

# RICHES THROUGH REAL ESTATE



*A Young Adults Guide to  
Becoming a Savvy Investor*

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KEVIN ABLETT | ANDREW HEWITT | LUC D'ABADIE

# **RICHES THROUGH REAL ESTATE**

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# INTRODUCTION

*Owning a home is a keystone of wealth...  
both financial affluence and emotional security.*

**SUZE ORMAN**

INTERNATIONALLY ACCLAIMED PERSONAL FINANCE EXPERT

Congratulations!

You are now entering a world that most of your peers either know very little about, or care very little about, and the odds are that they won't for at least another decade, if ever. You are about to move ahead of the game, ahead of the curve, in front of the pack, whatever you want to call it. The bottom line is that you are about to shorten the time it will take you to reach your financial dreams. You are entering the world of real estate investing.

Most college students spend the majority of their time thinking about sex, parties, sports, and school – and pretty much in that order, right?

I also know that most students in college DO NOT spend very much time, if any, thinking about the student loans that are piling up on them right now or the pain that those loans will cause them long after graduation. They also don't spend very much time, if any, thinking about the pros and cons of renting the place they live in versus owning it, or the fact that they *could* own it if they wanted to. And they certainly don't spend a lot of time starting down that road to financial freedom *today* instead of waiting until they graduate or, like so many people, until several years *after* we graduate! And by that time, they are usually riddled with student loan payments, car payments, insurance payments, bills to pay and babies on the way.

The sad truth is that far too many of us wake up one day without the kind of savings we'd like, without the time freedoms we'd like, and without many of the luxuries that we always assumed we'd have in our later years.

But that doesn't have to be your story and the fact that you're reading this right now tells me that it probably won't be. That much I do know.

It tells me that you are already thinking about these things, which means that you are already starting to get a head-start over so many of your classmates — trust me.

So keep on reading, but now is probably a good time to warn you:

The knowledge that I am about to pass on to you is addicting. In fact, you will probably want to read this little document again and again while you're eating breakfast, while you're sitting on the bus, and definitely while you're waiting in line for more student loans!

You will unlock and awaken elements of genius that you probably didn't even know you had. And once you open your mind to the concepts in these pages, and in the pages of the other Focused Student © products, you won't be able to go back.

You won't want to, because your life will change forever for the better.

The freedom that this knowledge brings is incredible. I can tell you this because I now feel it everyday of my life. But that wasn't the case just four short years ago, while I was still in college. Now I own my own real estate investment business, with multiple cash flow properties in multiple cities. I own a beautiful home with my girlfriend in one of the most sought after areas of my home town, Calgary, and I'm working on numerous deals simultaneously while still maintaining a full time job and great work/life balance.

I am living proof that real estate is one of the most fantastic wealth creation tools available on the planet and I'm here to tell you that it doesn't take a rocket scientist to do it. In fact, it doesn't even take a college grad to do it. I know several people who never went to college and are now making money hand over fist in real estate. The fact that you *are* in college means that your chances of success are even better than theirs were and they did extremely well, so think about what that could mean for you!!

*Empty pockets never held a man back.  
Only empty heads and empty hearts can do that.*

**NORMAN VINCENT PEALE**  
BEST-SELLING AUTHOR OF THE POWER OF POSITIVE THINKING

I want to make one thing very clear:

You do not have to have a lot of money to make a lot of money in this game. You just have to have a little creativity and a lot of persistence.

It certainly helps to have money and you can certainly make more of it, and faster, if you have more of it, but history is filled with rags-to-riches stories and I'm personally looking forward to yours being the next one. It will be a story to tell your grandkids about, I promise you. But first, let's look at what Malcolm, a sophomore from Texas A&M did with real estate.

# THE STORY OF MALCOLM

When he was in his freshman year of college, Malcolm was just like most of us in that he had no idea what he wanted to do with his life. He was too busy partying, chasing girls, and trying not to flunk out of school. He was enrolled in a mixed bag of classes that would eventually earn him a Bachelor of Arts degree, but he had very little interest in most of them. His professors were dry and boring, the material was dry and boring, and he was having way more fun going to frat parties than going to class. This would have been fine if he had kept his grades up, but he didn't. He was partying too hard, drinking too hard, sleeping through his alarm and sleeping through his classes. To make matters worse, Malcolm had just got himself a credit card and he was racking it up far faster than he could pay it off. Something had to give...

It was late November, and Malcolm had been at school for just over 3 months now. He had been partying 4-5 nights a week and his body finally gave up. He got sick, and at the worst possible time — right before final exams. He tried to study and get caught up on his schoolwork, but by then he was so far behind and so ill that it was next to impossible. He failed two of his first five exams. He got B's and C's on the rest of them. Needless to say, over the holidays when Malcolm should have been relaxing and having a good time, he was busy dodging the wrath of his unimpressed parents, particularly his father.

