

Ten Commandments for Successful Real Estate Investing

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According to the Founding Fathers of our great nation, the laws for basic human behavior and civil conduct were based directly upon the Bible's Ten Commandments.

As real estate investors, I believe we also have laws for basic success behavior and civil profitability. Here are my Ten Commandments for a successful real estate investing career.

1. **Make Offers!** I must make at least 3 WRITTEN Offers per week. It has been my experience in helping thousands of investors and students over the years with their businesses that Offers are usually the number 1 reason for a business not exploding in profits. If you are not making Offers, you are not making money. I know that sounds simplistic, however it is a real gem of advice. Remember, it MUST be a written offer - verbal offers are just conversation.
2. **Secure Funding!** I must talk to at least 3 Funding sources per week. These money sources will come from my "4 P's of OPM" and they are: 1. Personal Money, 2. Partnership Money, 3. Professional Money and 4. Private Money. If you're making at least 3 offers per week you are going to start filling your deal pipeline and you are going to need funding ready to close your deals. Until you know you can pick the phone up and contract enough Money that you could buy 3 houses this week ALL CASH, you keep collecting funding sources.
3. **Detail Oriented!** I must be detail oriented when it comes to the Contracts, Agreements and Paperwork. In real estate, IF IT ISN'T IN THE CONTRACT, IT DOESN'T EXIST! It's the same as our offers, if it isn't in writing it's just conversation. More bad deals have been done because the investor thought one thing and the seller or buyer thought something else. Make sure you put everything in the contract. Overkill in this area is very good. Follow your "DUMB Enough Deal Checklist" to make sure you have covered your Assets.
4. **Market, Market, Market!** I will continue to MARKET for incoming deals even when I feel I have too many deals. This is the second most common mistake I see investors make, both new and seasoned. We start to get a bunch of deals coming our way and we feel overwhelmed or afraid so we stop marketing. NO, NO, NO! This is when we simply adjust up the amount of profit we are willing to work for and we start using our buyers list to wholesale the deals we can't handle or are not interested in, BUT YOU NEVER STOP MARKETING!
5. **The Human Touch!** I will keep the "Human Touch" in my business by having a human being answer my phone. In this day of incredible technology, it is easy for us to give into the ease and convenience of gadgets, BUT IT IS SO COSTLY! No, I'm not talking about the cost of the

- gadget, I'm talking about the cost of missed deals. If you are using voice mail or even an antique answering machine to take calls, you ARE losing money. Hang-ups in our business are just too expensive to have. A missed phone call early in my business cost me \$60,000 of profit! It still hurts to think about that one. Use an answering service so you can have a human being answer your phone when you're not available. Answering services in today's economy are cheap, missed deals are not.
6. **Know The Numbers!** I will know the component numbers of my deal inside out. In the world of real estate investing there are a lot of "OOPS" waiting with our names on them. If you do not know exactly what something is going to cost, please don't guess, find a professional in that area and get a solid number. A repair that you did not see because you were trying to save a couple of hundred dollars by not having the property professionally inspected, is now going to cost several thousand to repair, OOPS! Of course this applies to every area of your deal, not just the repairs. Know the numbers to eliminate the OOPS!
 7. **Know The Exits!** I will have my "Exit Strategy" in place before I every do a deal. I fly close to 100,000 miles a year and have heard the flight attendant's say "Please locate the 2 exits nearest you" probably 1,000 times. On one flight it dawned on me what a valuable lesson this is for investors. Before you ever take off (do a deal) know your exit strategy. Many investors jump on a deal without thinking it all the way through to the sale of the property. If you do not clearly know the exit (how you are going to get paid) stay away from the deal.
 8. **Don't Spend It All!** We have all heard the need to save for a rainy day, well guess what, it's ALWAYS raining somewhere! And sooner or later its going to be raining on you. Many new investors, seasoned investors and yes, even myself, have been or are guilty of spending all of the profit from a deal. Please follow this simple cash flow formula for wealth; Tithe 10% and Keep 20% in the business. You tithe 10% because you must give back in life. You keep 20% of each dollar of profit in the business because no real estate business can operate totally without some ca\$h.
 9. **Be Sure to Insure to Assure and Ensure!** I will assure a good nights sleep and I will ensure my wealth because I will INSURE my business. In our lawsuit happy country, it would be financially unwise to run any business without General Business Liability Insurance. For about \$100 per month, many commercial carriers will provide a million dollars worth of general liability insurance. This is the same thought process as automobile or health insurance, you hope you never have to use it and yes, it IS better to have it and not need it than to need it and not have it.
 10. **INC.** It Before You Ink It! I will incorporate ("C" Corp., "S" Corp., LLC or any other appropriate entity structure) my business so that I have some protection from frivolous lawsuits. I will not risk my or my families financial well being by not having an entity structure in place. I will seek competent counsel in regards to this matter and I WILL get it DONE!

Don't miss Bill Barnett's exciting [presentation](#) at the East Bay Wealth Builders Club meeting on April 20, 2005. Bill's topic will be the same as the title of his popular book "Are you dumb enough to be rich" - the amazingly simple way to make millions in real estate!

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