

## SUCCESSFUL REAL ESTATE INVESTING

**Mistake # 1****Not Getting Started  
in Real Estate Investing Early Enough**

My biggest business regret is that I didn't start investing in real estate until I was 28 years old. If someone had told me about it when I was younger, I'd be much further ahead today. One of my youngest students, Chris, bought my course and put two properties under contract in the first six weeks. The first one closed quickly because he ran an ad in the paper and found a buyer who had cash. He made \$4,800 net. (He could have made \$5,500, but he incurred some costs, which he would have avoided if he'd listened to the rest of the course.) Chris called me from the closing table and immediately said, "I should have started this sooner." His mother had come to the seminar with him, had bought the course for him, and had to sign the contracts, because he was only 16 years old.

**David was 58 years old and had just been laid off from his job with no pension. He came to one of my seminars, bought one of my courses, and liked the concept of lease optioning. He completed a few deals very quickly. On the first deal, he lease-optioned a house from a motivated landlord for \$105,000. The home was worth \$130,000, so he optioned it to the end buyers for \$133,000. His mortgage payment was \$900 a month, but he was collecting a market rent of \$1,400, so he was putting \$500 in his pocket every month. I taught him how to negotiate with the landlord to put zero down because the house needed a few repairs. He put no option money down (easy for David because he *had* no money), and he collected \$5,500 in**

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**option money from the end buyer. Then I showed him how to arrange it so his first lease payment wouldn't come due for the first 90 days.**

**In 30 days, David collected his first lease payment and had the option money, and he made \$6,000 off one lease option. He called me from the closing table in tears, saying he wished he'd started sooner. He asked me to tell this story every time I speak. The lesson is this: The time to get started is now.**

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**Mistake # 11****Failing to Review Your Finances, Progress,  
and Overall Activity at Least Once a Week**

Most businesses get into trouble because of these problems:

- *No cash flow.* Deals are about to close, but you can't pay the rent this month.
- *Bad accounting.* In a lucrative year, you owe the IRS \$30,000 but only have \$18 left in your business bank account.
- *Poor management.* Your management plan, if you have one, is chaotic.

**The first year I learned to wholesale properties, I made 52 deals. I made a lot of money wholesaling houses; I had a lot of rentals that brought in \$5,000 to \$8,000 a week. Multiply that by 52 weeks (that's \$260,000 to \$416,000), and at the end of that year I said, "That worked great. Now I'm going to do something else." I went into managing property, because I'm good at it. I managed other people's properties. I had an office and a staff, and I gained status in the community. I felt important because everyone wanted to talk to me all the time. My employees and I were extremely busy and stressed out, but we made no money. We were collecting our rents and others' rents and doing rehabs and making wholesale deals. A lot of money came in, and a lot of money went out, but overall, it was a financial mess, because we'd take money from "here" to pay "there." One of the happiest days of my life was the day I sold my property management company. And here's the interesting part: When I got rid of a lot of my overhead, my profits skyrocketed.**

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Ever since that stressful time, I've vowed that every Friday, whatever business I'm in, I'll study a report of what's come in and what's gone out and what activities have taken place during the week. Now I get a report from the management company I hired and review the numbers without fail every Friday.

You see, if I only reviewed the numbers every month or two, I'd lose track of what's going on. I know that if something got out of control during the week, it could be radically out of control for the month. Most people actually wait a whole year before reviewing the numbers. Imagine the possibilities if things stayed out of control for an entire year! That's why it's best to identify problems early and frequently. Then you can lessen the amount of time that anything is in chaos.

I also sit down for 30 minutes each Friday and analyze how I spent my time during that week so as to determine what made me money and what didn't. (In my courses, I provide a simple worksheet to help with this task. It's actually best to fill it out every day, but at least do it once a week.)

In addition to tracking your time, I recommend that you project the amounts that will come in and go out, then determine what you'll need in the near future. If you can't do this calculation yourself, get someone who can. Hire a bookkeeper to scrutinize the numbers weekly. Yes, you will get ripped off and lose money from time to time. But if you see the books every week, you'll *know* it. If you let it go for months, it may become too late to turn around a chaotic situation.

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**Mistake # 56****Letting Fear and Hesitation Keep You  
from Getting the Deal**

Every real estate beginner and pro has lost and will lose deals by not moving fast enough. To avoid that result, you need to focus on the following actions:

- Finding a motivated seller.
- Doing your initial quick three-part analysis:
  - What is the property worth today?
  - What will the repairs cost?
  - What is a good purchase price with a realistic margin for profit?

Then focus on getting a *signed contract* immediately. Until you have a signed contract, you have nothing. After you have a signed contract, your next focus should be on *closing* on the property. You should close whether you are going to hold it, fix it and sell it, or wholesale it. Look at your possible deals every day to focus yourself. Make sure that your activities are intended to achieve these goals. Keep a checklist on a large board and track your activity. Check off each step of the process as you achieve it. After you have some experience, you can go through this process quickly.

**One day, a penthouse unit came on the market in my building in South Beach, Florida. I contacted the sellers that day and found out that they were highly motivated because they'd moved and couldn't afford payments**

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on both their new home and this one. A real estate friend ran the comparable sales for me. She verified that the unit was worth about \$800,000, with no repairs to be made. That afternoon, I put in an offer for \$677,000, which they said they'd probably accept. I also offered to lease with an option to buy for \$3,400 a month and an option price of \$699,000, with 30 percent of the rent going toward the purchase. This entire process took about three hours of phone calls, verifications, and offer writing. By the way, I can be lazy, so I had my real estate friend draw up all of the paperwork. The sellers had only 48 hours to respond.

Every hour and every day, ask yourself these questions: What is my focus? Is this the best use of my time? If I could get this property for \$699,000, it certainly was a good way to spend my time.