



# **Workbook**

## **Overview**

**Real Estate Basics Course**

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## What You Will Learn

Upon completion of this Overview guide you will be able to:

- Navigate through the lessons in the Interactive Training System's Real Estate Investor Series.
- Describe the basic skills and character traits you need to be a successful real estate investor
- Describe in general terms the tasks that will be taught in detail in future guides

## Lesson Glossary

<b>Assignment of contract</b>	A fast cash technique used to control a property through a contract. With this technique the investor buys a property for less than market value and "assigns" the contract over to another party for a fee.
<b>Buy and Hold</b>	A strategy used to buy a property and then hold it for the medium to long term. While holding it you rent it to tenants and receive a monthly income.
<b>Buy and Sell</b>	A fast cash technique that involves buying a property for less than fair market value and selling the property to another buyer for close to fair market value. The profit is the difference in price.
<b>Buy, Fix, and Sell</b>	A fast cash technique that involves buying a property for less than fair market value, doing rehab and repairs, and selling the property to another buyer for fair market or close to fair market value. The profit is the difference in price.

<b>Cash flow</b>	<p>This investment strategy allows investor to control a property, receive a lump sum of money upfront, money over time, and then a lump sum at the end of designated contract time. It is a cross between the buy &amp; hold and fast cash strategies.</p> <p>The term also refers the difference between an income property's income and expenses. Cash flow is considered positive if income exceeds expenses.</p>
<b>Fast Cash</b>	<p>An investment strategy used to buy a property for less than market value and quickly resale the property to another person. You will typically get a fee or the difference between the purchase and sales amount as compensation for your efforts in the deal.</p>
<b>Interactive Training System (ITS)</b>	<p>It is a website where you can access your real estate courses and other collaborative consulting materials.</p>
<b>Investment criteria</b>	<p>These are specific characteristics, trends, and situations that offer the best opportunity for you to profit from your investments in real estate.</p>
<b>Investment strategy</b>	<p>A specific approach or series of techniques used to secure real estate in a transfer, purchase and/or sale situation.</p>
<b>Lease option</b>	<p>A cash flow technique that involves acquiring a property below fair market value that requires some minor rehab and repairs. Investor leases the home for a set period of time to a credit-challenged person and offers them an option to buy the home at a later date and time. Typically, the buyer will place a large deposit upfront, pay monthly payments for a prescribed period of time and pay a large sum at the end to buy the home.</p>

**Options**

A modified version of a cash flow techniques that involves acquiring a property that requires some minor rehab and repairs below fair market value. Investor reserves the right to buy the property at a later date and time for a pre-specified amount via an option agreement. Investor provides a percentage of the purchase price to the seller for the option to buy the property at a later date. No payments are made over that period of time.

**Power/success team**

Individuals with connections to real estate deals and skills sets that are needed in various phases of the investment process. They may be able to refer buyers, sellers, and other professionals to you. They are a crucial piece to your real estate success.

**Sandwich lease option**

A cash flow technique that involves acquiring a property below fair market value that requires some minor rehab and repairs. Investor leases the home from the seller for a set period of time with an option to buy, then subleases the property to a credit-challenged person and offers them an option to buy the home at a later date and time. As the investor, you will exercise your option and buy the property prior to your tenant/buyer exercising their option to buy. Typically, the buyer will place a large deposit upfront, pay monthly payments for a prescribed period of time and pay a large sum at the end to buy the home.

**Seller financing**

A cash flow technique in which the seller is acts like the bank for the buyer. The seller receives a portion of money up front and in monthly installments over the lifetime of the loan. The seller is “cashed out” when the buyer refinances.

**Target area**

An area in which you choose to invest in real estate. It fits all of your property search and investment criteria and satisfies your wealth building goals. The area can be a neighborhood, a few neighborhoods, a portion of a city or town. It can be close to your home or across the country.

## Activity 1, Critical Skills

**STEP 2:** Use this space to make notes on the skills that are critical to the success in the field of real estate investing as explained in the *Overview Lesson*. Include thoughts on what you can do to develop these skills.

Persistent

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Flexible

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Positive

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Organized

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Focused

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Patient

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Dedicated

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**STEP 2:** You have developed many skills throughout your lifetime. Many of these skills can be used in your real estate business. Make a list of the skills you feel you can bring to your real estate business.

**Example**

Great people skills
Organized
Handy with tools
Computer knowledge
Amazing negotiator

List the skills you bring to your real estate business here.




## Activity 2, Basic Tasks

Answer the following questions related to the seven basic tasks of real estate investors.

### 1. Find Properties

You should purchase properties for at least a \_\_\_\_\_% to \_\_\_\_\_% discount off fair market value.

You have the best chance of getting a high number of renters or buyers interested in your property if it has an appealing size and floor plan. The specifics of that floor plan are:

Number of bedrooms: \_\_\_\_\_ Number of baths: \_\_\_\_\_ Square feet: \_\_\_\_\_

Other important features: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### 2. Qualify Properties

The two main factors to consider when you are qualifying a property are:

1. \_\_\_\_\_
2. \_\_\_\_\_

You want to avoid properties that require a lot of fix up. We recommend that you invest in properties that require no more than

\$\_\_\_\_\_ to \$\_\_\_\_\_ in repairs.

The four steps in qualifying a property are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

### 3. Finance Properties

### 4. Construct Contracts

FSBO stands for \_\_\_\_\_.

### 5. Select Appropriate Investment Strategies

The four techniques in the fast cash strategy are:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

The three techniques in the cash flow strategy are:

- 1. \_\_\_\_\_ 2. \_\_\_\_\_
- 3. \_\_\_\_\_

### 6. Play the Numbers Game

A typical buyer looks at \_\_\_\_\_ to \_\_\_\_\_ houses before purchasing a home. (enter number)

The typical investor looks at \_\_\_\_\_ to \_\_\_\_\_ properties before buying. (enter number)

Investors must purchase at a deep enough discount so that when they sell it there is at least a \$\_\_\_\_\_ profit.

### 7. Build Your Success Team

The six skill sets that you want to be sure you have represented on your success team are:

- 1. \_\_\_\_\_ 2. \_\_\_\_\_
- 3. \_\_\_\_\_ 4. \_\_\_\_\_
- 5. \_\_\_\_\_ 6. \_\_\_\_\_