

## 10 Ways To Loose In Real Estate

### #1 Doing dumb deals:

No one's impervious to it. I typically do at least one dumb deal every year. I either get in a hurry or overlook something obvious and, boom, I get whacked right between the eyes with mortgage payments on a house I can't give away. I either paid too much or didn't do my homework, or maybe I let myself get talked into speculating about the possibilities. Whatever the case, doing dumb deals will take you out of the business in a hurry.

A common dumb deal is "the big deal." It's the one that you figure will put you over the top and have you knocking down the big bucks. Not likely. As a rule, avoid the big deal, especially when you're the new guy in town. While you may think that will be the one deal that sets you free, it's more likely you'll find out that it's the deal that knocks you on your butt.

Sometimes new investors don't realize just how difficult certain situations are and they think they can buy in tough neighborhoods or even in war zones because they've taken a property management seminar and know how to handle those kinds of situations. Look out, they don't call them "war zones" for nothing, and if you end up investing there because the property was so cheap you couldn't pass it up, you'll be sorry. Hey, they're all cheap in war zones.

Finally, when deciding whether or not a deal makes sense, avoid using the old "rule of thumb." Rules of thumb will get you creamed. Base each and every deal only on your own homework. Check things out and make smart decisions in light of what you know for certain, not some industry "rule of thumb" your agent told you about. If you're not paying attention, you can and will get creamed in real estate. Don't let that happen to you!

### #2 Getting away from the basics:

There's a reason they're called "the basics." It's because they truly are. They're basic and they work.

Do you think anyone wants to hear about your simultaneous close with seller second which is discounted for cash at closing and subordinate to a new first the buyer obtains? Not to mention, cash back to me!.....Huh?

Exactly. Make your deals simple and straightforward. Buy low, sell higher, get paid. Those are the deals that get closed and those are the deals that put money into your bank account.

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**#3 Operating without a game plan:**

It is pure lunacy to undertake any sort of investment activity unless you have a firm grip on exactly what it is you're trying to make happen. Yet I see it all the time.

New investors actually believe that they can just run an ad in the real estate wanted section of their local paper and money will somehow show up in their bank accounts shortly thereafter. Not true.

In order to make money as a real estate investor, you need to have a plan in place that will take you not only from the initial call and up to depositing the check, but all the other steps in between. Your plan should allow you to accurately describe precisely how things will end up prior to you even signing that first offer. Don't enter the real estate arena unarmed. It's "ready, aim, fire." Yes, in that order.

**#4 Trying to go too fast, too soon:**

It may be fun to think about owning a couple dozen houses by year's end, but it's not going to happen.

I remember when I announced to our investors club that I had 22 deals in escrow and thought I was great. Turns out I was wrong. Take it from me, setting the world on fire has its good points and its bad and the bad far outweigh the good.

Think in terms of slow and steady. Do 2-4 deals, get them all buttoned up and put to bed and then consider doing more. That way you can sit back and really spend the time fine tuning your game plan. You can look at the things that worked great and you can also look for ways to improve the things that didn't quite go according to plan. When you're ready for your nest purchase, you'll be ready to do them even better than you did the last time around.

**#5 Cutting corners to save costs:**

There are lots of ways to save money in real estate, but cutting corners to save a buck or two isn't one of them.

You probably don't know that I pay a full commission to the agent who sells properties for me. It's a cost I'm willing to pay, provided he does a first class job getting them marketed and sold. I could list them with a discount broker or even try to sell them myself, but my time is much more valuable spent doing other things (like taking my kids out to a ball game) and I'm not about to waste it trying to save a buck or two.

Just like thinking that doing your own rehabs is a good way to save a dollar, cutting corners is never the answer. Pretty soon you're wondering if that "expensive" title insurance is really worth the money and the next thing you know that house you thought you bought isn't really yours. Spend your money wisely and don't cut corners when it comes time to pay for the normal and traditional things that we all have to pay.

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**#6 Thinking you're smarter than everyone else:**

Occasionally we find ourselves in situations where we believe we know more than the seller. Doesn't matter that he's owned the property for years, we actually think that he's not seeing the obvious. Invariably, the seller had long ago considered the very thing we thought we'd figured out and he'd determined that it was not practical or even possible.

