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Summary

Preface

Getting the best ROI out of your investment in properties and land requires you to learn how to select and excel in being a property owner. Investment in property and land anyhow plays a major role in many economies worldwide. The longer you spend time looking for your real estate investment, the greater will be the cash flow. And, eventually you will be able to enhance your life style by accumulating more wealth.

Investment in property and land in the UK and US is one of the oldest, but tried and tested forms of wealth buildup. If you want to balance your risk, it is always a great idea for you to be a part of a larger portfolio of investments. Real estate market may increase slightly over a time and may even drop a little during a property slump, but you need not worry much because this is always marginal. This e-book will help you to compose and maximize your return on investment (ROI) when dealing with property and land in the UK and US.

Always remember, it is not how to make gross income only from property and land, but it is all about how much you get to keep after taxes and interest payment from your property investment. Let's go exploring.



Getting The Best ROI - Be A Smart Investor

Getting the best Return of Investment (ROI) out of property and land depends on several factors. For example, if you want to have the best return of your investment, it is important for you to understand that the real estate market is cyclical in nature - not only in the UK and the US but also throughout the world. What I mean by the cyclic nature is that the market as well as your profitability always bounces back when you invest in property and land with a motive to gain productive monetary returns. The cyclical nature of the real estate market also means that there are several risks involved when you invest in property and land. But at the same time there are certain tips, techniques, plans and strategies which when you follow you cannot only easily avoid the risks, but you can also prosper in your real estate investing initiatives, irrespective of how the market behaves. In order to become a smart investor, you need to learn various new, modern and innovative ways to do the right things the right way. Always remember that the smart investors do not do different things; they do things differently.

I.A. Get Started

First things first - begin investing! Irrespective of the potential of making huge profits by investing in property and land, many people in UK and US still hesitate to jump into the real estate investing market. The reason is that they are confused where they should begin. Well, your hunt for a place to begin your investing initiatives ends here. Investing in property and land is very lucrative but is not an easy cake. If you want to milk the full potential of a real estate deal, you must do a lot of research, work according to a plan and be ready to do sincere hard work. If you are ready to put in all that it takes, nobody can stop you from riding the ladder of success in the real estate industry.

I.A.(i). Think Small In The Beginning

Even the airplane walks on the runway first before it takes off and touches the peaks of skies. The same goes true with investing in property and land. Do not start with big deals. Think small. Go for smaller deals; get experience, and as you grow up, start investing in bigger deals. Do not try to jump higher than you can handle, otherwise there is always a chance that you may fall hard. The prudent way is to start investing in small residential properties because the responsibilities of a landlord are easy to understand. Moreover, the initial capital you require for such investments is also very low. Once you master the nitty-gritty of small residential real estate investing, you may then go on to seriously consider investing in larger residential apartment buildings and other commercial properties.

I.A. (ii). Do Not Invest In Perfect Properties

Properties that are new and fully renovated are not a good choice for your investment. The biggest drawback of investing in such properties is that the upside potential for them is limited. It will eventually limit you to the market that increases in rent and value only. However, if these properties are under construction or are located in prime localities, it might be worth your investment.

I.A.(iii). Do Your Own Math

You must make your own calculations regarding your income and expenses. Never rely on the projections or estimates provided by the seller or their broker because the estimates provided by them usually overstate income and underestimate expense. This way, you will get a false picture, and it will further lead you to make wrong decisions. Therefore, in order to develop an accurate projection of income and expenses, you must research the market thoroughly, and determine in advance what will be the cash flow upon the implementation of your investment and management plan.

I.A. (iv). Location Is The Key

With today's boom in the UK and the US property prices, you may think it is a sure-fire way to make a lot of money. Think again! You need to use care and beware when buying land in the UK and the US. For example, when you invest in property and land with a motive to gain the best ROI, the location of the property plays the most critical role. A good location simply means a good value for your hard-earned investment money. Some of the potential locations include the new or renovated properties in up-coming areas. If you are astute in your research, and find the correct situation, you can make a great profit.

If you have in mind to invest in land, there are other locations offering similar advantages to the UK market. These are all within the UK, but if you are cautious in the UK, you must be more than careful in the new EU states. These are the areas of Bulgaria, Romania and the Baltic States. For pure investment purposes, the countries of Central America such as Costa Rica and Panama are excellent and offer many investors triple digit gains. What is more, it is important for you to understand that you can envision large annual gains in areas where planning permission is easier to obtain and where the markets are still in their growth period and big profits can be made by selecting the right location. You must measure the cloth many times before you cut. What I mean is that you should always visit the area before you buy and make your own mind up.