*Most people struggle with life balance simply because they haven't paid the price to decide what is really important to them.*

**STEPHEN COVEY**

BEST-SELLING AUTHOR OF 7 HABITS OF HIGHLY EFFECTIVE PEOPLE

Malcolm came from a lower middle class family and his parents hadn't saved much for his college education, but they loved him dearly, and gave him a few thousand dollars from their retirement savings to help him that first semester.

Malcolm's dad was furious at the failing grades. "Malcolm!" he yelled. "What the hell do you think I gave you that money for? To go out and get wasted? To piss away your life? I've worked my ass off for 30 years to provide for you and your sister, and this is how you repay me? That was your one get of jail free card, boy. That's it. You had one chance and you blew it. If you want one more penny from me, you're going to have to earn it. When January rolls around, you're going back to that school, and you're going to get yourself a job to pay your own way. Then you'll see how it feels to work hard. And don't bother asking me for any more money until I see some A's."

Malcolm was stunned. He had never seen his Dad so angry. He felt horrible for letting down his family. And to make matters worse, he had no idea how he was going to get a job, pay for his tuition, and get A's. He was scared to death at the prospect of getting a job, but he knew that he couldn't let his father win. If he gave up and moved back home he'd end up just like those boomerang kids his dad had been laughing about on TV. The ones that move back in with their parents when they're done school because they can't hack it on their own in the real world. Or those KIPPERS he'd heard about on some Jerry Springer-style talk show -- Kids In Parents Pockets Eroding Retirement Savings.

*Failure is the opportunity to begin again, more intelligently.*

**HENRY FORD**

FOUNDER OF THE FORD MOTOR COMPANY

It didn't take long before Malcolm got a job as a server at a local restaurant a few nights a week. Not only did this start putting money in his pockets, but he also made some great new friends, and he met an absolutely beautiful girl named Summer that he quickly became fascinated with. The two had a lot in common, and he admired the fact that she had chosen to work her way through school rather than borrow

money from her parents. He felt a strong connection with her, and she with him. He was still going to parties, but he decided to keep it to a maximum of two nights per week. He also began to realize that it really wasn't that hard to get decent grades...if he'd actually open the book and read it!

One of the coolest things about Malcolm's job was that he got to spend time with the owner of the restaurant, Ernest Williams, a successful businessman. Ernest was a cool young guy in his early thirties. He owned the restaurant, a chain of Laundromats and numerous pieces of property around town. Over time Ernest became a mentor to Malcolm. Malcolm admired the successes, the failures, and the persistence that Ernest had shown throughout his career to reach the level of success he had as such a young age.

*You need to surround yourself with quality human beings that are intelligent and have a vision.*

**VINCE MCMAHON**

THE POWERFUL CEO OF WWE, THE FIRST WRESTLING ENTERTAINMENT COMPANY EVER TO GO PUBLIC

But along with this solution came a new problem. Living in student residence wasn't looking quite as appealing to Malcolm anymore. On the nights that he would be trying to study, other students would be partying incessantly and, since he shared a room with another guy, it was becoming challenging for him to have privacy with his new girlfriend, Summer. He was growing tired of the same cafeteria food week after week and longed to cook his own meals.

1-bedroom apartments were out of Malcolm's price range, so he was prepared to get some roommates. Typically, he'd see 3-5 friends get a place together so that they could have fun and share some household expenses, while at the same time living in a place that none of them could otherwise afford individually. This was exactly what Malcolm needed — and wanted. He told some of his new friends about the idea. They all agreed that it was a great idea. The plan was to get a place together at the start of the new year.

Then one day in early spring, Malcolm was telling Ernie about his idea to live with friends next year and rent a house. After listening to Malcolm tell him his idea, Ernie looked him square in the eyes and said something that would change Malcolm's life forever. "Kid, if you ever want to be successful in life you need to realize that renting is not the way to get there. 80 percent of the world's millionaires became millionaires because of real estate and they didn't get there by renting. They got there by owning!" "But I can't buy a house. I can't even afford to buy a car!" said Malcolm in his defense. "That's your first and second mistake right there," said Ernie. "Your first mistake is that you're saying that you can't do something before you've even tried to do it and your second mistake is that you're saving money to buy something that's only ever going to cost you more money than it's going to make you. You should be putting that money into a house, not a car."

This discussion really struck a chord with Malcolm and he walked away from it thinking "Maybe I should listen to Ernie. After all, he's a millionaire who made his money in real estate and I'm just a poor student trying to buy a car."

Ernie's tone reminded him of the way his Dad spoke to him during the holidays. Malcolm was shocked and excited by what his mentor had told him. Never before had he even considered buying a house. Most people don't do that stuff until they're in the late 20's or early 30's, and certainly not while they're still 19!

