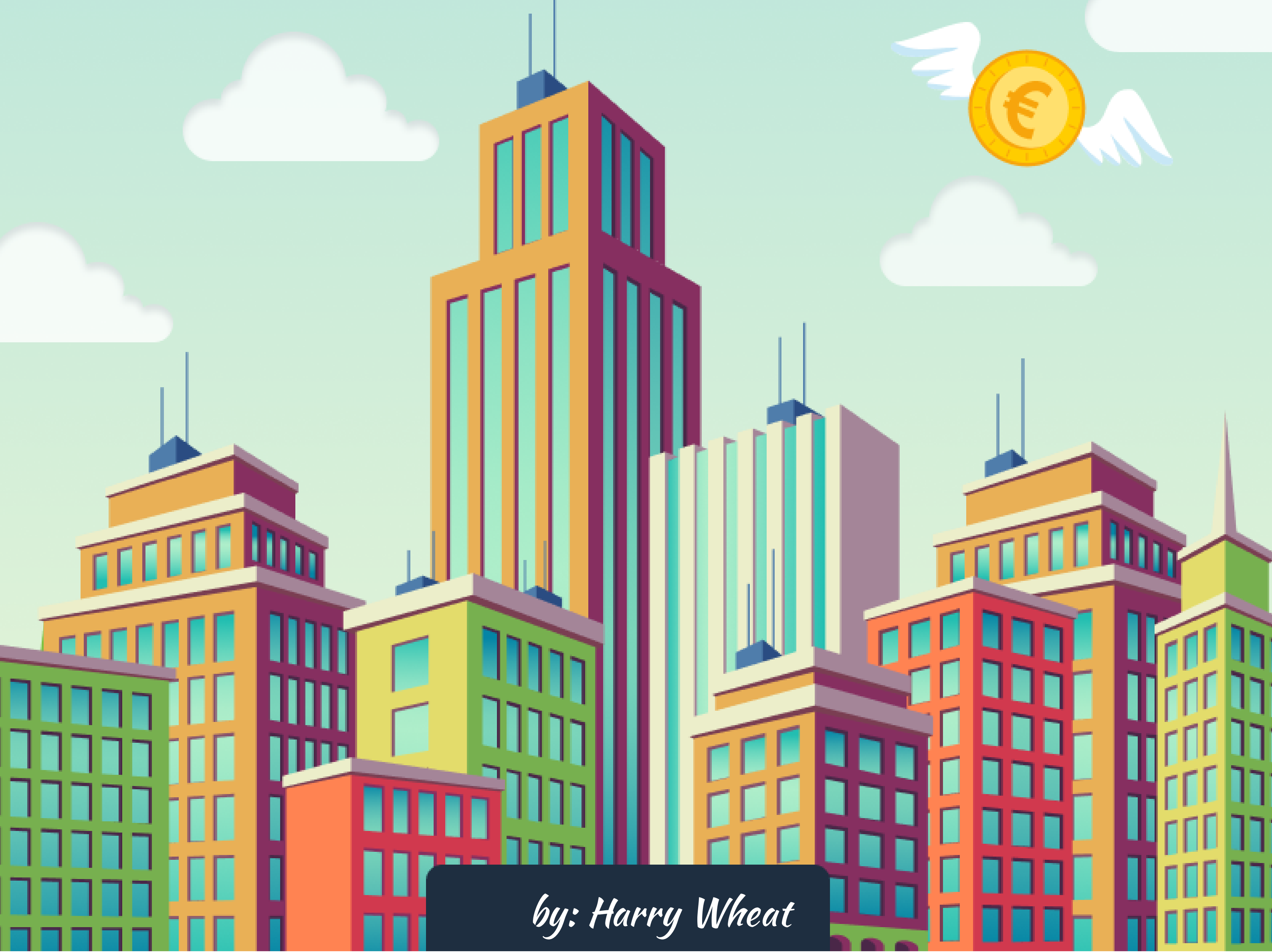
NO MONEY
Down Real Estate



by: Harry Wheat

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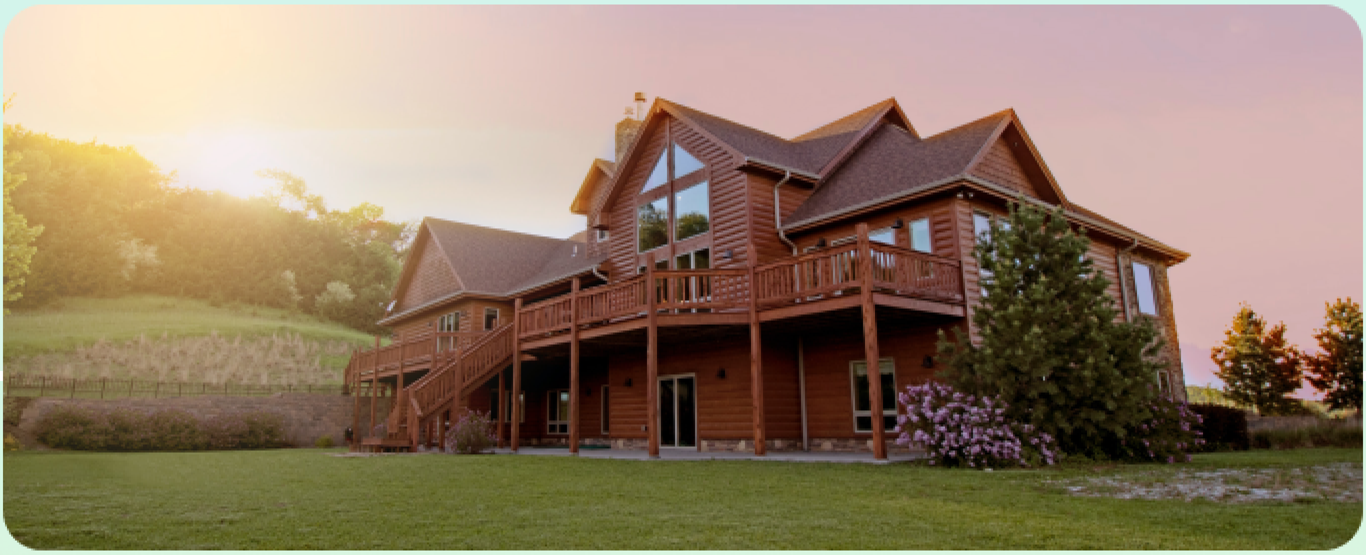
INTRODUCTION

Ask a person about the basic things he needs, and his answer would be these three: food, clothes, and shelter.

As the world's population continuously grows by around 83 million annually, the demand for shelter, especially for real estate properties, is constantly increasing through the years. Some are moving to larger spaces for their families. Some are looking for a lodge to relax. Some want their money to be spent on something worthwhile. Some are finding possible investments that can grow their value over time.



Consequently, this creates a situation which is called by economists the "real estate boom." As more and more people are finding a house, apartment, or condominium to buy, real estate businesses are constantly booming.

Now, what is there when there's also a demand? Opportunities. An opportunity to satisfy the needs of the people. A chance to establish a money-making business.

An opportunity to earn money and amass riches. This opportunity must be seized. One way used by experts in this field to seize these opportunities is by availing real estate properties for a low price and hoping they can get monetary gains. This can be made through renting, flipping, or reselling. However, this requires enormous financial capital, with expenses spanning from the down payments to completing the purchase to the maintenance of the property.

However, what if I tell you that you can start a real estate business deal without bringing even a single cent out of your pockets? This might seem impossible and too good to be true, but the wiser people of this field had mastered this art of "free real estate." Several starters use these methods to start the business from scratch without giving too many initial expenditures. On the other hand, veterans in this field use these strategies to earn money even more through simultaneous investments.

WHATEVER YOUR REASON MAY BE, THIS BOOK IS PERFECT FOR YOU!

This book explains the possible ways to raise funds from others for purchasing real estate properties without the risk of bringing out any personal money (or just a little bit). This also lists the advantages and disadvantages of each method to help you decide the best way to start your real estate business! Note that while every method has its pros and cons, decisions should not be based on which has the most benefits and the fewest drawbacks. Some might have disadvantages that have little effect compared to their advantage or the other way around.

SO, START READING, START INVESTING, AND START EARNING!

Chapter 1

GET SOME LOANS

- Private Lending Entities
- Hard Money Lending
- Online Lending Platforms
- Cooperatives & Credit Unions
- Bank Loans (Mortgages)
- Government Loans
- Seller Financing
- Second Mortgage

In This Chapter

The first set of ways to invest in the real estate business is through loans. A loan is a sum of money that is borrowed by someone (called the borrower) from someone (called the lender) and expected to be returned after a set length of time. While most have interests, some lenders do not charge their borrowers.