I.A.(v). Research The Property Market Cycle

The concept of the property market cycle is based on a price-income relationship. You have to research this cyclic nature of the real estate market that is specific to the location of your prospective property. For this, you can start with the analysis of the recent historical price data for properties in the area of the country, where you are planning to invest in the real estate properties. By this study, try to figure out the current prices in the market, based on the past trends. There can be many

scenarios. You may find that the prices are rising, or they are falling or that may be they have already reached a peak. You must be able to understand these trends and the overall real estate market curve. You will always have to try to be ahead of this real estate market curve. For example, if the market is rising, there are areas that are most likely to become the hot zones.

If you are among those who first invest, there much before people start understanding the trend, you are certainly going to stand to make the most gains. Such areas may include the up-and-coming areas, areas which are close to locations that have peaked, or areas which are close to locations that are experiencing redevelopment or investment. On the other hand, if the market trend shows a stagnation or fall, the prudent way is to try target areas that have a sound history of enjoying the best levels of growth, yields and profits. These are the areas, which you can expect to become profitable once the market cycle begins turning towards the positive direction.

I.A.(vi). Familiarize Yourself With All The Different Tax Situations

Taxes are an integral part of successful real estate investing, and they often make the difference between positive cash flow and negative cash flow. Therefore, it is very important for you to familiarize yourself with all the different tax situations, and see how they can be manipulated to your advantage. What is more, until you have some experience under your belt it may be a good idea to consult a tax advisor to find out what advantages are best for you.

I.A.(vii). Do not Try to Get Rich Quick

Investing in property and land does have the potential to earn you huge wealth, but it is not like you will get rich overnight. In the beginning, it might be a few years before you can make a substantial profit. But, when you will see the overall profit and compare it with the time it took, you

will realize you have earned more bucks in a relatively short period. This is what it means when it is said that real estate investment is all about making quick bucks.



I.B. Choosing The Area Of Investment

Some of the hottest areas of investment in property and land include the following.

- Condos, Vacation Properties
- Single-Family House
- Residential duplex, triplex etc (These are apartments for one to four families)
- The commercial category includes hotels, motels, office complexes, mobile home parks, Shopping Malls, Parking lots, restaurants, garages, stores, storage units, and so forth
- The Industrial category includes factories, refineries, manufacturing plants, etc.
- There is also a raw land category that may include lands for lots, vacation and recreational, sub-dividable residential, commercial, industrial, agricultural, and other special purposes.
- The list is extensive, but some more important types may include churches, schools, hospital, power plants, theatres, sports arenas, golf courses, marinas, and so forth.

The criteria to choose the right category must be your knowledge, experience and expertise. If you want to invest in a new category, which

you are not much aware of, make sure you learn all the ins and outs regarding investing in that particular category before you jump in. Do not rush. Act prudently. Do your research and decide what should be your target market for real estate investing. Once you have decided regarding your specific area of investment, you must develop a method to define your target audience and to attract them with a well-conveyed message through different types of media.

I.C. What makes a smart real estate investor

Smart investors always have a proper game plan and they know what will be their course of action if things go wrong. They always have a back up plan. They are ready to take responsibility of your actions, your finances, and your expenses.

I.C.(i). Smart Investors Have “SMART” Goals

Smart investors know what they want out of their life. They always have SMART goals - goals that are Specific, Measurable, Achievable, Reasonable and Time-bound. Time-bound goals mean that they fix a deadline for themselves to achieve a specific goal. If you want to have lots of money without a proper plan, trust me, it will make your life miserable. If you want the best ROI out of your investment in property and land, you must have both money and a plan.

I.C.(ii). Controlling Debt

When it comes to investing in property and land, beware debt is your worst enemy. If you have it, it will be your master. You will lose sleep at night, and will force you to do the things that you do not want to do. Therefore, before it controls you, you must be able to control it. Even if you have some debts, try to pay it off as soon as possible and vow not to accumulate debt anymore. A debt-free investment will give you enough freedom to take proper actions.

I.C.(iii). Think Out of the Box

Do not limit yourself to a specific locality. The sky is the limit for real estate industry. It is a global opportunity. Therefore, do look further ahead than your own back yard for your next property investment. There are states, which are enjoying sound economies and provide excellent opportunities for investors to invest in the real estate properties there. There are states, where a growing tourism sector is pushing up demand for the real estate sector. Also, there are many states, where constitutional legislation had restricted the real estate opportunities from global point of view, but now the laws have been changed and they allow for foreign freehold ownership. Try to be a global investor.