*How am I going to live today in order to create the tomorrow I'm committed to?*

**ANTHONY ROBBINS**

WORLD FAMOUS MOTIVATIONAL SPEAKER, BEST SELLING AUTHOR OF AWAKEN THE GIANT WITHIN

The conversation with Ernie awoke in Malcolm a fire like no other he had ever experienced, except for when he was a senior playing high school football on the road to the state championship. Over the spring and summer months he worked harder for Ernie than he had ever worked before, and saved more money than he

had ever saved before. He spent most of his lunch breaks talking with Ernie about real estate, asking a gazillion questions, learning all that he could. And by the end of the summer Malcolm had scraped together enough tips and wages to buy his first house with a 5% down payment and a buffer for some renovations on the property. All said and done it cost him just over \$10,000 to get into an old 4-bedroom house worth \$170,000 located close to the University. It needed some work, but Ernie had taught him a lot about what to look for in a property, how to get financing and how to make an old property look new again.

Since none of Malcolm's friends had taken the initiative to do something like this, they were all quite excited at the thought of having Malcolm as their landlord instead of some mean old fart like most of their friends had. This meant that Malcolm had no trouble making sure he had enough friends to fill the house (or finding tenants as he now called it). He even charged extra to the two guys with cars for giving them use of the garage. And to top it off, the guys all agreed to help Malcolm with the renovations on the house, because it was in all of their best interests to turn it into an awesome party house.

Malcolm's second year of University was incredible. He was living very inexpensively, which meant that he could save most of the money he made from the restaurant while still having some good cash to go out and party 1-2 nights per week. He was living with his best friends from school. He had the use of a car pretty much whenever he needed it between using his girlfriend's car and rolling with his roommates. His house became known as "El Rancho Grande" because of its large size and the legendary parties that the boys threw every year. Malcolm was becoming well known around campus as the one guy in the bunch who owned his own house. But the best part of all of this was the financial side of it. After collecting rent from his friends, Malcolm only had to pay \$250 per month and bills were split four ways making his total living expenses very reasonable. And his friends were happy because their rents were also reasonable, their landlord was super cool, and they were living together in a great place with their best buddies. So, while Malcolm was paying less than everyone else to live there, he was also building significant equity in the property because the house was going up in the value at the same time as the mortgage was getting paid down. Malcolm was truly building wealth!

By the time he graduated, Malcolm had built up over \$70,000 in equity in the house. He had also saved up another \$10,000 from his job because he had hardly had to pay any rent for the last 4 years. He took an extra year to finish his degree because he decided to go on an international exchange and then travel around Asia and Australia for another 6 months with Summer while his friend Zack and his Uncle Saul agreed to take care of the place while he was gone.

And when he got back from his year of traveling, Malcolm had built up enough equity and saved up enough money to pay back all of his student loans *and* buy another house, which he promptly did, for him and Summer, now his fiancé, to live in.

Today, Malcolm is happily married to Summer with a baby on the way, and he still owns that first property — along with about 25 others! He has his Bachelor of Arts Degree, and he works when he wants, where he wants. He spends most of his time investing in real estate because it makes him more money, and requires less work, than most of the jobs his friends with BA degrees were able to get when they graduated.

**So, what's the moral of this story?**



Buy at least one piece of real estate while you are still in college, and use that piece of real estate to pay for your education!

If you do this, you *will* be making college more affordable and you *will* be living the beginnings of the American dream. And that's exactly what Malcolm did and that's exactly what you can do.

Malcolm is now one very happy man. And do you want to know the best part? He's just one of thousands of people out there with stories just like his. I look forward to hearing yours. So let's get started.

# GETTING STARTED

*I knew there was a way out.  
I knew there was another kind of life because I had read about it.  
I knew there were other places, and there was another way of being.*

**OPRAH WINFREY  
THE WORLD'S FIRST AFRICAN AMERICAN FEMALE BILLIONAIRE**

Throughout the following pages, you will discover how Malcolm did what he did and why he chose the best investment vehicle in the world.

Remember, your success or failure in life is directly related to what's in your heart and what's in your head, and NOT what's in your pockets!

## Top 9 reasons why real estate is the best investment vehicle in the world:

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1. You can invest in real estate with **LEVERAGE**.
2. You can invest in real estate with **OTHER PEOPLE'S MONEY**.
3. People will always need places to live, work, shop, eat, and shit.
4. Real Estate is a tangible asset that people can touch and feel.
5. You can find tenants to make your mortgage payments for you.
6. You can do things to make real estate worth more.
7. You don't have to have a Degree in Real Estate to invest in real estate.
8. You can do well with real estate even when the market isn't.
9. Time is on your side.

Read this list over a few times and let it sink in to your subconscious. Then, start looking at other types of investments and ask yourself if they offer the same kinds of opportunities. Chances are, they will share similarities, but none of them will provide you with as many ways to succeed as real estate does. Now, go back and read the list one more time, and then carry on to read these more detailed explanations of each.

