



# BP Podcast 200: A Step By Step Guide to Buying Your First Real Estate Investment

## 1. On Commitment

"An individual needs to decide that they need a complete life altering change. They need to decide that they are done with the rat race. Once they have that conviction, then start looking for deals! Looking for deals won't happen if they don't first have that need/want to change their life. So start there and everything else will fall into place!"

- [Tim Puffer](#)

"Am I absolutely, out of my mind, passionate about real estate investing?"

- [Brian Beadle](#)

### Links/Books Mentioned:

- [BiggerPockets Webinar](#)
- [The Compound Effect by Darren Hardy](#)

## 2. Knowledge

"The most important, and IMO the most often overlooked on a first deal is knowledge and action. I believe you should arm yourself with books that are highly regarded by people on this site and be careful to not to pick up analysis paralysis... Grab a book. Learn, study, review."

- [Scott Hollister](#)

"Continue to get educated: Find a local mentor. Download BP's REI books. Listen to the podcasts. Sit in at a local REIA meet-up."

- [Radley Estrada](#)

### Links/Books Mentioned:

- [BiggerPockets' Best Real Estate Books to Read](#)
- [BiggerPockets Podcast](#)
- [BiggerPockets Blog](#)
- [The Ultimate Beginner's Guide](#)
- [BiggerPockets Forums](#)

- [BiggerPockets Meet](#)
- [BiggerPockets Events](#)
- [BiggerPockets Local REIA List](#)

### 3. Get Your Life in Order

"Very first should be in lines of getting your life in order and ready to invest. Get your personal finances in order, budget wisely, and save money."

- [Julie Marquez](#)

"I would say the best thing is to have your home life in good standings as well as to make sure you have an emergency fund set up in place of about 3-6 months of income in cash reserves."

- [Kevin Maxwell](#)

#### Links/Books Mentioned:

- [Mint](#)
- [BiggerPockets Blogs: Personal Finance Category](#)

### 4. Decide on What You Want with your life

"To me, the single biggest decision that must be made before one starts investing is "What do I want my life to look like?" To many folks start down an investing path that "more is better". We look at that guy with 100 houses and say "Wow, that guy's a success!". And he may be....but he might not be as well. What if he is running around working 100 hours a week and cash flowing the same amount that he earned in a 40 hour work week when he had a day job? Is that still successful. Before deciding anything else, I think someone starting out needs to decide what success is to them (not to the world at large) and then formulate a strategy to create that picture of success."

- [Michael Wagner](#)

#### Links/Books Mentioned:

- [Lifeonaire by Steve Cook](#)

### 5. Decide What Niche/Strategy is Going to Get You There

"Decide how hands on you want to be."

- [Dave Bond](#)

"After listening to the podcasts I've learned that being consistent and sticking to a game plan and not getting the "shiny object syndrome" will help me remain on the right path."

- [Andrew Hall](#)

"Don't try to be jack of all trades, find one or two and stick with them."

- [James Syed](#)

#### **Links/Books Mentioned:**

- [The Ultimate Beginner's Guide](#)
- [BiggerPockets Forums](#)

## **6. Set Your Goals**

"It is extremely important to decide on a plan or method and then set a S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Time based) goal that puts the ideas to paper and defines a path to get there, this must be written down" he goes on to add, "When do they want to do a deal, in the next 24 hours (yes this is possible for almost anyone), or in the next 5 years?"

- [Waylon Gates](#)

"Decide what your goals are. Do you want buy and hold, to you want to flip at the beginning then move to buy and hold. How do you see your real estate portfolio looking. What are the quantifiers you need to hit to have a "successful" property. Do you want a certain cash on cash return, or a certain ROI, or a certain amount of passive income each month. Figure out what you want."

- [Ben Haner](#)

#### **Links/Books Mentioned:**

- [The ONE Thing by Gary Keller and Jay Papasan](#)
- [Establishing a Buying Criteria](#) (blog)

## **7. Choose Your Farm Location**

"Find areas that you can see yourself succeeding, it can be different based on what REI strategy you use."

- [Michael Strobel](#)

"There are places I will not buy regardless of numbers. If I would not live in the unit, I won't buy it. Remember the quality of the unit and location matter to many and you want the best tenants possible."

- [John Thedford](#)

"I always tell my Clients to find their market area first. What is it they want to do? If they decided to do buy hold, What tenant population do you want or can handle? This usually determines the price you can afford."

- [Jennifer Lee](#)

**Links/Books Mentioned:**

- [BiggerPockets Meet](#)

## 8. Figure Out Your Financing

"Figure out your financing and define a budget - will you use cash to buy and renovate? Will you use a construction loan? Will you use a hard money lender or private lender?"

- [Justin Eaton](#)

"Make sure your money is available. In most cases, you're going to have to put up some cash. Make sure it's readily available to you because the deal can fall apart pretty quickly if it isn't. Don't wait until you're in the deal to raise the money. If you do online banking only in lieu of a traditional brick-and-mortar bank, make sure you can withdraw or transfer the funds without delay."

- [Chris Low](#)

**Links/Books Mentioned:**

- [The Book on Investing with Low or No Money Down by Brandon Turner](#)
- [The Ultimate Guide to Funding Your Deals](#) (Guide)

## 9. Get Your Core Team Together

"This may seem obvious, but make sure your team is in place! It might be tempting to "poke around" a little bit if you're unsure about jumping in to your first deal, but if you take that approach and do find a deal, you'll have to move on it quickly in most markets. So the time to get your team together is BEFORE you start looking at properties. You need an agent (unless you are one), a contractor and financing (unless you're using all cash) at a minimum."