Finding Great Deals In property And Land

Land Investments in the UK and the US have come up as the real next big thing for true hefty ROIs. Land Investments in these countries are open to all, however, restrictions may be levied as per the constitution of the person residing in their respective countries. You can purchase a plot of land for as little as GBP10000 in London downtown or in Kent, Sussex or Groom bridge to fulfill your dream of buying Land in England. Although, Banks do not provide loans for the same, but there are companies to whom you can pay in installments. You can imagine the ROI potential of these places with the very fact that the citizens of certain countries are restricted to invest US \$25,000 in other countries, but even the rules are not stopping them to invest in UK and US Land.

II.A. Investing in Properties In Orlando, Las Vegas And Tampa

If you are looking for some great property deals in US, some of the hottest real estate investment markets right now are Orlando, Las Vegas and Tampa. While Southern Florida cities have been skyrocketing for years, Northern cities land values are starting to increase at a rapid rate as well. Maybe the reason is that hurricanes tend to hit the lower regions or that Orlando is the vacation capital of the world. Whatever the reason, both big and small real estate investors are flocking to Orlando, and Las Vegas, and Tampa to get a piece of the pie.

II.A.(i). Orlando

Orlando is probably the top pick for investors looking to invest in Florida pre construction real estate for several reasons. The first reason is that Orlando is the vacation and holiday capital of the world and people from all over the world fly in every day to experience the five-star hotels and world

renowned amusement parks. Another reason Orlando is doing well in the pre construction investment market is that for all the amenities it has its still very undeveloped. The bottom line is Orlando is growing and those who are investing are seeing a great ROI on their real estate investments. One of the main reasons why investment real estate does so well in Orlando is because hundreds of thousands of visitors come through here each month for conventions and they need to stay somewhere.

II.A.(ii). Tampa

Tampa is mostly known for its location near some of the most beautiful beaches in Florida. While Miami was the first to see a boom in its local real estate market, Tampa was quick to follow up and developers started buying up land soon after Miami land became hard to find. Tampa may not make the best choice for your investment, but it is still a good investment area if you can manage to find pre-construction properties.

II.A.(iii). Las Vegas

Las Vegas is centered on the strip but now is going to be more focused on its hi-rise developments. One hi-rise Development is called the Las Ramblas, which is the biggest Las Vegas Real Estate development in Las Vegas History costing over 3 Billion dollars and consisting of 11 hi-rise buildings. Las Vegas is a key investment spot because of the very fact that when people go on vacation, money is not as much as an issue.

II.B. Strategies To Get Great Real Estate Deals

If you want to clinch the best deal in properties and land, you must have more and more knowledge, ability, experience, contacts, and resources. You must have your strategies built in a way to get people calling or coming to you with their specific problems or deals - much before your competitors succeed, to persuade them. You can do this by effective advertising. What

is more, you need to be genuine, reliable, and accurate in making quick decisions. It is always a great idea to accompany your marketing efforts with the following strategies.

- Whether it is bulletin boards, local papers, or small independent publications, make sure you get one of the first copies of such publications off the press. Let no one beat you to the punch.
- Advertise yourself so that those people who are thinking about selling can get back to you. Act fast because once these sellers decide to advertise, the competition will be high and your chances of getting that deal will be low.
- Choose a large population center to effectively increase the probability of your success.
- Keep a watch on your local paper and see if there are any foreclosure auctions, tax sales, and HUD and VA listed properties. For example, the best way to avoid competition and get the property at a very low price is to participate in the auctions that are held in bad weather and where the property has to be sold at any cost.
- Mark out the place where large numbers of people gather, such as colleges, shopping centers, public bulletin boards, local businesses, churches, bowling alleys, etc. Use post fliers at all such places.
- Even if the properties are overpriced, make as low an offer as you can, and forget that. This costs nothing to you, but it may gain much. Your deal might get selected and you may receive a call after a month or so.
- Uncared-for properties, such as seized, foreclosed, tax sales, corporations, nonprofits, disinterested heirs, probate attorneys, and private auctions etc can make a great deal.
- Contact your local lenders and persuade them to call you whenever they have a foreclosure looming or in progress. This is teemed as Other Real Estate Owned or OREO.

