



FREE REPORT: EDUCATIONAL RESOURCE

# 3 PASSIVE OR SEMI-PASSIVE WAYS TO PARTICIPATE IN THE CURRENT REAL ESTATE MARKET



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## Warren Buffett's investment advice is to buy houses

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Billionaire and Berkshire Hathaway CEO

Warren Buffett gave out some free investment

advice on TV Monday. Buffett [said on CNBC](#)

that Americans should buy distressed houses,

which are really cheap right now, and rent them

out (after fixing them up a bit, of course). Buffett said he'd snatch up "millions" of single family homes

if it were practical, but said he isn't very handy.

America's investment grandpa also was optimistic about the economy: He said it's [bouncing back](#) in

almost all sectors, except home construction, but he predicts it will bounce back there, too.

### related links

- Buffett says he was 'dead wrong' on housing market
- Warren Buffett's biggest stock investments
- How to tap your inner Buffett

Figure 1: Warren Buffet says in an recent CNBC interview he's buy "a couple hundred thousand houses if he could", based on several factors.

Recently in an interview with famous investor and entrepreneur Warren Buffet at his Omaha headquarters, a CNBC reporter asked him what he'd suggest people invest in today's market.

Mr. Buffet answered back by saying, **"I'd buy a couple hundred thousand single family homes if I could"**. His reasons for this are the still great historical buying prices and the low interest rates.

Just like Mr. Buffet, many people want to participate in this great buyers' market to grow their investment portfolio, but if you notice in the interview... he say's **"but managing the rentals is the hard part"**.

In essence he's saying, "I want the result the investment gives me but I don't want to do the day to day work that these types of investments require", which includes management of the properties, finding and sourcing the deals, negotiation, selling the properties, and on and on.

If you feel the same way, you're the type of person we compiled this educational report for: the investor who wants to tap into and participate in this real estate market but wants to take a more passive role.

Before we dive in we should probably define "passive investing" so we're all on the same page.

# What Is Passive Investing Defined As?

**Passive Investing is defined as:** "An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long-term appreciation and limited maintenance."

In this report, we'll be discussing ways people are participating in the current real estate market with limited ongoing buying and selling actions and for the long-term growth of one's funds... no quick hits here.

**One last note before we dive in.** As you know, just like most investments, real estate is not a guaranteed investment. In fact, it's far from it. Many people got caught unprepared in the 2008 real estate bust and lost their life savings. However, many who educated themselves on the real estate market, made smart decisions, and aligned with great advisors, gained a lot of wealth in the years since the bust... and continue to do so today.

When you're reading this report know that all real estate investments come with risk, sometimes significant risk, and you need to take any decision in investing in real estate seriously and get advice from professionals who you trust before you go into any investment.

Sound good? Excellent.

# The 3 Ways to Passively or Semi-Passively Participate in the Real Estate Market

**Real estate is one asset class that will be around forever.** There will always be property. People will always need to have a place to live, work, shop, and someone has to help provide them with that.

When most people think of "investing in real estate" they're usually thinking of buying real estate and either holding onto it for a rental or "fixing and flipping" it to an end buyer for a profit.

There are many other ways to invest in real estate than that including...

- Wholesaling real estate (sourcing properties and selling them to other investors)
- Developing real estate (commercial, office, residential housing, etc.)
- Purchasing notes
- ...and other variations of all of the above.

In the end, real estate can be a great vehicle to gain wealth and diversify your portfolio away from more traditional investments like stocks.

But, one thing you've probably already caught on to is most real estate investing strategies require your time, your expertise, and your knowledge to make stuff happen. In short, they're a business.

The question is: how do you get in on this real estate market but in more of a passive way that generates returns and/or profits without you actively going out there and finding the deals yourself?

Here are 3 effective ways many people are participating in the real estate market in passive or semi-passive ways.

## Purchasing "Turn Key" Properties For Long-Term Rental



Many people in great buyers markets want to stock up on rental properties for the semi-passive recurring revenue rental properties can generate.

You'll notice I said "semi-passive" here. The reason I say this is because owning rental properties can be a lot of work if you're taking on the management of those properties yourself. Depending on your

rental property strategy, you can be as passive or active in the investment as you want to.

"Turn Key" rental properties are often purchased from real estate investment firms who specialize in acquiring properties below value, bringing them up to rental shape, then bringing in their recommended property management firms to take care of the properties from there.

Often times these types of investments can be extremely passive if you're purchasing from a reputable and honest real estate investment firm. I personally know people who have bought multiple properties from the same real estate investment firm and those properties return positive cash-flow each and every month for them with little or no involvement from them on the day to day management of those properties.