In this chapter, we will explore these ways to get some loans. We will also discuss their types and the way to start with them. Lastly, we will also delve into the benefits and drawbacks of each type of loan. The characteristics that will be checked includes:

- Flexibility
- Interest Rates
- “Red Tape”
- Need for Initial Payment
- Checks on Ability to Pay
- Collaterals
- Amortization Period
- Penalties
- Means of Transaction
- Internet Connectivity
- Privacy and Security Risks
- Scam Risks
- Variety of Options
- Law Monitoring

Method #1

Private Lending Entities

Benefits

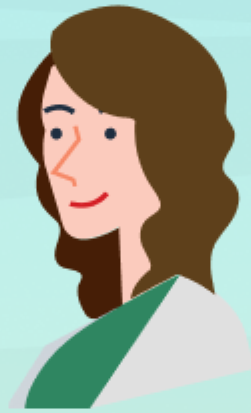
- Highly-flexible Higher interest rates
- No bureaucratic “red tape”
- No initial payment
- Does not check the ability to pay
- Collateral-free
- Zero to low penalties
- Many options nationwide

Drawbacks

- Higher interest rates
- Shorter amortization period
- Risk of privacy and security threat
- Risk of scams
- Not monitored under the law

Expert Tip

In convincing a lender, use elevator pitches (minute-long succinct summaries) of your project; This will help your lender grasp your project's idea quickly and easily



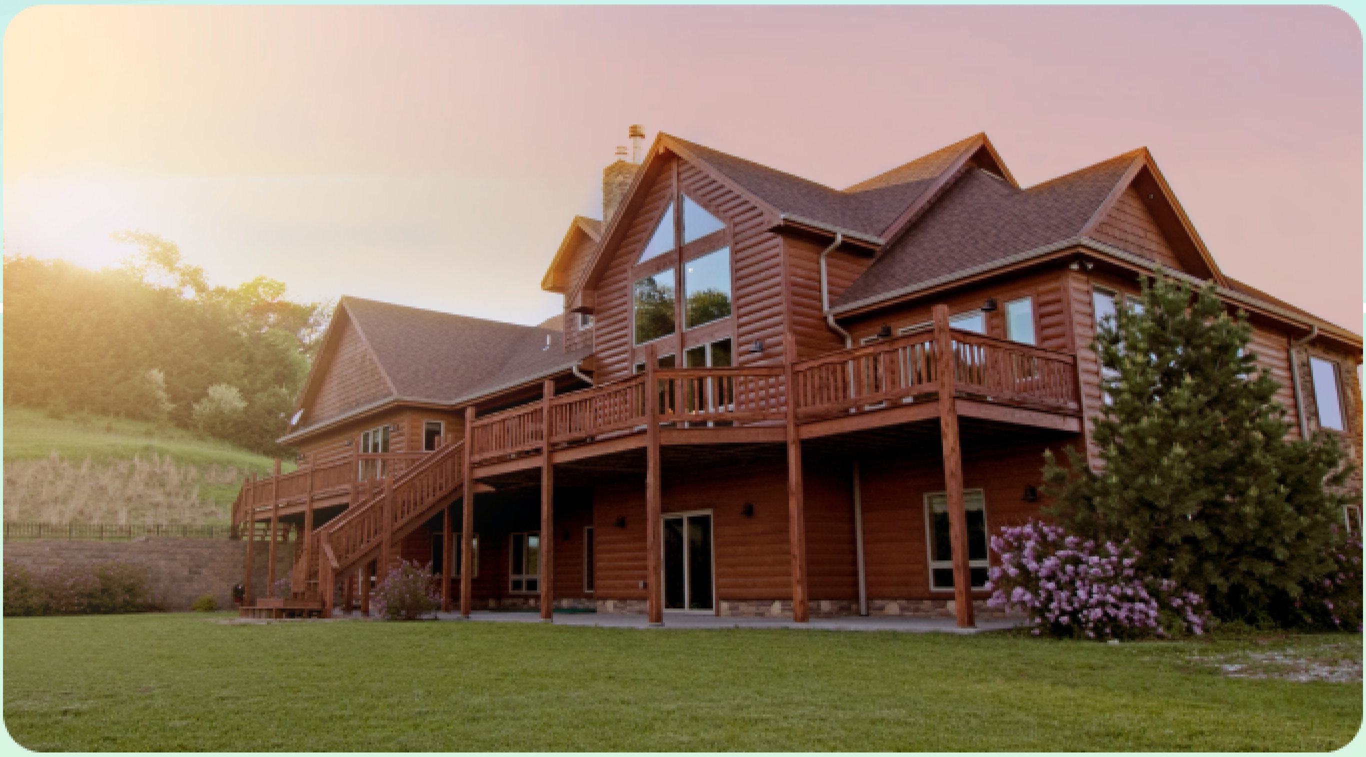
This is, by, far, the easiest method to raise money for your real estate agenda.

Private Lending Entities are individuals or groups that finance and lend other people's investments. As the name implies, they are not related to any public organization or formal financial institutions, mostly lending their money at their own will.

Usually, these entities are acquaintances of the borrower, but they can also exist through Peer-to-Peer (P2P) Lending Platforms. That is why websites like Upstart, Peerform, Payoff, MoneyMatch, and Faircent belong to this category.

These private individuals do not use credit score and salary grade as criteria for lending, so loans can be obtained almost instantaneously. They are also flexible in terms of the interest and the repayment time, but most loans are paid within 3 years, along with the interest that plays between 5% to 15%. Private debts also have low penalties if there are any.

However, there are also potential threats for borrowers due to their unsupervised nature.



Private lending is a two-way gamble between the borrower and the lender. The lenders in this business only rely on trust and potential success (or intervention of platforms for P2Ps). Since they are placing their own money on the line, be sure to use your communication skills to convince your lender that your project is safe and rewarding. Build a connection established with trust to further sweeten the terms of your private loan.

Method #2

Hard Money Lending

Benefits

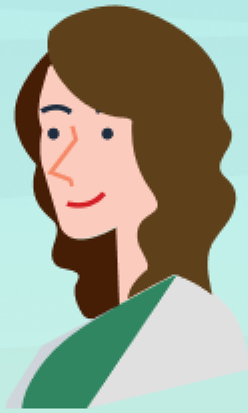
- No bureaucratic “red tape”
- Does not check the ability to pay
- No initial payment
- Many options nationwide

Drawbacks

- Inflexible
- High interest rates
- Risk of losing collateral (Foreclosure of Property)
- High penalties
- Shorter amortization period
- Risk of privacy and security threat
- Risk of scams
- Not monitored under the law

Expert Tip

Only use this strategy if the property is highly-profitable and easy to sell; If the property is hard to sell, it is better to write a foreclosure statement early on



Another quick and easy method is something that draws some parallels to Private Lending Entities – the industry of Hard Money Lending.

But there is this common first impression that Hard Money Lending commerce is some sort of shady monkey business or run by violent loan shark goons. This is probably attributed to the use of the word 'hard,' but it really pertains to the core aspect of this method.

Unlike Soft Money Loans that look on the quality of the client (client's ability to pay), Hard Money Loans are looking for a "harder" assurance — the quality of the property that will be taken as collateral. Lenders appraise the value of the property, then lends the borrower a portion of its value. The lender is also entitled to request foreclosure in case of defaulted payments.

Hard Money Loans are inflexible compared to soft ones and come along at a much higher interest rate of around 8-20%. These are also short-term debts, so most are paid within 36 months and are subjected to pricy penalties in case of late payments.

Lastly, security and scam threats are also prevalent to Hard Money Lending, just like in private loans.

Method #3

Online Lending Platforms

Benefits

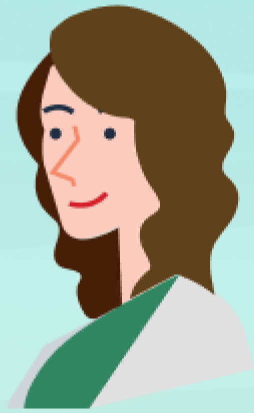
- Highly-flexible
- Zero to low-interest rates
- No initial payment
- Collateral-free
- Longer amortization period
- Longer period
- Cashless transaction
- Many options nationwide
- Monitored under the law

Drawbacks

- Has bureaucratic “red tape”
- Checks the ability to pay
- Reliance on internet connectivity
- Risk of privacy and security threat
- Risk of scams

Expert Tip

Since there are many options for an online lending platform out there, choose the one with the terms that suit your capacities and needs

