

DISCOVERING YOUR INNER REAL ESTATE INVESTOR

Find The Best
Strategy For You



ODELL BARNES REO
www.OdellBarnesREO.com

Take Steps Today To
Become A Real Estate Investor

This free eBook is full of helpful tips to help you
get started or scale your real estate business!

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Why Invest in Real Estate?

Invest

verb

1. expend money with the expectation of achieving a profit or material result by putting it into financial strategies, shares, or property, or by using it to develop a commercial venture.

Real estate is one of the oldest forms of investment and still one of the best. According to TheCollegeInvestor.com, 90% of millionaires are created due to investments in real estate. It's also "real". You can touch it, you can hold it in your hand. In a digital world, many other investments are no longer what I'd consider real. Think BitCoin.

For the most part, you can control the investment. You can do what you want with it. If you own a mutual fund, you have no control over what that fund does. The fund manager does, and they don't care about your input. You can also cash out of real estate. It's more liquid than your retirement funds. Want access to your 401(k)? You're going to pay a penalty and tax.

There are so many avenues you can take with real estate these days. You can buy and hold as a rental property. You can fix it and flip it. You can buy and create an AirBNB. You can buy and create your own note and become the bank by selling on owner financing. More on this later. The point is, that you have multiple exit strategies and that's a solid key to any successful investment.

Common Types of Real Estate Investments

There are several ways to invest in residential real estate. As one of the largest buyers of foreclosed and auction properties, we work with several types of investors at Odell Barnes REO. Let's cover some of them here.

Fix & Flippers

These investors are looking to buy properties that have a good amount of equity in them that can allow them to make the necessary repairs and upgrades to a home that make it desirable to an end buyer. This strategy requires several things. It requires knowledge of renovation costs, working with a team and having relationships with contractors, electricians, plumbers, painters, landscapers, realtors, title companies, etc.

This style of investing is definitely work and will require the most amount of time. It's also highly speculative as costs can run over, contractors can steal, and changes in the market can attack potential profits in the deal. If you're a newbie, it may be wise to partner with someone with experience on this strategy.

Landlords

Investors that buy property as landlords care most about one thing; cash-flow. It's all about the cash-flow. As someone that primarily bought investment properties at the beginning of my investment career

I can tell you that this is also work. Often, when the property is acquired, it's not turn-key and requires some work to get rental ready. You must understand that local rental market and what renters want. It's helpful also to have a team in place. Property managers, insurance agent, lender, etc.

The trouble with rental properties are the 3 T's:

Tenants

Termites

Toilets

Tenants can be problematic if you don't do a great job of screening them. They can trash your place as well on their way out. Termites and toilets are just part of owning property. They're problems that aren't always specifically the problem. Could be a roof, leak in the basement, needing new windows, carpet, appliances, etc.

Now, it's not all bad news with rental properties. There are some great perks. If you're in a great rental community, you can have properties rented for long-term. You also get the tax value of depreciation of the property as well as an ability to pull out equity in the property tax-free. It's just not the most passive form of real estate investing, which we'll get to. Our properties work great for investors that want to be landlords and you can find them on our website.

Wholesaling / Bird Dogging

Wholesaling and bird dogging is one of the best ways to break into real estate. You help other investors find deals and get paid on the deal for doing so. Being great at wholesaling and bird dogging means you must know what your investors want and how to analyze a deal for them correctly. One of the best ways to do this is to spend time with the investor looking at deals. Learn their taste and then go out and find them the right deals.

This investment strategy can help springboard into becoming an investor for passive income. Stack the money you make and re-invest it into yourself and your business while you work your regular job and you can really put something together.

AirBNB / Short-term Rentals

AirBNB has transformed the industry and has hotels and motels playing defense. If you're local to an area where people come on vacation or for events consistently throughout the year, these can be a great tool for income. This is also another investment strategy that requires work, but there are some people out there doing this well and doing it without working more than a couple of hours a week by using virtual assistants. There's also a strategy of using properties that you don't even own. That's creative investing if there ever was!

With AirBNB you'll need to furnish the property and think about the amenities that travelers desire. AirBNB uses ratings and poor ratings can hurt your business, so stellar customer service is where it's at when it comes to doing well with this business model.

Be The Bank

This is our favorite strategy. Whenever you deposit money into your bank, they put it to work about 10 times. This is called leverage and it's what you should ultimately shoot for. You see, you don't need to have a million dollars, you just need to have the income of a millionaire. That's what this style of investing can do for you.

Our actual favorite part about this strategy isn't the income. The income is a nice result of the work that we do. The best part? We get to help people pursue the American dream of homeownership. Banks have made it exceedingly difficult in the last 10 years to get a loan on a home. Especially if the home costs less than \$100,000. How many people in America does that leave stuck paying rent? A ton! The problem is, most people hate paying rent and that's where we offer the solution of helping them get into a home.

This strategy takes effort and it can take some capital to get going. You can do this with other people's money by finding a private lender (hard money isn't private money) or by finding an assumable mortgage and doing what's called a wrap-around note. You can sell the note in the future or a portion of it, or just keep it for income.