Some great things about "turnkey" properties are that you walk right into a property that is ready to go and often times already have paying tenants in them. You bring in the cash and purchase the property from the real estate investment firm, and as long as the property management firm does their job, you have a low maintenance investment.

Some things that can be bad are the obvious ones that come with owning rental properties, especially if you manage them yourself:

- The potential liability you have as the "landlord" if something happens to a tenant
- If tenants don't pay you have to deal with evictions and lost rents

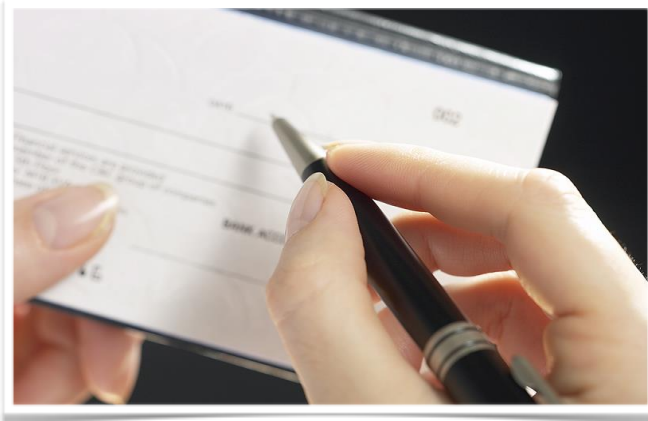
- Property values could potentially decrease
- Repairs and expenses with the property, etc.

If you have a great Property Management company you work with, these risks are greatly reduced.

All in all, finding Turn Key rental properties can be a great long-term investment strategy if you're willing to put up with everything that comes with owning rental properties. If you buy right, have a great property management team helping you, and your properties are in great areas that are increasing in value... they can be a GREAT way to get into this real estate market without having to go out and find the properties yourself.

In fact, very often, real estate investment firms who specialize in "turnkey" rental properties can look for exactly what you're looking for, in the areas you want to buy, at the budget you want to pay. Figure out your goals first, then seek out a reputable real estate investment firm and ask how their "turnkey" rental property program works.

## Private Lending On Real Estate



Private lending has been around seemingly forever, but is probably the least well-known way that people are participating in the real estate market to diversify their portfolios.

Private lending is simply a person acting as the bank for the person or company who is buying/investing in the property. Rather than going to a bank to get the funds to purchase the property, many real estate investment firms go directly to

individuals who have investment funds they'd like to diversify (we'll call them private lenders from here on out) and the private lender lends the money to the real estate firm to close on the property in exchange for a rate of return on the loan / investment.

This is how banks operate each and every day and private lending is actually rather common in every real estate market around the country. They make their profits by charging an interest rate to

the person borrowing the funds. The interest rate charged often is higher as the investment risk goes up.

As a private lender, they get to choose the loans they make, the interest rates and terms they pay, and have a lot of flexibility with how the transaction is structured. There really is no "average" rate of return that private lenders can earn; however, we've found that 5% - 9% tends to be around what many private lenders earn on their funds.

Many private lenders will carve out a portion of their overall portfolio that they then dedicate to private loans to real estate investment firms and will continually reinvest those funds in new loans as old transactions are paid off.

The best way for someone to get involved in private lending is to network in your area and get to know local real estate investors that have great reputations for honesty and integrity, who have a proven track record of delivering on their promises, and who can have other investors or vendors vouch for them.

Some things that many people see as negatives to private lending are that it can be a rather risky type of investment if the deals aren't evaluated on a strict set of criteria. But, in the end, private lending isn't a complicated type of investment. The transactions should be based on the property and not necessarily the borrower, and the property should act as the main collateral for the investment in case it should go south. Many people do extremely well as private lenders and have relatively low risk outlaid when they're working with the right real estate investment firms.

**NOTE:** If you'd like to learn more about private lending and how it works, we've created a very detailed and step-by-step educational report that walks you through private lending, how it works, risks, rewards, and more. If you'd like a copy of this Free Report just contact us and we'll get it over to you.

Investing as a private lender on real estate can be a very passive investment and private lenders can enjoy really great returns... especially if they're able to do shorter term loans where their money is "churned" multiple times a year.

For instance, let's say a private lender lends \$100,000 at 6% for the loan term of 6 months. That means that the loan will be paid back within 6 months and will yield \$6,000 in interest payments plus of course the principal. If the private lender was able to reinvest /

re-loan that \$100,000 immediately on another real estate deal with the same terms, they'd earn another \$6,000, resulting in a \$12,000 interest profit... or approx. 12% annual rate of return on those funds.