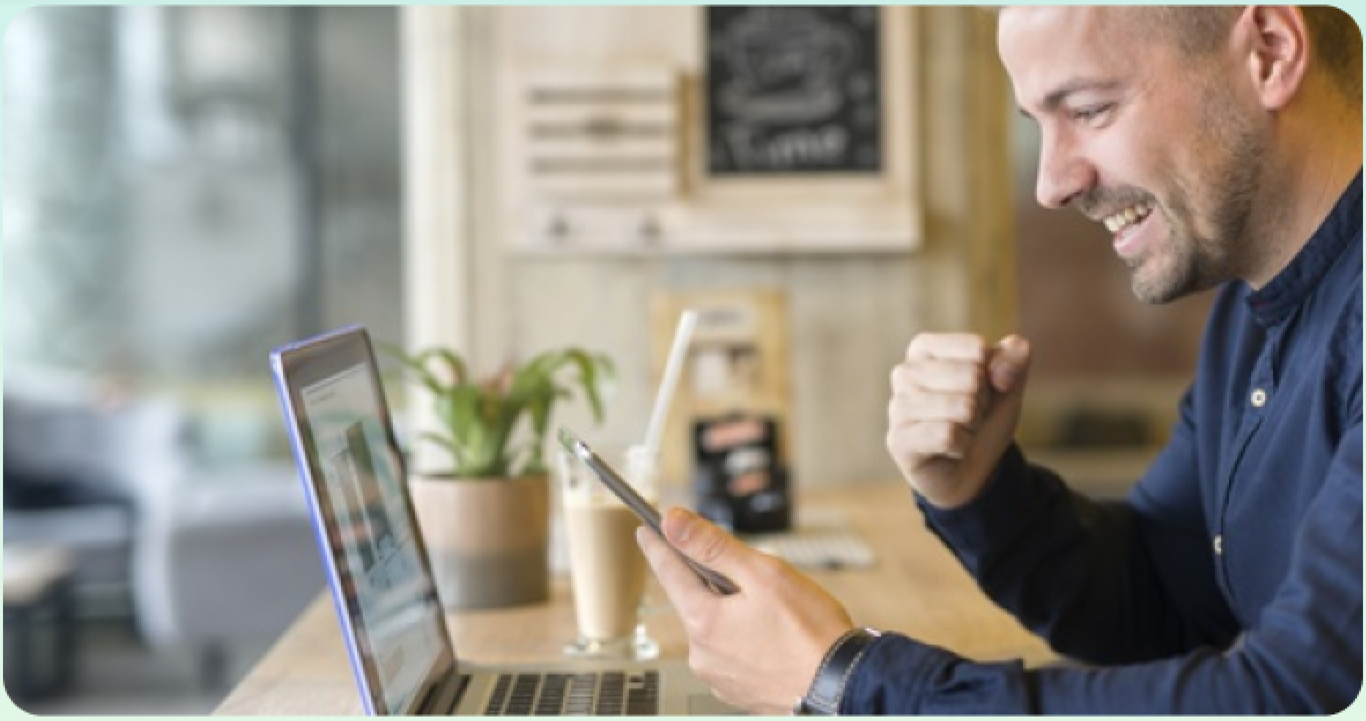


Funding your real estate business can also be a few taps away!

In the age of technological advancement, Online Lending Platforms are on the rise, providing convenient ways to get funds whenever and wherever you need it. These are non-bank financial institutions that offer a variety of loans, including for real estate. Some of the prominent sites on the web include Home Credit, Cash Mart, Avant, EasyCash, and Finzy.

Different platforms have different criteria used in evaluating future clients. They also have different, tailored plans for the client's needs, interests, and repayment time. Usual interests are between 1.5% and 15%, while installments are by 3 months, 6 months, 12 months, 18 months, 24 months, or 36 months. Some websites even offer zero interest deals!

Convenience is the best attribute of this method. Along with the aforementioned plans, transactions can be made online, reducing the hassle of on-site registration and borrowing. Penalties are also minimal, and collaterals are not required.



Still, Online Lending Platforms are formal financial institutions supervised under the law, and therefore subjected to typical bureaucratic processes. However, many of these applications and websites are committed to reducing their requirements and waiting time.

Method #4

Cooperatives & Credit Unions

Benefits

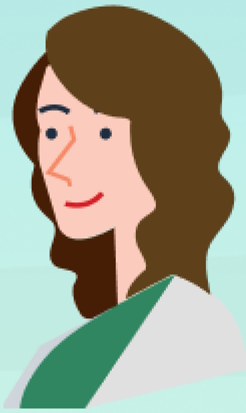
- Zero to low-interest rates
- No bureaucratic “red tape”
- Does not check the ability to pay
- Collateral-free
- Longer amortization period
- Zero to low penalties
- Monitored under the law (In some circumstances)

Drawbacks

- Inflexible
- Requires initial payment (For profit-making ontribution)
- Few options nationwide
- Not monitored under the law (In some circumstances)

Expert Tip

Consider Cooperatives & Credit Unions for your portfolio and income diversification; You can generate income given by the cooperative while engaging in the real estate business

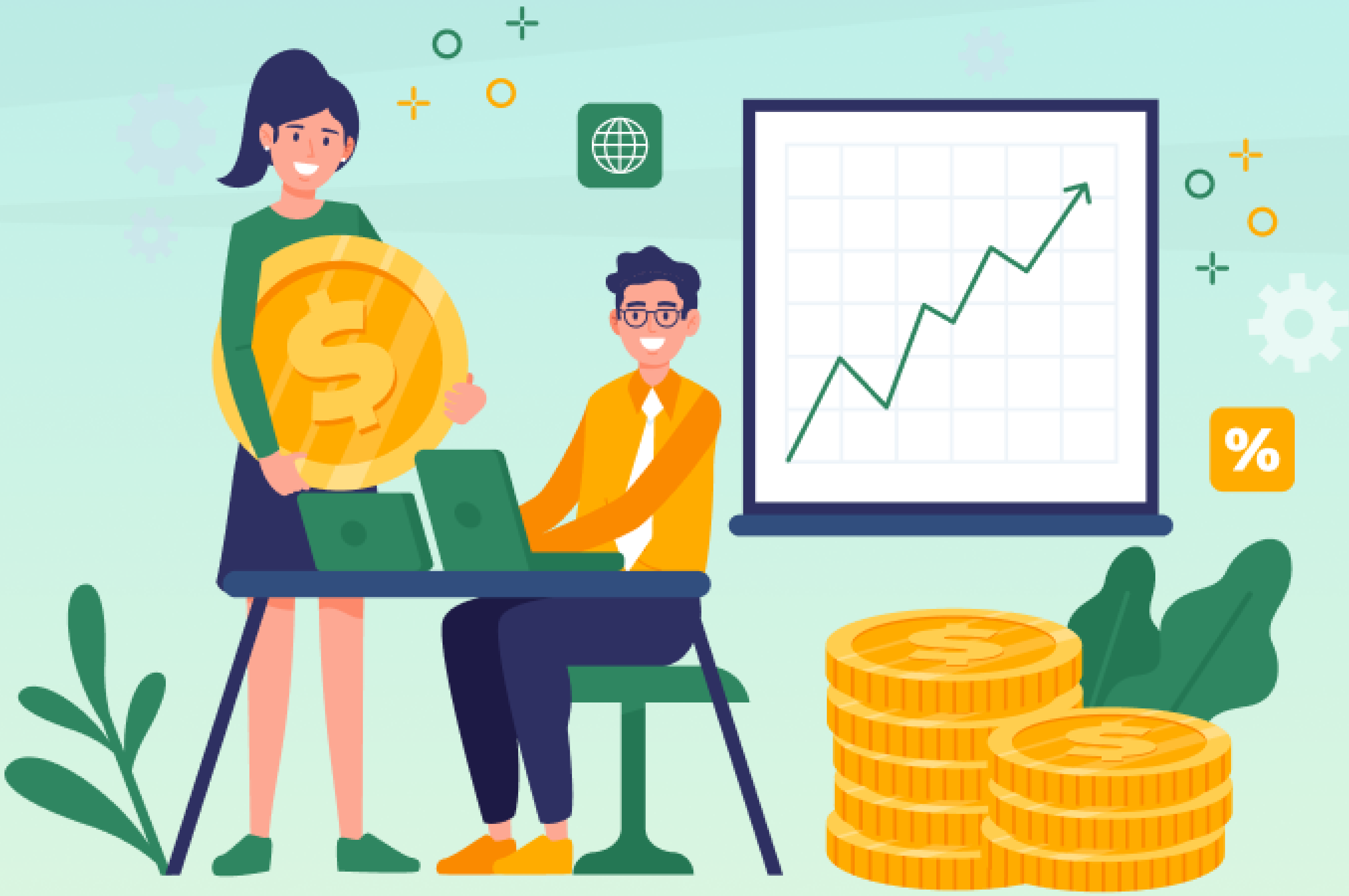


Gaining money might also need teamwork and camaraderie.

Cooperatives & Credit Unions are not-for-profit groups formed by people with "common denominators" to help one another. Usually, they are composed of either relatives, neighbors, colleagues, people with the same nature of work, or have the same income range.

As a not-for-profit organization, their main aim is to sustain help for every member. That is the reason these unions require regular contributions to grow their trust fund, usually given every month. For starters in joining these groups, initial contributions are a worthwhile investment, since followers can earn a monthly "passive" income.

Even they do not intend to gain profits, a minimal surplus is still needed for them to run continuously. This is why most of Cooperatives & Credit Unions offer loans to their members. Loan packages handed to their adherents are usually limited but offers better and more flexible terms than other financial institutions since, again, their goal is to help their members. The interest and repayment period depend on their approved rules, but rates do not go beyond 10%.



Gaining the trust and support from the members of the unions might be helpful for further financing in the future and to get better terms.

Method #5

Bank Loans (Mortgages)

Benefits

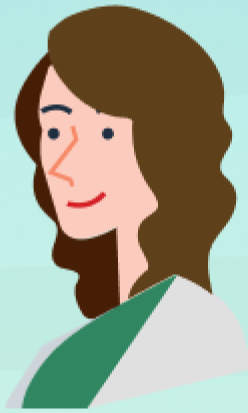
- Zero to low-interest rates (In some circumstances)
- Longer amortization period
- Cashless transaction
- Many options nationwide
- Monitored under the law

Drawbacks

- Inflexible
- High interest rates (In some circumstances)
- Has bureaucratic “red tape”
- Requires initial payment
- Risk of losing collateral (Foreclosure of Property)
- High penalties
- Reliance on internet connectivity (Apps and Websites only)

Expert Tip

Take advantage of banks if your reputation and ability to pay is excellent since there are lower rates



Discussing the first four methods, banks are usually portrayed as a bad choice. But are you also aware of the that they offer?

Banks are formal financial institutions that are closely monitored by the government. Some of the largest and popular banks in the world include JPMorgan Chase and Company, Mitsubishi UFJ Financial Group, Industrial and Commercial Bank of China, BNP Paribas, and HSBC (formerly known as The Hongkong and Shanghai Banking Corporation). There are also purely online banks that are on the rise, like Ally Bank, Marcus by Goldman Sachs, and ING.

