

## INDEX

- Abandonment, 232  
Above-market price, 10–11  
Accessibility, 90  
Acorns into oak trees, 7  
Adjustments, 66–67  
After-tax cash flows, 260–261  
Agent services, 105–107, 249–252  
Allen, Robert, 18, 19  
Amortization, 7–8  
Appraisal form, 53–58  
Appraisal limiting conditions, 75–76  
Appraisal vs. investment, 76  
Appreciation, 4, 73–74  
Arbitration, 233  
Assemblage, 14  
Asset protection, 298  
Assignments, 178–179, 192–193  
Attorney fees, 234–235  
Auctions, 137–138, 139–141  
Automatic underwriting (AUS), 46
- Bargain price, 82  
Bargain search, 101–104  
Bargain-priced properties, 96–100  
Below-market price, 10  
Bid package, 134  
Booms, xxiii  
Borrow smart, 18  
Bounced check, 223  
Brangham, Susan, 163–164, 170, 257  
Brown, Raymond, 144–146
- Bundle of property rights, 13–14  
*Buy and Hold Real Estate Strategy*, 47
- California Close Company, 147  
Capacity (income ratios), 42  
Capital gains tax, 263  
Capital gains, 15  
Capitalization rates, 72–73  
Cash flows, 6, 77–78, 85  
Cash-out refinance, 10  
Casualty clause, 188  
Character, 44–45  
Cheerleader for property, 16–17  
Cleaning, 146–147  
Closing costs, 189  
Closing date, 189–190  
Cold call, 102–104  
Collateral, 40  
Commercial leases, 289–290  
Commercial properties, 286–289  
Community action, 155–156  
Comparable sales approach, 64–67  
Compensating factors, 45  
Competency, 44–45  
Condo conversion, 172–174  
Contingencies, 171, 191–192  
Conversions, 12–13, 172, 175  
Co-op sales, 249  
Cost approach, 61–64  
Craig Wilson, 203  
Create value, 11–12, 145–146

- Creative class, 284  
Creative finance, 18–19, 32  
Creative improvements, 163–164  
Credibility, 245  
Credibility vs. creativity, 21–22  
Credit history, 43–44  
Credit score, 44
- Daly, Fred, 274  
Debt coverage ratio, 42–43, 84–85  
Default clauses, 194–197  
Demographics, 89–90  
Depreciation expense, 259  
Development rights, 15  
Discounted paper, 295–297  
Distressed owners, 97–99, 112–115  
Diversification, 16  
Dow Jones Industrial Average, 5, 299  
Dubai, 16, 179  
Dumb leverage, 18–19
- Earnest money, 171, 186–187  
Economists, 4–6  
Emerging growth areas, 284–285  
Emotional appeal, 245  
Energy audit, 210–211  
Entrepreneurial talents, 11–12, 14, 16  
Environmental hazards, 193–194  
Estate sales, 139  
Evictions, 237–238  
Exclusive listing, 252  
Exclusive right to sell, 252
- Fannie Mae, 30–31  
Fannie Mae REOs, 136–137  
*Federalist, The*, 255  
FHA loan limits, 31  
Financial assets, 16  
Financial journalists, xxi, 1  
*Financial Times*, 1  
Financing terms, 79–82  
Fiscal condition, 91  
Fix and flip, 142–143  
Fixer, defined, 143–144  
Flipping contracts, 178–179  
Florida, 14  
Florida, Richard, 284, 285  
For sale signs, 247  
Foreclosure auction, 124–126  
Foreclosure financing, 126–127  
Foreclosure gurus, 110  
Foreclosure pro, 130–131  
Foreclosure process, 110–112  
Foreclosure speculators, 138  
Freddie Mac, 30–31  
Freddie Mac REOs, 136–137  
Fundamental evaluation, 16
- Get-rich-quick gurus, 18, 200  
Grabber headline, 244  
Grass-is-greener sellers, 97–98  
Gross rent multiplier (GRM), 67–68  
Guests, 220
- Holdover tenants, 220–221  
Home office expense, 259  
Homeowner tax savings, 256–257  
Hot buttons, 244–245  
*Housewise*, 163–164, 170, 257  
HUD buyer incentives, 133  
HUD homes, 130–132
- Improvement budget, 157–158,  
159–161  
Income approach, 67–73  
Indexes and averages, 5  
Inflation, 5, 299  
Inflation risk, 5  
Installment sale, 264–265  
Insurance, property, 211–214, 298  
*Intelligent Investor, The*, xxiii  
Internal Revenue Code, 255–256  
Investment strategy, xxvi  
IRAs, 1  
Irrational exuberance, xxvi
- Jobs, 91  
Joint and several liability, 220–221
- Kiplinger's*, 1  
Kitchen design, 207–208  
Kmart, 14  
Know yourself, 200–202
- Land contract, 36–37  
Landlording (pros and cons), 238–239  
Las Vegas, 16  
Late fees, 222

**306 INDEX**

- Lease option, 165–168
- Lease option benefits, 165–168
- Lease option sandwich, 168
- Lease purchase, 170–171
- Lease, standard, 216–217
- Leases, 190–191
- Legal compliance, 162
- Leverage, 6, 7–9, 18, 22–23,
- Leveraged gains, 21–23
- Lienholders, 121–123
- Limited liability Company (LLC),  
297–298
- Listing contracts, 252–254
- Loan-to-value (LTV), 10, 28–30,  
40–41
- Location, 154–157
- Long-term vs. short-term investing,  
47–48
- Lower-priced areas, 281–284
  