## **I. You can invest in real estate with LEVERAGE.**

Multi-Millionaire real estate investor, Dolf De Roos, in his best-selling book *Real Estate Riches: How To Become Rich Using Your Banker's Money* gives a perfect explanation of the power of leverage. Here's an excerpt from his book:

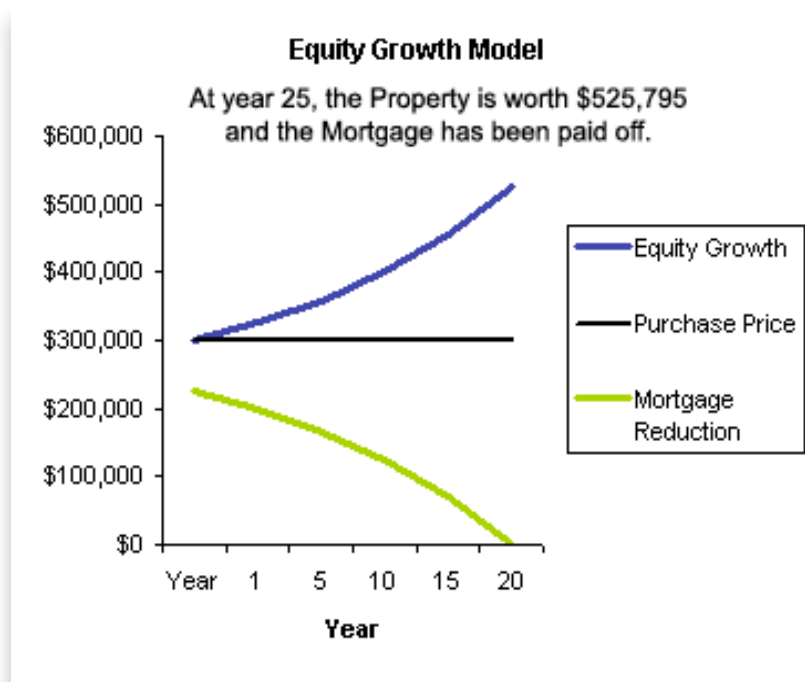
### ***How many dollars' worth of property can you buy with \$100,000 cash?***

Well, clearly, you could buy a \$100,000 property. But you could also buy a \$200,000 property, by taking out a mortgage for 50 percent of the property's purchase price. You could also buy a \$300,000 property by taking out a 66 percent mortgage. In fact, you could buy a \$1 million property by taking out a 90 percent mortgage. . . .

. . . .The point here is that when you buy stocks, you generally have to put up the entire purchase price in cash. When you buy property, you generally have banks and other lending institutions falling over themselves to give you money.

My first three properties were all purchased with 5 percent down. There are lending institutions out there that allow you to get a mortgage for 95 percent of the purchase price — if you are planning on living in the property as your primary residence.

Well, that's easy enough. Just live there. That's what I did. I lived in one property for a year, then sold it to my corporation. There were a few hoops I had to jump through to do this, which I won't get into here, and I'll take you step-by-step through how I did it in my e-book, *For Sale by Student (Fall 2006 Release)*. The important thing to know right now is that I bought my first property for \$174,000 with 5 percent down and you can, too! That means I had to come up with just \$8,700 to put a down payment on my first property. I know lots of college friends who make way more than that in a summer planting trees, driving a truck, or working at a restaurant!



And you know what the best part was? After I bought it, I brought in 4 friends to live with me, and I ended up paying ZERO rent AND putting an extra \$200 in my jeans every month, even after making all the mortgage, property tax, and insurance payments!

So, you see, owning real estate is not so out of reach after all. And that, my friends, is the power of leverage!

## 2. You can invest in real estate with **OTHER PEOPLE'S MONEY.**

*Money is plentiful for those who understand the simple laws which govern its acquisition.*

**GEORGE CLASON**

BEST-SELLING AUTHOR OF THE RICHEST MAN IN BABYLON

You personally don't have to have money to become wealthy in real estate...you just have to have **access** to money to become wealthy in real estate. The banks call it "Credit" and I call it **MAGIC**, because it has a tendency to magically appear for you out of thin air sometimes just when you need it.

Credit is essentially an early withdrawal of money you haven't earned yet, but will earn someday, so they'll give it to you in advance of actually making it.

Whose brilliant idea was that!? I don't know and I don't care but I want to hug the person that invented it!

Accessing someone else's credit really can be "magic money" for you because it enables other people with borrowing power to borrow money on your behalf from the bank. You can utilize someone else's good reputation and credit history to build wealth for you, for them, and for the bank. How great is that!?

Now, why would anyone want to lend you money when they've already got it? The answer is simple: They either didn't even know they had it, or aren't putting it to very good use, and you've been able to convince them that you can make them more money with it than they could! So, once you've got them to say yes, all you have to do is deliver on your promises. If you don't, it will be the last time they ever give you money.

**Pay your creditors on time, every time, with no exceptions.**

If you live up to your promises of repayment, you will inevitably find them offering you more money, and telling others about you, to the point where you'll eventually have a whole roster of investors literally getting in line to give you money. Now that's what I'm talking about!

