



HORNER BUILT A REAL ESTATE BUSINESS FINDING DEALS FOR INVESTORS

[REAL ESTATE STRATEGIES]

OPPORTUNITIES FOR INVESTORS

Try these strategies to make money through real estate investments

Looking for a great financial opportunity? Consider real estate. Real estate investments have the unique quality of allowing you to borrow up to 90% or more of the value of a property, which you can use to create large gains from a relatively small investment.

While people may associate the fast money in real estate with flipping properties—buying and selling rapidly—real estate investing is not a get rich quick proposition. Andy Heller and Scott Frank, coauthors of *Buy Low, Rent Smart, Sell High* (Dearborn Trade Publishing, \$18.95), have bought and sold over \$10 million of residential property in the past 13 years, all while holding down full-time jobs. They studied the market for three years before using their own money to buy three homes over a five-year period. "There's nothing wrong with being patient to accumulate money," says Heller.

Heller and Frank purchase foreclosures in middle-income neighborhoods after the lender has taken the property back from the defaulting owner. They then sell the homes to lease-purchase tenants, making a 35% to 40% return on each investment. This process allows them to make money by buying properties at 10% to 20% below fair market value, charge fair market rental rates that are 25% to 50% greater than the mortgage payments, and then sell after about three years.

Heller suggests locating foreclosures by driving around and looking for bank-owned properties, calling mortgage com-

panies directly, or working with realtors. "We buy residential real estate—everybody needs a place to live," he says.

Tony Horner invests in real estate differently. He was living paycheck to paycheck when he began real estate investing six years ago. He has since made \$7 million and owns a Virginia-based business that he built without using any of his own money.

"I found people with money, found them deals, and didn't have to put up any money to purchase property," says Horner. He scours working-class neighborhoods for dilapidated housing, locates the property owners, and uses investors' money to purchase and renovate the properties. He used phone books, tax records, and the Internet to find contact information for vacant property owners and met investors through his local real estate investment club or through referrals from realtors.

As Horner is an all-cash buyer, he must sell the properties fast in order to make money and repay his investors. He says there are many people willing to invest because he offers an excellent rate of return.

Despite their different methods, both Horner and Heller agree that doing your homework is key to investing. Heller cautions, "Be selective about the (real estate) seminars you attend to learn the business, read books, learn about a neighborhood, and find a niche. Get good at the process and then repeat it."

—Lisa Armstrong