

YOUR REAL  CAPITAL

5-STEPS TO REAL ESTATE INVESTING SUCCESS

A YRC Guide to Assemble your
Real Estate Investing A-Team



5-STEPS to Real Estate Investing Success

STEP 1: Find a Top Tier Realtor

STEP 2: Connect With An Exceptional Lender

STEP 3: Find An Outstanding Escrow Staff

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STEP 5: Find A Quality Property Management Company

Introduction

You are poised to dominate the real estate investing world. You've consumed enough articles and podcasts, and have watched with excitement from afar as your favorite entrepreneurs lay the bricks for their lucrative empires. Now the time has come, and it's your turn. Somebody, somewhere, will succeed at this, so why shouldn't it be you?

With this realization, you immediately begin taking action. You understand that empires are not built alone, and you must assemble a team. If you wish to outperform the competition, you can only settle for the best in creating a high-performing Real Estate Investing A-team.

Creating such a team can be a daunting task, and the point of entry for doing so may be cloudy. YRC is here to clear those clouds up for you. Together, we'll tackle the Real Estate Team building basics by addressing each of its **FIVE** core players, the Realtor, the Lender, the **closing agent, the contractor, and the property manager.**

Along the way, you will inevitably be presented with challenges. You'll find that some are not as excited about your venture as you. They may be unresponsive, unenthused, unreliable, and generally uninspiring. This is all part of the script, and can be frustrating. But ultimately, it is your diligence, good judgement, and communication that drives exceptional people to become a member of your premier team.

This E-book will teach you how to be a better director, pick the right teammates, and ultimately, allow your empire-building dreams to come true.



An Exceptional Realtor will have some or all of these traits:

- ✓ **Most sales in the past six months**
- ✓ **Attentiveness**
- ✓ **They Go the Extra Mile**

Find a Top Tier Realtor

The Realtor represents the face of your operations, and translates your investment interests into the language Real Estate of to help you help him. Good Realtors come from all different walks of life, but there are several indicators that generally signal a competent, trustworthy, and highly capable realtor among a sea of potential duds.

Zillow publishes these metrics on their website, so you can make use of them to narrow down your search for the Realtor of your dreams by using the tried and true process of elimination.

An Exceptional Realtor will have some or all of these traits:

Most sales in the past six months

If you are motivated to sell a property, you want to find a realtor whose numbers, at a minimum, match your enthusiasm. A realtor hungry to see the deal go through will break through walls to make it happen, and this is exactly the type of person you cannot afford to operate without. This metric shows an agent can sustain an increased tempo, is willing to work hard, and produces concrete results.

Some items to be cautious of: A realtor with many “quick” sales, or one who will immediately try to tell you the issues with your property, or reasons why you can’t sell it for your intended price. Once, while working on selling a property in Pennsylvania, I was told that the price that I wanted was too high. Having some experience in real estate, I was able to calculate what my actual resale value (ARV) would be for the home that I was selling. I was selling a 4 bdrm/3 bth home on a half-acre. When the

Find a Top Tier Realtor

realtor responded to my request for what he assumed the ARV to be with listings of 3bedroom/ 2 bath homes with no completed remodeling, I was ready with research to explain to him how I came about my resale price. We eventually agreed and he went on to sell the property for me. This small, skeptical act of due diligence saved me thousands and thousands of dollars!

Attentiveness

The best agents answer their phones themselves, regardless of what day of the week it is, and listen to what you want with intent and purpose. The worst don't answer at all, or respond with a cookie-cutter email asking what you want, so they can follow of up a lukewarm trickle of automatic listing updates. The ones in the middle do some combination of both, but with a strong undertone of self-servitude. This is to be expected - any business will harbor these personalities, but it is up to you to navigate your way to the one that best suits your needs.

A+ realtors don't just hear you, they listen to you. They will extract the key components from your exchange, ask questions to understand your goals and aspirations, and then eventually tailor their

search for properties based on your needs with near perfect specificity.

They Go the Extra Mile

A realtor who assumes that going the extra mile is showing you generic listings within a 100 miles of your target market is not an ideal match. Instead, find an individual who will listen to your story clearly and cross reference it with their understanding of the local market. They will synthesize all the information into an attractive, clean opportunity ready for your mutual pursuit. The best Realtors are the best precisely because of this skill – they understand that the most lucrative opportunities are the ones that harness the power of teams, and take opportunities to operate within a successful team when they see it.