So, if you have some wealthy parents, grandparents, aunts, uncles, friends, old friends, cousins, second cousins twice removed, or even people you barely know, you truly *can* gain access to the kind of money that will allow you to achieve the life that you've always dreamed about.

Be extremely careful and thoughtful about the way you use credit. There is a fine line between using credit and abusing credit, so use it wisely, nurture it, and build on it over time.

The vast majority of people, when you talk to them about real estate investing, inevitably talk about the banks. "The banks say this" or "the bank will never let you do that." Anyone who speaks to you this way should not be taken seriously, because they clearly are not creative real estate investors. There are dozens of ways to invest in real estate without ever stepping foot in a bank.

The next time you are walking around anywhere in the developed world, take a look around. You will see hundreds of people dressed in nice clothes, driving nice cars, eating at nice restaurants, and looking like they are on their way to important meetings. That's because they are. If you think about it, the number of wealthy private individuals in the world (by wealthy I mean wealthy enough to lend you the money you need to finance your next property) far exceed the number of banks.

Money to buy properties does NOT have to come from banks.

Private individuals can provide you with all the financing you will ever need, if you can just learn to tap into those resources. And remember that money has no borders. You can have investors in Kansas, Russia, Brazil, or Japan. It doesn't matter where they're from or whether you met them last week or last decade.

Another important thing to mention is that private individuals don't operate like banks do. Banks rely heavily on statistics, past indicators, and very specific criteria to determine whether or not they will lend you money. You could have the best deal in the world, but if you fail just one piece of their criteria, you might never get the money that you need from a bank. Private investors, on the other hand, are human beings that can be reasoned with. They seldom use these measurements. They will judge you on your credibility, your behavior, your experience, and the deal that you are offering them. Dealing with a private investor can, in many ways, be significantly easier than trying to reason with a big, uncaring bank. Now, I must balance that statement by saying that dealing with a private investor can also have its downsides. For example, they might make all kinds of strange requests that make no sense at all, and if that's the case, you'll just have to decide for yourself whether or not it is worth using them as a lender. It's that simple.

I will also say this:

Every millionaire takes a day off now and again and owns a t-shirt. So be careful not to judge people who don't look wealthy. You never know if it is just their day off from wearing a 3-piece Giorgio Armani suit and driving a Ferrari. Remember to treat everyone you meet like they could be your biggest investor. If you do this one thing, you will greatly increase your chances of unlocking millions of dollars worth of other people's money.

**Burning bridges is bad business.**

### **3. People will always need places to live, work, shop, eat, and shit.**

There are a lot of different business models out there that will make millions. One easy way to determine whether or not an idea has the potential to be one of them is to ask the question "Is this product/service something that everybody needs?"

Take bottled water for example. Everybody needs water to survive so you can bet that there will be a market for bottled water, particularly in places where tap water isn't exactly the most appealing beverage around. It's no wonder that we see two of the biggest companies in the world, Coca-Cola and Pepsi fighting it out over the water game under the Dasani and Aquafina brands, respectively.

Now, let's consider real estate for a minute. What services does real estate provide that you would consider a need for most people?

First, it provides shelter. Nobody wants to sleep on the streets and if you look around at the people who do live on the streets, chances are their lives have seen better days, and I'm willing to bet that those better days involved sleeping somewhere warm and dry!

The shelter real estate provides is an essential service in our lives that we often take for granted. Imagine waking up in the morning and trying to get ready for work in the middle of winter...outside? I don't think so.

In fact, real estate, in all of its various shapes, sizes, and colors provides the overwhelming majority of the locations where billions of people spend the vast majority of their lives around the planet.

There is no question that there will continue to be a need for quality real estate as long as human beings live on this planet.

#### **4. Real Estate is a tangible asset that people can touch and feel.**

*It's tangible, it's solid, it's beautiful.  
It's artistic, from my standpoint, and I just love real estate.*

**DONALD TRUMP**

**BILLIONAIRE REAL ESTATE DEVELOPER AND STAR OF THE APPRENTICE**

I want you to put yourself in the shoes of a banker for a minute. It is your job to lend people money and you have been given \$200,000 to lend out. However, it comes with one hitch. It is also your job to make sure that those people repay their debt and that you have some means of getting your money back from them if they don't.

Now I want you to consider the following. Two prospective clients walk in the door of your bank. One has a phenomenal business idea, the other wants to purchase a property. Both people are looking for a \$200,000 loan. Both have good credit. Both have business plans, and both have good manners. The businessman wants to create a software company called Macrossoft. His idea is to hire a bunch of programmers and spend the next 12 months designing a software program that will be the hottest thing to hit the market in 10 years. He sounds convincing. The real estate investor just wants to buy a revenue-generating income property located a few blocks from the bank.

The banker is faced with a decision: Who to lend the money to?

Who would you lend the money to?

