

REAL ESTATE



Practises

A Guide All About Real Estate Practises

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Real Estate Practises

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5 tricks to make it big with real estate investing

Real estate investing is one of the most attractive ways of making good money (that is if you do it correct).

Moreover, real estate investing is also a lot of fun. A lot of people practice real estate investing as their core profession and, in fact, make a lot of money that way.

Real estate investing is really an art and, like any art, it takes time to master the art of real estate investing. The key, of course, is to buy at a lower price and sell at higher price and make a profit even after paying all the costs involved in the two (buy/sell) transactions.

Generally, people are of the opinion that real estate investing makes sense only when the rates are on the rise. However, real estate investing for profits is possible just about any time (and as I just said, real estate investing is an art). Here is a list of tricks that can make real estate investing profitable for you:

- 1) Look for public auctions, divorce settlements and foreclosures (bank/FHA/VA): Since quick settlement is the preference here (and not price), you might get a property at a price that is much lower than the prevailing market rate.

You can then make arrangements to sell it at the market rate over a short period of time. However, make sure that the property is worth the price you are paying.

- 2) Looking for old listings: The old listings that are still unsold may provide you with good real estate investing opportunities. Just get hold of an old newspaper and call up the sellers. They might have given up hope of selling that property at all and with a bit of negotiation you can get the property for a real low price.
- 3) The hidden treasure: A really old (and dirty) looking house may scare off buyers. But this might be your chance for real estate investing that can yield good profits. So, explore such properties and check if spending a bit on them can make them shine. You can get these at very low prices and make a big profit in a short time.

- 4) Team up with attorneys: There are a number of attorneys who handle property sales on behalf of sellers or in special circumstances (like the death of the property owner).

They might sometimes be looking to dispose off the property rather quickly and hence at a low price. Be the first one to grab such real estate investing opportunities and enjoy the profits.

- 5) Keep tab on the newspaper announcements: Property sell offs due to deaths, divorce settlements, immediate cash requirements and other reason are frequently announced in local papers. Keep track of such real estate investing avenues.

Uncovering the real estate for sale

Real estate investments are often termed as low risk investments that can potentially yield good returns.

A lot of people think that real estate is an easy business where you don't really need to do anything.

However, the truth is that real estate business does need you to put in some effort (if you really want to make profits out of it). The most important thing is to be able to uncover the real estate for sale that will yield profits. So how do you go looking for real estate for sale?

Generally, a lot of people start looking for 'real estate for sale' through the internet. And why not, internet is after all the hub of all information. So, you could look for real estate for sale using the search engines on the internet.

You could also specify your requirements in search criteria on the real estate sites in order to get very specific results on real estate for sale. You can even view images and video of some of the properties thus reducing the need for personal visits for viewing. So, this is surely a good option for finding real estate for sale.

However, not everyone is tech-savvy and there are a lot of people who still take the approach of putting up an ad in the local newspapers. So look for real estate for sale in the local newspapers. In fact, there are some newspapers that are dedicated to just that i.e. real estate for sale.

You could even go ahead and put up a 'wanted' ad in these newspapers. Sometimes, looking up for real estate for sale in old newspapers (like 1-2 months old) can help you get a good deal (in case the property owner has not been able to sale the property and has become a bit more 'motivated' to sell it).

MLS i.e. multiple listing service is often termed as one the best ways to look for real estate for sale. These are published by the real estate boards. If you can lay your hands on a MLS book as soon as it is out, you can really expect to get good deals. The key is to act fast.

Open houses are another good way of getting the best out of time. You

can get to see dozens of 'real estate for sale' properties in a very short period of time. And you never know when you might come across a property that is real gold.

Investor groups are yet another rich source of real estate for sale information.

Of course, how can we forget the real estate brokers? Real estate brokers are one the most popular (and sometimes most effective) information resource for real estate for sale. Not only do they provide information about 'real estate for sale' but also assist in getting the deal finalized and closed.

Besides that, you can also get very good deals through public auctions, bank foreclosures, FHA and VA foreclosures and distress sales.

All about real estate agents

Real estate agents are professionals who help in connecting the buyer to the seller.

A lot of real estate agents also do rentals wherein they connect tenants to landlords and even maintain the property on the behalf of the landlords.

The real estate agents work by linking together the two interested parties and charging a commission for their services. For sales, they charge commission only to the seller but for rentals (i.e. agent managed rentals) the commission is charged to both parties involved in the transaction.

Real estate agents generally calculate their fee as a percentage of the selling price (in case of sales) and as part of the rent (for rentals). People, who want to sell/let their property, leave the details of their property with the real estate agent (and in fact, even leave the keys of the house so that the real estate agent can arrange for viewings without them getting into any hassle).

The other interested party (i.e. the buyer/tenant), gets access to this information by contacting the real estate agent. That's how the real estate agents become a hub of information.

A lot of home seekers (including real estate investors) use the services of real estate agents not just for getting good deals but also getting them quick.

