

CLASSIFIED REPORT!

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The 7 Golden Rules of Fixer-Upper Fortunes: How Ordinary People are Making Big Profits Fixing Up Run Down Houses (and how you can too). By: Sal Vannutini
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In this special course, I am going to show you how you can easily apply the 7 Golden Rules that have made me a real estate millionaire.

It doesn't matter if you have building skills, or whether you can't use a paintbrush. This course will show you how to cash in BIG TIME by fixing up old homes.

We'll completely avoid "theory and hype". In fact, what I am about to share with you is based on years of painstaking trial and error (mostly error), and my real life "hands on" experiences.

So, let's get started.

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PART 1: THE BIG PICTURE
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The Great American Dream?

Statistics show that nearly 95% of our fellow citizens will retire at or below the poverty line by the age of 65. These people will be dependant on friends, family and the Federal Government for financial support.

If ours is the land of opportunity, why does this startling reality exist? The answer can be traced back to our upbringing.

From our early years we are taught that the correct path in life is to go to school, get good grades, and get a "secure" j.o.b (Just Over Broke) with benefits. Sound familiar?

So in effect, we are taught to work for others, and not how to be entrepreneurial or how to create real wealth. Multi-million dollar author, Robert Kiyosaki, calls it "The Rat Race".

And let's face it folks, you won't ever get rich working for someone else! With "Job Security" a thing of the past, thousands of people are looking for alternative ways to make money.

Real estate investment continues to be one of the largest wealth creation tools in America. It remains one of the fastest and proven ways to amass a fortune, and more importantly, once you understand the basics, almost anyone can do it.

One of the quickest ways to do this is to fix up old homes with a quick rehab.

The strategy is quite simple: Buy a run down home below market value (wholesale), fix it up, and sell it for full retail price.

The other big advantage of fixing up old houses is that it provides you with a unique business opportunity in that you can go as fast or as slow as you like. In fact, you don't even need to quit your job (unless you hate it). And unlike investing in corporations, you have 100% control!

You also have the flexibility to do it yourself and keep the profits; use a partner and split the profits; or employ others to do the work and keep all the profits.

Whichever way you decide, there is no doubt that this is one of the smartest ways to invest in real estate. Armed with the correct strategy there is no doubt that you can make over \$100,000 every year fixing up old homes.

All that you need is a desire to learn; a desire to improve your life; a readiness to take action; and the discipline to follow a step-by-step blueprint for success.

If your ready, the teacher has arrived!

Whilst the blueprint for success is pretty straight forward, I would like to introduce to the 8 most costly and deadly mistakes that you can make.

By making you aware of these "profit traps" you will be well equipped to implement the 7 Golden Rules of Fixer-Upper Fortunes.

You see, these are some of the very same mistakes that I made when starting out, and will hopefully save thousands of dollars in profits!

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PART 2: THE 8 COSTLIEST MISTAKES OF FIXER-UPPER FORTUNES.
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Big mistake #1: This is a 'get rich quick' strategy

Whilst the investment methods discussed in this e-book can rapidly increase your wealth, it is not a miracle cure nor is it a 'get rich quick' scheme. It still requires time, dedication and effort. The results that you ultimately achieve will reflect on your commitment to these three areas.

Always remember that property investment is more like running a marathon as opposed to a sprint.

Big mistake #2: A lack of extensive research

One of my pet hates is painting. Actually, it's not the painting itself, but the all the messing about with the preparation. Unfortunately, the effort put into the preparation will ultimately decide the end finish.

Buying houses is very much the same. The effort that you put into research will ultimately determine the size of your profit.

You need to spend some time learning market values, neighborhoods, and how to estimate repair costs. All of this is necessary to avoid overpaying for properties and buying in the wrong neighborhoods.

Big mistake #3: Do all the work yourself to save money

Human nature being what it is, most of us will have an inclination to do the work ourselves (I have been, and still am, guilty of this).

As rehabbers, we can easily convince ourselves to do the work and save a few dollars. This train of thought is fraught with danger on two levels.

