

The Millionaire Real Estate Investor

Learn how everyday folks are making millions from real estate investing according to the New York Times bestseller "The Millionaire Real Estate Investor"

Part one of a three-part series

What if you had the capacity to become a Millionaire Real Estate Investor? Would you seize the opportunity or would you let it pass you by? According to Gary Keller's bestselling book, "The Millionaire Real Estate Investor," anyone can become a Millionaire Real Estate Investor, yet very few actually achieve that level. Keller's book explores the characteristics of Millionaire Real Estate Investors and provides the four-stage formula they've successfully employed to build their portfolios of real estate investments.

In this article we go over the strategies presented in Keller's book, which are based on interviews with over 100 people who have amassed over \$1 million worth of real estate, not including their own personal residences. Keller, a self-made multi-millionaire, is the founder of Keller Williams Realty International, the fifth largest and fastest-growing real estate franchise in North America. The success stories are inspiring. Sixty percent of Keller's interviewees have achieved in excess of \$1 million in equity in their investment portfolios, averaging almost 50 rental units and over \$100,000 in net annual cash flow from their investments. In this compelling three-part series, we'll highlight Keller's findings on what it takes to become a Millionaire Real Estate Investor.

It Starts With an Inside Job

Prior to getting into the nuts-and-bolts of real estate investment, Keller states that potential investors must lay the proper foundation. Before you fulfill your dreams of real estate investing, you must be ready to make the journey. Readiness doesn't mean that you're merely interested in real estate investing. Readiness means that you're willing to take action.

According to Keller, people from all walks of life can and have become Millionaire Real Estate Investors. Here are some quick inspiring stories to get us started:

While struggling to support her disabled husband

and two children, a former registered nurse decided to forgo paying off the family's mounting medical bills and use a disability settlement of \$20,000 to purchase an investment property. Within five years, she accumulated \$9 million in real estate and now runs her own real estate company.

A husband and wife were struggling to turn a restaurant and nightclub into a sustainable business and began supplementing their income through investment properties. Once they understood the impact that real estate investing could have on their lives, they went from a handful of investments to 83 investment properties worth over \$10 million in just five years.

A first generation immigrant and his wife arrived in the U.S. with just \$150 in their pockets. Now the couple and their sons are living the American dream, owning several million dollars worth of real estate and running a property management company.

These investors all had one main thing in common: a burning desire and readiness to change their lives. They each had a firm and clear vision to succeed as real estate investors and were ready to work toward that goal. If you want success, you too must have the desire to achieve and the readiness to act. You may already have the desire, but haven't taken any action. Because the primary obstacles to action are doubt and fear, you must first change your thinking before you can change your balance sheet.

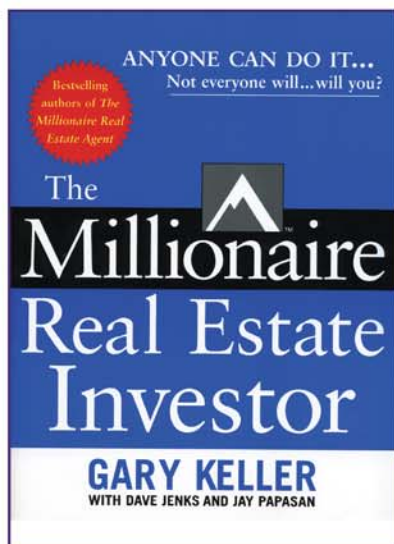
Modeling: The Key to Success

One of the primary ways to change your thinking is to be willing to learn from the experience of others. Each of Keller's investors follows proven models for selecting, buying and owning real estate. It's important to note that a proven model isn't a guarantee, but rather a system or method used to produce desirable and repeatable results. Using a proven model built on the best practices of high achievers will almost always maximize your chances for big success over



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time, because they provide the actions that are shown to yield intended results. Successful real estate investors are successful in large part because of where they focus their actions. According to the overachievers interviewed in "The Millionaire Real Estate Investor," effective real estate investing depends on criteria, terms and network.

The immutable characteristics that define the property you're seeking makes up the "criteria," such as type of dwelling (single family or multi-family residence), type of construction, features and amenities. Criteria will help you narrow your choices to properties that present the lowest risk and greatest opportunities.

The second factor, "terms," define how you will turn an opportunity into a deal. Terms are negotiable and include purchase price, interest rates, occupancy and closing costs. Keller's investors assert that terms can turn an opportunity with modest criteria into a great deal. They set the stage for the deal and can make the difference between a gamble and an investment. Remember, with investing you make your money going in, not coming out.

