Monica Main

Apartment Riches

Make $24K Per Month with Apartment Buildings | Monica Main

How to Make a FORTUNE in Apartment Buildings

By: Monica Main

www.ApartmentRiches.com

Most people are deluded into thinking that residential properties are where the money is at. Nothing could be further from the truth! Too many people who have purchased the latest version of Carleton Sheets' or Ron Legrand's course and are all gung-ho about buying and/or flipping properties…residential properties!

Why Commercial Properties? Why Apartment Buildings?

Here's the deal: Residential properties are NOT the way to go unless you are doing lease option or foreclosure flipping deals. Here's the benefit: Since all of the late-night television suckers are running out trying to get residential properties, the road is wide open for commercial properties. There's hardly any competition because NOBODY KNOWS ABOUT THIS SECRET!

The problem with residential properties is that, right now, the housing market is booming in most major cities in America. It's next to impossible to purchase a home then turn around and rent it because you can't get the amount of rent that is required to pay your monthly mortgage. If you happen to get "lucky" and get a really good deal on a house and your rent payments exceed your mortgage payments, chances are that what you do make per month in cash flow will be ridiculously small. You may be able to clear $50 to $200 per month and, to me, that's a waste of time.

NOTE: While we're on the subject of mortgages, NEVER GET AN INTEREST ONLY LOAN. The whole point of purchasing investment property is to, (a) build equity, and (b) pay it off someday. You can build some equity as the market goes up with an interest only loan but you will NEVER pay off your loan. I'll explain more about this later.

Just to be clear I may refer a lot to apartment buildings but the term "commercial properties" also includes:

1) Office buildings
2) Strip centers
3) Retail storefronts
4) Raw land
5) New construction
6) Industrial/warehouse
7) Multi-unit residential properties (5 units or more are considered commercial properties)

Getting an apartment building, strip center, office building, etc. can allow you to buy in "bulk," so to speak. When you buy a larger number of units at once as part of one deal, you will have a lesser cost-per-unit verses if you bought one unit (house, condo, townhouse, etc.) at a time. The more units you purchase at one, the better cost-per-unit you will get. So you will get a better cost-per-unit with a 24-unit deal verses an 8-unit deal.

If you purchase, say, a 24-unit apartment building. Since the purchase was done in "bulk" then you are going to be able to get culminated rents to cover the monthly mortgage cost. Since one, two, and three bedroom apartments are so much higher these days compared to 10 years ago (and always getting higher with inflation).

Fourteen years ago when I rented my first apartment it was $770 per month. It was a 1 bedroom with 1 full bath. It was in a very nice area.

Today, that very same equivalent 1 bedroom/1 bath is going for about $1,485. Did it double in a dozen years? Not quite BUT PRETTY DAMN CLOSE!

Now what did I mean by the "equivalent"? Since the apartment complex I had moved into 14 years prior was brand new, an equivalent today would also be brand new. Rents in that same complex fourteen years later wouldn't be the same as an apartment that was brand new today. However, since it is an "older" complex the rents would be about $1,200. However, that's a HUGE JUMP from $770 to $1,200 per month in only 14 years. That's $430 per month extra just because housing keeps going up!

Why Real Estate?

Why real estate? Because housing will always be needed, even in a depression, recession, or any economic disaster. Nothing will change the fact that everyone needs a place to live. It's just as critical as clothing and food. In fact, some people will even go years without buying new clothes but most of the population still pay a monthly rent or mortgage EVERY MONTH LIKE CLOCKWORK NO MATTER WHAT! Exceptions would be people who live with their parents or those with homes paid off.

So the two critical things that no one can go without are shelter and food. With the exception of the unfortunate people who are homeless, 99.9% of the population lives with a roof over their head. I would guess that about 95% of the population either pays rent or a mortgage. Very few people are lucky enough to have their home paid off. Why not stocks or something else to get residual income with?

Nobody needs stocks. It's not a "hot" or a "needed" commodity like housing is. Plus, unless you learn how to trade, you'll probably end up losing money instead of making money. Most people give their money to a stock broker so that he can drain their account trying to run up his commissions. Think about it, if a broker knew how to trade for himself, would he still be a broker or would he be making millions while lying on some island beach somewhere?