Last, but not the least, you must help others to sell their property. You might find it ridiculous but trust me it can do magic, and most of the times, it really does. Do try it. Be a friend and help others in selling their properties and you will be surprised that you end up finding a great deal for yourself as well. In fact, one of the basic secrets of becoming a successful and thriving real estate investor is to solve a lot of other people's problem. However, just having the ability to solve other people's problem is not enough, you must also be able to hit the iron when it is hot.



Lease Options And Subject Tos: The Tools To Get You The Optimum ROI

Lease options and Subject Tos are two great tools in real estate industry to get you the optimum ROI out of your investment. If you use these tools, you will find it very easy to get money from the seller or the purchaser or both in the very beginning of the transaction. What is more, if you use both the tools - lease options and subject tos - simultaneously, it can do the magic for you.

III.A. Myths and Realities

Despite the various myths associated with these two excellent tools, people are using them and getting rich. Following are some of those myths and realities.

Myth-I

It takes a lot of money to use lease options or subject tos.

Reality

It is a complete misconception. The truth is that it does not require you to spend a fortune. All you need to spend is a little amount or even sometimes just nothing.

Myth-II

If investors do not get the deed, they cannot do the deal.

Reality

This is another misconception, because of which many investors do not like the idea of buying a lease option. They just want to do subject tos. Well, it is not like that. The simple and the obvious truth is that the more tools and techniques you use in a real estate deal, more money you can earn, that too, at a much faster rate.

III.B. A Brief Insight Into The Two Techniques

Before I proceed and describe the respective strategies for both the techniques, let me first give you a brief insight into what exactly it means to perform lease options and subject tos.

Lease Options

Lease options are the technique that helps you gain control of your property and land. But gaining control of the property and land does not mean that you get the ownership. Rather, you just get the right to possess a property now and purchase that property at some future date with terms you define today.

Subject Tos

Subject tos are the techniques that do not require you to get a mortgage to acquire a real estate property. You do not need to have a new mortgage in order to get the deed to a property. Instead, the seller signs over the deed to his home 'subject to' the existing mortgage. This way, all you need to do is just to make the mortgage payments on the old loan only. You do not need to get a mortgage yourself in order to acquire the property.

III.C. Pros and Cons of Subject Tos and Lease Options

There are certain pros and cons associated with both the tools. Therefore, before you go ahead with the one, make sure you understand all the associated aspects.

Lease Options - PROS

- No risk at all
- A great way to buy nicer properties
- When you use lease options, after certain period of time (normally 12 months) when it gets a little old, it may also work for you as a refinance.
- Sellers with Lots of Equity prefer to do lease options

Lease Options - CONS

- You simply get a control over the property and not its ownership.
- You will have only short-term capital gains.
- Lease option is not a closure on the property
- Most sellers want to close the deal early

Subject Tos - PROS

- It gives you complete ownership of the property.
- Sometimes you may get paid to get the deed.
- It becomes very easy for you to refinance the property.
- Subject tos ensures Long Term Gains

Subject Tos - CONS

- Even if things go extremely wrong against you, you cannot back out.
- It can also cause a substantial rise in your real monthly costs.
- In some places, the laws do not favor going for subject tos.

- Sellers with lots of equity do not prefer subject tos.

III.D. Lease Options: Some Practical, Legal And Tax Tips

The following practical, legal and tax tips will help you deal with the various pitfalls of using the Lease Options.

Protect Your Option

Following are some of the effective ways to protect your option.

- If your option was signed before a notary, it is always a great idea to record your option in the public real estate records. This will give the world public notice of your interest.
- An escrow should be created up front in which a title company or attorney holds an executed deed. In case your seller has died or disappeared, all you have to do is just to tender the money to the escrow agent and collect the deed.
- In order to secure performance of any agreement, even a purchase option, it is always prudent to record a mortgage. It is also good to to secure payments on a promissory note.

How To Avoid The Equitable Mortgage

Following are some of effective ways to avoid equitable mortgage.

- Give your tenant a lease and a separate option agreement, making sure that the lease does not refer to the option.
- Do not give tenants more than one-year lease/options at a time.
- Make it look like a landlord/tenant relationship - no matter if the security deposit is small.
- Do not let the tenant pay the taxes and insurance. It will make the deal look like a sale.

- Do not give large rent credits because the more "equity" the tenant has, the more likely a judge will favor an equitable mortgage

Take Advantage Of The Capital Gains Treatment

If you held the lease option for over a year, it is very much likely that you will qualify for capital gains treatment. Therefore, it is always a great idea to sell your option and let your subtenant exercise it directly from the owner instead of selling the property.

