

# BUY, RENT & HOLD

## How to Make Money in a “Cold” Real Estate Market

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**MAIN IDEA**

Investing in real estate is deceptively simple. All you need to know is summed up in the strategy Buy -- Rent -- Hold. That is:  
-- Buy property when the market is tracking downwards before it reaches the bottom.  
-- Rent your property aggressively to cover your carrying costs -- the mortgage, maintenance, taxes, etc.  
-- Hold the property until the market reaches its peak, at which time you then sell.  
In essence, that's all there is to it. Of course, the difference between a theory and actual profits lies in the execution.

1. The Buy, Rent & Hold Property Investment Strategy . . . . . Page 2

To make money in real estate investors simply need to focus on three activities:

1. Buying properties at below market level prices.
  2. Renting out those properties aggressively, generating enough cash flow to cover all costs.
  3. Holding those properties until the broader property market rises -- and then sell.
- And best of all -- this strategy works well for every kind of property, including single-family residences.

2. Seven Rules For Buying Property At The Right Price . . . . . Page 3

Seven rules that will turn up exactly the kind of properties which will make money for you are:

1. Always look close to where you live.
2. Buy single-family houses.
3. Ideally, look for strong tenant markets.
4. Only buy properties with good price/rent ratios.
5. Forecast your expenses accurately.
6. Get favorable purchase terms.
7. Buy bargains.

3. How To Time Your Entry Into The Market . . . . . Page 4

In real estate, the real bargains exist when the general market is trending downwards. Once the market has bottomed out, everyone holds on to their real estate in anticipation of future profits. Therefore, the ideal time to enter isn't at the bottom -- it's while the market is trending downwards.

4. How To Find Motivated Sellers . . . . . Page 5

To find motivated sellers:

1. Look for sellers who are strongly motivated to sell.
2. Buy in a foreclosure situation.
3. Work with the Resolution Trust Corporation.
4. Buy bank owned real estate.
5. Buy at auction.
6. Buy from the Federal Housing Administration.

5. The Inside Line on Financing Real Estate . . . . . Page 6

Financing your real estate purchase is critical. To secure the best possible terms:

1. If at all possible, stay in the house yourself at first.
2. Look at paying around 10-percent deposit.
3. Always explore the possibility of seller financing.
4. Get the type of mortgage that best suits your circumstances.

6. Aggressive Rental Tips and Strategies . . . . . Page 7

To maximize rental income while minimizing headaches:

1. Approach it as a business, not a social service.
2. Rent a clean, well maintained property.
3. Pay for some of the outgoings yourself.
4. Qualify prospective tenants carefully.
5. Allow children and pets.
6. Always get a security deposit rather than the last months rent.
7. Rent at a price slightly lower than market rate.
8. Specify -- and enforce -- a penalty for late payment.
9. Fix things fast when they break down.
10. Check up once a month -- in person if possible.
11. Get onto late payments quickly.
12. If eviction is required, work with an Attorney.

7. Realizing Your Profits . . . . . Page 8

Realizing the profits generated by the Buy-Rent-Hold strategy requires two things:

1. That you time your exit correctly.
2. That you structure your exit advantageously.

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