

REAL ESTATE

# INVESTING

101

HOW TO FIND GREAT DEALS ON ANY BUDGET



Learn to choose the  
**RIGHT INVESTMENT PROPERTY**  
for you and build wealth  
month-after-month,  
year-after-year!



**CENTURY 21  
COMMERCIAL**


Real Estate Alliance

**John L. Morra**

Broker - Associate | Commercial / Residential | DRE# 01884598  
20980 Redwood Rd. #100 | Castro Valley, Ca. 94546

510-200-4449

morra.johnL@gmail.com

Investor	Qualities	Property Types	Analysis
	If you are thinking about buying your first investment property (even if you have purchased a home to live in), you are a <b>First-Time Investor</b> .	Single Family Detached, Condos, Townhouses	Focus on safer, more assured investment properties, even though returns may be lower than riskier investments
	If you're thinking about renting your current house and moving into a new one, you're a <b>Move-Up Investor</b> .	Single Family Detached, Condos, Townhouses	If you're a move-up investor, you should contact an agent to learn how to turn your current home into a rental property!
	If you already own, or have owned, an investment property, you're a <b>Portfolio Investor</b> .	Single Family Detached, Condos, 2-4 Residential, Townhouses	As you most likely understand the benefits of real estate and have incorporated it into your long-term investment plan, consider expanding to new properties with potentially bigger returns.
	If you're buying more than one property per year, you're a <b>Performance Investor</b> .	Single Family Detached, 2-4 Residential, Multi-family	Multi-unit, multi-families can provide high returns.
	If you purchase a property, improve it, and turn it around quickly for a profit, you are a <b>Rehabilitation and Resell Investor</b> .	Single Family Detached, Condos, Townhouses Requiring Repair or Remodeling	Look for properties that have been on the market 30 days or more, as well as short sale and REO properties for the best prices!

Finding the right property takes time and diligence. I'm trained to help investors find the best deals with the biggest returns. Whether this is your 1st or 100th property, I can help find the right for you.

My real estate team will help you through the entire process, before, during, and after to minimize risk and maximize returns.

I'm here to serve your every real estate investment needs!

**CALL ME TODAY!**

## You can calculate cash flow in three easy steps:

1. Estimate monthly rental income. This is best done by contacting a real estate agent with specialized training for real estate investing and asking for average rental prices in the area. For this example, let's say **Monthly Rental Income = \$1,295**.
2. Subtract estimated monthly expenses from rental income. This number will be your net operating income. Here's an example of the kind of expenses you might expect:

Expense	Cost
Taxes	\$150
Insurance	\$50
Home Owner's Association (HOA)	\$0
Property Management	\$100
Utilities & Trash	\$0
Lawn Service	\$0
Maintenance	\$50
Vacancy Reserve	\$50
<b>Total Estimated Monthly Expenses</b>	<b>\$400</b>

Following the example above, **subtract the \$400** in expenses **from the \$1,295 month rental income** to get your net operating income of **\$895**.

3. Subtract your mortgage payment from the net operating income of \$895 above. Let's assume a \$519 estimated monthly payment. This gives you a total of \$376 in monthly cash flow!

**\$895 Net Operating Income**  
**-\$519 Mortgage Payment**  

---

**\$376 Dollars in Monthly Cash Flow**

Earning investment property cash flow has many benefits that you simply don't find in other investment options. You maintain control over how the cash is used. You can increase cash flow by cutting expenses or raising rent. You earn consistent and secure income month over month. The opportunity is tremendous.

## Choose the Best Investment for Your Budget and Experience Level

Every investor will have different needs based on experience level, budget, and the kind of property they are looking for. By researching the area and working the numbers, you can find the property right for you.

On the next page is a list of the kinds of properties you should look for based on your needs and experience:

## How to Find Great Deals on Any Budget

When it comes to real estate investing, there are a lot of misconceptions, especially where investment properties are concerned. For many, the term "investment property" conjures images of beachfront mansions or ski lodges nestled in posh ski valleys. The reality is that the profile of a typical investment property is much different:

### Portrait of the Investment Property



- 75% of investment properties are in small towns and rural or suburban areas
- 48% of investment properties are within 20 miles of the investor's primary residence
- 57% of investment properties are single-family detached
- 92% are not resort properties

© 2013 Charfen Institute. All Rights Reserved.

As you can see, the majority of investment properties are more modest and purchased in areas near the investor's home. The point is, there are deals in every market. You just need to know what makes a good deal, and more particularly, what makes a good deal for you and your needs.

So what makes a good investment property? Cash flow potential! Cash flow is the rental income remaining after expenses and mortgage are paid. When a property is purchased for cash flow and purchased correctly, it will earn you money even when not appreciating.

One of the greatest advantages of real estate investing is your ability to gauge an asset's performance ahead of time. By knowing how to run the key numbers on a property and assess its potential performance, you can find deals waiting in your backyard!

## Evaluate Your Preferred Investment Area

When considering where to invest, focus on areas near you with home prices you're comfortable with. You'll feel more comfortable with your investment if it's in an area you know well.

Investment success is largely dependent upon a thorough analysis of certain criteria for each property. Luckily, there are real estate agents who are trained to do this heavy lifting for you.

They can determine in depth information, such as:

- Average Sales Price
- Appreciation trends
- Rent Rates
- Vacancy Rates
- Property Taxes

With your investment area narrowed down, you can begin to look at property listings within that area.

## To Find the Deal For You, Invest by the Numbers

Cash flow is king when it comes to real estate investing, and should (unless, perhaps, you're rehabbing and reselling a property be your primary consideration when looking for properties.)

Fortunately, calculating cash flow is easy. Cash flow is simply the amount of money you will see from rent at the end of a month (or year) after all expenses, including your mortgage payments, have been paid.

