The Real Estate Investor Guide

BUILDING A PORTFOLIO ON NUMBERS RATHER THAN ENTHUSIASM

This guide covers how to define a strategy, how to underwrite a property honestly, what to verify before your option period ends, how to structure an offer that a seller accepts, and how to manage and review the asset after closing.

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A Note From Patricia



Investors do not need to be sold on real estate. They need someone who will underwrite a deal against them rather than for them. I will run the numbers with realistic expenses, tell you what the property will actually cost to own, and tell you when the answer is no. Deals I talk you out of are part of the service.

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Inside This Guide

- Step One: Define the Strategy Before the Search
- Step Two: Underwrite With Real Numbers
- Step Three: Verify the Physical Asset
- Step Four: Structure and Win the Offer
- Step Five: Own It Well
- How I Work: Transparency, Integrity, and Privacy

Step One: Define the Strategy Before the Search

- Cash flow, appreciation, tax position, or a blend, and which one you will sacrifice when they conflict.
- Hold period and exit decided before purchase, because it determines the right debt structure.
- Asset type and target: single family, small multifamily, commercial, or land, and the price band you can execute in repeatedly.
- Self managed or professionally managed, and the real cost of each in time or fees.
- Entity, insurance, and lending structure discussed with your CPA and lender in advance.
- Your minimum return threshold, written down, so it is not negotiated with yourself in the moment.

Step Two: Underwrite With Real Numbers

Most deals that disappoint were underwritten with optimistic expenses rather than with a bad purchase price. We build the model from documents.

- Verify rent with executed leases, deposit ledgers, and bank deposits, not with a projection.
- Use the tax figure you will pay after purchase, based on the reassessed value, not the seller's current bill.
- Get an actual insurance quote for the address, including flood and wind where applicable.
- Include vacancy, management, maintenance, turnover, and a capital reserve even if you self manage.
- Model debt service at a rate you can live with, then stress test with higher expenses and longer vacancy.
- Calculate the whole picture: cash flow, cash on cash return, capitalization rate, and debt coverage. One metric alone hides risk.

Step Three: Verify the Physical Asset

- Full inspection, plus specialists as warranted: foundation, sewer scope, roof, and hydrostatic testing on older plumbing.

- Age and remaining life of roof, HVAC, water heater, electrical panel, and any galvanized or cast iron plumbing.
- Flood designation, drainage, and prior claims for the address.
- Deed restrictions and any short term rental limitation, which can end a strategy before it starts.
- For occupied property, review leases, deposits, and tenant payment history, and require estoppels where possible.
- For a renovation project, get contractor bids during the option period rather than after closing.

Step Four: Structure and Win the Offer

Sellers frequently value certainty and timing above price. Investors who understand that buy more efficiently than investors who only bid.

- Offer terms that reduce the seller's risk: shorter option period, larger earnest money, flexible closing, or a leaseback where useful.
- Consider seller financing or a subject to existing loan structure only with your attorney and lender involved.
- Keep an inspection out on any property you have not fully evaluated. Speed is not worth an unpriced foundation.
- Understand what a lender requires for an investment property, including reserves and down payment, before you commit.
- Confirm insurance is bindable at your modeled cost before your option period expires.

Step Five: Own It Well

- Have insurance, utilities, and management in place effective the day of funding.
- Set up bookkeeping from day one, separated by property, so tax time and refinancing are simple.
- Review the tax assessment annually and protest when the purchase or the income does not support it.
- Reassess rent and expenses annually and decide intentionally whether to hold, refinance, improve, or sell.

- Coordinate depreciation, cost segregation, and 1031 exchange strategy with your CPA. Exchange timelines are strict and start at closing.

How I Work: Transparency, Integrity, and Privacy

I will show you the numbers that argue against a deal as clearly as the numbers that support it. Your portfolio size, entity structure, and buying capacity stay private, which also keeps your negotiating position intact.

Questions Worth Asking

Bring these to me, to your lender, or to your attorney. If I do not know an answer, I will tell you and get it from the right professional. Use the space to write down what you learn.

- ☐ What will taxes and insurance actually be after I buy?
- ☐ Does the rent verify against leases and deposits?
- ☐ What capital expense is due in the next three to five years?
- ☐ What is the cash flow if vacancy runs longer than planned?
- ☐ Are short term rentals restricted here?
- ☐ What does my lender require in down payment and reserves?
- ☐ What is my exit, and what would I sell this for?

Speak With Patricia

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