



13 Deadly Mistakes Beginning Real Estate Investors Make

1. LACK OF ACTION / PROCRASTINATION

Taking the first step is always the hardest. Many people aren't sure what action to take first because their mind may be blurred with too many ideas at one time. Do your best to keep yourself focused in one or two directions and keep yourself from going in too many directions at one time.

2. HAVING THE WRONG PARTNERS

Your partner's attributes should always complement your own. In other words, if you don't have cash, your partner should. Other attributes may be, knowledge of closings, doing repairs, an understanding of buyer financing, rental procedures, etc.

However, many beginning investors form partnerships with people who don't have any better clue what to do and are more broke. The reason is probably so that they have a buddy to work with, that will give them positive support and motivation. This is a disastrous mistake as a beginner trying to learn the ropes and nothing can be worse than splitting a check after you did all the work, that is if there is a check to split.

3. FEAR OF FAILURE OR MAKING A MISTAKE

Some people don't take action because they are afraid they are going to make a mistake. Everyone learns from their own mistakes, but it's better when you can learn from somebody who has already made the mistakes and can keep you from making the same mistakes also. Study as many courses about real estate investing as you can. You help avoid costly mistakes, or getting a hands on seminar on how not to do something. You will never learn everything & the real estate field is always changing.

4. NOT MAKING ENOUGH OFFERS OR FEAR OF MAKING OFFERS

You're never going to buy a house if you do not make an offer. And the more offers you make, the more houses you will buy.

Don't be afraid to make an offer on the property. If you spent your time pre-qualifying the property and looking at it, then make the offer. Even if the seller is asking thousands more than what you want to pay. Don't be afraid of the seller being insulted by the price or terms. Let them know why your offer is what it is. The property needs repairs, etc., bad area, etc.

Some of the reasons for not making the offers is fear it will not get accepted or a counteroffer. Some people say what if it gets accepted but I'm not able to close? The worse thing that can happen is you will lose your deposit. Other people say what if I get a counteroffer? If you get a counteroffer, decide what can be paid for the property. If they are still asking too high of a price for you, counter them again. If you can't get the seller down to your price range, go to the next seller. There are always more deals out there.

5. ABUSING WEASEL CLAUSES

Weasel clauses are contingencies put into your sales contract so that you have a way out of buying. Such as "Subject to my partner's approval", "Subject to final inspection", or "Subject to buyer herein, finding a new buyer/assignee." Simply put, weasel clauses are for weasels. After all, that's where the term came from. Most banks don't even consider a contract that has a weasel clause and most sales people will discourage the seller from accepting the contract.

Don't make an offer unless you fully intend to follow through and are willing to lose your deposit if you don't. Otherwise, you will quickly get a reputation for being a weasel.

6. NOT BEING ACCESSIBLE

When dealing in real estate it is always important that potential sellers and buyers be able to contact you easily. If a potential buyer or seller calls your phone number and they get an answering machine, they may simply hang up and that would cost you a deal that could have made you thousands of dollars. When you do get a call and you're not able to answer it, make sure that you return their call promptly. If you do not already have a cell phone you may want to consider getting one. There are pagers available for as little as just a few dollars a month, and you should at least have a digital pager.

7. DEALING WITH UNMOTIVATED SELLERS

Spending too much time going out and looking at deals you could have pre-qualified and found out that were not true deals. Don't spend time analyzing a property's repairs, costs of improvements, closing costs, etc. before you know you can get a good deal on the property. Before you even go look at the property, you should know that this property may be a potential deal after talking to the seller.

8. WAITING FOR BLOCK HOUSES

If you want to keep a property as a rental, it's OK to want it to be block, not that there is anything wrong with good frame rentals. However, some investors wait for block houses to fix and sell retail, passing up very good deals on frame houses. There is absolutely no reason for an investor to pass up a frame house that can be fixed up and sold for a profit. There are many home buyers out there that haven't even had the word "block" cross their minds.