III.E. Factors to Consider

Following are some of the factors that seek your careful consider while you are making an offer with either Lease options or Subject Tos.

- What is the current market condition for real estate in your area?
- Are homes appreciating, depreciating, or staying flat?
- What is the financial condition of the seller?
- Are they moving up or down financially in their new home?

All of the above factors make a huge difference on how you will structure a deal. You must do your research before you proceed, but at the same time, you should also keep your mind open to the new and innovative ways of acquiring property and land in UK and US. Trust me, you will end up making more money.



Making Massive Passive Money By Investing In Property And Land

Investing in property and land consists of tremendous possibilities, and there are several ways to get the best ROI out of it. The good thing is that any investor who is a little smart and knowledgeable can build massive passive income without any hassle. Therefore, if you find it difficult to deal with the hassle of active real estate investments, there is nothing much to worry about it.

You have several alternatives to stay profitable in the real estate industry. You may choose to go for the passive ways. The passive ways literally mean that you do not have to deal with any hassle, and money will keep rolling while you sit up or are engaged in any side venture. All that a passive investment demands from you is a right strategy in the right direction. If you look around, you will find many investors who have become a full time passive real estate entrepreneur. You can also be one of them. Let's go exploring.

IV.A Limited Partnership

Investing in limited partnership is one of the best and safest ways to earn massive passive income. When you invest in limited partnership, your liability is limited up to the amount of your investment only. In a limited partnership, you only need to invest only a partial amount for the property, and you are liable for up to that amount only. However, the good news is that you can still enjoy the benefits from the appreciation and the tax deductions for the total value of the property. Furthermore, if you put in a little more effort, you can easily make much larger passive income. For example, if you have the time and ability, it is always a great idea to do a project side by side, such as buying, building or rehabilitating the rental

houses. What is more, if capital is your major concern, you will be happy to know that limited partnership gives you an opportunity to use other's people money. This way, you can see that there are no risks involved, and the reward is substantial because in spite of the limited liability, you have unlimited scope to have a large share in the profits. Last, but not the least, unlike normal corporations, the profits earned through limited partnership are taxed just once.

IV.B. Commercial Triple-Net Lease Property

When it comes to making passive money through investing in land and property, investing in commercial triple-net lease property can be an excellent ripe for profit for you. For those who do not know how the investment in commercial triple-net lease property works for you, let me share with them the good news that investing in commercial triple-net lease property is quite different from owning duplexes, apartments, land, or an office building.

It does not involve any headache because the triple-net long-term lease agreement works in such a way that your tenants perform all the functions for you. Whether it is collecting the rents, refurbishing the premises, paying the property taxes, insurance premiums, maintenance, accounting, legal, and other operating expenses - your tenants do everything on behalf of you. In fact, investing in commercial triple-net lease property carries tremendous profit potentiality, and at the same time, you can enjoy some great advantages, which may include the following.

- Investing in commercial triple-net lease property does not involve any risk. If at all, there are any risks, they are very nominal.
- It does not require you to deal with the management hassles.
- The lease payments can earn you significant monthly income.
- What is more, unlike other renters, your tenants do not abuse the property. Rather, they do everything to make the location well

maintained and attractive to customers. What more can you hope for?

IV.C. High-Interest Trust Deeds Or Private Mortgages Loans

Investing in trust deeds or private mortgages loans is another great ways to earn massive passive income. Trust deeds are short-term loans to real estate investors secured by the value of the real property as collateral. When you invest in trust deeds, you can easily make 12% to 18% returns, paid out on a monthly basis. The minimum investment required for trust deeds, or private mortgages loans is fifty thousand dollars, but it carries relatively much low risk. This way, you can easily enhance your lifestyle significantly while there is no threat to your principal. What is more, you can do this all in a relatively much shorter period of time.

IV.C.(i). How Does The Trust Deeds Or Private Mortgage Loans Work?

Private mortgage loans or trust deeds are never greater than sixty-five per cent of the appraised value. They are always secured by income producing property only, such as apartments, homes, office buildings, warehouses, etc. what is more, they are only made on investor property. In various states of UK, and US there are many different laws involved - many of which benefit the borrower. Most mortgage companies originating private mortgages lend only to professional real estate investors, not owner-occupants of residential properties, thereby by-passing the problems with homesteads. The companies make a profit by charging borrowers origination fees for the loans, while the investors collect all the interest.