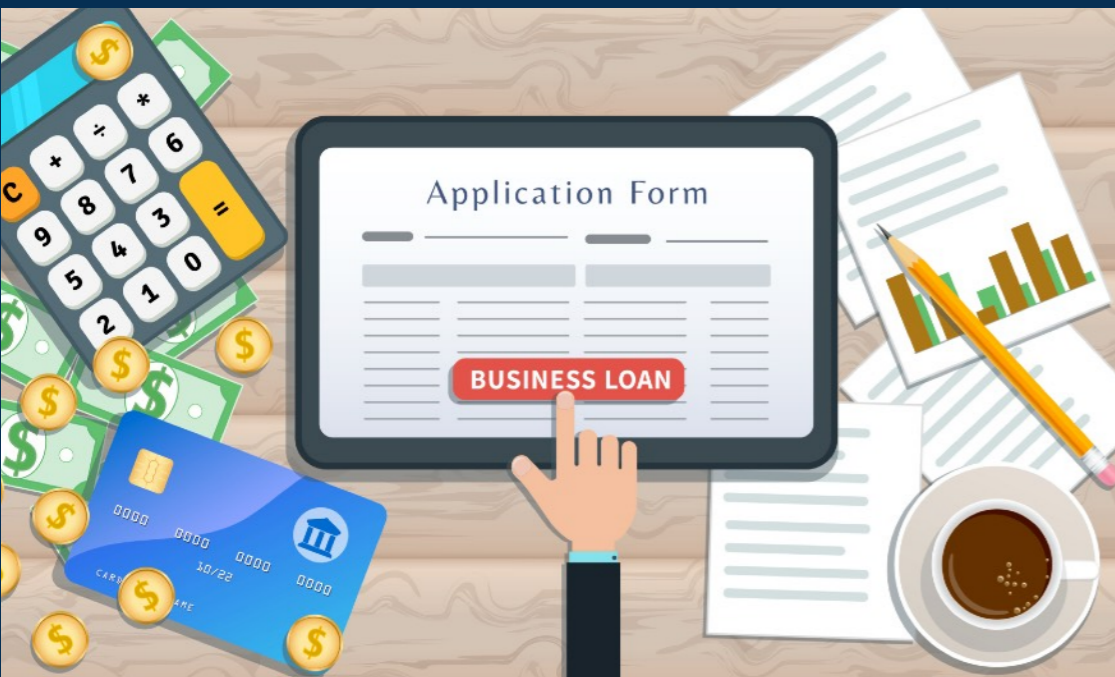
Ultimately, your ideal Realtor has your best interest in mind, because they have an internal understanding that their reputation is the currency of their business, and that working with integrity is the only way to ensure a good reputation. Most understand this concept, but most fail, because going the extra mile to be transparent and fair can often come at the expense of short-term gains.

Find a Top Tier Realtor

As most folks have been proven to gravitate towards instant gratification, those that consider the long game are scarce gems in this world. You'll have to do some digging to find them. Rest assured though, they are there.

YRC's recommended action strategy is to narrow your search down to a group of agents that are competitive in the above metrics, speak with each one of them, determine which single personality best suits the goals and values of your enterprise, and then move forward with them.

Finally, finding a realtor through friends and family might ultimately be your best bet. The first home I ever purchased was with a gentleman I was referred to through other guys at my command. He ended up getting me a great deal on a condo in San Diego that I still hold today. He would find gems, every time. Ultimately, we did not end up continuing to work together on future purchases, but he was fantastic on that sale nonetheless.



A good Lender will have some or all of these traits:

- ✓ **Speaks Clearly**
- ✓ **Approves Locally**
- ✓ **Understands the Debt Market**
- ✓ **Competitive**
- ✓ **Detail-Oriented**

Connect With An Exceptional Lender

A lender, like all other components of your team, can make or break the operation. A good lender, similar to any craftsman skilled in their trade, may be advertised as such by reference. Leverage your network to steer towards reputable lenders with a history of delivering a quality service. Below, you'll find some bench-mark metrics to determine if this lender deserves a spot on your roster.

Speaks Clearly

A good lender will not condescend to you with double-speak and complicated lingo. If they do so, consider this lack of transparency an attempt to conceal a nefarious ulterior motive, and walk the other way. A good lender can explain their loan programs clearly and succinctly, speak to the competition's rates without sounding desperate, and are patient in educating you about what they have to offer.

