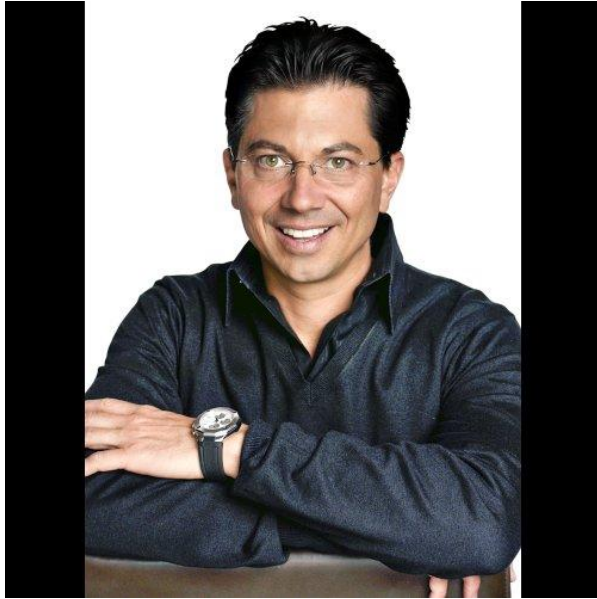


How-To Guide - Is Real Estate Investing Right For You?



{If} I knew then what I know now, I never would have voted for the war.

Ken Lucas

[real estate seminars](#)

For me the greatest source of income is still movies. Nothing - stocks, financial speculation, real estate speculation or businesses - makes more money for me than making movies.

Jackie Chan

[real estate seminars](#)

I have {1900} units, why do I need a {401K?}

Robert Kiyosaki, recent interview Time Magazine

To thine own self be true, and it must follow, as the night the day, thou canst not then be false to any man.

William Shakespeare

From Robert Kiyosaki to Donald Trump, from Robert Allen Carleton Sheets, from Dolf de Roos to Diane Kennedy, investing in real estate is touted as a way for average people with time, money and patience to build wealth.

{But} is investing in real estate right wealth vehicle for everyone? {If} this were a one-size fits-all-world the answer would be yes. {But,} then, stocks would be the perfect investment vehicle for everyone and the discussion would end there. I have had investment real estate since {1994.} I have had tenants attempt to squat in my properties, I have been sued, I have had a unit vandalized, someone drove into one of my buildings and I have gone through my fair share of property managers.

{If} I knew then, what I know now, would I have bought my first property? The answer is yes. Real estate has done more for me than the stock market has with less overall financial risk despite the headaches and they have been many.

Five Ways to Know if Real Estate Investing is Right for You.

1. Are you a good manager of your personal resources or do you have significant amounts of short term debt? If the answers are no and yes, in that order, do not invest in real estate until you address these issues. Real estate is illiquid. Once purchased, the hold time on your new property may be significantly longer than you anticipate. This means that your potential exposure to unplanned expenses on your property may be longer than anticipated. Significant amounts of short term debt or the inability to plan your finances in anticipation of expenses may turn your real estate investment into a financial nightmare.

2. Are you a team player and can you captain that team? Investing in real estate means partnering with others to ensure your success and recognizing that your partners may know more than you. You will encounter brokers, property managers, attorneys, handy men, plumbers, electricians, contractors, roofers, inspectors, mortgage brokers and appraisers. If you are a control freak, prefer to work alone or cannot be direct in your communication when working with people, real estate investing may not be right for you.

{3.} Do you understand the kind of investing you will be doing? Will you be investing for cashflow or speculating for appreciation? Do you have the analytical tools necessary to help you work up a pro-forma for the property you will be buying?

{4.} Do you truly understand that wealth-building in real estate occurs over many years and that you have to "survive" your first couple of properties to build wealth? Over {20} years ago I started baking bread. The guide book I bought featured a "loaf for learning", a basic loaf that I could practice kneading, mixing and still {turn} out an edible product. Your first properties will be "buildings for learning". As you move beyond the initial learning curve, you will move on to create wealth. In certain markets, real-estate can produce appreciation returns beyond expectations and create the illusion that real estate produces instant cash. {In} my life I have seen two such markets. Frankly I would not want my future financial well-being to rest on my ability to time markets. Sophisticated investors have as their core investments, cashflow properties, properties that perform during hot or cold markets.

{5.} How do you react to unpleasant business news? Is your overall reaction anger that dissipates into a sense of helplessness or do you become a problem solver? Being able to solve problems is the key to having a successful business and investing in real-estate is a business. Real-estate is also a people business, by this I mean your tenants are people and the service personnel who will work on and market your properties are people. {If} the failings of others afflicts you with moral indignation and heartache, real estate investing is not for you. Tenants will fail to pay the rent and you will have to evict them, your property manager will charge you market or above market for repairs and will fail to market your properties properly in order to keep them full.

While real estate investing is a great way to build wealth, investing in real estate isn't for everyone. {It} is easy to "catch the fever" and jump without looking, the first step is to make sure that you know yourself; these five points of consideration will assist you to that end.

The next step is to educate yourself about your local market, financing options, price and rents. You can start by finding a local Cashflow or real estate investing club. If you join a local real estate investing club make sure some of the members actually own investment property. That way the club won't just be a club of "wannabes".

Next assemble your team of property managers, accountants, brokers and agents. You will do this by interviewing prospects. Once you decide on a team, you will still have to trade the members out from time to time.