Being a formal and for-profit business, they are the epitome of how “red tape” and “selective criteria” works. They want to assure that they will only gain profits and never incur losses. That is why banks are extremely careful and cautious about clients, even checking the client’s ability to pay and their identities and background.

There was even a quote about bankers that were attributed to author Philippe Girardet. He reportedly stated that “a banker is a man who will gladly lend you a parasol when the sun shines, but who pitilessly refuses you an umbrella when it rains.”

Because of these highly-secured terms, the range of mortgage interests is extensive. It can range from 2.5% to 36%, depending mostly on the length of the repayment period, on the bank, and the criteria they use. However, watch out for high penalties. To address this, some traditional banks are expanding their platform using apps and websites to satisfy the customer’s needs, maintain accessibility, and to compete with online banks.

Method #6

Government Loans

Benefits

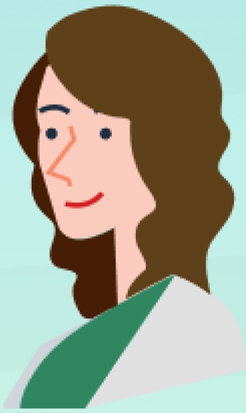
- Zero to low-interest rates
- No initial payment
(Case of state-funded institutions)
- Does not check the ability to pay
(In some circumstances)
- Collateral-free
(In some circumstances)
- Longer amortization period
- Zero to low penalties
- Monitored under the law

Drawbacks

- Inflexible
- Has bureaucratic “red tape”
- Requires initial payment
(Case of trust fund style institutions)
- Checks the ability to pay
(In some circumstances)
- Risk of losing collateral
(In some circumstances)
- Few options nationwide

Expert Tip

Government loans are especially good to use for real estate in rural and underdeveloped areas; Most agencies offer people settling in these areas in exchange for good financing deals

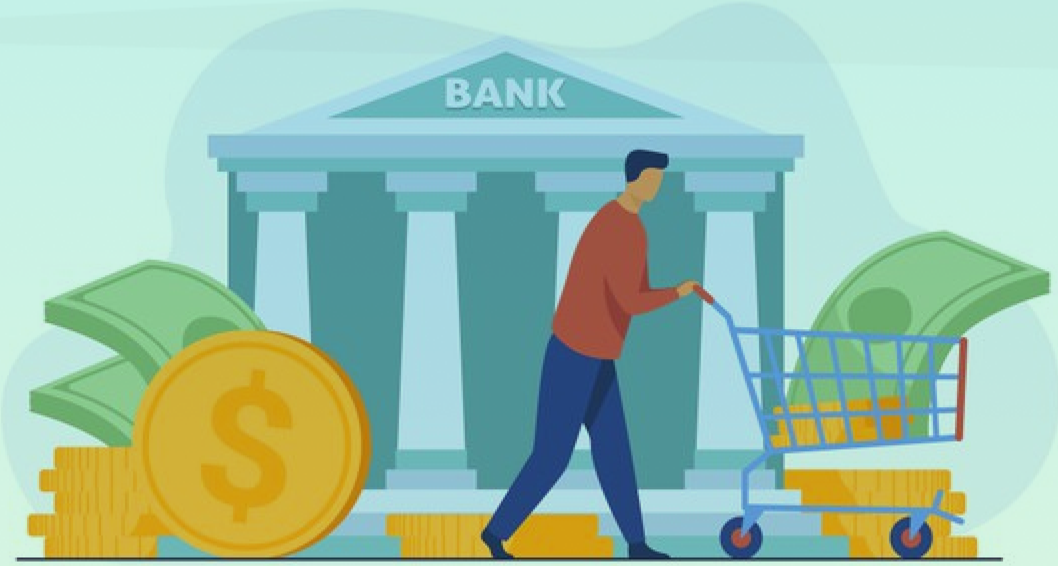


If there are private loans, then there are also public ones!

There are various government institutions committed to lending its citizens the money they need to purchase real estate properties. These are established under the effect of specific legislations and can exist as a public or semi-public entity.

Some of the examples of these loans include the Philippines' Pag-IBIG Fund, the USA's Federal Housing Administration, Australia's First Home Loan Deposit Scheme, India's Pradhan Mantri Awas Yojana (PMAY), and Thailand's Government Housing Bank (GHB).

Depending on how the government legislated the laws behind these institutions, their operational funds are part of the annual national or regional budget or funded through the contributions of its members.



Since they are government-affiliated, loans are usually created to help their citizens. Therefore, the loans from these organizations are certified legal with zero to minimal interests, initial payments, and penalties. However, expect also the "red tape" during the screening and borrowing process.

Method #7

Seller Financing

Benefits

- Highly-flexible
- No bureaucratic “red tape”
- No initial payment
- Does not check the ability to pay
- Longer amortization period
- Many options nationwide

Drawbacks

- High interest rates
- Risk of losing collateral
- Shorter amortization period
- High penalties
- Risk of scams
- Few options nationwide
- Not monitored under the law

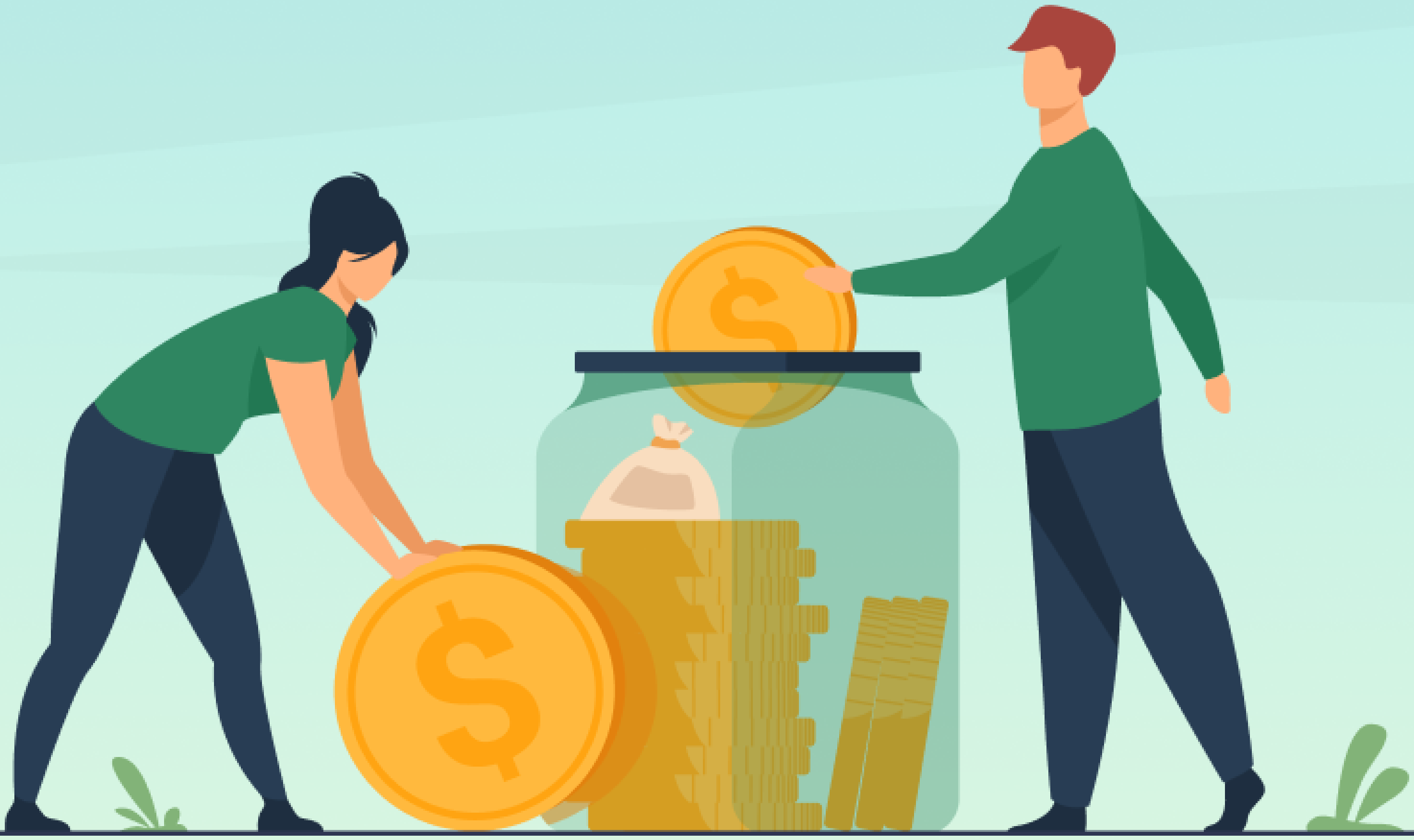
Expert Tip

Due to its risks, only use this if you are sure and dedicated enough to purchase the seller's property

Borrowing money for your real estate can be done without a middleman.

In Seller or Owner Financing, instead of passing through banks or other formal financial institutions for getting funds, the seller hands out a loan to the buyer with his own property used as collateral. Then, this might be used for buying the property or doing house flipping. To think of it in simple terms, the seller gives the buyer the money needed to buy or improve the property and will be repaid by the buyer with interest.