Approves Locally

Be wary of lenders who outsource your loan approval to a third party, and instead seek those who approve loans in-house using appraisers who understand the market, and are familiar with the types of properties commonly sold in the area you are operating in. In general, seek to do business face to face to avoid becoming a lifeless name and loan number on a piece of paper.

Understands the Debt Market

Finding a loan can be simple. However, a sea of fine-print barriers can prevent the less skilled lenders from getting you the actual funding needed

Connect With An Exceptional Lender

from this loan to close the deal on your property. More fickle loan policies can set you and your team back considerably, so its best to ask questions, and ask a lot of them. Remember, you are in charge, and the consequences are yours to bear in the instance of a mistake.

Competitive

Loan Rates and charges are up for negotiation. A good lender understands that they are not alone in the hustle, and will participate in reasonable negotiations if it means the business flows through them, and not their competitors. At worst, they say no to your offer. At best, you have better loan terms and a brighter future.

Detail-Oriented

They are on time with approvals and funding, and there are few if any mistakes in an otherwise complicated transaction. A missed approval or funding deadline can threaten or even cancel your purchase, so its imperative that your lender demonstrate a habit of getting the small things right from your first interaction.

Be Prepared

All lenders will ask for a litany of documents once you have an accepted offer. These documents are utilized to provide the lender the ability to do his due diligence on you (the borrower). When you are dealing with multiple properties being funded on a regular basis, we would recommend that you create yourself a folder of documents to save yourself the hassle of trying to pull these every time you are applying for a loan. Recommended documents would include: Last 2 years of Tax returns, Last 2 months of pay stubs, last 2 months of bank statements, any rent roll or proof of rental income on other properties, leases for all properties that you own, and any additional income that you earn from your properties. Having these documents saved in a “Lender Folder” will save you a ton of time in the future when you are applying for a loan.



A good Escrow Staff will have some or all of these traits:

- ✓ **Good Reputation**
- ✓ **Good Communication**
- ✓ **Experience and Resources**
- ✓ **Convenient Location**

Find An Outstanding Escrow Staff

Reputation

Reputation is a powerful currency in the Real Estate industry. Those professionals attempting to operate without a good reputation will soon find themselves floundering, and you'll want to steer clear to avoid catching the bad end of any desperate maneuvers for survival. If no one in your circle is able to provide a sound personal reference, then read the Escrow Company's online reviews. If the reviews tell a sorry story about this Team's performance, this is your cue to immediately move on. Depending on where you are doing business, you'll likely have several options, and probability would state that one of these is objectively better than the other. Like with the other members of your team, take your time on this one.

Communication

This point is now repetitive, but for good reason. This should always be considered the leading indicator of how a business or individual operates. Typos, shorthand, or generally tactless and hurried language are signs of a dangerous partnership. Much like the bright colors on a poisonous frog in the wild, these are visual cues that exist to signal you to stay away.

Find professionals who walk and talk like professionals, and settle for nothing less.

Find An Outstanding Escrow Staff

Experience and Resources

This is your operation, and the amount of detailed questions you are willing to ask your partners has a direct correlation to your operations success. So, don't hesitate to ask what the scope and nature of this staff's experience is in their field. What are their metrics for the past year? For the past five years? How many employees are on their staff, and how many will be dedicated to your project specifically? How quickly do they typically turn products around? You must be a hard-nosed and skeptical detective all stages of this process. Failure to sniff-out the under-performers at the scene may cost you large sums of money further down the line, so don't be complacent.

If and when you start presenting cash offers on properties, your greatest asset outside of the cash you have on hand is time. The ability to close quickly, and therefore move onto the next

phase of your investment strategy, is only possible if your escrow roster is stacked with A-Team members. I was purchasing a property on December 21st. The bank wanted it to be closed by the end of the year. I reached out to my go-to escrow agent and asked if they could pull this off. The response: "Of course we can". They delivered on their promise, and we closed when the banks opened on January 2nd.

Location

The location of the escrow company's office may be a factor for your consideration. It is unlikely you will need to visit the escrow offices, but it is not outside of possibility. In the same spirit as a lender, an escrow office located in the same region as your transaction offers the benefit of representatives who are familiar with the nuances of your area, an advantage worth pushing for.



Find the right Contractor for you.

- ✓ **Use your Network**
- ✓ **Compare Job Experience**
- ✓ **Review Completed Work**
- ✓ **Verify licensing and certification**
- ✓ **Obtain Bids and Decide**

Hire A Quality Contractor

You may not have the time to complete a renovation project yourself. If this is the case, it's time to hunt for a quality contractor to join your team. As in any of the above steps, it is your responsibility to filter through a sea of potentials to find the right match for you.