You might think of some other ways of earning passive income. For example, you may want to sell your real estate holdings and invest the proceeds in CDs, but in that case, you should note that your income would be cut by 80% or may be much more. Likewise, you may also like to try your luck by investing in stock market, but again, investing in stock market is always highly risky. Thus, it is always worth giving the passive ways of

earning massive income through investing in land and property a try. Overall, if you are tired of hassling with tenants, contractors, leasing agents, brokers and attorneys, and are looking out for some passive ways to get the best ROI out of the investments in land and property, the above methods can be a great ripe of profit for you.



The Miracle of Flipping Properties

Getting the best ROI out of your investment in land and property is not just a vague pipedream. Therefore, if you are looking for the potential ways of making money by investing in land and property, stop dreaming and get to work. Even if you are young and inexperienced, you can make millions. All you need to do is just to learn how to flip properties.

V.A. Flipping Properties: Myths and Reality

Flipping properties have been a hot cake for the last few decades and despite all the myths associated with the same people are making huge money using this excellent tool. Following are some of the myths and realities associated with the same.

Myth-I

In order to flip properties, one needs a great deal of start-up money.

Reality

This is just a misconception. You do not need to have a great deal of start-up money. You can buy houses with no money down through various loan programs, and even sellers will often help you with the closing costs. This eventually makes your start-up cost very little.

Myth-II

Flipping properties is illegal.

Reality

Flipping real estate properties is not at all illegal. However, it is true that many unscrupulous investors have committed mortgage fraud to make fast money. Some of these investors, working with mortgage brokers and appraisers, resold houses to unqualified buyers inflating the property value and homebuyer's qualifications. Often these home purchases had no money or little money down.

When these new homeowners defaulted on the mortgage payment, the mortgage lenders lost money because the house was not worth the inflated purchase price. If you want to avoid legal problems in real estate flipping, all you need to do is just to make sure that you are not committing mortgage fraud. Never think that flipping real estate is in any way dishonest or unethical. If you follow all the rules, you can make some real money by flipping properties.

V.B. What Exactly Does It Mean By Flipping Properties?

In real estate terms, flipping properties means buying a property at a low price with a view to resell the same quickly at a higher price after making certain modifications so that you could make substantial rapid money. You do not keep it long for rental purposes. In short, flipping properties simply mean buying property and reselling quickly, hopefully for a great profit. Whether you are a first-timer or an old hand at investing in property and land, flipping properties can make you money - sometimes much more than you imagine.

V.C. How To Flip Properties Effectively

There are a few things you must have in place before you begin. The first is your own finances. You must be able enough to obtain credit fast so that you can move quickly when you find bargain-priced properties. It is also important for you to establish a relationship with a good closing agent, who knows your goals and is willing to help you achieve them. What is more, it

will also be a prudent move to let at least one aggressive real agent know what you have been looking for, and then ask them to call you whenever they see properties that might meet your investment needs. Once you are done with your finances and your closing team, now is the time to pick a target area for your investing. It is where you have to utilize your ability to recognize purchases with significant profit potential when you see them. Whatever you do, always make sure that you must deal fairly, calmly, and honestly with sellers. It is very important for you to understand that the sellers are usually under a considerable amount of stress. They will be angry and afraid at the same time. Therefore, it is very essential for you to learn how to convince them that you are going to try to help them, even though you are hoping to make a profit on the property.

V.D. Flipping Properties in a Wholesale Market

You must think out of the box if you want to flip properties in a wholesale market in order to make some rapid money. In fact, the real estate market for flipping properties is very hot, and every next investor is looking for properties, which they can fix and flip.

Therefore, if you want to save yourself from the hassle of fixing-up the properties, it is always a great idea to resell the properties to such investors, keeping a substantial margin for yourself. This way, you can earn some instant profit without much pain, and that too, more quickly than you can do it in a retail market. Obviously, you will not be able to earn as much as you can earn by fixing and flipping the properties in a retail market, but you will be earning your money in comparatively very little time. And, that makes the difference.

V.E. Flipping Properties in a Retail Market

If you are planning to earn some huge bucks, and are ready to spend some good time doing the fix-up work, you must sell the properties in a retail real estate market. This way, if you are good at negotiation skills, you can

easily make somewhere around \$50,000 on each deal. But, at the same time, you must take certain precautions while you flip properties this way. You must be good at analytical skills and making various calculations. Never ever try to underestimate the cost to fix-up the property. You must take into consideration each little aspect. This is what eventually determines your overall profit. So, be very careful.

V.F. What Is The Ideal Time To Turn Your Flip Into Cash?