These are also called Will-Carry Notes because the seller and the buyer sign a sort of promissory note that lists the interest rates, amortization, and consequences of default. And speaking of interest, these offer higher rates, around 2-4% greater than bank mortgages.



The good side to consider is that it assures you, the buyer, that you will eventually purchase and own the property. It also offers an alternative for people who cannot afford conventional loans.

Method #8

Second Mortgages

Benefits

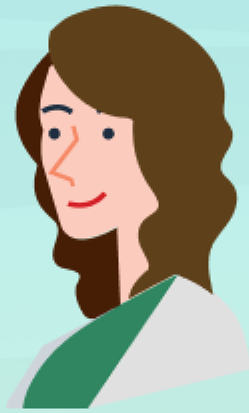
- No bureaucratic “red tape”
- No initial payment
- Does not check the ability to pay
- Longer amortization period
- Zero to low penalties
- Many options nationwide
- Monitored under the law (In some circumstances)

Drawbacks

- Inflexible
- High interest rates
- Has bureaucratic “red tape”
- Risk of losing collateral (Foreclosure of Property)
- Not monitored under the law (In some circumstances)

Expert Tip

Home Equity Lines of Credit (HELOCs) offers the option to spend and pay whenever needed, so it is better to use for long-term real estates



If you're sure about the venture that you'll do, then two loans won't be bad for you!

Second Mortgages, also called Second Options or Subordinate Loans, are debts that are hinged on the remaining equity of a property after the initial mortgage is subtracted from the actual property value. To put it into simple terms, these are loans that use the remaining value of a property as collateral.

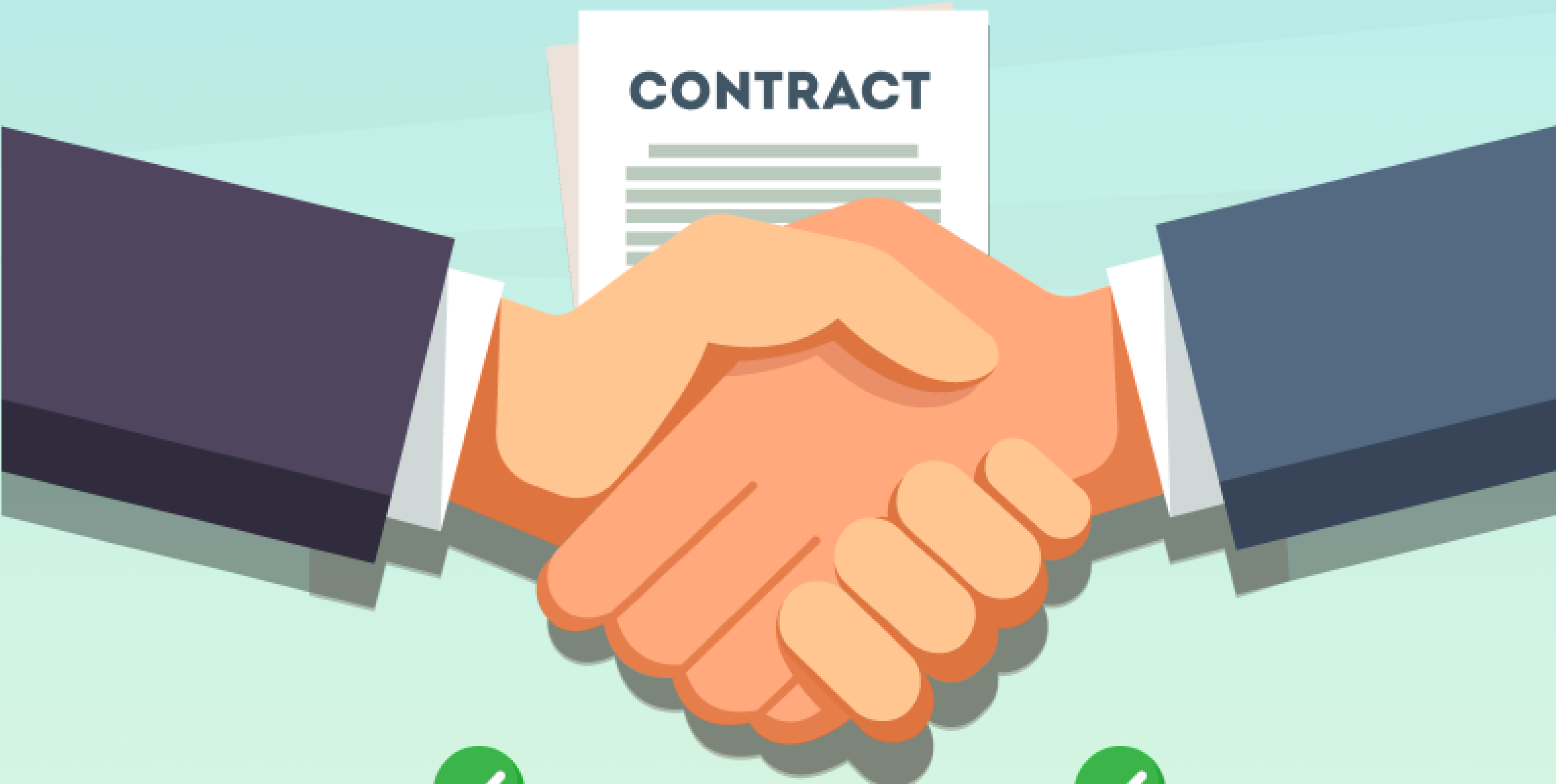
The two main examples of Second Mortgages are Home Equity Loans or Lump Sum and Home Equity Line of Credit (HOLEC). Although both rely on the equity of the property, the former allows the lender to lend the borrower in a single sitting, which should be paid back in installments along with interest. Meanwhile, the latter functions much like a credit card where a maximum limit is set for the borrower to use, and the time it takes for the repayment depends on the borrower.

> *The good thing with these mortgages is that they do not rely on credit scores or income levels but only on the existing equity.*

Since this is a huge gamble for the lender, who is only second in line if there's a foreclosure, they usually charge higher interest than the first mortgage but lower than usual loans. The average rate charged for these kinds of loans is between 2-10%. Payback time and penalties also exist but in favorable circumstances.

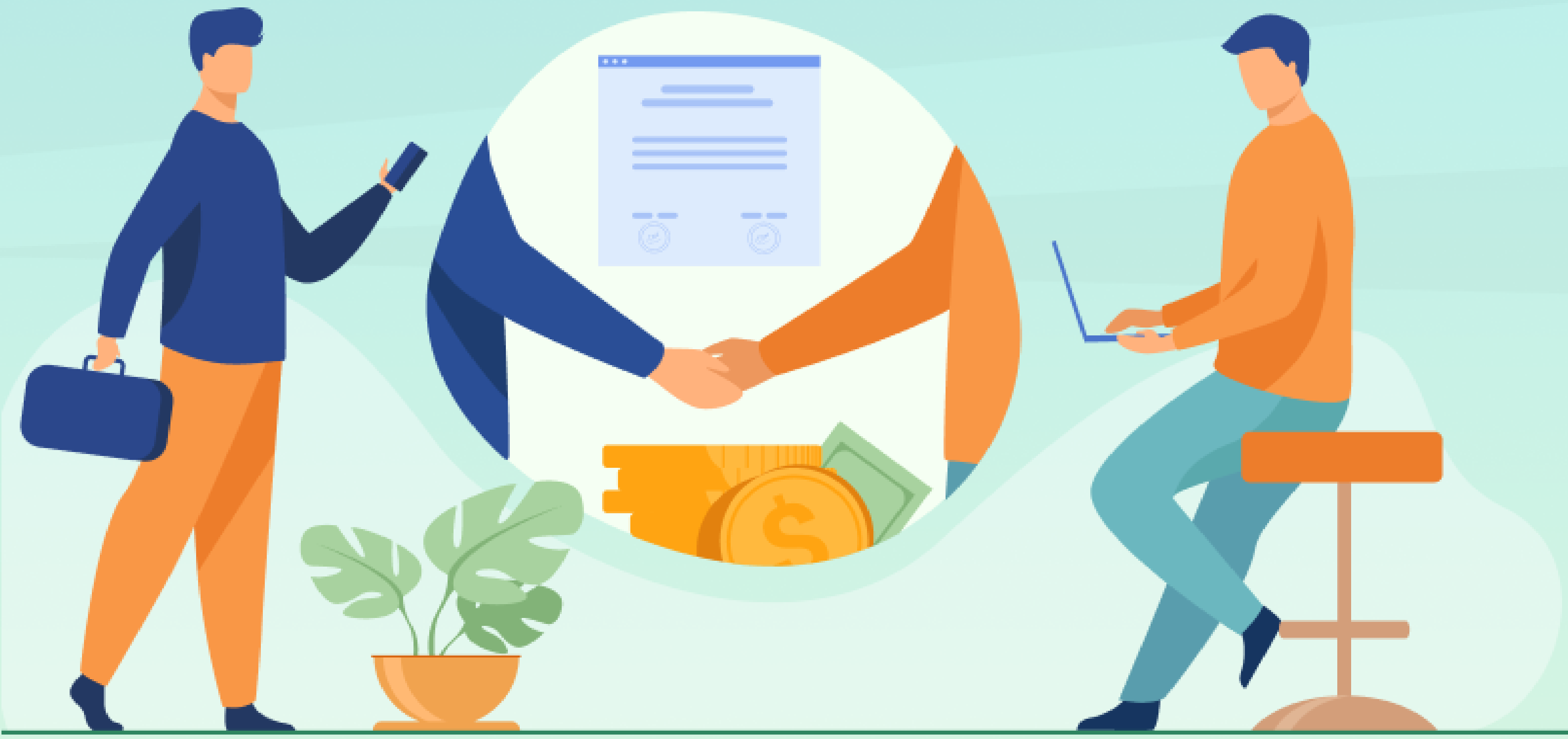
Chapter 2

SEAL THE DEAL



- Lease Options and Purchase Sales
- Equity Partnership
- Mortgage Assumption
- Real Investment Estate Trusts
- Real Estate Wholesaling

In This Chapter



The second set of ways to invest in real estate business is through deals. A deal is an agreement between two or more parties about a particular topic. In the case of real estate, deals are about the prospect properties, finances involved, and the rules for the investment.