Since real estate agents are probably most familiar with the market situation in their region of operation, it makes sense to approach them to get an idea of the going rate for properties in that region. Real estate agents would generally know the prices of various properties of different types and at various locations in the region.

A property seller can possibly get a few thousands more for his/her property by using the advice received from a good real estate agent. A good real estate agent will also analyse the needs of a home buyer/tenant and provide suggestions on what kind of home could be available to them within their budget.

So a good real estate agent will not just throw a list of available

properties to the buyer/ tenant but will actually discuss their needs and make a suggestion. This, in fact, works in the favour of real estate agent in two ways.

Firstly, if the real estate agent is able to sell the house they get their commission and secondly, if they make the buyer happy too they earn a good reputation (and hence more business).

However, it is worth noting that real estate agents work on seller's behalf. So, beware if they are trying too hard to sell a property.

Real estate appraisal – is that the real one?

Real estate appraisal or property valuation is the process of determining the value of the property on the basis of the highest and the best use of real property (which basically translates into determining the fair market value of the property).

The person who performs this real estate appraisal exercise is called the real estate appraiser or property valuation surveyor. The value as determined by real estate appraisal is the fair market value.

The real estate appraisal is done using various methods and the real estate appraisal values the property as different for different purposes e.g. the real estate appraisal might assign 2 different values to the same property (Improved value and vacant value) and again the same/similar property might be assigned different values in a residential zone and a commercial zone.

However, the value assigned as a result of real estate appraisal might not be the value that a real estate investor would consider when evaluating the property for investment. In fact, a real estate investor might completely ignore the value that comes out of real estate appraisal process.

A good real estate investor would evaluate the property on the basis of the developments going on in the region. So real estate appraisal as done by a real estate investor would come up with the value that the real estate investor can get out of the property by buying it at a low price and selling it at a much higher price (as in the present).

Similarly, real estate investor could do his own real estate appraisal for the expected value of the property in, say 2 years time or in 5 years time.

Again, a real estate investor might conduct his real estate appraisal based on what value he/she can create by investing some amount of money in the property i.e. a real estate investor might decide on buying a dirty/scary kind of property (which no one likes) and get some minor repairs, painting etc done in order to increase the value of the property (the value that the real estate investor would get by selling it in the market).

So, here the meaning of real estate appraisal changes completely (and can be very different from the value that real estate appraiser would come out with if the real estate appraiser conducted a real estate appraisal exercise on the property).

A real estate investor will generally base his investment decision on this real estate appraisal that he does by himself (or gets done through someone). So, can we then term real estate appraisal as a really real 'real estate appraisal'?

Real estate listings – Internet Vs newspaper

Whether you are looking to buy a home for living in or whether are looking to just invest in real estate, you will need to get hold of real estate listings as the first thing.

Internet and newspapers are the most common ways of getting real estate listings.

With internet gaining popularity, internet real estate listings have become one of the easiest ways of checking out the real estate listings. Though the traditional method of looking for real estate listings (through newspapers) is still one of the most used methods, it is a very time consuming one.

You have to read through various listings and sort out the ones that seem more suitable to you (and possibly write down the phone numbers and contact details on a piece of paper) and then call up the owners/brokers to fix an appointment for viewing the property (which may turn out to be totally disgusting in the end).

Moreover, the newspaper listings generally happen on a weekly basis. So if a deal has materialised in the meanwhile, there is no way you can check it without actually calling up the owner/broker. On the contrary, the internet real estate listings (on a good real estate listings website) are updated everyday or maybe twice a week.

Moreover, new real estate listings go up on the internet everyday (i.e. they don't wait for the newspaper to get published). So, if you have been using only the newspaper as your source of real estate listing information, you might end up getting stale information.

You might lose out on a deal that was out on internet, say 2 days before. As such, making the first offer can make a big difference when it comes to real estate. Further, you don't need to go through all the real estate listings in order to determine the listings that look suitable to you.

You can specify various search criteria/ filters in order to get only those real estate listings that you really want to look into. This is a big advantage when compared with newspapers where listings are generally classified just on the basis of location of the property.

Thus you can save a lot of time here by browsing only through the real estate listings that are of interest to you. Moreover, there is no need to note phone numbers etc; you can just take printouts of the listings you want. Some websites also provide tools/ facilities to track those real estate listings. You could even contact the sellers by sending a message through the website (some websites provide such email type of facility).

Another important benefit from real estate listings on internet is that some of them also contain images of the property. So you can have a look at the images and see if you like the property at all.

So, real estate listings on the internet do seem to offer a lot of convenience. However, internet or newspaper is really a matter of personal choice too.

Real estate law: Not for you?

Real estate is indeed one of the safest investments and a lot of people use real estate as an investment avenue.

Real estate law is not the forte of real estate attorneys and real estate agents only.

Every real estate investor should understand at least the basics of real estate law. In fact, a short course or a concise book on real estate law can sometimes be of great help (and is generally sufficient for understanding the basics of real estate law).

What you need to understand is the real estate law with respect to the legal procedures that you need to follow for ensuring a smooth transfer of title to the property you acquire/sell and other related procedures.