There is no ideal length of time as such. Nobody else than you can tell you exactly how long should you wait and hold on to a property before putting the same back into the market. However, there are certain factors, studying which may give you an ideal answer to this question. For example, sometimes the builder may put a clause in the contract that specifies a minimum amount of time before you go for flipping. In such cases, especially if you are buying a brand new property, the minimum period before you can go for flipping is usually one year.

On the other hand, if you are buying a new property from the owner and not from the builder, there is generally no such clause. Thus, in such a case, the length of time will entirely depend on how long do you take to find a potential buyer to flip the property for profit. Overall, as per the general rule of thumb, the ideal length of time to flip properties must be three to six months, especially if you are considering making repairs or remodeling a home for profit.

V.G. Getting The Best ROI: Factors To Keep In Mind

Overall, if you want to get the best ROI out of your investment in flipping properties, it is very important for you to keep in mind the following things.

- Set your mind to it,
- Put together a winning team of professionals,

- Have your own financial house in order,
- You must be able to recognize the great bargains when you see them,
- You should also be able to negotiate with sellers under severe duress

Apart from the above basics, if you want to maximize the ROI out of your investment in flipping properties, you should also take into your careful consideration the following things.

- In the real estate market, when you buy a property, you can utilize the same in numerous ways to make money. If your purpose of buying the property is flipping only, you must be firm in this decision, because if later you change this decision and plan to use it as say rental property, it will not be a very prudent idea and will not earn you that much profit as it is worth.
- Be wary of the location because it is the primary factor that determines your eventual profit
- Understand and explore the real estate market in your area for flipping properties
- Judge if the condition of the property is suitable enough to use the same for flipping purpose
- Be wary of the overall cost of the property. Even if it is just cleaning, painting and repairing the floors, you must be able to calculate how it will affect the overall price of the property.

The bottom line is that you must first choose your area of investment carefully. You must know the ins and outs of your market, you must be able to negotiate hard, and following the general rule of thumb, you must resell the property within three to six months in order to ensure the maximum profit on your investment.

Investing In Various Real Estate Securities

Investing in real estate securities carries tremendous profit potentiality and at the same time, offers you an intimidating array of benefits. If you are looking for the optimum ROI out of your investment, investing in real estate properties is an ideal way to go. The best thing with this investment is that, it does not require you to deal with the management hassles. Moreover, you also do not need to spend time for the various formalities involved in a direct property ownership. It is in fact an indirect real estate investment, and it can effectively produce high yields and substantial capital appreciation for you.

VI.A. Various Types of Real Estate Securities

There are several types of real estate securities - all having the potential to get you the best ROI out of your investment. Let's go exploring.

Real Estate Investment Trusts Vs Property Investment Fund

Real estate investment trusts and property investment fund are similar things. If you are looking for the ways to capture high yields and huge capital appreciations by investing in real estate securities, real estate investment trusts make an excellent choice. Commonly known as REITs, real estate investment trusts are the organized companies that are regulated by law.

The biggest advantage of investing in these types of securities is that they pay more than ninety percent of their total income as dividends to their shareholders. Thus, being a shareholder, you can also make hay while the sun shines. What is more, when you invest in these securities, you are taxed only once. Thus, Professional management, high yields, long term capital appreciations, tax benefits and so on - these are just a few names

among the intimidating array of advantages it offers. REITs are in fact high yield vehicles that also offer a chance for capital appreciation. You can expect dividend yields in the 5-8 % range.

A REIT or UK Real Estate Investment Trusts work in a similar way to a PIF or Property Investment Fund. A Trust made up of many investors' pooled funds may be used to purchase income property, and are then traded on the major exchanges in the same way as stocks. UK Real estate investment trusts have been popular abroad for several years, and now UK investors will be able to take advantage of the great tax benefits this form of investment has to offer. Following are some of the advantages of UK Real Estate Investment Trusts.

- A very generous tax break
- UK real estate investment trusts can yield much greater profits than residential property investing alone,
- They are highly liquid, meaning you are not always stuck with your initial investment choice for the long haul
- Income is paid regardless of share performance in the form of dividends
- UK real estate investment trusts are much less volatile and are well suited to a comfortable long term investment

Real Estate Mutual Funds

When it comes to investing in real estate securities, mutual funds are one of the best options to go for. Some of the important features of these types of securities include the following.

- High yield,
- Long-term capital appreciation,
- Professional management, and
- Diversification

However, the only drawback is that since they are associated with real estate investment trusts, you need to pay double management fee and other expenses - first, to the trust management and second, to the mutual fund manager. Still, the expenses are relatively negligible in comparison to the high yield and the other advantages they offer.