In this chapter, we will explore these ways to seal deals. We will also discuss their types and the way to start with them. Lastly, we will also delve into the benefits and drawbacks of each type of deal. The characteristics that will be checked includes:

- Flexibility
- Need for Initial Payment
- Potential for Multiple Properties
- Obligation in Acquisition
- Refund of Initial Payments
- "Red Tape"
- Checks on Ability to Pay
- Term Period
- Scam Risks
- Dispute Risks
- Law Monitoring

Method #9

Second Mortgages

Benefits

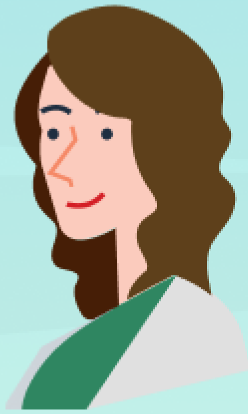
- Highly-flexible
- Unobligated to acquire the properties (In some circumstances)
- No bureaucratic “red tape”
- Does not check the ability to pay
- Longer term period
- Monitored under the law

Drawbacks

- Needs initial investment money
- No potential to own multiple properties
- Obligated to acquire the properties (In some circumstances)
- Initial payments are non-refundable
- Risk of scams
- Possibility of dispute

Expert Tip

Option to Purchase and Lease Options are much advantageous, since they do not obligate the buyer to actually purchase the property



In certain cases, someone can hold on a property while not buying it completely.

Also known as Rent-to-Own or Lease with the Option to Purchase, Lease Options and Purchase Sales are deals where the buyer can possess the right to purchase the property, while not buying it completely. It might sound confusing for first-timers, but these are further explained by discussing its types.

The first type is called Option to Purchase. The buyer pays the seller an agreed amount of money (called Purchase Option Money) to secure exclusive rights to buy the property within a specific term. Within the term, the buyer has the choice to use the option and acquire the property or not. The option can also be transferred and sold to others.

The second one is called Lease Option. The buyer pays the seller an agreed amount of money (called Lease Option Money) to secure exclusive rights to buy the property within a specific term. The buyer is then allowed to rent and use the property, which also makes it a part of the payment for the full purchase. The buyer has then the option to pay the remaining price of purchase in any installment possible within the term. It is possible to stop buying the property at all. The option can also be transferred and sold to others.

The third and final type is called a Lease Purchase. This operates similarly with the Lease Option but has three key differences: (1) It has a balloon payment at the end, meaning the payer should pay the purchase balance after the end of the term; (2) The option is not transferrable to others; and (3) The buyer is obligated to purchase the property.

While there are initial payments needed, this method is flexible and less risky because there's no need to purchase immediately. The term options can give leeway for finding potential clients while holding on the property.

The most obvious downside is that in all of these types, the option payments and rents are non-refundable and will go to the seller. Additionally, while all of these deals are bound with a legal and notarized contract, some might circumvent the law or use predatory techniques during the purchasing process. So be cautious and scrutinize the deals you enter.

Method #10

Equity Partnership

Benefits

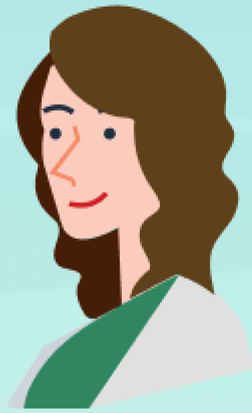
- Highly-flexible
- Does not need initial investment money
- Potential to own multiple properties
- Unobligated to acquire the properties
- Initial payments are refundable
- No bureaucratic “red tape”
- Does not check the ability to pay
- Monitored under the law (In some circumstances)

Drawbacks

- Risk of scams
- Possibility of dispute
- Not monitored under the law (In some circumstances)

Expert Tip

Encourage multiple partners who are willing to invest their money for quickly business expansion



Like what was said before, gaining money might also need teamwork and camaraderie, and even possible without bringing out even a single cent in the process.

Equity Partnerships are deals that involve parties who pitches in their capacities, either through money or through skills. As an example, a partner might be able to fund a project, the other scours for potential real estate properties to be bought. At the same time, the third one supervises the renovation.

This allows cash-strapped people to delve into the real estate business without actually giving out money or taking in some financial risks. Instead, your labor is converted into “sweat equity” or your stake in the property.

These deals are also legal but do not pass through tedious bureaucratic processes. However, while it is legal, be careful of cunning people that might circumvent the law or leave you hanging in the air. Carefully choose a trustworthy partner that will be willing to endure difficulties and success.

Method #11

Mortgage Assumption

Benefits

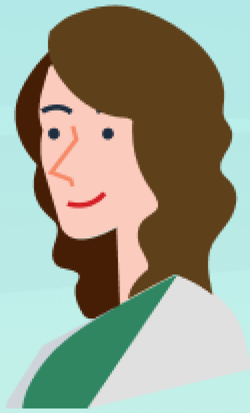
- Zero to low-interest rates
- No bureaucratic "red tape" (In some circumstances)
- Does not check the ability to pay (In some circumstances)
- Longer amortization period
- Many options nationwide
- Monitored under the law (In some circumstances)

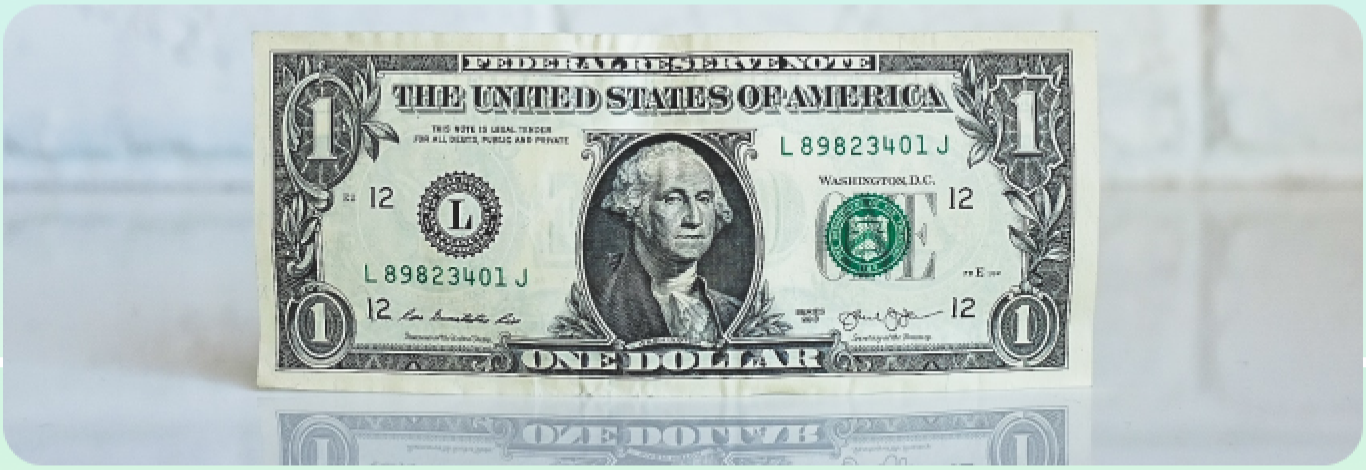
Drawbacks

- Inflexible
- Has bureaucratic "red tape" (in some circumstances)
- Requires initial payment
- Checks the ability to pay (In some circumstances)
- Risk of losing collateral
- High penalties
- Risk of scams
- Possibility of dispute
- Not monitored under the law (In some circumstances)

Expert Tip

As much as possible, try to get a loan with a large balance and small deposit, so you do not need to compensate a large sum of money upfront





If you cannot get a loan of your own, then you can pay another's loan!

Mortgage Assumption is the arrangement of mortgage transfer from the owner to the buyer. The buyer will then pay the part of the loan paid by the seller and continue paying the remaining balance. In assuming the balance, the buyer can opt to pay the seller with cash upfront, get a second mortgage, do seller financing, or use other possible loans or payments.

There are two types of Mortgage Assumption: Simple Assumption and Novation. Their only key difference is that Simple Assumption does not transfer the liabilities for late payments, while Novation does. And that is why the buyer must have a good credit score if they will proceed with the latter.

Before getting one, check the reason why the seller wants to pass the mortgage. Consider the qualities of the initial mortgage that you will assume, like the amortization and interest, since It is helpful to get a background idea on the loan that you will be holding.