The ONLY opportunities that I believe are lucrative are (legitimate) network marketing/direct sales opportunities (with the right company), certain types of stocks (which I don't have time to go into detail here about), owning a cash flow business, and investing in real estate. Doing anything else is a waste of time.

You've always known that real estate is the way to make money. So why haven't you invested in anything yet? Do you own any other properties than your personal home? Have you purchased a home yet?

It doesn't matter what your financial situation is. It doesn't matter what your credit report looks like. You can invest in property with no money and no credit. Yes, it can be done, believe it or not. I'm going to show you how this whole process works within this secret report.

But What About the "Bubble Burst"?

Yes, the "bubble" did burst. It's never a good idea to start your investing career when the market is HOT. Now is the best time to get started because properties aren't moving. This means that owners who are trying to sell will offer all kinds of incentives from lowering their asking price to doing seller financing just to dump their property!

Here's my take on this "bubble" deal: What goes up must come down. That is a fact of physics, economics, and universal law.

The laws of economics have shown that the market "peaked out" then will hit rock bottom (still not there yet but almost). After the market hits a bottom it will stay level there for awhile since buyer confidence won't come back for awhile. Yes, have peaked out (around September/October of 2005). I don't know if we hit rock bottom yet but we're close if we haven't yet. Before the market has any hope of coming back up, buyers have to regain confidence which will take awhile.

Plus you have to think about all of those who lose their ass in the market. People who lost their homes to foreclosure won't be able to purchase another home for at least another 7 years because of the damage it did on their credit report. We may be in this real estate market slump for quite awhile.

This is where the opportunity is. Why?

1) Good deals are found in a down market.
2) Creative financing is done in this kind of market, especially since traditional financing is harder to get.
3) People who have lost their homes need a place to live and they naturally gravitate toward something affordable like an apartment, making them in VERY HIGH DEMAND right now.

People who think that they missed the opportunity when the market peaked out couldn't be more wrong. The true opportunity is when the markets are down like this. Real estate millionaires are made when the market is at a bottom. People who end up losing everything in the way of real estate usually started investing when times were great.

The good thing about real estate is that you can make money in any kind of market. You just have to know what kind of real estate to purchase and what kind of technique to use depending on the market.

For example, during the HOT times, it's good to get foreclosures and fixer-upper flippers. During the down times it's good to get properties you want to hang onto for a long time for cash flow (like apartment buildings) because those monster properties end up gaining a tremendous amount of equity when the market finally comes back.

No matter what the economy investors keep investing. The only difference is that they will buy more when prices drop to get deals. However, they NEVER stop investing, even when the market peaks out.

Why? Every investor knows that he or she makes money when they buy and KEEP the property for a number of years (hopefully decades). So, if the market fluctuates and possibly drops a little, would it matter in the long haul since you are keeping the property for a long time anyway? No. Absolutely not! The property, NO MATTER WHAT, will be worth more in 10 years from now REGARDLESS OF WHAT HAPPENS IN THE NEXT FEW YEARS!

Plus, when you are collecting rent from many units each month, if the market levels out or drops the rents you charge on each unit won't drop. Your monthly mortgage won't increase. It's BUSINESS AS USUAL no matter what the state of the economy. Your incoming rents stay the same and your monthly building expenses, including mortgage payment, STAYS THE SAME. Your monthly cash flow STAYS THE SAME. NOTHING CHANGES!!

While hanging onto this property, even through the toughest times, you're still making a cash flow while paying down the balance of your loan. You are STILL ACQUIRING EQUITY, even if it is a smaller amount than the booming times.

Just to let you know, your building will increase drastically once it pulls out of the real estate slump. Just like the stock market, the real estate market goes up and down. This doesn't affect you or your profits if you just hang on.

Here's the problem: Most people, usually inexperienced investors, will let go of their properties in a panic. This is how other (experienced) investors get richer during these times because they get properties for a song from stupid investors who are willing to sell it to them at a loss.

Why do foolish investors dump their property during the down times? They get caught up in the emotional panic. It's the same with the stock market when it drops. Some of the seasoned traders will hold their positions while the foolish traders dump all of their stock. Smart investors will pick up these dumped stocks for pennies on the dollar and then, when the market turns back around, end up making MILLIONS while people complain about how much money they've lost.

