

CERTIFIED MORTGAGE PLANNER[®]



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by Marian Snow

REAL ESTATE Still The Bedrock of Our Security

Mark Twain, in his sage wisdom, retorted, "Buy land ... they're not making it anymore." Even though there has been a recent downward adjustment in real estate values in many areas, one age-old fact still remains true. Real estate is the best long-term way to build wealth. It's the time-tested path to solid security for everyone from the first-time homeowner to multi-millionaires.

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The current housing climate presents opportunities we may not see again in our lifetimes. Let's talk about five of the reasons why real estate still is the bedrock of our security, why we're extremely lucky to be living in this unique time in history and why smart homeowners should be looking to expand their own real estate investments. Here are five of those reasons:

1 Real Estate is a Familiar Friend. We always need a roof over our head and real estate all around us. We can touch it and its value isn't dependent on protection from corporate theft or takeovers. As long as it's insured, it is a permanent tangible asset. It's easy to understand, identify and pretty simple to find and buy. We all can tell a good neighborhood from a bad one and whether or not a property is desirable... just by viewing it and the street where it sits.

Over time we've seen values surge as much as 20% in just one year, but those abnormalities eventually adjust back to reality, resulting in an overall long-term upward trend. The *housing price index* (HPI) for the entire country, as calculated by the Office of Federal Housing Enterprise Oversight, has recorded the 30-year historic growth of residential real estate at 5% per year. Investors should look for value purchases and avoid purchases any time prices are spiking. It's usually the speculation lemmings that get caught holding the bag when chasing quick profits.

2 Just Say "No" to Flipping Temptation. Avoid buying distressed or foreclosed homes hoping to sell for a quick profit. The better approach to your real estate purchase is a plan for longer-term wealth creation. I know it's not as exciting as the prospect of transforming pennies-on-the-dollar properties into fast cash overnight, but this plan sets you up for more likely success and safety. The time tested buy-and-hold strategy proven by history won't leave you in the lurch like many starry-eyed hopefuls who were lured into gambling for a long-shot big return.

3 Seldom Seen Second-Chance. How many times have you passed on an opportunity and later regretted the decision? Well, the recent fall in real estate prices just may be time for potential real estate investors to get serious again. Smart, forward-thinking folks who buy during this downturn will likely rake in some serious returns in the future. It may be a while before large returns are realized, but it will likely outperform the stock market in the next decade or so.

Real estate trainer and investor, James Smith, advises his investor students to locate future tenants before even searching for a property to purchase. Many homeowners who bought homes

Marian Snow is the bestselling author of "Stop Sitting on Your Assets." For a preview copy of her bestselling book that includes the audio book, visit: www.FreeStopSittingBook.com.

they couldn't really afford will become renters again. The demand for rental properties will be on the rise, so begin by seeking out families who would love to rent a nice house but who cannot scrape-up enough money for a down payment. You'll start with built-in tenants and income from day-one to cover your mortgage payments... even before you sign a sales contract.

4 You're Likely Sitting on Your Assets. You can make real estate investment a long-term plan in more ways than just implementing a buy-and-hold strategy. Begin by rounding up underperforming cash from several sources. The first place to look is the current equity in your own residence. That cash may be allowing you to keep a nice low monthly housing payment, but you should seriously consider alternatives for utilizing and leveraging that cash into greater long-term returns and safety. Your Mortgage Planner can assist you in strategizing on your plan for repositioning your assets.

There's a huge benefit in using OPM or "other people's money" and rolling it into more buildings with higher values as time passes. Targeting a paid-off property is not the choice I make with my personal wealth plan, but you must follow your own comfort level in your investment choices.

5 Real Estate Risk Reducer. Property ownership liberates you from the roller coaster ride returns of the stock market. Did you know you could also diversify among geographic markets with your real estate just like you can diversify a stock portfolio? Locate excellent rental management near the property location. This additional cost may cut down on your return, but it frees up your time, reduces your stress immensely and tears down the barriers of geography.

Look for towns that are investing in local infrastructure, attracting new employers, offering job stimulation and are in close proximity to at least one university or college. Major employment loss and economic downturns are less likely in a city like this. From state-to-state and city-to-city, real estate values may fluctuate independently of each other.

Use these considerations to find the risk-reward scenario that works for you. ■



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One of the greatest compliments I can receive is a personal referral to one of your friends who may