If put in this situation, nine times out of ten the average banker will always choose the real estate investor. Why? One word — collateral.

Investors (banks, businesses, or individuals) almost always prefer lending money that is secured against real things — tangible items that can be re-possessed if you forget to pay!

Both ideas might be great and both *might* succeed, but what happens if they don't?

In the case of the businessman, their software company goes bankrupt before producing a finished product. What assets can the bank seize? Not very much!

On the other hand, let's assume for a minute that the real estate investors plan fails and he can't pay the mortgage. Then what? The bank simply takes ownership of the property and sells it at auction. It is a much safer bet. And if there's one thing I know, it's that bankers are not gamblers. They do NOT go for the risky bets. They go for the sure things, or as close to a sure thing as they can calculate out. That's why it's almost always easier getting approved for real estate loans than business loans.

## 5. You can find tenants to make your mortgage payments for you.

In the business of real estate, tenants are a critical success factor for your business. They have the ability to be your best friend or your worst enemy.

There are two types of tenants. The decision is pretty easy as to which ones you would rather have living in your investment properties:

Good Tenants	Bad Tenants
<ul style="list-style-type: none"> <li>• Pay Rent On Time</li> </ul>	<ul style="list-style-type: none"> <li>• Pay rent late, if at all</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain The Property</li> </ul>	<ul style="list-style-type: none"> <li>• Do not maintain the property</li> </ul>
<ul style="list-style-type: none"> <li>• Fix small problems</li> </ul>	<ul style="list-style-type: none"> <li>• Never fix small problems</li> </ul>
<ul style="list-style-type: none"> <li>• Hardly ever call you</li> </ul>	<ul style="list-style-type: none"> <li>• Call you all the time to complain</li> </ul>
<ul style="list-style-type: none"> <li>• Stay for years</li> </ul>	<ul style="list-style-type: none"> <li>• Overstay their welcome</li> </ul>
<ul style="list-style-type: none"> <li>• Never get evicted</li> </ul>	<ul style="list-style-type: none"> <li>• Inevitably get evicted</li> </ul>
<ul style="list-style-type: none"> <li>• Build equity for you</li> </ul>	<ul style="list-style-type: none"> <li>• Damage or destroy your equity</li> </ul>
<ul style="list-style-type: none"> <li>• Leave little or no damage when they move out</li> </ul>	<ul style="list-style-type: none"> <li>• Often intentionally damage things when they move out</li> </ul>
<ul style="list-style-type: none"> <li>• Get along well with the neighbors</li> </ul>	<ul style="list-style-type: none"> <li>• Constantly irritate the neighbors</li> </ul>
<ul style="list-style-type: none"> <li>• Follow the rules</li> </ul>	<ul style="list-style-type: none"> <li>• Rarely follow the rules</li> </ul>

The point here is not to scare you. It is to wake you up to the different types of the people that you can rent to and the different types of experiences that you can have as a result of your decision.

Choose your tenants wisely. No exceptions.

So, it is EXTREMELY important for you to screen prospective tenants to ensure that they are a good fit for the property and that they will act in accordance to the rules that you have set out for them in the lease.

If you are renting to other students, which is quite common for college student investors, be sure to make sure that you are all compatible with each other, that everyone is capable of, and willing to, fulfill their commitments to you, and that they are willing to sign a lease. If they're not willing to sign a lease, what else will they not be willing to do later on?

Remember, when you are a landlord you need to treat your investment like a business. The sooner you learn to appreciate this and run with it instead of fighting it, the sooner you will succeed in real estate investing, and the sooner you will have good quality tenants paying your mortgage for you and then some!

## 6. You can do things to make real estate worth more.

When was the last time someone was allowed to tell McDonald's what to do because they bought 100 shares of McDonald's on the stock exchange?

When was the last time someone was able to tell Donald Trump what project he should build next because they bought a pack of gum in one of his buildings?

You get the idea.

*Make your product easier to buy than your competition, or you will find your customers buying from them, not you.*

**MARK CUBAN**

**BILLIONAIRE AND OWNER OF THE DALLAS MAVERICKS NBA FRANCHISE**

Whether your competition is other landlords competing for good quality tenants, or other homeowners trying to sell their house, you can choose to do all kinds of things to add value in one way or another to your property to make it more attractive to your 'customers', whoever they may be. This could include:

• Increase Rents	• Landscape the property
• Paint the inside	• Build a garage
• Paint the outside	• Find a Rent-To-Owner*
• Install new light fixtures	• Do a Lease Option*
• Improve the curb appeal	• Use energy efficient appliances
• Change the carpets	• Use energy efficient light bulbs
• Change the tenants	• Get a high efficiency furnace
• Build a carport	• Install water saver kits
• Change the use	• Rent a furnished house
• Build a basement suite	• Make tenants pay utilities
• Rent out the garage	• Install nicer baseboards
• Rent out rooms	• Insulate heating pipes
• Renovate the inside	• Buy items on sale
• Improve the furnishings	• Improve the insulation
• Install new tile	• Make the property airtight

\*Learn more about Lease Options and Rent-to-Own concepts in our upcoming Lease Option and Rent to Own eBooks and audiobooks.

