

12 Rules of Real Estate

Observe these rules when buying and selling real estate.
The more rules you follow, the better your transaction will be.

Rule 1. Before taking a “buy today, sell tomorrow” approach, ask yourself, “Where would I be if I had to sell this property tomorrow?”

Rule 2. *Work with motivated sellers and buyers who have equity.* Equity is the difference between what they owe against the property and the net sales price.

Rule 3. *Buy wholesale and sell or exchange retail.* In other words, buy low and sell high. Smart investors seldom can afford to pay the retail price for a property. There are many reasons why it may be possible to buy wholesale.

Rule 4. *Financing is often more important than price.* If you can’t finance something, what difference does it make what the price is? There is an adage in real estate: “You name your price if I can name the terms.” When we find a property that’s overpriced (yet price is important to the seller), we see if we can adjust it in the financing, to put the deal together.

Rule 5. There are three things in real estate to remember: location, location, and location. There’s a substantial amount of truth in this statement. One of the magnificent things about Colorado and particularly Boulder is the great location.

Rule 6. *Enhance the value of a property.* Generally, you want to purchase a piece of real estate whose value you can enhance at the right cost — by remodeling, doing minor fix-ups, landscaping, fencing, etc.

Rule 7. *Don’t get greedy.* Don’t necessarily demand and hardball the very best deal. First, you may lose a good deal by alienating the seller. Second, you may lose the opportunity for other deals.

Rule 8. *Don’t fall in love with a property unless you are buying it for your personal residence.* If you’re buying a home, you can afford to pay a little more to get it if you plan to live in it.

Rule 9. *Solve the other party’s problem.* Don’t allow the other party’s problem to become your problem that you can’t solve. Although the context happens to be real estate, you are still dealing with people and their needs.

Rule 10. *Do not believe everything the other party tells you.* Buyer and seller beware; do your homework and take care of yourself. The other party is not your enemy, but not your friend either.

Rule 11. *Do not tell the other party what their property is worth.* Just tell them what the property is worth to you.

Rule 12. *Always give yourself an out, some kind of escape clause until you are sure you want to complete the transaction.*