Method #12

Real Estate Investment Trusts

Benefits

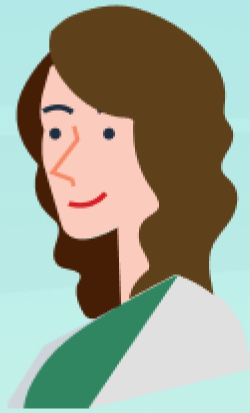
- Highly-flexible
- Potential to own multiple properties
- Unobligated to acquire the properties
- Initial payments are refundable
- Does not check the ability to pay
- Longer term period
- Monitored under the law

Drawbacks

- Needs initial investment money
- Has bureaucratic “red tape”
- Not monitored under the law
- Risk of scams

Expert Tip

Quality is important, so check the management experiences, quality of properties, and tenants of REITs; Forecast and analyze the flow of trading in the stock market through research or hiring experts



Why stick with a single illiquid property, when you can own a lot and in liquid?

Real Estate Investment Trust (REITs) are companies that have investments or finances in the real estate industry. In the United States alone, it is estimated that there are 87 million people investing in REITs, with the gross market value reaching up to $3 trillion.

Note that they do not own any property, but only fund them. These companies usually have a wide range of establishments in their turf, including houses, apartments, malls, hotels, warehouses, cable towers, and many more. Because of this diversity, they are classified into Retail, Residential, Healthcare, Office, and Mortgage, but many REITs are still diversified among and beyond these five categories.

REITs, and their mutual funds or exchange-traded funds (ETFs), are publicly traded entities in the stock market, which they buy and sell. Interested clients can approach brokers. Most of the profit generated is then distributed to members in money and as shares.

Many investors are attracted to REITs promise of healthy, steady, and long-term income from dividends. They are also liquid, transparent, and diversified, so earning would not be difficult. However, losing money in REITs is also a valid concern. This includes risk against taxes, fees, economic instabilities, oversupply bubble, tenant unreliability, and scams.

Method #13

Real Estate Wholesaling

Benefits

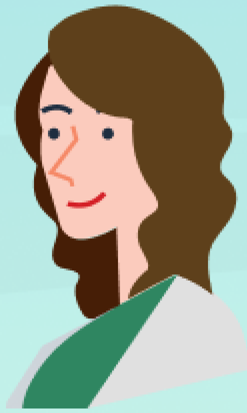
- Highly-flexible
- Does not need initial investment money
- Unobligated to acquire the properties
- Initial payments are refundable
- No bureaucratic "red tape"
- Does not check the ability to pay

Drawbacks

- No potential to own multiple properties
- Risk of scams
- Possibility of dispute
- Not monitored under the law

Expert Tip

In starting a real estate wholesaling business, it is better to establish a network of buyers first, as usual contracts with sellers offer ample time to dispose of their properties



Do not want to release some funds before, during, and after your project? Then this one is perfect for you!

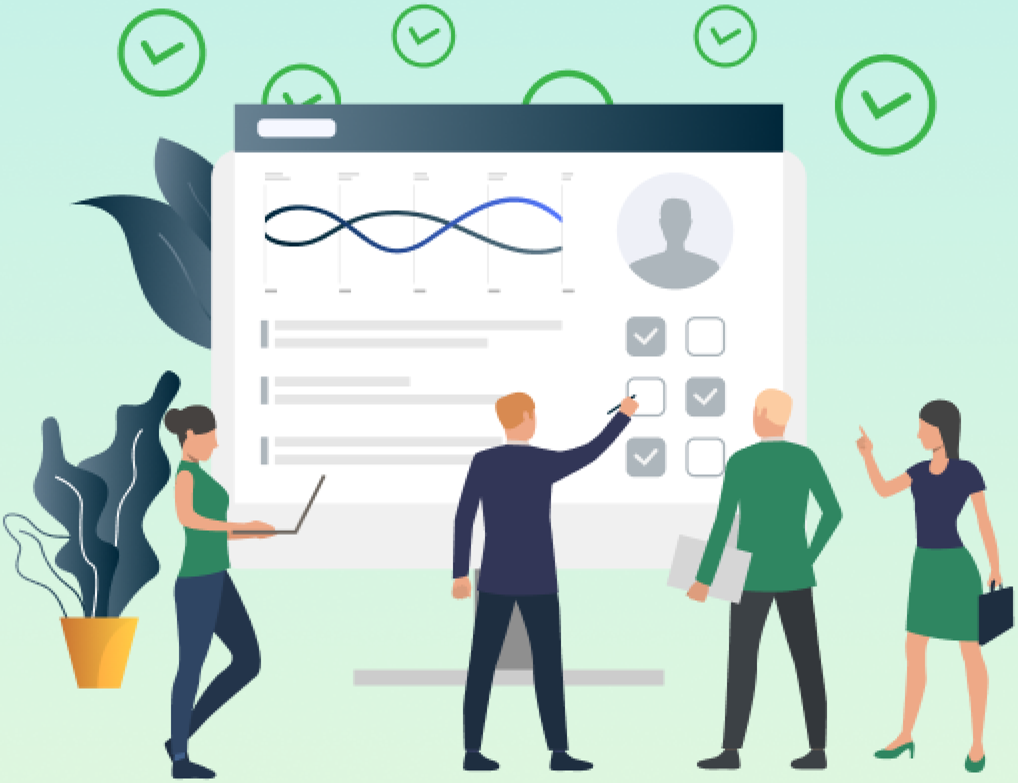
Real Estate Wholesaling is the strategy of finding a property, engaging in a contract, and finding a potential buyer. In short, the wholesalers in this business acts as a middleman between sellers and buyers then receives his commission.

There are four usual steps done in this strategy. The first is to find a prospect property that is under the market value and not publicly listed. This is to ensure the maximum profit possible. Most of this kind of properties needs a major overhaul. Next, convince the homeowner to sign a contract with you to act as their asset's wholesaler. Third, find a buyer that is willing to get the establishment. Commonly, buyers like this are house flippers. Lastly, let the two meet and sign the deal.

What makes it attractive is the absence of initial investment or the need for a real estate dealer license on your side if you will stand as a wholesaler. Swift deals can offer quick, big, and easy money. But the catch is you need to have engaging communication skills and wide connections to match and convince suitable sellers and buyers. The talent of identifying potential "star properties" might also be needed.

Chapter 3

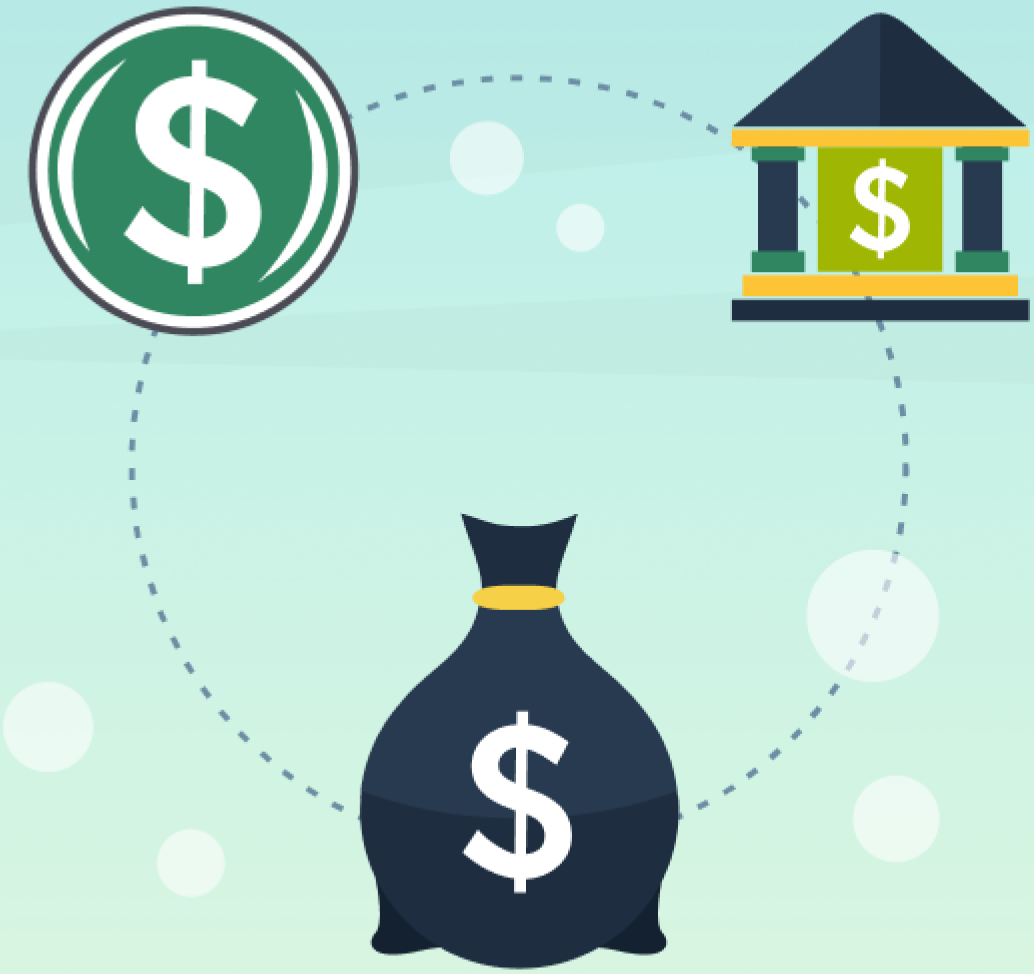
USE YOUR OWN RESOURCES



House Hacking

Property Swap

In This Chapter



The third set of ways to invest in the real estate business is through the use of personal possessions. Your possessions have their values that might entice others in using them and giving profitable objects in return.