The final element is "network," the people who help you in your investing. The success of a Millionaire Real Estate Investor is greatly affected by the quality of his or her team, which includes not only the real estate agents, contractors and property managers, but also mentors, advisors and information sources.

By following the model of focusing on these three criteria, successful real estate investing becomes much less of a mystery and much more of an attainable goal.

Addressing Doubts and Misconceptions

If there are two hurdles that have the power to derail your goals and dreams, they're doubt and fear. Almost without fail, all of the Millionaire Real Estate Investors reviewed in Keller's book expressed the need to overcome potentially debilitating doubts and fears that later proved to be unfounded. If you'd like to model the Millionaire Real Estate Investors in Keller's book, you should address your underlying beliefs that can keep you from achieving your dreams by keeping you out of action.

Eight primary limiting beliefs were uncovered, which Keller calls "mythunderstandings," because part myth, part misunderstanding. These fall into two categories: mythunderstandings about the way you view yourself as an investor, and mythunderstandings about the way you view investing.

Personal Myth #1: "I don't need to be an investor. My job will take care of my personal wealth."

Truth: History indicates that few jobs pay enough to create true financial independence. Financial wealth building depends on another vehicle.

Personal Myth #2: "I don't need or want to be financially wealthy. I'm happy with what I have."

Truth: Financial wealth offers greater opportunity to care for yourself and others, and that is something most everyone wants and needs.

Personal Myth #3: "I can't do it." **Truth:** You don't know what you can or cannot do until you actually try.

Investing Myth #1: "Investing is complicated."

Truth: Investing is as complicated as you make it.

Investing Myth #2: "All the best investments require knowledge most people don't have." **Truth:**

Your best investments will always be in areas that you can or already do understand.

Investing Myth #3: "Investing is risky. I'll lose my money." **Truth:** Investing and gambling are not the same thing. Investing, by definition, is not risky.

Investing Myth #4: "Successful investors can time the market." **Truth:** Timing isn't about being in the right place at the right time. It's about being in the right place all of the time.

Investing Myth #5: "All the good investments are taken." **Truth:** Plain and simple, every market, at any time, has its share of good investments.

Once you are ready to start a new life as a Millionaire Real Estate Investor and believe that it is both probable and possible for you, then take the steps to reveal the truth behind your "mythunderstandings." When you've accomplished these actions, you're ready to embark upon the first stage on the path to becoming a Millionaire Real Estate Investor.

Stage #1: Think Like a Millionaire

The first stage in becoming a Millionaire Real Estate Investor is thinking like a Millionaire Real Estate Investor. The right thinking starts with a belief that you can achieve your goals and moves into the action of directing your thoughts toward the path of achievement.

Have a Strong Motive. High achievers are motivated by a need -- rather than a want -- to succeed. Whatever your motivation, it must be big enough to keep you going in the right direction, even when times get tough.

Think Big Goals, Big Models and Big Habits. If you want a big life, start with big goals. Keller's

investors started with specific, measurable targets and committed to using proven systems, or big models, to achieve those targets. By establishing big habits based on the best practices of the big model, they were able to build wealth in a proven, systematic way.

Think Money Matters. Millionaire Real Estate Investors spend based on their investment priorities. If you're an investor, you must think money matters enough to make investing a priority.

Think Net Worth. Millionaire Real Estate Investors understand that their net worth is at the core of their investment program. Track your net worth regularly and see which investments have the greatest positive impact on growing your net worth.

Think Real Estate. Millionaire Real Estate Investors have the passion and drive to achieve success because they understand and believe in the power of real estate investing as a tool to increase their personal wealth.

Think Value, Opportunity and Deals. There is a process to investment thinking that will save time, reduce risk, and keep you focused. You must know value to recognize opportunity, and you must have opportunities before you can do deals.

Think Action. Each Millionaire Real Estate Investor took the right actions. True investors take action, minimize risk and they buy based on investment value.

Keller's Millionaire Real Estate Investors think differently from individuals whose financial goals never materialize. Unlike doubters, Millionaire Real Estate Investors use thoughts that set the launch pad for their desired results.

Posture Like a Millionaire Real Estate Investor

Thinking like a Millionaire Real Estate Investor is not a part-time undertaking. Instead, it is something that you should do all the time. If you posture like a Millionaire Real Estate Investor, it will impact your life more significantly than a part-time investing formula. Think like a Millionaire Real Estate Investor on a full-time basis and you'll be ready to implement the next stage of growth in becoming a Millionaire Real Estate Investor.

In the next two issues, we'll discuss Keller's next three stages in the Millionaire Real Estate Investor model.



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To arrange a mortgage planning consultation on strategies discussed in this article, please give me a call.