Use your Network

Ask other investors or homeowners in your area about contractors they've had a good experience with. As always, be thorough in your line of questioning – were their cost estimates clear and accurate? Did the contractor meet their advertised deadline for completion? After your initial search, narrow your options to around 10 contractors that pique your interest. Review each of these Contractors thoroughly with a common-sense approach using: online reviews, personal recommendations, social media and your initial experience communicating with them. Steer clear of any contractors that lack some semblance of these communication venues – a good contractor is easy to get in touch with.

Compare Job Experience

Ask each contractor on your list for a portfolio that extends back at least one year. A portfolio with more than 10 projects indicates an agreeable level of experience. A good portfolio also displays before, during, and after photos of their remodeling work. An added bonus goes to those contractors who also includes blueprints, sketches, and general plans in their portfolio. These give you an idea of how they approach a project. Ensure you are hiring a contractor who specializes in the project you are undertaking – don't hire a kitchen specialist when you are re-modeling your bathroom.

Hire A Quality Contractor

Review Completed Work

At this point, your list should be narrowed down to the 3-5 range. Any contractors with grainy photos or very few projects on display in their portfolio should be removed from your list at this point. Reach out to your now shorter list of candidates and ask to arrange a physical viewing of their completed projects. This would most likely involve reaching out to a homeowner, or a reference the contractor provided to enter their home and inspect the quality of your prospective partner's work. As always, continue a thorough and skeptical line of questioning when investigating the nature of your contractor's past performance. Visit at least one finished job from each of your contractors. Ideally, the finished jobs are a few years old, so you may see how the work has fared over time.

Verify licensing and certification

Legal requirements will vary by state, and the specific licenses needed will also depend on the project you are undertaking. You must be just as knowledgeable as the contractor when it comes to your area's licensing requirement, to ensure you're asking for the right documents.

In addition to this, make sure anyone working in your house has liability insurance, in case they cause damage to your home, or themselves. Check that all of their paperwork is up to date. If any of the contractors on your list do not have the correct documentation, cross them off your list. An additional red flag should be noted if this information takes too long to get to you, or a contractor is hesitant to produce it. A good contractor has all of this information ready at a moment's notice.