Firstly, if the level of workmanship is substandard then this can and will affect your resale price. Experience has taught me one very important lesson: If you're no good at it yourself, pay an expert to do it.

The second danger refers to time leverage. It is false economy to save yourself \$35 dollars per hour by doing it yourself if you earn \$50 per hour.

Big mistake #4: Insufficient cash flow

Trading property is nothing like trading shares. The whole process - from when you buy to when you sell and close - can take anywhere from three to eight months. Basically, property is not a 'liquid' commodity.

Proper planning is important here, especially if you wish to do this for a full time living. Although you may have hit the jackpot with an opportunity, it will be some time before you see any cash return. Meanwhile, the bills keep rolling in, the bank manager wants his money and so on, and so on.

Big mistake #5: No exit strategy

There will be times when, despite your meticulous research and planning, the property doesn't sell. External influences such as a lull in the market that coincides with your selling date pop up from time to time. Be prepared for this with an exit strategy and you'll be fine.

Big mistake #6: You pay too much when you buy

We make our profit when we buy. Pure and simple! I will always tell clients at my workshops that this is the most valuable advice that they will ever receive from me. The added value from the renovation is the icing on the cake.

Paying too much is one of the most common mistakes made by investors. Always research your market well and ensure that the potential selling price is achievable when all costs and profit margins are taken into consideration. Never, ever let yourself be ruled by your emotions when buying.

Big mistake #7: Failure to understand your target market

How often have you walked into a home and been totally horrified by the décor? Yet this is another common mistake made by rehabbers. They let their emotions get in the way and decide what is good for them is good for everyone else.

Big mistake #8: Spending too much on the rehab

The great temptation of rehabbing is to do too much. Whilst the 'WOW' factor is critical, you MUST keep your emotions out of the equation and strictly adhere to your budget.

So there you have it in a nutshell. Now that you've laid the foundations, it's time look at the 7 Golden Rules of Fixer-Upper Fortunes.

What you are about to learn from now on is the very same strategy that I use on a daily basis.

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GOLDEN RULE #1: DEVELOP YOUR GAME PLAN FOR SUCCESS.
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As I mentioned, Fixer-upper real estate is a unique business opportunity. Therefore it is critical that you run it like a business.

Before you even consider spending a single dime, you should develop a business plan. I call it the "Game Plan". Your Game Plan will be your compass and give you the focus required to succeed. There is an old saying that if you don't know where you're going; you'll end up somewhere else.

Fortunately, your game plan doesn't need to be complicated. As a matter of fact, this mini-course will form your basic business plan. All you need to do is adapt it to your personal goals.

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GOLDEN RULE # 2: HOW TO BUILD YOUR "A-TEAM"
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"If you want to go fast: go alone, if you want to go far: go together". African proverb.

In other words: Use other's expertise to fast track your success.

Working with a team of experts is vital if you want to make big profits from fixer-uppers.

You see, there are only so many hours available in a day, so use them wisely. Don't try and do it all yourself. Leverage off other people's expertise and fast track your success.

Do what you do best (finding deals), and let the experts take care of the rest!

Your "A" Team should include experts from all other relevant areas of real estate such as:

1. Attorney.
2. Accountant.
3. Registered Appraiser.
4. Rental Manager.
5. Real estate agents.
6. Finance broker.
7. Contractors.

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GOLDEN RULE # 3: HOW TO FINANCE YOUR FIXER-UPPER

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Financing your fixer-upper the correct way is critical. The truth is that we live in a very confusing world.

Everywhere you look is a "guru" teaching creative finance techniques. Whilst these techniques are often an excellent source, they can be complicated and quite confusing at first.

My recommendation is to start with the basics, and once you have gained experience; you can then graduate to more sophisticated financing methods.

There are basically 3 main financing types that I prefer for this type of investing. Which one you use will depend on the sale terms.

- Finance method 1: Loan assumption

The assumption of existing low interest VA and FHA loans is without doubt the easiest and most inexpensive way to finance a real estate purchase.

- Finance method 2: Land Contract.

