OTBEC Group
ELITE real estate investments

The 7 Deadly Real Estate Sins

What you absolutely, positively must not do in order to become a successful real estate investor

by July Ono

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

Real estate is experiencing an unprecedented boom. With double digit appreciation in some areas of Canada and the United States, it is no wonder that people with little or no experience are jumping into the fray to get their piece of the action.

I have been investing in real estate since 2003 as a full-time professional real estate investor. In my experience, I have seen some of the common strategies that successful investors use and some of the common strategies that unsuccessful investors use.

As wonderful as real estate investing is, the art and profession of real estate investing is full of pitfalls. These are the most popular top 7 reasons why people fail.

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

**What you absolutely, positively must not do
in order to become a successful real estate investor**

#7 UNSAVORY / INCOMPATIBLE PARTNERS

Know Thyself.
Know Thy Partners.

These people are desperate for any investor with money. It is just as important for you to conduct your due diligence on your potential joint venture partners. Certain types of investors are out to take advantage of you or you have partnered up with someone who does not share your risk tolerance profile. Are these investors aligned with your value system?

I believe we have all heard the stories about the real estate deal that was nothing but problems because the people did not get along, personalities clashed, investor risk tolerance profiles were mismatched for the project, one or several investors initiated a hostile takeover … leaving a distasteful and never-to-be-repeated experience.

Real estate investing with partners is much like a marriage. Deal with the divorce up front. Have a clearly defined contract that everyone agrees to. Even if you are all on the same page, life happens, and situations change. Have your exit strategy clearly defined.

Joining a network group or forming a mastermind is a way you can mitigate these partnerships from happening. In the same way that love blinds us to a person's faults, your network group can be a buffer and provide their objective point of view.

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

**What you absolutely, positively must not do
in order to become a successful real estate investor**

#6 THE LONE RANGER AND NO TONTO

Hi Ho Silver, away! And right off a cliff. (p.s. Silver was the horse)

These people are loners. They go it alone with no mentors for guidance or support. They are the do-it-yourselfers that lose big time and spread the news to their circle of influence as to why it is too risky to invest in real estate.

Real estate investing is a team sport. It takes team work to make the dream work. When taking point, your responsibility is to manage the team.

There is a limit to what any one investor can do and only so much money before their TDSR (Total Debt Service Ratio) gets maxed out.

Banks typically will not lend money if your debt service ratio is high in comparison to your income. This is the reason why most lone rangers max out at 3 SFDs (Single Family Dwelling). However, there is a solution to this challenge and that is to create a portfolio mortgage.

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

#5 SMALL COI (Circle Of Influence)

No Network = No Money
Wrong Networking = No Money
The Right Networking = The Right Money

The smaller your network, the less access you have to money. The larger your network, the more access you have to money.

As important as building your network is, the wrong type of networking can be as costly a mistake as having no network.

The name of the game is leverage whether that leverage is money-related or people-related. Successful networking accomplishes both.

You leverage money using OPM (Other People's Money). You leverage your network to find joint venture partners who will entrust their money to you to help them leverage their money. Leverage is the business of real estate investing.

The single most important tool for every real estate investor who is in business to create passive income is having a continuity program. Go to www.HippoContact.com to get started.

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

#4 NO EXIT STRATEGY

These people have no business plan, no tax plan, and no idea how to deal with capital gains … no plan, period. It's no wonder trouble rears its ugly head a few years down the road.

Before you purchase an investment - any investment – you must know when and if you plan to sell it. Do some forward thinking and consider all the possibilities from best case scenario to engaging your worst case scenario contingency plans A, B and C. Always have a back up plan for yourself and for your investors.

And stick to your plan.

Warning: Beware of Investor Candy

Investor Candy has a seductive way of capturing our attention with fast and easy money. You know what I mean by Investor Candy. You are presented with a fantastic looking opportunity that produces an endorphin-like response by appealing to your emotions. Fast and easy money is high risk money. This game is reserved for high net worth individuals and corporations who have patient money and deep pockets. They also have an exit strategy and have the resources to wait through downturns in the economy.

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

#3 MAKING AN ASS OUT OF U AND ME (ASSUME)

Making Assumptions = Lack of Due Diligence

Following up is one of the most underrated and overlooked skills of the amateur real estate investor. This habit is one of the key differences between amateurs and professionals.

Every line item from must be double checked (preferably quadruple-checked) from verifying the rent roll, vacancy rate, property taxes, operating expenses such as utilities, waste removal, property management fees to maintenance contracts.

Every expense must be checked with a non-partisan third party such as City Hall to verify that the property tax is current, if sewer and water is included or not, if the waste removal service is included or not, and any other sundry items.

The utility companies should also be contacted to verify current hydro and electrical expenses, oil and gas use.

For instance, some expenses such as insurance and property management fees can be artificially low if the investment is part of a portfolio package.

Checking and re-checking the numbers is not optional. It is mandatory. Be meticulous with your investments.

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

#2 EMOTIONAL INVESTING

Emotional buying and selling are based on absolutely no fundamentals. There is an entry strategy that determines every purchase and an exit strategy that determines every sale. The numbers and the plan dictate the buy or sell.

The following is a general listing of real estate investments rated from the high risk to low risk:

HIGH RISK	Raw land
↓	Serviced raw land
	Vacation / Resort
	Hotel / Motel
	Industrial
	Commercial / Retail
LOW RISK	Residential

Each of these types of real estate investing requires a different entry strategy and exit strategy.

The successful investors have a well laid out plan. They stick to the plan despite unforeseen challenges or emotional upheavals. The unsuccessful investors rush in because it feels good and rush out when it makes them feel bad.

Emotions do not dictate the deal. Fundamentals make the deal.

THE 7 DEADLY REAL ESTATE SINS

**What you absolutely, positively must not do
in order to become a successful real estate investor**

#2 EMOTIONAL INVESTING (CONTINUED)

Here are 7 attitudes that will kill your business before you even start:

- Pride
- Greed
- Envy
- Wrath
- Lust
- Gluttony
- Sloth

These are all strong emotions that can land you in hot water. Are you investing for the right reasons?

Surround yourself with sage advisors, peers, and mentors to avoid this pitfall.

OTBEC Group
ELITE real estate investments

THE 7 DEADLY REAL ESTATE SINS

**What you absolutely, positively must not do
in order to become a successful real estate investor**

#1 THE #1 DEADLY REAL ESTATE SIN IS…

… to treat real estate investing like a spectator sport.

This is a No Couch Potato Zone!

Real estate investing takes planned action. It is better to have risked and suffered loss (and learned) than to have not risked and suffered loss anyway.

Get this: NOT doing anything results in loss.

There is no status quo. This is just a perception.

Everything is energy. Every living organism is either growing or dying. If you are not growing, then you are automatically dying. This is a universal law.

The worst thing you can do for yourself is not take action because this guarantees that you will be no further ahead.

THE 7 DEADLY REAL ESTATE SINS

What you absolutely, positively must not do in order to become a successful real estate investor

My mission is to inspire and empower the world to live in hope and victory.

May your life be filled with abundance and prosperity.

Sincerely,

July Ono
President
On The Beach Education™ Corporation
www.otbec.com