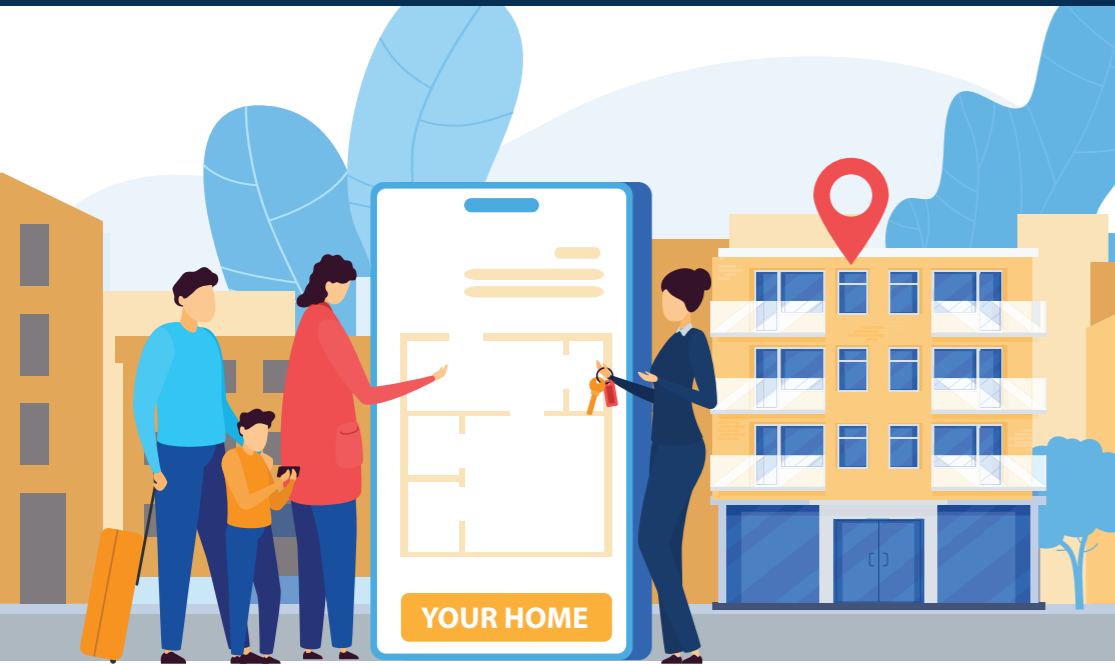
Obtain Bids and Decide

At this point, your list should be no more than three strong. Now, you'll communicate your ideal price for this job to your remaining candidates. After a consultation, each contractor will present a 'bid', which will consist of a brief proposal and estimated costs for the project. The proposal should include a timeline for the project, types of material they recommend, and the total cost. Your final selection will come from these bids, so be thorough in your selection criteria. After making your final selection your contractor will send you a contract proposal with further details on how they intend to see the project through. The project will commence upon your review

Hire A Quality Contractor

and signature of the proposal. Be wary of any contractor who uses 'short time-fuse' tactics to pressure you into accepting their bid, like suggesting that the offer in their bid is good for a limited time only. A good contractor has plenty of time to let you think on it, and won't take it personally if you decide to decline their services,

or review the contract egregiously before signing. Remember also that cheaper is not necessarily better – understand exactly what it is you want, and choose the contractor who demonstrates most effectively they can realize your vision. This may sometimes come at a higher cost.



A good Property Management Company will have some or all of these traits:

- ✓ **Has Specialists**
- ✓ **Valid Licenses and Certifications**
- ✓ **Good References**

Find A Quality Property Management Company

For many first time Real Estate Investors, the decision to hire a property manager is an uncertain one. In today's hyperconnected landscape, Google and Yelp will bombard you with a sea of ranging options. It may be difficult to assess who is trustworthy, and who is not. Once again, YRC is here to ease your burden by breaking this common real estate conundrum into concrete, bite-size steps.

Find the Specialists

A good property manager knows the industry they are working in, inside and out. This includes a deep familiarity with the federal, state, and local laws that apply to your property. Someone with a proven record of managing a property in the same category as yours is ideal. If you are a residential property investor, it may be unwise to hire a commercial property manager. Be wary of real estate agents who double as property managers, and look only for those managers that specialize in their craft.

Validate Licenses and Certifications

Some states require extensive licensing, and some require none at all. Wherever you are, a quality property management firm or individual will lend credibility to their capabilities by providing some form of accreditation. Several organizations offer their affiliation to motivated property managers to enhance their professional appeal.

Find A Quality Property Management Company

Look for firms with some of the following titles or affiliations:

- The National Association of Residential Property Managers (NARPM),
- Residential Management Professional (RMP),
- Master Property Manager (MPM),
- Or Preferred Residential Management Company (CRMC).

[Click here](#) to learn more about each of these titles or institutions.

Check Reviews and References

This is your team, and any member looking to join it must screen beyond a vigorous interviewing process, led by you. A property manager's reference should include current clients and tenants. Call these individuals, and inquire as to their experience with the property management company in question. If possible, physically visit any properties where these references reside. Face-to-face interactions will almost always yield greater value than phone calls or emails, and especially so in the case of examining references. Does the manager fulfill

and respond to requests in a timely manner? Generally speaking, are they proactive? Are their fees predictable and clear? Continue a thorough line of questioning for as long as you need to.

Check The Fine Print

This agreement details fees derived from maintenance, marketing and tenant turnover, collecting and processing rent and lease agreements, and more. Most firms charge between 8%-12%. Good companies are crystal clear in their terms. This is a significant commitment, so aggressively pore over the details. You are likely entering into a partnership with someone who, until recently, was effectively a stranger, so you must exercise the due diligence necessary to ensure the terms will not compromise the success of your enterprise. You are free to suggest alterations and amendments to this document as befits your project, so don't hesitate to do so. Ensure you set expense limits on your property managers to prevent a "carte-blanche" situation. Also, verify that the firm you are working with has the appropriate insurance. This typically includes insurance of the liability, property, and casualty variety, as well as errors and omissions policies.

Find A Quality Property Management Company

CONCLUSION

And just like that, you have created your real estate A-Team, the first step in creating your Real Estate Empire. If you don't remember anything else, remember that your operation is only as strong as its weakest member. While time is of the essence, your Real Estate A-Team is a work of Art that warrants attention, skepticism, and much TLC. The personal real estate successes I have enjoyed today unfailingly point to the participation of quality teammates, and a unity of purpose around a common idea: making a deal. So, without further ado, it's time to go out and make quality deals. From everyone at the YRC Team, good hunting.