

Top 10 Ways to Control Real Estate

These are the only 2 ways you'll ever need to know to buy real estate...

1. ALL CASH

If you earn a reputation for paying cash and closing quickly, motivated sellers will seek you out, you'll eliminate most competing offers, and often be able to negotiate a more favourable entry price.

Tip: It doesn't have to be *your* cash.

2. CONVENTIONAL MORTGAGE

It's called conventional, because it's not exotic! You'll experience a lot less friction when you close deals in traditional ways. Conventional financing typically requires a downpayment of 20-35% for investment properties. Yes, you can get more leverage with high-ratio financing, but you sacrifice cash-flow and security.

Tip: You don't necessarily need to use your own credit.

These next 8 will make you look like a magician...

3. VENDOR FINANCING

Often called a vendor-take-back (VTB), this is where you ask the seller to provide all or part of the financing. They effectively become your lender, and stand to benefit from periodic principal and interest payments secured against an asset they already know.

This works when a seller doesn't have immediate plans for the proceeds of a sale.

Tip: Experiment with repayment terms, interest rates, and tax implications that might be attractive to the seller.

4. OPTION

In exchange for agreed-upon consideration, an Option gives you the right, but not the obligation, to purchase a property at some point in the future. This can be a great way to control an asset at a fixed price while you wait for, or do something to, increase value.

Tip: Try this as part of a 'Wholesaling' strategy, or combine with the 'Lease' to form part of a 'Rent-to-Own' strategy.

5. LEASE

You don't have to have Title in your name in order to control real estate. With a properly executed lease, you can benefit from the difference between revenue you generate from a property and the amount you pay to the lessor.

Tip: This can be a lower-risk way to approach 'Short Term Rental' strategies, like airbnb.

6. HARD MONEY

Hard Money is a type of loan secured by real property. These loans are generally short-term and considered of last resort. The lender is usually an individual or company, not a bank.

Tip: This is often used as part of a 'Flipping' strategy. Once you understand how it works, you may find family, friends, or business associates who would be happy to lend to you at better rates and terms.

7. **ASSUMABLE FINANCING** (Agreement for Sale; Right to Purchase)

There are still ways to purchase property by leaving the seller's mortgage in place without you having to qualify. As security title remains in the seller's name, but you get beneficial interest in the property. You pay the seller and they pay their mortgage.

Tip: Be sure to use an experienced real estate lawyer who understands this contract and knows how to protect both parties.

8. **TRADE**

You offer anything of value in place of cash.

Tip: It's best if what you offer is of greater perceived value to the Seller than it is to you.

9. **SWEAT EQUITY**

Just as with the Trade (above), you can trade services in place of cash.

Tip: You don't need to personally provide the services, and they don't necessarily need to be related to the property you're looking to acquire.

10. **CO-VENTURE**

This is my personal favourite, and can be used with any of the above!

Notes:

- **Real estate is local.** Different terms in different jurisdictions. Always be sure to consult or engage skilled real estate advisors (broker, lawyer, accountant)
- None of these methods will be successful if you are not working with a **motivated seller**.
- The first 2 methods are commonly used and understood. The **last 8 are less common**, and therefore not as well understood in the single-family residential market, but are all well-known to commercial investors and their advisors. **#10 is my favourite**
- Your **confidence and competence** in presenting an offer can make the difference between acceptance and rejection.
- **Mix and match** these techniques to create almost any deal. Your ability to rapidly determine which technique(s) to use, and how to communicate them well, will determine your success.