Real estate isn't as volatile and unpredictable as stocks. There is a reasonable guarantee, as long as your building is still standing, that your real estate will be worth MUCH MORE in 10 years from now than today. It will be worth A TON MORE in 20 years from now.

You just have to be smart in your techniques and strategies when investing in property to make sure you don't get caught holding the bag at the peak or losing out on opportunities at the bottom.

So why wait anymore? This is the PERFECT TIME to invest. SO START NOW.

Problems After the "Bubble Burst"

Once the "bubble bursts" banks start locking up on lending money. They have to deal with a slew of foreclosures from panicked investors or homeowners who were foolish enough to have an interest-only loan. They "button down the hatches" when they have to take so many properties back. As you know, banks are not in the business of acquiring and selling real estate. It's a huge loss for them to have money tied up in properties that aren't making them interest (their sole income) because they've been foreclosed on. They can't take the risk of using the capital they have left on new investments until they clear out (and recoup their money) on all of the foreclosed properties they are responsible for.

Investors, especially brand new ones out of the box, have a chance in hell in getting a bank loan. RIGHT NOW IS A BAD TIME TO GET A BANK LOAN FOR A PROPERTY UNLESS YOU HAVE A HELL OF A LOT OF MONEY TO PUT DOWN!

"But I Have Bad Credit and No Money to Put Down…"

You don't have to have good credit or money down for a commercial property. You don't have to show income. It's actually EASIER to get a commercial loan than a residential loan for a home for yourself.

How could this be? Some of these properties are MILLIONS AND MILLIONS OF DOLLARS!! The total price tag on the property is NOT the issue so don't let that blindside you.

Let me back up for a second before moving on: Even if you can't get a bank loan (which you can for a commercial property if you show that the property produces an income) in these down times in the real estate economy almost all of the apartment building owners you deal with will be willing to do owner financing whether they finance 100% or they finance the down payment. During the market HIGH TIMES, property owners won't give you the time of day if you suggest any kind of owner financing. However, times have changed. Many apartments sit on the market for years without one offer. Yes, that makes some very motivated sellers that will entertain seller financing without thinking twice about it.

Moving on…

The main issue is the "rent roll" and the profit/loss statement for the property. A bank or lender MUST SEE that the property is IN PROFIT at the time of the sale. A "rent roll" is a listing of all of the units that are for rent and how much each unit is paying each month. A profit/loss statement lists all of the incoming income (monthly rents added together) less building/property maintenance costs (including utilities, gardening, building repair, taxes, mortgage payments, insurance, property management, etc.) Plus there has to be a "cushion" between the gross and net. For example, if the total received from rent each month is $10,000 but maintenance costs are $9,900, a bank won't lend the money because there has to be a "what if" cushion: What if a renter or two move out and there is a vacancy for two months? What if the water heaters need to be replaced? What if taxes increase? What if the decking needs to be redone because they are out of code? What if the air conditioning goes out and needs to be fixed? These things have to be considered.

The cushion depends on the amount of units. There is a higher cushion for fewer units because it makes a HUGE difference in profits if 1 or 2 renters move out. There's not that huge of a difference in profits when you have a 64 unit building if 2 renters move out.

There are considerations for larger buildings that have to be accounted for. Larger buildings use more electricity, water, gardening, maintenance, etc. However, usually these costs are reasonably fixed from one month to the next. Those reasonably fixed amounts would be included in the profit/loss statement shown to the bank.

This "cushion" should be about 10% of the gross for larger buildings. So if you are receiving $10,000 in rent per month, you must have at least $1,000 left over for padding in case you have extra maintenance, etc. Many banks like to see 20% especially for the smaller apartment buildings. The more padding you have the better your chances of getting the loan.

Now, ideally, you will be seeing net profits of 25% to 50% of the monthly gross total. This may not be possible in all instances and it's worth it to take a property that barely has a "cushion" in place because you will, (a) be building equity, and (b) have that equity to be able to use for more buildings down the line. So even if you are not making anything from a building (especially your first one) and as long as you have that required "cushion" then I would go for it.

