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## 8 Critical Requirements for Successful Real Estate Investing

I was a Wall Street Broker for 23 years and have been a real estate investor since 1975. As a stockbroker I got to see first-hand how fear motivated people into a herd mentality. This psychology is driven by newspapers, TV, radio and other media sources that take an extreme position in what I believe is an attempt to get more readers or listeners at the expense of sensibility.

It seems there is nothing but bad news everywhere and if we hear any good news it is quickly discounted by other media sources. "Fear sells" said one notable TV correspondent and he was right. If it weren't for massive media coverage of sensational events there might be fewer of them. So, what does all this mean to us in real estate?

As I look at the most successful real estate investors, they all have some common characteristics:

A systemized and repetitive program for finding motivated sellers in any market conditions.  
Purchase and Sale contracting that protects their interests and uses weasel clauses if necessary to eliminate any monetary risk on their part.

Practiced and refined selling techniques for convincing sellers that you are their best option – truthfully and legally.

A clear and focused exit strategy – sell by wholesaling, rehabbing and selling retail (lease options are also gaining popularity again), or keeping and renting the properties.

A method of generating a positive cash flow at all times in their business, even if they have vacancies or are waiting to sell a property retail, by wholesaling for quick cash with no money, no credit and no risk.

A systemized program for selling properties (buyers list and a fast seller's program like [www.FSBOPowerSellingSystem.com](http://www.FSBOPowerSellingSystem.com)) *Sorry about the shameless pitch but I get very excited every time a student calls to tell me he/she sold their property at full market value or higher in just one or two weekends while nothing else has sold in the neighborhood in six months or more.*

A closing agent or closing attorney who has a very capable staff and can be trusted to do what is in the investor's best interest at all times (*keep you out of trouble!*).

These investors go back to #1 above and start all over again.

Sounds like a very simple eight-step program, and to add to the mix, the most successful players have automated their process as much as possible, including paying full-time bird dogs to find properties and using the internet to attract eager buyers and sellers.

But to translate these processes down to the micro-level of doing one deal at a time is what stops so many very capable wannabe investors. They are overwhelmed by an avalanche of information sources all proclaiming to be the newest and best thing since sliced bread (herd mentality combined with the greed factor)!

Finding properties should be pretty easy especially in this Buyers' Market – with sellers everywhere and seemingly few buyers with the ability to finance the purchase or buy outright with cash. However, this is not the case for many newbie and seasoned investors! Only seasoned investors have the fortitude to keep going and keep working to get the deals done. Newbies tend to keep trying new and “exciting” approaches when all of the age-old methods continue to work, and will do so for years to come.

I recently heard that 82% of all real estate buyers search the internet before they do anything. I love statistics but I would dispute this number as tainted to sell homeowners on listing their properties on the MLS®. Buyers may shop the internet initially, but when it comes down to it, they must deal with someone in charge of selling the property. This part of the process has to be done hand-to-hand, or belly-to-belly even if done remotely through a listing agent. So the point is that an agent, investor or another homeowner has to make the final sale to make it work. Don't like salesmen? - well get over it because that is one of the main keys to your success in real estate investing – “selling” others so they agree with your conclusion that they should sell to you at a price where you can resell it and make a profit.

I have also heard that 80% of all properties are sold to first-time home buyers. This definition of “first-time” is rather broad even if you use the government's standard for the \$8,000 bail-out money. The reality is investors must focus on prospecting for these people and the most successful students I have do exactly this – by advertising for them, but only partially on the internet. We use the standard processes that have been around for years, especially using repetitive home sales (“RHS's”), which are highly specialized types of auctions, to get buyers into their fold – even if these prospective buyers' credit is “damaged”.

The internet should be a critical component of any real estate investor's prospecting program because it does work 24/7/365 and with minimal effort once the “start-up” is in place. If you don't spend money advertising your website, no one will ever find it in the billions of sites on the web. I know I can hear the internet guys saying “I'm Organic” and that's how I do it for no cost. I have been internet marketing intensely for five years and I am probably the king of not spending money on PPC or Banner ads but you still have to work on maintaining your ranking (\$\$\$\$) on a regular basis.

When I talk to our mentor students, I always ask what is currently working best for them. I am never surprised by the results because they are using the same methods (52+ ways) of prospecting that we taught them when they started. Same old, same old, but they still work and will work until a law is passed to stop real estate investing. So what if anything has, or is changing in the last few months?

More and more newbie investors are coming to realize that this is possibly the best market in 40 years! “So What – who didn’t know that?” Many newbies are setting themselves up for failure by overpaying for properties and not having cash to carry properties until they are rented or sold. It’s a natural reaction to the “fear mentality” I mentioned above – just rush where everyone else is going and you’ll come away with a pot of gold (California circa 1848). The perception of the value of a property shouldn’t be based on what it sold for two years or more ago, or even on what a comparable home in the area sold for just a month ago.

I liken real estate investing to a highly trained and experienced army where the “old pros guys” are facing a huge army of untrained newbies looking to annihilate them. The good guys stand their ground and beat back wave after wave of the newbie real estate investors while they continue to do battle (deals) in their usual and carefully planned manner. Wave after wave of newbie investors with shiny but very thin armor (newest guru course) keep coming on and dropping as they actually defeat themselves without ever getting into battle, or they quickly run from the field shouting “Nothing works! I am going back to my JOB (defeat)!” It may not be a very vivid picture but how many people have been successful in real estate investing for the past 20 – 30 years? You can count them on three fingers of one hand if you eliminate the gurus who went to teaching instead of investing.

We have about five (5) “whale buyers” who are buyers that rehab and hold properties by renting them. Individually they can buy 5 to 12 properties a month hence the term “whales” and none of them use the internet to get deals. One called me this weekend from a sign on a property I had for sale and he said “I should have known it was you because of the crazy signs you use”. What is important is he was driving for dollars in a tough neighborhood looking for deals just as he has for 20+ years. Yeah, some old people are too stubborn to do those “new fangled things” that a few gurus are touting, such as you never have to leave your office or see the property to make a killing. Maybe these gurus aren’t actually doing the deals – just talking about them and making tons of money selling courses!

Why do I mention this? Real estate investors can be herded just like everyone else, it’s only human nature. So I am mentioning this to make you aware of false prophets – those gurus who are selling their experience (3 – 9 years) and really just taking money from unwary investors. Be careful out there and stick to proven ideas that made many millionaires for many, many years.

So don’t get herded and don’t get so greedy that it blinds your common sense. If you are having trouble evaluating properties, take a look at [www.ExcelRESoftware.com](http://www.ExcelRESoftware.com) for evaluation techniques, profit/loss projections

and making offers to sellers – all done automatically. And, again, be careful out there.

To your limitless success,

Dave Dinkel