



## PREFACE

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There are more than 5,000 books listed on Amazon.com on the subject of real estate. By reading any of them, you can learn how to buy property, manage it, fix it, trade it, and sell it, as well as a host of countless other savvy maneuvers. Regrettably, what's missing in the lion's share of these books are chapters devoted to teaching the reader about the most compelling reasons to invest—that is, recognizing the long-term financial benefits to owning property and then, and most important, learning how to use those benefits to fund the kind of life and, ultimately, the kind of retirement everyone truly desires. Our plan is to tackle these aspects of the real estate game head-on.

The birth of this book came about from lessons we learned in two distinct areas. The first was in our everyday business as real estate brokers, selling investment property to people like you for more than 30 years. The second was in the reaction to our first published book, *The Unofficial Guide to Real Estate Investing* (Wylie, 2000). We were confident that if that book did its job, then every-

one who read it would beg, borrow, or steal enough money for a down payment and run out and buy a small set of units. Why? Simple, because we know through experience that investing in real estate is a truly effective route to a secure financial future. You don't need a wheelbarrow full of money, a string of hot stock tips, or a Harvard MBA to succeed in this arena. Rather, you just need a willingness to learn and a modest amount of gumption to agree to put your feet in the water.

Unfortunately, our experience showed that it was mostly those who possessed a true entrepreneurial spirit before they bought our book who were the ones who took the risk and invested after they had read it. Their backgrounds and situations varied, but one common denominator stood out: The flame of ambition and desire to take control of their finances had been lit long before they had ever read our book. Our first book simply gave them the road map they'd been searching for.

Sure, we managed to reel in a number of additional converts along the way. In fact, we personally helped to create more than a few small empires over the years for some readers who were committed to someday retiring from the rat race. But by and large, even people who raved about our content, wrote glowing reviews on the Internet, and came to learn from us at book signings often confessed that they just hadn't made up their minds to invest yet. This was troubling.

Walk into any bookstore and you'll see shelves full of books (including ours) promising to make you wealthy using this system or that. In fact, lots of books offer sound advice on how to build wealth in many arenas, not just real estate. We concluded that the problem is most books on this subject are offering a road map to riches to people who aren't truly committed to the trip. To that end, our number one goal in this book is to help light your flame of desire, to spark a burning ambition in you to take control of your future. We truly believe, especially in this post-WorldCom, post-

Enron era, the stakes couldn't be higher. In fact, anything less may keep you working nine-to-five well beyond 65.

For many busy working people, saving money and thinking about setting up a retirement plan is the last thing they want to consider. They're pulling in a decent paycheck every week, spending it on bills and pleasure, and because they're young and energetic, they're confident that they can keep that train running for as long as necessary. Hopefully, something kicks in—let's call it maturity—and they realize what a dead-end merry-go-round they're on. Now, investing a portion of their salary toward a fruitful future becomes a top priority. Better late than never, right?

At this point, most working people willingly turn over the critical component of retirement planning to someone else—usually a stranger—whether it's the government through Social Security, their company's pension plan, a 401(k), or a similar arrangement administered by some expert. Regrettably, even a cursory look at any newspaper over the last year will show that most of these retirement vehicles administered by so-called experts come with serious problems. The Enron and WorldCom debacles speak volumes for the security (or lack thereof) of any company pension plan. As for Social Security, when our turn comes, at best it will provide us with a modest supplement to what is needed; at worst it will be nothing but a cruel joke.

What we're getting to is this: Unless you were born with the privilege of, for example, Prince William, you absolutely need to begin investing to protect you and your family in your retirement years. Statistics show that for almost 95 percent of all retirees, there's no golf club membership, no exciting vacations to those places you saw in the travel posters at the credit union, and no rest for the weary. You'd like to help your kids with college or to help them purchase their first home, but the truth is you'll be lucky to keep yours. Sadly, the blessing of abundance in our country has cre-

ated a generation of people who believe everything is going to work out just fine in the end. The sad truth is, it's not.

Many people spend a good deal of time planning the profitability of the companies they work for, yet do nothing to create the same kind of security for their own families. Often, it's not until they get the ax because of company cutbacks that they realize it's too late. Or worse yet, they don't wake up until after they get a gold watch and a round of "For He's a Jolly Good Fellow." The reality is that once the novelty of being home during the day wears off, your spouse will get pretty tired of seeing you hanging around every day—because in retirement in the 2000s that's the only place you may be able to afford to go.

Everyone has read about the "golden parachutes" that executives get when they leave major companies. Those executives planned for those parachutes when they started their jobs. In fact, without a guarantee of one on the way out, they refused to take the job. Now check with the human resources department where you're working; did anyone create a golden parachute to help protect you when your tenure is over? The truth is there probably is the equivalent of a small umbrella set aside for you, if anything. Two weeks severance pay for years of service is hardly what we'd call "golden." As mentioned, you'll get an even smaller umbrella from Social Security—not very comforting after a lifetime of work. Our plan here is to show you how to create your own golden parachute via investments in real estate. It can be done. We've done it for ourselves, and we've helped countless others do it for themselves. Stick around.

Take this simple illustration: Many people would agree that the most successful investment they have ever made has been the purchase of their home. Over their years of ownership they've seen how their equity position in their house has magically flourished. They didn't need to do anything special; they only had to stay invested for the long haul. For these same people, however, the

light has still never gone on. That is, they never seem to equate this profitable piece of real estate with the rest of their investment portfolio. What's more, they fail to recognize how a few additional smart real estate purchases over the next few years could set them up financially for a truly plentiful future. If you did so well owning your house for 10 or 20 years, think of the nest egg you could have accumulated by now had you just bought a few additional small units along the way.

This kind of thinking is the best way to prepare yourself for financial security and, ultimately, your eventual retirement. We're not talking about getting rich or making a killing flipping fixer-uppers or buying foreclosures. There are plenty of other books on the market to help you do those things. What's more, we'll tell you up front that this is not a get-rich-quick book. This is because real estate, by nature, is not a get-rich-quick investment. Our purpose here is to help you create something much more real and tangible than that—long-term security for you and your family. We've done it for ourselves, we've helped others do it, and with this book we're going to teach you how to do it.

The plan is to educate you in the same conservative investment techniques that we have espoused to our readers and clients for the past quarter of a century. Here, we'll teach you that success in real estate doesn't take smoke, doesn't include mirrors, and doesn't require luck. Rather, success here simply requires a well-thought-out road map. The good news is that the nucleus of your road map is now resting in your hands. These techniques have helped to provide a cushy retirement for many an investor.

Thomas Jefferson once said, "Most people believe that they'll wake up some day and find themselves rich." Actually, Jefferson got it half right—eventually people do wake up, yet, unfortunately, when they do it's usually too late. Our hope is that you grab the ideas in this book, couple them with your own dreams, and make something fantastic happen before time runs out.