Look For Mismanagement Opportunities

Sometimes apartment building owners have a heck of a time selling a property because their profit/loss sheet doesn't look good. There isn't a "cushion" that a bank likes to see so no investor can get the funding for it. You can take a look at all of the expenses and see what the problem is. Maybe the property management service is charging too much and you can find someone else to do it cheaper, even have an "on site" maintenance guy whether he lives there or is hired by the hour. Maybe the water bill is too high because the owner pays the bill for all of the units which you, as the new building owner, may change and require the tenants to pay for their own water. Maybe the mortgage is too high because the building owner took out a second and third mortgage. LOOK AT EVERY DETAIL OF THE EXPENSES AND QUESTION EVERYTHING!!

One other option is to RAISE RENTS. Find out when each tenant's lease is up. If at least half of them are coming up within 6 months then you can definitely raise the rents. Here's how this would work: You have to justify the rent raise by what other apartments are charging for the same size apartments in the surrounding neighborhood. Plus you would have to do some upgrading in both the units and the exterior of the building to make it worth the extra rent increase. If you don't want to spend money then you can do minimal rent increases and see if this will allow you to at least reach your "cushion" goal required by the bank.

"This is All Fine and Dandy But HOW DO I GET THE DEALS IN THE FIRST PLACE?"

The bottom line is that you have to line up a deal with a property owner in order to have a chance of purchasing their property. So, how do you do that?

There are a few different ways. Let me address them one by one:

1) Sending letters to all surrounding apartment building owners inquiring about purchasing their property. This has worked the best for me. You will usually get apartment building owners who have tried to sell their property (unsuccessfully since it can be hard to sell an apartment building) and took it off the market, have considered selling their building but haven't done it yet, or haven't considered it but you gave them a good idea to sell it.

2) Working with a real estate agent to get a listing of apartment building owners who have tried to sell their buildings but have been unsuccessful so they took it off the market. These are usually motivated building owners who have tried to sell their property but, for one reason or another, haven't been successful. They are motivated and usually willing to entertain any kind of deal (within reason).

3) Approaching property owners who have their building listed currently on the market for sale. For an added incentive you can get these building owners to entertain your offer over other prospective investors' offers.

4) Placing ads in commercial magazines that are geared toward commercial building owners. There are magazines that talk about real estate investing, construction for commercial properties, etc. You can attract building owners by placing an ad in any of these magazines suggesting that you have an interest in purchasing "any" commercial property with an added extra incentive.

What Incentive?

My favorite incentive is to offer MORE than what the property owner is asking. Yes, you heard me correctly. So, how would this work?

I like to give the property owner exactly what he or she wants then add UP TO 20% on top of that. Now, you're probably asking, "What bank will loan MORE than the appraised value of the property?" Answer: None. You aren't going to be borrowing that extra percentage from the bank. The property owner will be taking the money on monthly payments as an extra cash flow. So, essentially, the (former) property owner will take a second in a private contract between you and him (or her).

Is this worth it? It depends on what your total profits are from the building each month. If you're barely going to scrape by then this probably won't work for you. If you are making 50% profit from the total gross then you can spare about 25% to give to the property owner in the form of a second. The (former) property owner likes this incentive as an extra cash flow after dumping the property. He or she is still getting some of the benefit of having the property even though it's been legally sold to you.

Buying a Property with NO CASH and NO CREDIT

Is this possible? Absolutely. The problem is that most people don't believe that it is which is why investors have gotten rich. It's a little secret that many have used to profit greatly from while others (the non believers) continue not believing in this little secret while continuing to work some meager job. It's only too good to be true if you believe that it is. Trust me, rich investors DO NOT want the competition and would rather you keep on with your Paycheck Charlie job rather than buying properties right out from under them.

How can you get these properties with no cash and no credit? Here are three ways that it works:

1) Get a conventional bank loan by using the rent roll and profit/loss statements.

2) Use an investor and share part of the building and/or profits with him or her for putting up the money for the deal.

3) You can "buy" the property for significantly less than the appraisal (which any bank will give you a loan for) and have the owner agree to receive payments for the remaining "balance" plus any incentive percentage you offer.

4) Get a heck of a deal with a property owner who desperately wants out of the property who will actually sell it to you for less than the market value (rare but possible).

5) Do a lease-option deal with the property owner.

How Does a Lease-Option Deal Work?