- Maintenance expense, 214
- Mantra for the masses, 1, 3, 16
- Market bottom, xxi
- Market corrections, xxiv
- Market information, 206–207
- Market risk, xxiv–xxv
- Market strategy, 203–206, 216–219
- Market timing, xxiv–xxv
- Market value, 48–49
- Market value requirements, 96–97
- Market value vs. sales price, 49–50
- Master lease, 14
- Master leases, 176–178
- Media molls, xxi
- Monthly payment tables, 43
- Mortgage interest, 258
- Mortgage loan limits, 30–31
- Mr. Market, xxiii
  
- Natural light, 149–150
- Negotiation styles, 180–181
- Neighborhood, 156–157
- Net operating income, 69–71
- Networking, 102, 117
- New construction, 92
- No cash, no credit, no problem, 18,  
20–22
- Noise, 150
  
- Nonrecourse loans, 41
- Nothing Down*, 18–19
  
- Odors, 224
- Off-plan flipping, 179
- Open listing, 252
- Operating expenses, 211–214
- Overimprovements, 158
- Overpriced listings, 130
- Owner-occupancy financing, 28–30
  
- Paradox of risk, 73–74
- Parking, 228
- Passive loss rules, 261–262
- Personal property, 183, 221–222
- Pizzazz, 147
- Plottage value, 14
- Postfiling foreclosure records,  
Prequalifying homeowners, 115–117
- Price increases, 85–86
- Price vs. terms, 21
- Pride of place, 93
- Probate sales, 138–139
- Profit possibilities, xxi–xxii, 3, 301–302
- Profit probabilities, xxiii–xxvi
- Promotional flyers/brochures,  
248–249
- Property description, 52–53
- Property management, 238–239,  
283–284, 287
- Property price gains, 4–5, 6
- Property rights, 13–14
- Property taxes, 276–278
- Property taxes/services, 91
- Property vs. financial assets, 16
- Public records, 193
- Publius, 255
- Purchase contract, 183
  
- Quiet enjoyment, 224
  
- Real Estate Owned (REOs), 112
- Recourse loans, 41
- Red ribbon deals, 163
- Redevelopment rights, 15
- Reeves, Rosser, 240
- Refinance, 9
- Relationship building, 118–119

## INDEX 307

- Relative prices/values, 74, 87–88  
 Rent growth, 299–300  
 Rent increases, 8  
 Rent or buy, 8  
 Rent or own, 8  
 Rental agreement, 219–238  
 Rental trends, 93–94  
 REO Realtors, 130–131, 133  
 REOs, 128–130  
 Representations, 194, 233  
 Research, 145–146  
 Reserves, 42  
 Retirement areas, 285–286  
 Return on investment (ROI), 22–28  
 Right time, right place, 285  
*Rise of the Creative Class, The*, 284  
 Risk, xxiii, 16, 301  
 Risks and rewards, 16, 25  
 Risks, perceived, 245  
  
*Safe Homes, Safe Neighborhoods*, 155  
 Sales commissions, 119–120  
 Sales trends, 93  
 Schedule E, 269  
 Second mortgages, 33–34  
 Secure future, xxvii  
 Security deposits, 226–228  
 Self-storage, 291–294  
 Seller disclosures, 107–109  
 Seller ignorance, 99–100  
 Sheets, Carlton, 18  
 Shiller, Robert, 5–7  
 Short-term prices xxii–xxiii  
 Site characteristics, 52–60  
*Smart Money*, 1  
 Sources of returns, 3  
 South Beach, 154–155  
 Space usage, 147–148  
 Speculate, 203  
 Speculative frenzy, 16–17  
 Stage-of-life sellers, 98–99  
*Stand Up to the IRS*, 274  
 Stock investing falsehoods, 2–3  
 Stock prices vs. CPI, 5  
 Stocks for retirement, 2–3, 16  
 Stocks vs. property, 2–3, 16–17, 299, 301  
  
 Strategic decisions, 201–203  
 Subdividing, 14–15  
 Subject property, 52  
 Sublet, 225–226  
 Sweat equity, 37, 146  
  
 Tax audit, 272–275  
 Tax complexity, 255–256, 272–275  
 Tax credits, 271–272  
 Tax deeds, 295  
 Tax liens, 294–295  
 Tax shelter, 15  
 Tax-free exchange, 265–269  
 Tenancy period, 220  
 Tenant insurance, 224  
 Tenants in common, 174–175  
 Tenants' rights, 235–238  
 Texas, xxvi  
 Title, 187  
 Transport routes, 90–91  
 Trend tracking, 93–95  
 Triple net (NNN) leases, 290–291  
  
 Undervalued neighborhoods/cities, 88–89  
 Underwriting standards, 40–46, 50–51  
 Unique selling proposition (USP), 240–243  
  
 VA REOs, 134–136  
 Vacation homes, tax break, 257  
 Value-creating improvements, 146–154  
 Views, 148–149  
  
 Walt Disney Company, 14  
 Wealth without work, 1  
 Wear and tear, 230  
*Who's Your City*, 284  
*Winning the Loser's Game*, 3  
 Winning value proposition (WVP), 240–243  
 Win-win negotiating, 181–183  
 Woodpecker Haven, 144–145  
 Wraparound finance, 9, 34–36  
  
 Zoning changes, 294