These are just a few of the things that you can do to make a property cash flow more, or re-sell for more. There are literally endless numbers of things that you can do, but these items listed here will give you some of the best "bang for your buck." However, these items only cover the property itself. Another, arguably more important, area of real estate that you can control is the deal itself including, but not limited to, the following:

- Location, Location, Location!
- Proximity To Transit

- Proximity To Amenities
- Terms Of The Deal (Financing Terms, Possession Date, etc.)
- Participants Of The Deal (You, The Bank, Other Investors, etc.)

Location in a deal should never be underestimated. You can screw up on a lot of things when it comes to the property, but as long as you've picked a winning location, there is a very good chance that you will be able to sell the property for more than you paid for it.

I just listed 35 ways that you directly affect the return on your investment in real estate. I challenge you to find a way to do that with stocks, bonds, mutual funds, GIC's, T-Bills, etc. The ease of adding value to your investment is just one more reason why real estate is the greatest business in the world!

## **7. You don't have to have a degree in Real Estate to Invest in Real Estate.**

You'd be hard pressed to find a successful real estate investor who actually has a degree in real estate from an accredited university or college. You'd also be hard pressed to find a college or university that even offers a degree in real estate investing. It simply doesn't exist at most schools. Sure, you'll find courses on how to become a realtor, a mortgage broker, an appraiser, and other such careers, but you'll search high and low to find one specifically for investors. Most of the opportunities to truly learn about real estate investing are not offered through post-secondary institutions. They are typically offered through private seminars, workshops, weekend courses, e-books, audiobooks and more..

For links to top-quality programs and courses to help you get started in real estate, stay posted to the Get Rich section of FocusedStudent.com. The next launch of this site will include all the information you need on how to start becoming rich through real estate.

### **Why are the fundamentals so important?**

Because circumstances change, markets change, demographics change, and trends change, but the fundamentals don't. They are based on sound real estate principles that can accurately explain the subtleties of the market at any given time and whether an investment you are considering is worth further investigation. One of the only things they can't predict is whether or not your tenants will be any good. That, my friend, is completely up to you.

Most of the best real estate investors of our time didn't learn about the fundamentals of real estate investing in a classroom. They learned about it by doing it, and by watching others do it. And for many of them it was merely a side hobby that dramatically increased their income so that they could focus the majority of their time on their real passions, whatever they may be.

You can do anything if you put your mind to it, especially this game. All you need is an understanding of basic math, a sound foundation of knowledge around the principles of real estate investing, a willingness to learn and ask questions, a passion for working with people, a goal in your mind that you want to achieve, and the persistence and flexibility necessary to achieve it.

Remember, you don't have to have a degree in real estate investing to invest in real estate.

## **8. You can do well with real estate even when the market isn't.**

*Well, real estate is always good, as far as I'm concerned.*

**DONALD TRUMP**

BILLIONAIRE REAL ESTATE DEVELOPER AND STAR OF THE APPRENTICE

How is it possible to profit from real estate even when the market as a whole is in the slums? It comes down to two critical elements: the fundamentals and the seller psyche.

In any city, there are always some areas that are experiencing more growth than others, some areas that are holding their value while others are losing their value, and some areas where there are big opportunities looming while others have big problems looming. Sticking to the fundamentals in all of your dealings will help you to identify these situations and plan the best course of action around that knowledge. This means analyzing indicators such as the following

<b>Indicator</b>	<b>What this means to you...</b>
Population in the area is increasing	Higher demand usually leads to higher prices.
The average price of comparable properties that have sold recently is \$200,000	If your deal is \$180,000, there is a good chance that you're probably got a pretty good deal.
Vacancy rates are going down	Less people are buying and more are renting...Therefore, it will be easier to rent and you might be able to charge more for rent.
Vacancy rates are going up	It will be harder to rent, so you'll have to do things to improve your marketing (i.e. furnished, close to amenities, close to transit, etc.)
The City's largest employer has shut down and moved out of town	This could be a death blow to the town's economy...consider investing elsewhere.
A new manufacturing plant is opening, bringing with it 1000 new jobs	New jobs will place a higher demand for rental units and upward pressure on prices.
The city's transit system is being expanded, and several new stations are being built	Properties within walking distance of the new stations will go up in value, because people who use it will want to be close to it for convenience.
Average 'Days on Market' is 25	Houses that get listed for sale are selling very quickly. The market is hot, so you should be looking for a way in.
Average 'Days on Market' is 125	Houses that get listed for sale are selling very slowly. The market is cool. You might be able to pick up some really good deals by making low offers -- just be careful to ensure the area is solid.