Once you meet with a property owner you tell him or her that you would like to put together a proposal that you will have ready within 24 (or 48) hours. You MUST have a copy of the rent role and profit/loss sheets to do this. Any commercial property seller will AUTOMATICALLY do this if they know what they're doing.

The proposal will include how much you want to pay for the property (market value) plus an incentive (up to 20% extra) and how long the lease-option will be before a "balloon payment" is due.

The lease-option deal can extend 3 to 5 years, at most. The "balloon payment" is when you get the bank loan to pay what is agreed on the first mortgage. As you recall, if you offer an incentive then that will be a second that the property owner takes back. The bank can only finance what the appraised value of the building is and nothing more. There are rare occasions when 107% financing is available when property improvements are going to be done with the extra funding. However, this kind of loan is very difficult to get.

Here are the benefits for you to offer an extended time on the lease-option (up to 5 years):

1) The property value will increase during that time thus making it possible that you can pay the property owner for the (current agreed) market value and the second mortgage at the time the “balloon payment” is due, thus not having to give the (former) property owner any monthly payments after the property is legally yours.

2) When the property increases in value, you get the equity (as long as you didn’t breach the contract). So if the property acquires 30% in equity above what you agreed to the property owner, it’s yours.

3) If the property value drastically drops or the neighborhood becomes a drug-infested ghetto then you can cancel the lease-option (as per the contract) and get out of the deal.

4) All major property repairs must be made by the legal property owner. If it’s not accounted for in the original profit/loss (expense) sheet then the property owner has to pay for it. So, if a tornado takes out a wing of the building, they are responsible for fixing it. If the building inspectors fine the building for having a rotting stairway, the building owner has to pay the fine and for the repairs (and not you).

So, how much in monthly payments do you have to make to the property owner in order to have the deal? A variety of deals are possible but one constant remains the same; you will be taking over the mortgage, expenses, and receiving the rent from the tenants. You will be acting as if it’s legally your building.

You will have to pay the legal building owner a fee for this lease-option. There are several ways that this can work:

1) You offer a percentage of the monthly net (like half) to the legal owner until the "balloon payment" or bank loan is due.

2) You can just take a lease-option WITHOUT acquiring the property and bank on it gaining equity by the time the lease-option expires; when you will get a loan and legally acquire the building with built-in equity from appreciation.

3) You can do a half-and-half where you actually outright buy the property with a bank loan but have the property owner sell it to you (on paper) for less than market value (say 65% to 75% of market value) and enter a PRIVATE CONTRACT for the remaining 25% to 35% plus any incentive percentage (up to 20%) on top of that. These payments have to be made out of the difference between what the former mortgage was and any net profits after all expenses are paid.

Here's a secret:

It's Much Harder to Sell a Commercial Property!

This fact works to your advantage because it makes property owners more willing to do non-traditional/conventional financing and deals with you. Some commercial property owners have either had the properties for a long time or the buildings were inherited from a deceased family member. Most successors of estate property simply don't want it. They don't want the hassle and usually have no business sense (or don't like real estate).

It's not easy for anyone to turn around and sell an apartment (or any commercial) building. It's not as easy as selling a single-family home. So you have a great advantage in three ways:

1) Commercial buildings are harder to sell which makes the owners of these properties more agreeable to non-traditional financing.

2) Commercial building owners are usually business people which make them open to receiving EXTRA INCENTIVES above and beyond the sale of the property. They particularly like it when they are able to sell their property for market value and continue to receive payments long after they've sold their building to you.

3) Property owners that inherited these buildings are susceptible to ANY idea to sell the building since, usually; they just want to get rid of it. (They don't understand the goldmine they are sitting on and just want the cash; i.e. instant gratification.)

"If Commercial Buildings Are So Hard to Sell Then Why Do I Want Them?"

You won't ever be selling your building (ideally). And I mean NEVER. You are in this for the long haul. Ideally you want to pay the building off (in 30 years) while receiving TRIPLE the amount of rents than what people will pay for the unit(s) today.

Flipping properties is not recommended as your only real estate investment strategy. Here's why:

1) Uncle Sam will KILL you on capital gains taxes.

2) You aren't securing residual (passive) income for your future.

3) You aren't building equity in our buildings long term.

"What If I Don't Want to Fix Toilets or Broken Pipes in the Middle of the Night?"