- [Chris Low](#)

"Working with a good agent is always the best way to get into ANY opportunity. Off-market deals happen all the time, and investors can spend \$\$ marketing, but in all my years, it has always paid off to be in the know with a local agent."

- [Rick Santasiere](#)

#### Links/Books Mentioned:

- [How to Build a Rock Solid Real Estate Team While Investing From Afar](#) (blog)
- [Assembling your Real Estate Investing Team](#) (blog)
- [BiggerPockets Meet](#)
- [BiggerPockets Events](#)

## 10. Start Looking for Deals

"Search the MLS portal, zillow, trulia, etc, visit these homes, run the numbers on them, and come up with offers on homes that work based on your numbers and desired profit."

- [Justin Eaton](#)

#### Links/Books Mentioned:

- [Zillow](#)
- [LoopNet](#)
- [Driving for Dollars](#) (blog)
- [Ultimate Guide to Direct Mail Marketing](#)

## 11. Estimate Rehab Budget

"If you do not have construction experience, Consider bringing a contractor or home inspector along for a second visit on the house(s) that you will be making an offer on so that your renovation budget is accurate."

- [Justin Eaton](#)

#### Links/Books Mentioned:

- [The Book on Estimating Rehab Costs by J. Scott](#)
- [How I Analyze a Rental Property](#) Forum post by Brandon Turner

## 12. Run the Numbers

"Know your market and how to evaluate a property. You have to be able to determine if you are really onto a deal or not."

- [Ian Walsh](#)

#### Links/Books Mentioned:

- [BiggerPockets Analysis Tools](#)
- [Calculating Numbers on a Rental Property \[Using The Four Square Method!\]](#) (video)

- [BiggerPockets Youtube Channel](#)
- [The 70% Rule: One Critical Formula Investors Need to Know](#)
- [BiggerPockets 70% Calculator](#)
- [2% Rule? 50% Rule? Here's the #1 Real Estate "Rule" I Use to Assess Property](#) (blog)

### 13. Review Your Numbers with Someone

"Run the numbers. Once you know what you want to do with the property, run the numbers. And run them again. And have someone else check your math. Use tools that are available to you, like those on the BP website. The more deals you analyze, the better at it you'll become."

- [Chris Low](#)

"Have I reviewed my numbers with someone who has many years of experience being successful in REI and do they agree this is a wise investment?"

- [Zach Fetchu](#)

"If you have been going to real estate meetings then you should be able to find someone there that you can bounce ideas off. I was lucky that one of my friends has been doing real estate deals for a while and I was able to use him as a sounding board for a lot of my issues."

- [Ben Haner](#)

#### Links/Books Mentioned:

- [BiggerPockets' Real Estate Deal Analysis and Advice](#)

### 14. Make The Offer

"Got to have the guts to make an offer. Most talk more than they do and missed the best deal which is the first deal."

- [Sam Shueh](#)

"Using your template and your goal numbers you will have a good idea of where you are comfortable (offering). Make sure you have a little wiggle room(your mentor should be able to help you determine a good amount to room) and go with it."

- [Ben Haner](#)

"Be prepared to move fast if the deal is a steal. If you don't, someone else will. When I have found properties I wanted that were right, I made sure I had funds and then wrote contracts."

- [John Thedford](#)

#### Links/Books Mentioned:

- [BiggerPockets Lead Manager](#)
- [How \(and Why\) I Offer on Properties BEFORE I Ever Step Foot in the House](#) (blog)

## 15. Negotiate and Get It Under Contract

"Negotiate the deal!"

- [Justin Eaton](#)

**Links/Books Mentioned:**

- [How to Negotiate: 7 Real Estate Negotiation Tips](#) (blog)

## 16. Manage the Due Diligence Process

"Who are the inspectors I need to hire after getting it under contract? How do I find those inspectors? What type of home insurance do I need to get on it? Do I need to get general liability insurance too? How much does this all cost?"

- [Joe Fairless](#)

**Links/Books Mentioned:**

- [The Book on Managing Rental Properties by Brandon and Heather Turner](#)
- [Due Diligence Checklist](#) (file)

## 17. Keep Yourself Organized

"Create a tracking system. You're going to be signing and reviewing a lot of documents, whether in person or electronically. Have a system set up to manage them so you have all relevant information for a specific property in one place. You'll be surprised how quickly it can become confusing, especially with counter offers going back and forth, disclosures and inspections to review, financing and escrow docs, etc. You can get highly technical, but even a simple manila folder for each property is better than nothing."

- [Chris Low](#)

**Links/Books Mentioned:**

- [Dropbox](#)
- [Google Drive](#)

## 18. Buy the Property

"Take a huge leap of faith and close the deal!"

- [Radley Estrada](#)

### **Links/Books Mentioned:**

- [What's In Your Real Estate Purchase Contract?](#)

## 19. Manage the Property or Rehab

"Will I manage or not? I have decided to self manage at first to get going so I moved to prescreening tenants. Otherwise I would have been talking with Property Management companies as a next step."

- [Shaun Palmer](#)

### **Links/Books Mentioned:**

- [The Landlord's Ultimate 34-Step Property Management Checklist](#)
- [Property Management Companies: Is it Smart to Hire One for Your Rentals?](#)
- [The Book on Managing Rental Properties by Brandon and Heather Turner](#)

## 20. Stick Close to BiggerPockets for Every Step of this process

"We (BiggerPockets) are there for you."

- [Joshua Dorkin](#)

### **Links/Books Mentioned:**

- [BiggerPockets Start Here](#)
- [Forum thread that Josh started for this show](#)