Keep in mind your trying to make the home look like a model home, not reflect your style of decor.

When making your listing, you will obviously want to work closely with your real estate broker. He or she will help you with the listing, evaluating a purchase offer, and making a counteroffer if necessary. After the final steps, you realize your profit and decide whether or not you'd like to do it all again.

Owner Occupants : Easy Money

Owner-occupants receive the lowest interest and easiest terms. So if you're just starting out in real estate, this is one of the best ways to go. If you're more experienced and have rehabbed or flipped properties before, then you already know this. One specific way to accomplish this is an FHA (Federal Housing Administration) loan. Do your research and you may be pleasantly surprised at how the terms can improve your position. FHA has helped more first time buyers than any other program.

Veterans may also want to look into a VA (Veteran's Administration) loan. If you've ever served in the military (war-time or peace-time, it doesn't matter), you're at the top of the list for this program. Research your options and again, you may be surprised at what you qualify for.

You can also finance your renovations. Some may choose to pay for them as you go, but for bigger jobs, or because it adds to the value and appreciation of the property, you may want to finance these purchases as well.

There are obviously dozens of ways to secure financing. Community loan programs, non-qualifying assumable loans, owner carried financing, etc. Talk to your real estate professional about your options and speak to family and friends. Anyone who owns a

home can tell you what went right and what went wrong with their deal(s). Learn from people you can talk to.

The bottom line is that if you live in the property, things will go much easier for you in the purchasing and financing qualifying arenas, especially if it's your first time.

Financing For Everybody

There are several ways an investor can secure property financing other than owner-occupying. One way is what's called "subject to" purchases. Basically this process involves a mortgage assumption wherein the lender releases the sellers from liability and allows you to step into their place. You pay the sellers their equity (if any), and the sellers deed you the property. No one even tells the lender, you make the monthly payments. The lender still holds its mortgage against the property, but you are now the owner. This is perfectly legal and is common practice.

Another avenue is seller-assisted financing. Seller financing helps close sales that would otherwise fall through. There are many advantages including easier qualifying, flexibility, lower closing costs, less paperwork, a quicker sale, higher returns, tax savings, and higher selling price.

Leasing is another way to go. A lease option combines a lease agreement with an option to buy the property at a later date. Advantages here include easier qualifying, low initial investment, forced savings, reestablishing credit, and 100 percent financing possibilities. Make sure any lease option gives you time to complete your improvements. Some sellers prefer a lease purchase over a lease option because it seems more solid. In researching your avenues and speaking with your agent/broker, be sure to consider purchase price, move-in cash, lease period, rent credits, the right to assign, as well as inspections and title check. As always, gathering information from people who have done this before will greatly improve your chance of success.

Yet another way to obtain capital for real estate investment is to sell off your unneeded assets. Take a loan against a home you already own to invest in another property, or bring in partners. Be creative, but take steps to ensure you are protected. Along that line, watch out for predatory lending practices. There are people (firms) out there who will make it easy for you to qualify, but will charge outrageous fees and interest rates and sock it to you down the line. Be smart, research your choices thoroughly.

If this all sounds like a lot of work, it is. But it's to be expected when you're buying or selling anything of such great value. And you'll thank yourself for all the expense and hard work when the outcome is to your satisfaction.

Please feel free to call Valerie if you would like further explanation on any of these topics, or if you have any real estate questions at all. We simply see it as our mission to be as helpful as possible to area homeowners. We hope this special report provided you with all the information you need.