Occasionally it does happen. Sometimes properties get rezoned and their values double overnight. If the owner isn't up to speed, that bit of information may have passed right by him. If you've done your homework and are absolutely certain that you've stumbled onto something good or figured out an angle the current owner hasn't seen then, certainly, move forward with what you know. Just make sure you're not simply playing a hunch.

**#7 Keeping the books yourself:**

It took me ten years before I got a bookkeeper. It wasn't so much me trying to cut corners or save a buck, I just wanted total control of all things financial, and it nearly buried me.

Bookkeeping is a vital part of any business, and if you fail to give it your utmost attention, it will come back and bite you. Ever try to figure out your taxes with little more than a shoe box full of receipts and stack of deposit slips? I have, and it's not such a hot idea. You could probably pull it off with only a house or two in your portfolio, but even then it would be far too much trouble.

Getting a bookkeeper took tons of stress out of my life and freed me up to do the things that mattered. Now my bookkeeping is not just enough to get me by, it's beautiful. I can actually make sense of the numbers and determine things that in the past would have been impossible to ascertain. Before I had a bookkeeper, when I closed on a sale of a property I had to take off an entire day to finalize the books. That meant gathering up all the receipts and deposits and getting them into shape. Not fun and not at all something I miss. Now, my books are handled without me having to close up shop for a week every April.

**#8 Not using professionals:**

There's a time when doing it yourself make sense, and a time when it doesn't. I used to try to do my taxes myself but determined, after years of having to deal with putting numbers into boxes, that it's just something I'm not able to do myself. No, I'm not lazy and I'm not particularly poor in math, it's just one of those things that absolutely drives me insane, and I'm not about to put myself through it ever again.

That's why they make CPA's. Once I drop off those financials for the year, I know I'm in good hands and all I'll have to do from here on out is write a check. All this without the aggravation, between you and me, I'd probably be willing to pay double.

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**#9 Trusting others:**

The trick here is to trust everyone....but don't give them an opportunity to prove themselves to be less than trustworthy. That goes for sellers, tenants, suppliers and anyone else you're likely to run into when you're conducting your business.

I trust everyone.

When a seller tells me the property is worth a million bucks, I believe him. I don't mean I actually believe that's what the property's worth, but I do believe that's what he thinks it worth. Doesn't matter to me one way or the other because I'll never be using his figure when it comes time to close. I may start in the ballpark of his figure, but I'll be doing my own homework in the meantime.

Sometimes tenants want more time to pay or have excuses when the rent won't be coming in as agreed. Sure, I'll listen to their story and I'll trust that they're telling me the truth, but it will have no bearing on what I decide to do with them. I have company policies in place. They've already been told what those policies entail and they already know my answer even before they ask. Sure, I trust they'll pay me like they say they will, but it won't have any bearing on the eviction I'll be starting tomorrow.

Agents will sometimes try to encourage you to buy a property they're selling, even when they know it isn't really the pretty picture they're painting you. Sure, I trust them, but even when they tell me that it's way under priced and that the rents haven't been raised in years, I'll just put that down in the "thing to verify" column and check it out for myself.

**#10 Failing to deliver as promised:**

Buying real estate the way we do means having to make lots of promises. If you're not paying cash (who is?), you're signing a note or you're agreeing to make payments in some form or another. Even if a guy's just handing you a deed, he's doing so on your word that you'll make things good from here on out. It's important that you do.

Keeping my promise is something I never forget. Sometimes it's not easy. Sometimes it means having to spend more money than I would have otherwise had to spend. But it's the right thing to do, not only because of the morality of doing what you say you're going to do, but also because word travels quickly when you fail to keep your promise. Your reputation isn't something you want to jeopardize on a house deal that's gone a little bit sideways.

Do whatever you must do to make that thing right, even if it costs you a buck or two, and get on to the next one.

Thanks for taking the time to read this report. I hope you found the ideas thought provoking and beneficial.

My goal with this report is to help point you in the right direction and give you some guidelines to help you

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make the right decision.

I know for you making the right choice is worth thousands of dollars and a great sense of “peace of mind.” If there is ever any way I can be of service to you or anyone you know, please give me a call. ***Your initial consultation is always under no obligation and completely free of charge.*** We’ll sit down for 15-20 minutes and I’ll show you everything you need to know when buying or selling a home. No pressure... just plain honest talk about what it’s going to take to get you the results you need.

If you have any questions or would like more information, please feel free to contact me anytime.

I look forward to hearing from you soon!

Warmest regards,

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