The third set of ways to invest in the real estate business is through the use of personal possessions. Your possessions have their values that might entice others in using them and giving profitable objects in return.

- Flexibility
- Need for Initial Payment
- Likeliness to Lose Possessions
- Time Consumption
- Liability and Responsibility
- Scam Risks
- Dispute Risks
- Law Monitoring
- Reliance on Actual Value
- Reliance on Perceived Value
- Law Monitoring

Method #14

Real Estate Wholesaling

Benefits

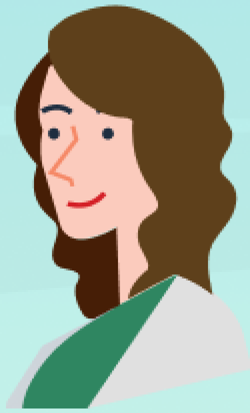
- Highly-flexible
- Unlikely to lose personal possessions
- Relies on the actual value

Drawbacks

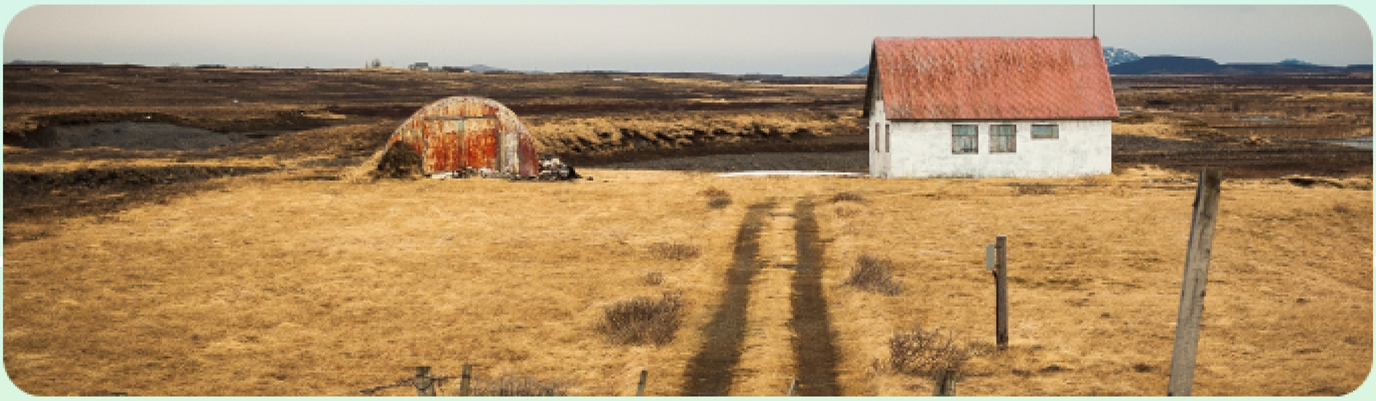
- Needs initial investment money
- Time-consuming
- Long-term liability and responsibility
- Possibility of dispute
- Not monitored under the law

Expert Tip

In house hacking, it is suggested to follow the template of "many rooms and single communal space"; In this way, you can gain as many renters as possible, which in turn will give a larger profit

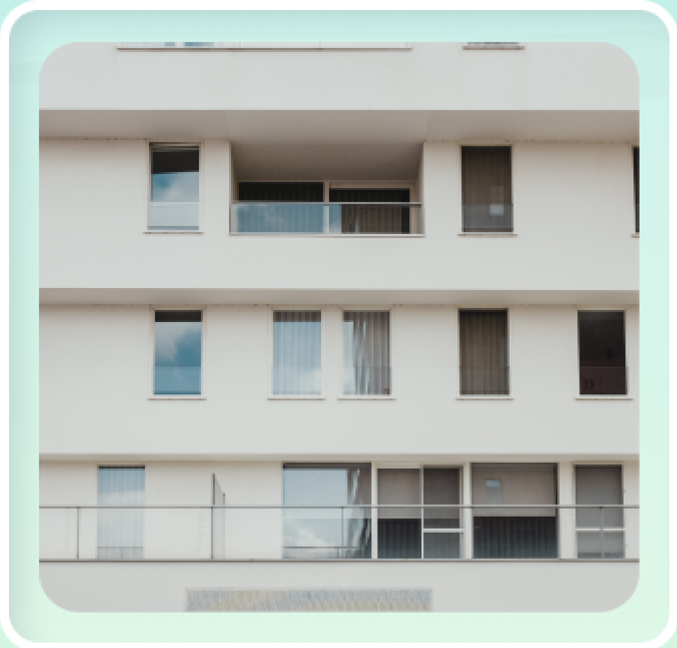


Got a spacious property? Then hack it up!



House Hacking is the practice of dividing a property into residential portions, where multiple renters can stay and co-inhabit. This concept has been around for some time, and different countries might have different versions of this strategy.

In Hong Kong, Lóngwu (Cage Homes) is the most affordable living option for many because of the high real estate costs. South Korea has Goshiwon (Exam Place) and Hasukjib (Boarding House) for renting students or single low-income employees. Meanwhile, the Soviet Union previously had Kommunalki that grew its popularity after the Russian Revolution, although some still exist up to this day. Gaijin houses in Japan are for temporary foreigners. In the Philippines, bedspace apartels are for people who want cheap living areas.



The common denominator among these housing types and their counterparts in other countries is that these spaces are meant for people who usually live alone. Due to the tighter spaces in rooms, only a single person and his few belongings would fit in. These establishments have single communal spaces for people to cook, wash clothes and dishes, or use the bathroom.

As someone who considers house hacking, you could follow this template of dividing your establishment into many rooms and having a single communal space. However, you could also divide it into a few separate spaces with their own bathroom or kitchen. Nevertheless, this strategy involves tweaking the original look of your property and might cost a little of your fortune. Regular maintenance might also be needed. But in return, this assures a continuous flow of income from your renters.

Method #15

Try More Methods

Benefits

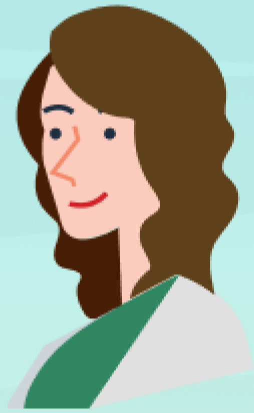
- Highly-flexible
- Does not need initial investment money (In some circumstances)
- Not time-consuming
- Relies on the actual value (In some circumstances)
- Relies on perceived value (In some circumstances)
- Monitored under the law (In some circumstances)

Drawbacks

- Need initial investment money (In some circumstances)
- Likely to lose personal possessions
- Risk of scams
- Possibility of dispute
- Not monitored under the law (In some circumstances)

Expert Tip

Swap your properties that you do not use in order to reduce unnecessary assets and liabilities while gaining a new one



If you want a property and got something to spare, then you can surely swap them!

Property Swap is the technique where parties are exchanging their properties, either due to the value of each property or as a means to defer taxes.

The legal and the most common way of property swap is Like-kind exchange or the exchange of similar properties with almost equal value. In some countries, these trades are allowed, while some have legal restrictions.

In the United States, this is defined in Section 1031 of the Internal Revenue Code but only covers investment properties and not residential ones. Section 1031 also requires the presence of an intermediary during the process. Similarly, other laws or companies offer assistance or monetary relief to property exchanges. Example of these legal features includes India's Transfer of Property Act 1882 and Mutual Exchange in the United Kingdom and Sweden. Meanwhile, companies like Allez-Français and Leggett Immobilier of France or Property Exchange Australia (PEXA) facilitate in these switches.

The other type of trade is using personal possessions as part of down payment or the purchase itself. Barter, as might others call it, might involve both the swapping of similar and dissimilar objects and, possibly, even cash. For example, a house can be substituted by a car and some cash. Most of these do not rely on the actual value but rather on the people's perceived value. However, most of these are not professionally appraised or legally guided.

Chapter 4

TRY MORE METHODS

Aside from the fifteen mentioned above, there are other creative ways to make some profit in the real estate industry. Some of these are:

Trade with Skills

If you have some professional skills, then you can offer your services in exchange for the mortgage payment or property purchase. Some of the best skills to offer are:

Knowledge of Law

For lawyers, prosecutors, judges, counsels, and the likes

Knowledge of Medicine

For physicians, nurses, and the likes

Knowledge in Education

For professors, teachers, tutors, and the likes

Knowledge in Accounting

For professors, teachers, tutors, and the likes

Skills in Shooting and Editing

For graphic designers, editors, photographers, and the likes

Skills in Shooting and Editing

For journalists, novelists, poets, and the likes

Trade with Skills

If you have some professional skills, then you can offer your services in exchange for the mortgage payment or property purchase. Some of the best skills to offer are:

Catch Foreclosed Properties

If you have some money, you could purchase or take over foreclosed properties and help the previous owners through installment payments; You could also sell them to house flippers or real estate companies

Host Vacation Rentals

If you have already a property, you can act as its caretaker and offer your establishment for visitors and tourists; Sites like Airbnb serves as platforms for caretakers and visitors to match their needs of one another

This is not the end of possible ways. There are more ways out there for you to try!

FINAL WORDS

As what was presented, there are many methods in the real estate business that will generate money for you with little to no initial investment money required. We can fetch a loan, invest in funds, find a buddy, split our properties, devote our talents for others, and many other strategies. These might come along with other costs, but it is worthwhile.

THANK YOU!