



Landlording on Autopilot

A simple, No Brainer system for higher profits and fewer headaches

Mike Butler

John Wiley & Sons, Inc. 2006

231 pages

Rating

9 Importance
8 Innovation
9 Style

Focus

Leadership & Management

Strategy

Sales & Marketing

Finance

Human Resources

IT, Production & Logistics

Career & Self-Development

Small Business

Economics & Politics

Industries

Global Business

Concepts & Trends

Take-aways

- The true path to financial independence involves ownership of real estate.
- Prioritize to set an objective in investing. Ask yourself, “Where do I want to land?” Properly thought out and stated, goals clearly set out your intentions and desires; the things you really want to achieve. Knowing what you are trying to do means that you can now ask: “does this activity get me closer to my objective?”
- A good landlording system is the secret cornerstone of wealth-building program.
- Putting a landlording on auto-pilot became an ultimate objective in achieving financial independence.
- Have a knowledge on depreciation. Land is not considered an expense, nor can it be depreciated.
- Good bookkeeping system is a must. It’s a financial catastrophe in a tax audit if you have inadequate supporting documentation.
- You must learn about tax strategies to manage and reduce your tax.
- You should familiarize the difference between earned income versus passive income.
- CPA is an expert in real state investing.

Relevance

What you will learn

In this summary, you will learn

- 1) What are the importance of objective setting
- 2) What is all about depreciation
- 3) How to have a good bookkeeping system

Summary

 iflipufip
THE PODCAST

 AC
ANDREW CORDLE

Goal setting is a must

What kind of properties that you would like to hold long term? Do you want a low-income area with high management and low appreciation, but excellent cash flow; or do you want a nice environment to be less managed, and less cash flow with high appreciation and depreciation? Be wise in goal setting. Understanding the importance of goal setting and knowing how to set goals for yourself is crucial to target your goals. Setting goals for yourself is a way to fuel your ambition. Goal setting isn't just about creating a plan for your investment and holding yourself accountable, its also about giving us the inspiration necessary to aim for things you never thought possible.

Buy wholesale, sell retail

With single-family houses, buy at wholesale prices and if the opportunity arises you can sell these houses at retail prices. You can buy a wholesale, rent it for a while, and then sell it a full retail price. You shall desire to flip or maybe fix and flip for a profit.

Vacancy Factor

If you are investing in multifamily housing, apartment complexes, or commercial properties, you should include a vacancy factor for your market. With single-family houses, you don't include a vacancy factor because you want your tenants to stay forever.”

What do you use that “vacancy” money for? What happens if your tenant damages your unit when they are living? You can take money out of their security deposit, but you do have to get a place rent-ready to accept new tenants as quickly as possible. You can't always wait for a tenant to reimburse you. Secondly, it can take time to get a rental unit filled. You have to advertise, have showings, screen tenants, etc. Sometimes its possible to get a rental filled with 0% vacancy, but other times it takes a while to find that really great tenant. And that's what you want -- not to just put “anyone” in the rental unit but to get the best tenant possible.



Investor/Property manager vs landlord

Never call yourself a landlord. Always identify yourself as the property manager. Use the KISS (Keep it Simple, Stupid) Method and don't make it complicated for yourself. Landlords often have an impression as evil. This is not necessarily true. A landlord is a negative connotation if the person doesn't fix things, harasses the tenants, or violate fair housing or other laws. You shall say things like "I know the owner" or "I'm just the property manager".

Landlording System

Tasks delegation to tenants

Give them more ownership in decorating their home. Delegate tasks to our tenants who have more disposable time.

Mail in payment monthly

You could train your low income tenants to mail in payment monthly. The idea of having tenants mail a check on time with a note to hold it to a date a few days out if they get paid a few days later will make collection better.

Reward system (Annual Holiday Bash and Rebate)

Appreciation is a fundamental human need. Tenants respond to appreciation expressed through recognition because it confirms that they are valued. When they are valued, their satisfaction rises. Tenants are not your customers. Tenants are your employees. Value them. Have an annual holiday bash to your employees. Value and appreciate them. Soon, they make your life easier and more profitable. On the other hand, the rent rebates to reward long term tenants. Giving a free month rent every three years is possible.

Sense of belonging

Giving the tenants a sense of belonging will make them stay comfortable and longer in your units. Start calling the unit their home instead of "our house".

Written notes and letters

Always use written notes and letters to form a paper trail just in case a tenant causes legal problems. This is a good way of record keeping.

About the Author

Mike Butler is an author, coach, real estate investor and speaker.