Or, many private lenders will loan based on an annual percentage yield (APY). As another example, if the same private lender on the same deal decided to loan the \$100,000 at 7% APY... for those 6 months... they'd earn \$3,500 in interest over those 6 months. For many private lenders this is a great way to create passive or semi-passive revenue streams with their investment funds just by teaming with reputable real estate investment firms as a private lender. The real estate firm does all of the work on sourcing the deal and making it happen... the private lender simply puts up the funds required to make the deal happen... and earns a rate of return in the process.

If the real estate firm defaults on the private loan, the lender would be able to foreclose on the property just like a bank would, take ownership to the property, and then could choose what they'd like to do with that property (keep it and rent it, sell it and keep any profits or potential losses if the property wasn't purchased at a good enough deal, etc.).

## **Equity Partnerships With Active Investors**

As investors get more-savvy in the real estate investment world many choose to get more involved in deals and may choose to partner on deals rather than just be the lender.

Often times the returns when partnering on deals can be greater, but it also requires more risk be taken on by the investor and many times more work as well. So, being an equity cash partner for real estate deals can be a great way for many people to participate in the real estate market, share in the profits on deals, but not have to take on the full workload of sourcing properties, negotiating the deals, and taking care of the deal details after purchase.

Some investors who choose to be the cash partner on real estate deals choose to take a more active role... others take a more passive role. The choice is yours as the investor and should be based on your own knowledge and resources that you can bring to the table for each particular real estate deal.

In our experience, usually people who choose to take on equity roles in real estate deals as the cash investor tend to have experience in real estate and many times get their feet wet as a private lender or active real estate investor themselves first. But this isn't always the case.



So, if you have knowledge in real estate investing and can evaluate a good deal when you see one and in exchange for a bigger cut of the deal are willing to do a bit more of the work and take on a bit more risk... finding equity partnerships with reputable real estate investment firms may be a great option to look into.

The same goes here... if you're interested in seeing if there are opportunities available in your area to invest as an equity cash partner into real estate deals... do some networking and find a few reputable real estate investment companies that you can get to know and learn more about. Then, once you feel comfortable see if there are opportunities to invest in their deals as an equity partner... sharing both the risks and the rewards.

This type of participation in the real estate market can be a more active role than private lending... and often requires more cash into the deals... but not always. This can be a really great route for those with a bit more risk tolerance, who don't mind being a bit more active in the deals, and who come in with some knowledge in the real estate world so you can evaluate the deals well yourself.

## Summing It All Up

In the end real estate can be a great investment vehicle for the right person. Make sure to consult with your own professional advisors to see if participating in real estate will help you reach your goals.

Many people love to take the active role in real estate investing and have the expertise in finding great properties, negotiating great deals, fixing and managing properties, and everything else that goes with actively doing real estate deals.

However, many people don't want to take an active role in the actual real estate deals and would rather just let their money do the work for them. These types of people tend to like the passive or semi-passive routes to participate in the real estate market that we've mentioned in this free report.

The best way to learn more about any of these ways to participate in the current real estate buyers' market is to contact a few local reputable real estate investment companies in your area. Get to learn about their business, understand what they do, talk to people

they've worked with in the past, and make the decision to see if they're a right fit.

If you don't know any real estate investment firms in your area sometimes a great place to find the good ones is to visit a title company you trust and ask them who the most reputable, honest, and active real estate investors are in the area and ask for an introduction. That'll help filter out some of the riff raff and point you in the right direction... or simply ask your friends, family, or advisors if they have any referrals. If you'd like, you can contact us as well and we can point you in the right direction or you can learn more about our operation and what we do.

Real estate is currently in a huge buyers' market still and today can be a great time to participate in the real estate market... just like Warren Buffet suggested he'd do. There are tons of opportunities out there... just educate yourself on the 3 hands off ways to participate in the real estate market to see if one or multiples are right for you... then start your search for great real estate investment companies to work with. They'll do all of the hands-on deal work... while you get to leverage your money.

If you have any questions about the local real estate market, would like access to our real estate reports to help you understand where our local market is, or even have questions about the information in this report, just contact us through the website you downloaded this report at.

Good luck and we hope you enjoyed this free report.

Gene and Nadia White  
Owners of Bastion Investment Group.com

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*Disclaimer: this document is not intended to provide tax, legal or accounting advice. Before you invest money in real estate, please seek counsel from a professional attorney or CPA.*