The assets in real estate mutual funds have increased by a factor of thirty-eight over the past eight years. The explosive growth of the mutual fund industry in the 1990s is well documented. Perhaps less well known is that the growth rate in the real estate mutual fund market has far outstripped the growth rate in the fund industry as a whole.

Given the recent increase in the number of real estate mutual funds and the easy access they provide for individual investors to enter into a real estate investment, the question of financial performance of these funds arises. That is, do such funds exhibit abnormal performance and what fund-specific characteristics appear to influence performance? Well, it has been found that in both UK and US, real estate funds are highly sensitive to movements in a REIT Index. Again, a significant number of real estate funds are sensitive to a small stock index and a world stock index over and above their sensitivity to the REIT Index. But, there is no evidence that, as a group, real estate funds deliver positive abnormal performance.

Private Mortgage Loans

Private mortgages are another high yield securities. They are fully associated with income producing real estate, and you can use them for the acquisition or rehabilitation of equity cash out of residential and commercial properties. This way, in the first trust deed positions, you can obtain return, as much as 12% to 14%, and in second trust deed positions, the return can be even 15% to 18%. Besides, there is an array of other advantages as well, including the following.

- Where normally it should require ten weeks or more, Private Mortgage Loans take not more than 3-weeks for the closings of most loans.
- Investing in private mortgage loans is a secure investment with no risk at all. The reason is that the lending judgment is always based on real property itself.
- This way, you can concentrate on your due diligence efforts on the real estate securing the loan without worrying about the borrower's credit issue.
- These high yield securities also provide a borrower with the ability to borrow on underwriting criteria not available through institutional lenders.

This way, we can see that investors in private mortgage notes are able to receive much higher yields with no increased risk. These loans are usually for duration of one year and provide a monthly income with interest only payments.

VI.B. Investing In Real Estate Securities Vs Direct Ownership Of The Property

In case of a direct real estate investing, you have the ownership of the real property. Therefore, if the property is income producing, such as single family homes, apartments, office buildings, warehouses or retail centers, it will require you to involve in the day-to-day management of the property. Even if you outsource the management hassles to the property manager, you will have to pay a significant portion of the overall return to the management company.

Again, it is not very practical to live everything on the property manager. You still need to be involved in the major decisions that affects the property such as repairs, capital improvements, expenditures, market

positioning, timing of sales, rent rates etc. However, this is not the case if you invest in various real estate securities.

Do you have a full time job or business? Are you just retired and looking for greater income than bank CDs and greater security than a volatile stock market? Having owned income-producing property for many years, are you now tired of dealing with tenants? Well, the answer to all such questions is that you should invest in real estate securities in order to get the best ROI.



Summary

Real estate will NEVER crash. It never has; it never will. It cannot happen. It is NOT possible. However, it is also true that California gets high priced, has earthquakes, and money moves to Utah, Arizona, Colorado, New Mexico, Oregon, and Washington and prices go up. Boeing shuts down, and Seattle is hurt -all the fluctuations are temporary; what is permanent is the optimum ROI that you can get out of your investment in property and land.

A total crash in the real estate investing market is never likely to happen. You will never see a \$500,000 house become a \$5,000 house. Real estate does not crash. This is not without reasons that the UK and the US real estate industry is such a hot marketplace today for investors worldwide. Who can forget the last downturn in the global stock market a few years ago when millions of investors got their fingers burnt badly? It was due to such discomfoting market shocks that the investors started to look for alternate investment options where they could invest and somewhat compensate for the loss they suffered. Their hunt for high-potential alternative asset classes where they could invest their hard-earned money resulted in the rise to prominence of real estate markets.

Unlike stock markets, the real estate market gives its investors much greater flexibility in their investments. Even if there is a slowdown, stagnation or depression in the real estate market, investors can make huge profits locally as well as overseas by strategic buying and selling. Overall, the global picture of current real estate industry is quite hot and enticing, and it carries tremendous potential for profits, with minimal associated risks. Therefore, it is not very surprising if the real estate investing bug has caught on you.

Using the leverage from the bank is a great way to increase your ROI. When you buy property with your own money and then you use the bank's money to pay for the rest of the real estate property, you can calculate the ROI by

deducting the interest paid out to the bank from the total cash flow. Let me put it another way. If you want to maximize your ROI, you must understand the basic concept of financial advantage (leverage) in real estate investing - use less money to make more profit.