You see, it's not so hard to start spotting trends and understanding what they might mean for you and your real estate investments. Now, just keep thinking about these and other indicators and consider them to be almost like a chess game: If the market does this, what will I do? Always try to stay three moves ahead. That's the way to win at chess and the same goes for property investing.

The second critical element in a market downturn is to understand the psyche of the seller. Sellers will behave in very strange ways sometimes. The better we are at spotting those behaviours and understanding their underlying cause, the better we will be at finding exceptional deals.

Here are a few situations to watch out for:

When a real estate market is suffering, it is usually just a symptom of some underlying economic challenge that the area is encountering. Real estate prices tend to be a reflection of the overall economy in the area. Because of this, you can usually be sure that when the real estate market is in a downturn, it will mean that the economy is in a downturn. And if the economy is in a downturn, it will inevitably mean that some of the people living in the area are also experiencing hard financial times. That's when you start seeing people default on their mortgages and fall into foreclosure. That's when you start seeing people sell their houses undervalue because they are afraid of falling into foreclosure and they need cash fast. That's when you start seeing more people renting and less people buying — And when that happens you will inevitably see more properties for sale than being bought, which puts downward pressure on prices. So, in this case, there would be an opportunity for you to scoop up properties for less than they're really worth and to have an easier time

finding renters. The key thing here is to make sure that the area you're investing in is experiencing a temporary decline in prices and not a long term decline.

## **9. Time is on your side.**

There's a saying that is common among my fellow investors:

**Don't wait to invest in real estate.  
Invest in real estate and wait!**

This saying could not be more truthful. There are not very many places in North America where it would have hurt you to buy real estate 50 years ago and still own it today. Imagine being able to go back in time and purchase some prime properties in Beverly Hills, New York, Chicago, Toronto, Vancouver, Seattle, Phoenix, or Miami in the mid 1900's. You would have probably paid 10 - 100 times less than you'd pay now. Sure, back then it would have seemed like a lot of money, but today you'd be a multi-millionaire (or possibly even a billionaire) for having held on to it for so long.

Now fast forward to 50 years from now.

What do you think our children and our grandchildren will be saying about us? They'll probably be saying "Man, if only we could go back in time and buy properties 50 years ago when everything was so cheap!" So try to keep that in perspective when you're scouting out real estate. What might seem expensive today will probably be under market value compared to next year, and there is a very good chance that it's a steal of a deal compared to what it will be worth in 5 or 10 years. After all, they aren't making any more land.

*Owning one solid, long term real estate asset is hands down one of the strongest investment vehicles to be found anywhere in the world -- Imagine what owning more of them will do for you.*

**KEVIN ABLETT**

**DISTINGUISHED REAL ESTATE INVESTOR & AUTHOR**



# MOVING FORWARD

*The way to get started is to quit talking and begin doing.*

**WALT DISNEY**  
FOUNDER OF WALT DISNEY

The thought of owning real estate can seem daunting at first. It almost always does no matter who you are or what your financial status is. Just remember to break a deal down into baby steps and chew off one piece at a time:

1. Save up for a down payment
2. Locate the property
3. Crunch the numbers on it
4. Write an offer on it
5. Explore outside investor possibilities
6. Get a property inspection
7. Secure financing
8. Get a lawyer involved.
9. Close the deal
10. Get good tenants (or roommates)
11. Add value to the property
12. Keep it in good shape
13. Keep your tenants happy
14. Do it again

As you move down the line of things to do your priorities will change. Just keep in mind where you are in the process and chip away at it.

I promise that you will grow as a person for having done it. You will also realize, once you've got one under your belt, that it wasn't that hard after all. And that's when the REAL real estate investor in you will come to life because you'll have the confidence necessary to do it again, and again, and again.

Keep in mind that it might not make sense for you to purchase a home to live in right away if you're planning on leaving the country in six months, or moving to a different city in a few weeks. It generally takes at least some form of commitment to a specific area of the country for a period of time. In the case of college students, I encourage them to buy and hold a property for at least as long as they are going to attend that school -- generally 3 or 4 years. However, if things are going well, why sell? We've already explained that there are other ways to pull out cash while still holding on to your properties, so I always encourage people to explore that avenue first. I also encourage people to consider hiring a property management firm to look after their property for them if they do decide to move somewhere else. One of the nicest things about real estate is that you DON'T have to live there in order to own it -- you just need someone responsible to manage it for you and you need to make sure that they are doing a good job for you.

They say that owning a home will be the biggest investment of your life. I don't think they are giving you enough credit. I believe that we are all capable of much bigger investments than just one property. Having said that, owning one property is a great place to start and this should be your first goal. And maybe that's as far as you'll ever take it. And if so, that's okay, too. The point here is to at least put yourself in a position where you can pay for college education while you are still in college. It is entirely up to you whether or not you decide to take it. I wish you good luck.

*It has been my observation that most people get ahead during the time that others waste time.*

**HENRY FORD**  
FOUNDER OF THE FORD MOTOR COMPANY