Remember, if you see a frame house that has rotten wood... WOOD IS CHEAP! How much does a 2 X 4 or sheet of plywood cost? However, when negotiating with a seller, you always want to act like the rotten wood will cost a fortune to fix.

9. LACK OF EDUCATION

Failure due to not understanding how to invest or not having a good enough education in real estate. This is, not to say that you need to know every technique and every thing there is about real estate investing before you can get started and you will never know everything. However, it's important to know one or two investing techniques and master them and not try to be the master of all techniques. Pick out one or two ways, maybe three ways to find or buy, real estate and put them to work. Remember to stay focused on those techniques.

10. NOT FOCUSING / GETTING DISTRACTED

Getting distracted by other programs, taking bad advice, and listening to negative thinkers, can kill your chances for success as a real estate investor. The biggest negative thinkers that you're going to run into are most likely your closest friends and relatives. They may say things like "You don't believe that stuff really works, do you?" or "You don't believe you can do that real estate stuff on late night TV?" Set them straight right away, that their negative sarcastic remarks are not welcome. Seek out positive and supportive people. Also, don't let yourself get distracted by other money making projects. There is always some new course on how to get rich quick. Remember that real estate is the number one "MILLIONAIRE" maker in America. It is very important that you create a system for staying focused and keeping track of all your leads. Keep yourself organized where you can process vacant houses as you find them and also process your potential tenants and potential buyers as they come to you. Everyone who is going to do this business, needs to have a daily planner. A daily planner helps you to stay organized as to who you need to call, who you need to see, who you need to make offers and more. It is also very important to keep a to-do list in your planner.

11. NOT PLANNING A DEAL START TO FINISH

Another reason for people's failure in real estate is the fact that they do not plan their deal from start to finish when they make their offer. Many investors will go out looking for a property that is cheap and put an offer on the property. When the offer is accepted, that investor is not sure what they are going to do with the property.

12. DOING REPAIR WORK

Nothing can be worse than trying to do all the repairs yourself. The goal is to be a real estate investor, not a contractor or handyman. Now there's nothing wrong with doing one or two small things yourself. And when I say small, I mean as small as changing a light bulb or changing the door lock on the front door. On a normal rehab, you can hire a contractor or handyman and have them completely redo the house in a matter of a couple of weeks. But if you, yourself try to do it, chances are it's going to take a couple of months. Not only do you have to pay the cost of the mortgage during the time that you're fixing the house up, but you're also spending your time doing repair work instead of finding your next deal. The most labor it should ever take you to rehab a house is lifting a pen to write a check. You'll find this business so much easier when you watch other people do all the dirty work.

13. OVER DOING OR UNDER DOING REPAIRS

Another mistake investors make is either under doing repairs or overdoing repairs. If you under do the repairs on the house, the house is not going to look nice and home buyers just are not going to want to buy the house. This is going to increase your difficulties in finding a good buyer and increase the time that it's going to take to eventually sell the house.

If you overdo the repairs on the house, you're going to spend too much. The goal in real estate investing is to balance the amount of repairs that you do against what the market place is asking for. If you're repairing a house in a neighborhood where the average house sells for \$150,000.00, you'll want to put in beautiful light fixtures, polished brass bathroom fixtures, marble sinks and plush carpet.

However, if you're dealing with a rental property in a lower income area, where the average price of the house is only \$50,000.00, you'll want to go in with standard fixtures that are nice and presentable.

It does not take much to make a house look nice, with a little bit of paint, carpet, and a few door knobs and ceiling fans.

PUT THE POWER OF THE HELLICKSON TEAM TO WORK FOR YOU!

Because the real estate industry is becoming more sophisticated and challenging every day, you need professionals who understand the industry and are positioned to stay ahead of the game.

Our team is energized to go the extra mile to help you achieve your goals – and to keep more money in your pocket. That's why we are constantly building and adding our team of experts and affiliates.

We know you will enjoy your real estate investing experience with us.

CALL (206) 300 - 1000 TO GET A FREE NO HASSLE CONSULTATION!

The Hellickson Family Of Companies

