

Are You CUT OUT for Investing?



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By ANNA CHANG-YEN | Green Shoot Media

The world of real estate investing has always been full of big names and bigger personalities — Donald Trump, Warren Buffett, John D. Rockefeller.

But you don't need an expensive suit or a million-dollar smile — or an already endless bank account — to buy and sell property. Having a certain set of qualities will set you up for success in this field with endless potential.

A NOSE FOR NUMBERS

You've seen the late-night infomercial about an investment guru offering a free workshop at a nearby hotel. He promises you won't need a penny from your own pocket to start investing and

get rich quick. While it's not likely to be quite that easy, there are some financial strategies that can help you get started in real estate investing without the traditional 20 percent down. If you're the kind of person who enjoys keeping up on current trends in creative financing, personal finance and tax law, you might be cut out for real estate investing.

Are you familiar with the terms crowdfunding, self-directed Roth IRAs and securities-backed mortgages? If you're willing to give yourself a financial education by reading business and finance publications and keeping your finger on the pulse of financial trends, you may be able to put that knowledge to work in real estate.

A SOLID FOUNDATION

If you're planning to buy and flip houses, you'll need to learn how to quickly evaluate a home and how much work it needs to be market-ready. If you worked part-time as a painter or roofer to get through college, you're ahead of the game. Otherwise, you'll need a primer on the inner workings of a home's major systems, from foundations to heating and air conditioning to flooring. This will help ensure that you'll know how to tot up your potential costs — and when to call in a pro for an opinion. Is the lack of proper egress from the basement simply an inconvenience, or is it a major code violation that will require the backyard to be excavated and graded, zapping

tens of thousands of dollars of potential profit? Learning to size up a home quickly will help you make crucial judgments about a property's potential for returning your investment.

A STOMACH FOR RISK

If the housing crisis of the 2000s and the resulting Great Recession taught us anything, it's that buying and selling homes can be far from a sure thing. While real estate has proven to be a sound investment over time, having your nest egg invested during short-term fluctuations in the market can keep your stomach in knots. Are you an adventurous investor with an appetite for risk, or do you sleep much more soundly knowing your money is growing — slowly but surely — in a safe investment? Think carefully about your tolerance for risk before taking the plunge.

A BACK FOR BREAKING

The home remodeling shows on TV make it all look so simple. Just take a sledgehammer to that ugly 1970s-inspired bathroom with the dandelion gold sink and mint-green tiles, and by the end of the weekend, you'll have a classy, modern bathroom with sleek gray stone from floor to ceiling.

Unfortunately, the magic of film editing has deceived you, and the truth is that even a seemingly small project can get complicated quickly. You'll need a dumpster and a strong back to haul away all that debris, a partner or friend to help transport the new materials into the house and a plumber to move the plumbing for more modern fixtures.

In order to turn a profit on a flip, you may not be able to hire out every fix-up job to a pro. That means you'll be left holding the bag — of home remodeling store supplies — and using your weekend to tile a floor or excavate a patio. Are you willing to get your hands dirty?



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If you're planning to buy and flip houses, you'll need to learn how to quickly evaluate a home and how much work it needs to be market-ready. If you worked part-time as a painter or roofer to get

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REAL ESTATE 101



Instant Investor

Quickly put some cash into real estate wit these crowdfunding websites, where you can invest as little as \$5,000:

Fundrise.com — Park your chase in real estate projects ranging from single-family homes to commercial manufacturing facilities

RealtyShares.com — Invest in nearly any type of building up to \$10 million, including homes, hotels, self storage facilities and more

RealtyMogul.com — Pool your money with others to buy residential or commercial properties, or buy a piece of a cash-producing venture, such as a retail center.

HOMESWISE GLOSSARY

Cash flow: cash that property investors or owners receive after deducting operating expenses, replacement reserve deposits, and debt service payments from the effective gross income (gross rental income less vacancy and bad debt loss plus miscellaneous income) for a rental property.

SOURCE: U.S. Department of Housing and Urban Development

AD SPACE