Donald Trump owns a lot of property. Do you think he fixes toilets or broken pipes in the middle of the night? Or do you think he uses management companies to take care of those details?

Most newbies in the property investing game think that they either have to manage the property (and every little thing that goes wrong) or that they'd rather manage the property (just to save money). Don't be foolish. You need a property management company to oversee your property, collect your rents, pay your maintenance fees, and send you a nice fat profit check when it's all said and done.

Don't be cheap. You don't want to manage your property because you are losing leverage. If you manage the property then that means you can only limit yourself to owning just a few buildings. What a waste! You can leverage yourself, pay the extra money for the management service, and make MUCH MORE MONEY with MORE buildings. That's how a true business person thinks. The average Joe Blow thinks limiting ways like wanting to save money by managing the property him/herself. That's just plain stupid.

Now that we've put that aside, I covered a lot in this report so far and this is not everything you need to get started in commercial property investing. I hope that I've convinced you that purchasing and getting a passive income from these properties are the ideal way to invest. I also hope that I've gotten across how it's not as difficult as you think to get these properties. Yes, you can do this.

Imagine being able to "retire" in just a couple of years! That is realistic and entirely possible by working this commercial investing real estate system.

There are some things that you still need:

1) The letter needed to get commercial property owners interested in selling (or lease-optioning) their property to you.

2) The source/connection to find all of these commercial property owners' addresses.
3) Contracts to do all of your real estate deals.
4) A broker to get money for your deals despite your credit. No money down.
5) Exactly how to approach these property owners, what to say, and how to structure a deal.

Now it's time for you to get started. Right now investing in regular apartment buildings is the best route to take because of the high demand for apartments right now. (Remember all of those foreclosure people who lost their homes? They need a place to live.)

Personally I have stayed away from regular commercial buildings (office space, industrial/warehouse, etc.) during these hard real estate times because many businesses are downsizing and some office space has been sitting empty for a long time. I don't want that kind of liability right now.

I've been focusing exclusively on apartment buildings for this time period and you should do the same. But you have to get started now. You can't wait until the market starts going up otherwise these precious opportunities that are here now will vanish!

The biggest reason that people don't get started investing is that they are afraid. They lack confidence and don't think it's possible for them to be part of the game. Nothing could be further from the truth. You can become part of the game just as well as anyone else. You just need the proper education!

I'm here to give you that education. People pay exuberant amounts of money for a college degree that they'll never use and yet they won't pay a few bucks to literally change their lives. Amazing, isn't it?

The hardest part is doing your first deal. Once you blow through that (and you can within 30 days) then the rest is a piece of cake. Seriously.

Too many people psych themselves out and never end up doing anything with their lives. They talk about it. Dream about it. Wish things were different. And yet they never take the appropriate steps to make the change.

I gave a lot of information to you for free. Most people won't do that. However, the ball is now in your court. You need to decide if this is going to be something you will do…or not.

It's okay if you've decided that this isn't your "thing" and would prefer to find a different type of opportunity. It's not my job to twist anyone's arm into believing that this is the end-all opportunity that's great for everyone.

However, if real estate investing is something you've been thinking about, talking about, dreaming about, and wanting to do for many years, YOU DON'T WANT TO WAIT ANYMORE. You don't want to wait until the market goes up and the opportunities vanish.

There is literally no better time in history to start investing in real estate with none of your own money, none of your own credit, and no experience. You just have to learn a few techniques and strategies and you can be just as successful as any of our students who were once just like you and decided to GO FOR IT!

Remember, just get your first deal. The rest is a piece of cake.

Discover the secret investing strategies now by going to www.ApartmentRiches.com and ordering the complete system. Remember, it's only $97.00. We used to sell the complete course for $398.00. Because it's a downloadable version, you can get it for a

FRACTION of the cost. In the next couple of months we will be increasing the price to $197.00. Please get yours before the price goes up because I cannot make any exceptions to give it away at the lower price once the price goes up!

GET STARTED NOW BEFORE THE PRICE GOES UP!

Sincerely,

Monica Main
www.ApartmentRiches.com

P.S. Forget about “scammy” opportunities out there. It’s all a waste of time! You can’t get rich “stuffing envelopes” or making money as an affiliate on the Internet. You can only make money with a SOLID opportunity that has proven to make people rich over and over again!

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