You need to understand the fee structure (e.g. stamp duty, etc) that you need to take care of as per real estate law. You can also understand the classification of properties and how the basic real estate law applies to them. How the commercial and residential properties are treated differently by the real estate law.

The tax laws with respect to real estate are one of the things that would be of most interest to you. So, your study on real estate law should also cover all the aspects related to taxes. How mortgages are treated in the perspective of real estate law is another thing that you should know about.

Then again, the real estate law with respect to tenancy should also be well understood by people who wish to rent out their property.

However, you should not overdo that i.e. you should not start becoming hysterical about learning real estate law (lest you end up wasting a lot of time in trying to learn everything about real estate law and be left with no time to evaluate your real estate investment).

Leave the intricacies of real estate law with the real estate attorneys (and to some extent real estate brokers who too are taught real estate law as part of their course for obtaining broker license).

Understanding the various legal terms referred to in real estate laws can help you in not only enhancing your understanding of real estate but also

help in making your conversations with real estate attorneys/agents really fruitful.

You should also note that though some of the basics remain the same, the real estate laws vary across various states. Also, real estate laws (especially the tax related real estate laws) can undergo a change over a period of time, so you need to keep a tab on such changes. Any big changes will anyhow appear prominently in news and you will get to know of them anyhow.

So knowing a little bit of real estate law can really be helpful (and is, in fact, essential).

The real estate attorneys

Real estate industry is booming and with that the business of real estate attorneys seems to be booming too.

Well it doesn't so much affect the real estate attorneys whether the real estate industry is booming or not.

Since shelter is one of the prime requirements of man, there would be property buyers and property sellers in any case at all times (and real estate attorneys would always be in demand). There are many different ways in which people utilize the services of real estate attorneys.

Let's have a look at what these different ways are:

1. Property dispute: This is one scenario where real estate attorneys are obviously the most involved. Not only do they try to get these property disputes resolved (by litigation or otherwise) but also help to get rid of the property (in certain cases) by selling it off and using the amount received for settlement.
2. Tenancy disputes: A real estate attorney also helps in resolving the disputes between tenants and landlords.
3. Settlement of property on account of death: Sometimes real estate attorneys also handle the property of the deceased. Here they sell off the property for settling it among the heirs.
4. Divorce settlements: Again real estate attorneys help in the settling of the jointly owned properties and the divorce settlement in general.
5. Don't want a broker: Some people are just not comfortable with hiring a broker to sell their property, and hence they entrust this with real estate attorneys (some real estate attorneys do take this up).
6. As advisors/consultants: A lot of attorneys also work for real estate investors. In fact, hiring a real estate attorney is a very good option for a real estate investor. A real estate attorney can really make the transactions smooth for the investor.

A real estate attorney will not only get it done correctly, but also

quickly. And for a real estate investor time is very important since he can spend the time saved due to hiring a real estate attorney, into looking for really good deals.

7. Information provider: Some real estate investors use real estate attorneys as a rich source of information especially for getting the information about the properties that are up on sale due to disputes or settlement procedures.

Here the real estate investors try to gain advantage by getting the information earlier than others (and they do sometimes get very good deals in this way).

So whether the real estate business booms or not, real estate attorneys are always going to be in job (booming job).

A good real estate broker

Real estate is a popular investment avenue. A lot of people go for real estate investing. Some people follow real estate as their prime job.

So you have real estate brokers, real estate investors, real estate attorneys and others who thrive mainly on the real estate industry.

However, there are others who don't follow real estate investing as a profession but still want to invest in real estate (as it is an attractive avenue for investment). For such people, getting a good real estate broker can make a big difference between a good deal and not-so-good one.

So how does one choose a good real estate broker?

The first thing to look for is the reputation of the real estate broker. A real estate broker who has good reputation would have earned it over a period of time by helping buyers get the property of their choice (and as per their needs), at the same time getting a good price for the property seller. In fact, experience is the second important thing to look for in a real estate broker.

Bad real estate brokers can't exist for long (since the bad news about anyone travels much faster than the good news). So experience is a good measure because then you know that the real estate broker hasn't done anything so bad as to throw them out of business.

A good real estate broker will not act just as the salesperson for the seller (from whom the real estate broker is due to receive commission/fee when the deal materializes) but will also pay heed to the needs of the buyer.

Also, a good real estate broker will normally have a lot of properties available for sale at any point of time. Good real estate brokers will generally have a small team of people working in an organized way to get the deal closed between a buyer and a seller (making both parties happy at the same time).

Good real estate brokers will group the properties in a way that is easy to understand e.g. group them on the basis of location, grouping them on the basis of price, grouping them on the basis of house types etc. for

the buyer.

A good real estate broker will also offer advice to the seller on small repairs or things that can get help them in getting an even better price for their property. And a good real estate broker will patiently listen to the requirements of the buyers and point them to the properties that best fit their requirements (instead of just showing them the list and asking to choose one).

Checking with friends/family that have previously used the services of a good real estate broker can sometimes help you in getting a good real estate broker fairly quickly.