

Private Lending ED

Are there benefits to lending your money for high returns from real estate investments, or is real estate investing too risky in today's market?

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Because I have been involved in real estate over the years, many companies have my email addresses and send me countless marketing emails touting instant fortune from various ways of skinning the real estate market. The tease is always the same: learn my free system and you're on your way! But one soon learns that nothing is free, perhaps after thousands of dollars of investments and nothing to show for it.

The reason is because there is only one way to make money and that is through doing your due diligence; doing what it takes and working hard. Real estate; land; dirt; whatever you call it, will always be valuable. We don't make any more of it and people need to live in specific areas, which is where we build. The job of a real estate investor is to find the places where people want to live and find affordable properties that match up with them and make money while doing it. Many real estate investors now find the current foreclosure market to be an excellent opportunity to find those homes.

The reason is because distressed real estate, bank owned, or foreclosed properties are sold at a large discount. Generally, even with the need for extensive remodeling and rehabbing, these properties can be very profitable. Whether the investor's strategy is short term or long term there is money to be made. A typical \$100,000.00 investment will yield anywhere from 7% to 10% annually. The cash on cash return should be higher (closer to 20%) depending on how long the property will be held and other factors.

This is usually when I hear the grumbling sounds coming through! What happens when real estate prices tumble again? What if unemployment gets so high no one can afford rent? What if the sky falls?

My first gut response is to say: if it gets that bad then everything else will be in the toilet as well. And someone will still want or need to live there! Rent may be lower, or not! A well educated and knowledgeable real estate investor will buy right so as to cushion the property from these negative forces. When the property is purchased for the right price and without encumbrances, for cash, then it is very difficult to lose money. It's possible, but only if the investor loses sight of their goals, loses patience or loses their desire.

Private money lenders are now in a very enviable position of being the best option for funding real estate transactions. Banks are having a difficult time parting with their money even after being bailed out. Many bank balance sheets are still tilted into the red due to their toxic assets and cannot lend money. The qualification process has also gotten quite laborious, with the property having to qualify for the loan as well. Often, the comparables and other pricing models make it difficult to get an accurate value due to the wave of foreclosures, which dilute prices.

The private lender can have his real estate investor negotiate for the property with the power of an all cash deal, without the qualification process and without a mortgage to limit earnings from the investment. Secure, profitable, real estate: that's the goal. This is how you do it!

Find out how at www.PrivateLendingED.com secure, profitable, real estate.