

Letter from the Editor

Happy February! We hope you had a wonderful Valentine's and President's Day holidays.

January was very favorable for us. We closed four loans, which totaled \$1,154,000. They were all first trusts. Three of the loans were fix/flip loans and one was our first-ever transactional loan! You can read more about this loan in the Deal of the Month section.

CHUCKLE'S CORNER

"The best time to plant a tree was 20 years ago. The second best time is now." - *Chinese Proverb*

FOOD FOR THOUGHT

We are new sponsors of the Northern Virginia real estate investment club TRACTION REIA. Beginning in June, we will be the only hard money lender sponsor. The club holds monthly meetings that attract an average of 100 attendees, most of whom are new to the investment space. We will lead brief presentations of 5-10 minutes at each meeting.

We also have some upcoming speaker engagements. On March 1, we will speak about the X's and O's of hard money lending to a Woodbridge, VA REIA. On April 14, will be at our third Think Realty conference in Baltimore, MD, where we will have at least one speaking engagement. We may also be participating on an expert panel for hard money lenders. Stay tuned for additional details!

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5 Mistakes That Will Prevent You From Attracting Real Estate Leads

Acquiring leads in real estate can be a difficult obstacle for some people. This is because those who are in the marketing game reap the benefits over time. If you want to compete effectively in your market and become a success story, it is necessary to avoid the following mistakes:

1. Not Answering Your Phone

One of the biggest mistakes someone can make is either not answering their phone or having an answering service. Too many times, an incoming call is a hot lead. It can easily become either a hang up call or a call to a competitor who answers their phone.

2. Not Having a Personal Website

This may be one of the worst offenses. If you're an agent, you must have a personal website. Amateur real estate people are not spending the money to get online and build their online presence. Most of them are not aware of the extent to which not having a website is preventing them from attracting leads.

3. A Nonexistent Online Presence

There is nothing worse than having a nonexistent online presence. This is guaranteed to hurt your overall success. The amateurs seem to not have social media accounts, websites, profiles, or business listings online. To get the upper hand amidst local competition, the key is to be everywhere.

4. No Business Cards or Terrible Business Cards

How and why people do business without business cards is beyond me. You, as a real estate professional, must have a way for those who you meet in the market to easily contact you. A business card is a short, sweet intro to who you are and what you do. Additionally, steer clear of cheap business cards. The idea is to promote yourself with your business card.

5. Not Networking

We have a decent-sized business, but I spend about 20% of my time going to Real Estate Investment Associations (REIA's) or meeting with other investors for lunch, dinner, or coffee (even though I do not drink coffee).

The question most people ask is, "Where do I start?" When things get confusing, so many of us just throw our hands in the air and give up. I recommend the following ideas: stay on track, get a website, build your online presence, network with at least one person every day, read at least one or two books or investor magazines per month, and follow a great real estate website, such as thinkrealty.com or biggerpockets.com daily.

There Is No Tomorrow To Remember If We Don't Act Today

In last month's article, I discussed a potential market peak. That raised some interesting questions from our readers that I'll address this month. Readers asked how I think the market looks for 2018. They also wanted to know how we plan on proceeding with our own flips and investments in light of a potential market peak.

The DC/MD/VA market is "tight" right now. There are many fewer listings than there are buyers for them. All of our inventory has sold and the properties that our borrowers have on the market is selling fast. Sometimes we see a slow-down in the market when inventory levels get low because buyers want to wait until more product comes on before making a selection. We have not seen this at all.

A lengthy government shut down in our region has been averted so I think our local market looks like it is strong and solid for the next 3 months. Some neighborhood prices have stabilized and in other areas there are minor adjustments both up and down. Even with interest rates rising slowly, our market prices are firmly supported through late spring.

What do we do today to plan for future gains and maintain our same risk profile? We continue to add value to the properties that we buy so they are profitable when we sell them. We buy them with a plan in mind on what kind of improvements to the property will raise the values the most.

We don't overpay for properties based on the hope of a market upswing or some unanticipated savings in the construction phase of the project. We simply make sure that the price we are paying today is a good price with upside that meets our profit goals. We also make sure that we are not entering projects with very long completion schedules.

Additionally, we consider what might happen in a market downturn. We determine if we would prefer to quickly liquidate the property at a lower than projected profit margin or if we would prefer to keep it as a rental.

There is not enough market uncertainty at this point to move to the sidelines. It is still a great time to invest in residential assets in our region. So, we keep moving forward today with an eye to the future so we can respond quickly to market changes as they happen.

INVESTOR SPOTLIGHT

This month, we are welcoming our youngest-ever investor, Dillon Jacknin. Dillon is a 20-year old sophomore at the University of South Carolina, who also happens to be Sam's son. Welcome, Dillon!



DEAL OF THE MONTH

In January, we completed our first transactional loan. Transactional funding is a very short-term loan to facilitate a real estate deal. Real estate wholesalers need this type of funding when they have a house under contract and a buyer lined up to purchase the house immediately.

Our transactional deal was from a wholesaler who had a developer buyer lined up for 7577 Alleghany Road in Manassas, VA. Our loan was out for exactly 24 hours. That's right - we funded the loan and received the proceeds within a day. We made a few points on the deal and the money was returned.

DECEMBER DEALS



9412 Brentsville Rd..



1709 Gould Dr.



1819 Anderson Rd.



7577 Alleghany Rd.