The best part? You don't have any of the responsibilities of a landlord. The buyer pays the insurance and the taxes. They pay when something breaks. They pay to fix the place up. This is about as passive as you're going to find. I don't know about you, but I'm not looking for a full-time job, I'm looking to get free.

If you're interested in learning how to do this, get in touch with us and we talk with you about what you need to do. We're not gurus looking to sell you a course, just looking to help others get free!

How to Analyze Deals Quickly

Analyzing deals quickly is a skill to acquire because our deals often go within just a few days or sometimes within hours of acquisition. So how can you buy a deal that you may not get a chance to see? It's \a lot easier than you might imagine. Just follow these steps:

Check Comparable Sales

Zillow, Realtor.com and iComps.com have great data that can show you what properties are selling for in the area. This is how we look at a deal. We look for comparable bedrooms / baths, square footage that's within 10% of the subject property, +/- 10 years in age, within a mile of the subject property and comparable sales in the last 6 months.

Virtually Drive The Neighborhood

The internet revolutionized how you can see the world and thanks to Google, you can see the neighborhood. How does it look? Are there boarded up houses everywhere? Does it look like a safe neighborhood? Do people take care of their lawns? These are all things your buyers or renters are going to be looking at, so get a good idea. You can even go around the block and check neighboring streets.

Advertise a Craigslist Gig

Get someone to go by and take pictures for you and do a video walk around by posting a Gig on Craigslist or Facebook Marketplace. Send them a PayPal for doing so. This is incredibly easy. If you get the property, you've got someone that can help you put up some signs as well for an extra fee.

Talk to a Local Realtor

With websites like Zillow and Realtor.com, you can see what realtors are working that neighborhood and talk to them about the deal. Ask if they've got buyers that would be interested in this deal or others you have in the area. (Build your database)

How to Make Offers

On OdellBarnesREO.com

Making offers is easy. Simply head over to our website and take the following steps:

View Our Properties Online

Search our inventory of previously foreclosed properties. Once you find a property of interest, touch base with one of our asset managers to schedule a time to check out the property (if necessary). We definitely encourage you to inspect the property in person if you can as we have a limited amount of information in regards to the property condition.

Make an Offer

On our website, you can simply click on “Make An Offer” and enter your offer details. Due to the volume that we deal in, we sell most of our properties via a Quit Claim Deed. However, you can choose to purchase any of our properties through a title company to obtain title insurance and a warranty deed.

We often get multiple offers on properties and encourage you to place your highest and best offer from the start. The purchase price, earnest money deposit and closing details are all handled by the asset manager.

Closing on the Property

Once a purchase is agreed upon, we will send you a purchase agreement within 24 hours along with wiring instructions for the earnest money deposit. In order to hold the property for a buyer, they will need to have the contract signed and deposit made within 48 hours of having received the contract via email.

Your closing will be scheduled at which point we will transfer the deed to the entity of choice or your personal name, and send to the county for recording. It's important to note, that it can take a county several weeks to record a deed.

Making Repairs

Once you've closed on the property, you can get to work on making the necessary repairs. Your priority should be to make sure that the home is up to current code with the city. You may need to make some upgrades to electrical or plumbing before you can have a property that's move-in ready.

The upgrades you make to the property will be based upon a couple of things. First, your budget. Second, what you intend to do with the property. Are you planning to live in the home? Are you planning to fix and flip it? Are you planning to make it a rental property? Consider your strategy and act accordingly. Rental properties don't require the best upgrades, just a clean and usable space that promotes little maintenance.

If you do decide to work with a contractor, be sure to do your homework on them. Check references and check your old pals Facebook and Google for any nightmare stories. Community groups in Facebook are great places to search for praise and complaints. AngiesList.com is also a solid resource of information. Do repairs in draws so that you can inspect the work along the way. NEVER give a contractor all of the money upfront. Also, have them sign a release of lien form when they've finished each section of work and you've paid them.

Finally, don't forget about curb appeal. It's what will get people interested in seeing the inside of the home. Spruce it up a bit and make it look like a home instead of just a house.

List the Property

Listing your property has become easier than ever. In the “old days”, you’d have to rely on a realtor to tell you what your property is worth. That’s not the case today thanks to the internet. In Chapter 3, we showed you how to pull comparable sales and what sites to use.

To figure out comparable rental prices, you can do the following:

1. Contact a local management company or two. Ask what they could get you in rent based upon the location, type of housing, beds / baths.
2. Check www.rentometer.com to get some ideas on whether you’re competitive.
3. Drive the neighborhood and see if there are any other rentals available. Check them out as if you’re going to rent them and see how your home stacks up.

If you think you have a deal with good enough spread on it, go ahead and get a Realtor involved. Just make sure they’re competent and see how many homes they’ve listed and sold. Ask to see their listing price comparable with the average sale price. This number will tell you how shrewd of a negotiator they are.

Get Started Today

Now that you've got some ideas and strategies, all you need to do is get started. The biggest obstacle between those that are successful and those that hope to be successful? Massive action. That's it. Take massive levels of action and you can start to build your very own real estate empire. Check out our inventory on our website and ask us how we can help you. We want to help just as many people get financially free, as we want to help own their own home.

www.OdellBarnesREO.com