
Contents

Introduction: The Opportunity of Setbacks (Why I Wrote This Book)	ix
PART ONE A RECENT HISTORY OF THE REAL ESTATE ROLLER COASTER	1
CHAPTER 1 The Big Bang: The Post-2000 Real Estate Explosion Between 2000 and 2006, mortgage interest rates in the United States fell in half. That started a feeding frenzy, which sent housing prices to dizzying heights.	3
CHAPTER 2 The Great Flood: The Oversupply of Housing Combined with the growing thirst for inventory, spiraling prices encouraged developers to build more projects. And guess what? Blind to the downturn, they built way too much.	17
CHAPTER 3 Down Time: The New Buyer's Market Because of the credit crunch and the oversupply, we are now on the down slope of the housing bubble, with prices dropping across the country. That means opportunities are everywhere.	33

iv Contents

PART TWO	FUNDAMENTAL TOOLS FOR REAL ESTATE INVESTING	45
CHAPTER 4	Information Please: Where to Find The Data	47
	The good news about real estate investing is that anyone can do it. Having said that, you need to do your homework to make a superior investment.	
CHAPTER 5	Adding It Up: A Crash Course in Valuation	57
	Figuring out the value of a piece of property—what it’s really worth—is both an analytic and creative process. It is also fundamental to making a good investment.	
CHAPTER 6	The Big Guns: Finding Help from the Government	71
	If you want to buy property, or protect property that is now threatened by skyrocketing mortgage payments, don’t discount the power of government programs.	
CHAPTER 7	Money Talks: Negotiating with the Lender	81
	The average person who goes to a bank for a mortgage figures it’s not negotiable. Wrong. Here are a few helpful insights to help you negotiate with the man behind the curtain.	
PART THREE	CREATING WEALTH IN THE NEW LANDSCAPE	89
CHAPTER 8	Boom to Bust: Making Money in Down Times	91
	To understand the current situation you have to look back at historic real estate cycles, in particular to the real estate crisis of the early 1990s.	
CHAPTER 9	Fundamental Values: Buying in the Right Regions, Cities, and Neighborhoods	107
	A big aspect of the current real estate crisis is that it’s indiscriminant. It’s hurting every market in the country, even places with solid fundamentals. And that’s where to buy.	

CHAPTER 10	Specific Observations: Making the Deals	119
	Once you understand current values—where to buy and when to buy—you still have to make that perfect deal. So size up your seller.	
CHAPTER 11	Techniques, Tactics, and Tricks: Useful Tools to Make Money	133
	Understanding real estate principles is vital, but it also helps to know a few things about auctions, foreclosures, bank-owned properties, and contracts for preconstruction sales. In other words, how can you best leverage cash and credit, or just one of the two?	
CHAPTER 12	Outside the Residential Box: Investing in Commercial Real Estate	157
	The opportunities in real estate go beyond the residential marketplace; should you consider investing in commercial properties?	
PART FOUR	SAVING YOUR BACON <i>(How to Avoid Getting Swept Under by the Subprime Tide)</i>	173
CHAPTER 13	Be Like the Rich: Change Your Way of Thinking	175
	In America we have been conditioned to follow the rules. But what happens when the rules change and the system does not protect you?	
CHAPTER 14	Showtime: Dealing with Your Lender	185
	The first lesson in learning how to think (and act) differently is how to renegotiate. Even if you have a bad mortgage on a property you own, you have more leverage than you think, even in foreclosure.	

vi Contents

**CHAPTER 15 Know When to Fold: The Time to Walk Away, and How
to Do It 197**

Sometimes it no longer makes sense to fight for a property. Then you need to know how to get out with the least possible damage.

Index 202