A land contract is where a buyer agrees to purchase a home and pays principal and interest to the seller, along with a down payment.

- Finance method 3: Conventional lending.

Conventional loans for real estate purchases are made through savings and loan associations, as well as banks.

Borrowing The Rehab Costs.

If you acquire your fixer-upper via a loan assumption, or land contract, then you will need to provide the extra funding to cover rehab costs and closing costs.

This can be done using a credit card (high risk) if you intend to flip the property, or a second loan on your existing home. The other alternative is to find a lender that will lend you up to 125% of the property value. You may also consider a 2nd Mortgage.

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GOLDEN RULE # 4: HOW TO SELECT THE RIGHT TYPE OF FIXER AND THE RIGHT NEIGHBORHOOD.
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Not all properties make good fixer-uppers.

The 2 key elements that you must assess are the neighborhood and then the property itself.

1. NEIGHBORHOOD:

Experience has taught me that it is always wiser to invest in low to middle income areas. The reason for this is that there is always a bigger pool of potential buyers and renters to choose from. Basically, the higher the selling price or rent, the less people there are that can afford it. Always look for neighborhoods where owners take pride in their homes and where there is lots of improvements going on.

2. PROPERTY TYPE:

When selecting a fixer-upper property, only buy one that requires cosmetic improvements such as paint, carpets and a general tidy up. Kitchens and bathrooms should also be easily up datable or replaced. Stay away from properties that require major structural repairs as these will cost you time and money, and you may not get a profitable return for your efforts.

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GOLDEN RULE # 5: HOW TO BUY YOUR FIXER-UPPER AT OR BELOW MARKET VALUE.
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Paying too much for your fixer-upper is the biggest and most costliest mistake that you can make.

In order to avoid this, you must research values in your chosen area. You must become an "Area Expert". The easiest way to research values is to use a Comparative Market Analysis, or "CMA".

A "CMA" is simply a form, which lists all comparable properties that have sold within the last 6 months. However, you must remember to use 2 types of "CMA's".

The first of these is to compare resale values for rehabbed properties and the second is for un-rehabbed properties. Once you establish how much a rehabbed property can sell for, you will be able to work out a suitable purchase price.

The formula that I use is quite simple:

Work out the end selling price and deduct-

- Purchase/ closing costs
- Rehab costs
- Selling costs
- Profit margin @ 25% of purchase price

The final figure is the ideal or maximum price that you should pay.

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GOLDEN RULE # 6: HOW TO CARRY OUT A QUICK REHAB ON YOUR PROPERTY.

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Profit is always the name of the game in the fixer-upper business. Your goal should always be to add the maximum value using the least amount of money, in the shortest possible time.

If you have purchased the correct property type, then you should only need to do the following:

- Paint the exterior of the home
- Tidy up the front garden and replace lawn and plants if necessary
- Add a white picket fence
- Paint the interior use white and almond shades
- Give the kitchen and bathroom a quick rehab to make them bright and clean (replace if they are non redeemable).
- Replace broken fixtures with inexpensive ones
- Repair any plumbing or electrical work
- Use new window furnishings

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GOLDEN RULE # 7: HOW TO SELL YOUR FIXER-UPPER FOR THE MAXIMUM PRICE.

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When selling you fixer-upper, there are 2 keys to your success.

The first of these is the presentation. If you have followed my rehab strategy, then you will always have the home presented in perfect order. After all, you only get one chance to make a first impression. don't blow it!

The second key is to price the property correctly. You see, the only thing that stops a property from selling is the price. Using your CMA, you will quickly be able to determine a suitable selling range.

It is vitally important that you become emotionally detached from your property despite the obvious pride and joy that you may feel after creating a masterpiece. The critical factor to always remember is that a property that doesn't sell costs you money. Price it correctly, sell it fast and move on to the next deal.

I trust that you have enjoyed your special report. For your comprehensive guide on how to find, by and fix up run down properties and sell them for BIG PROFITS, click here <http://hop.clickbank.net/?guyburger/renovator>