



## 3 COMMON HOUSE-FLIPPING MISCONCEPTIONS OF NEW INVESTORS

Those house-flipping television shows on HGTV and the like make house-flipping look a lot easier than it actually is. However, house-flipping is not a get-rich-quick plan. It takes hard work and an investment of time and money. Here are some common misconceptions of house-flipping.

### YOU NEED TO BE RICH TO GET STARTED

This is absolutely not true. In fact, it's never been easier to get the financing for investments. People often believe that in order to begin property investment, you have to have a load of cash in your bank account before you begin. Real estate investments can be extremely lucrative, and some of the best in the industry are good at using other people's money to operate their business. A hard money loan may be all you need to get started.

Real estate investors choose to use hard money for many different reasons. The main reason is the ability of the hard money lender to fund the loan quickly. In most situations, hard money loans can be funded within a week and that's great compared to the 30 – 45 days it takes to get a bank loan funded. The application process for a hard money loan generally takes a day or two and in some cases, a loan can be approved the same day.

## WHOLESALING IS WHERE NEWBIES SHOULD START

Wholesaling is a term used in the real estate industry to describe the process of finding great real estate deals and getting paid to bring them to real estate investors. According to INVESTMENT PROPERTY FINANCING, LLC. , many wholesalers fail because it's difficult, "Wholesaling is one of the most difficult avenues to make money with real estate. Now, that's something you don't hear the gurus say often. In fact, most of the real estate gurus and trainers encourage people to start with wholesaling because it's so easy, and it can be done with no money down!"

But that's not exactly the case.

It has been said so often that you may think it to be fact but wholesaling is not what it seems. INVESTMENT PROPERTY FINANCING, LLC. explains, "Everyone gets told how simple wholesaling is and how profitable it can be. While it is true that you can make a good living with wholesaling, I must repeat that it is not easy. It requires a truck load of hard work, effort and organization. Not to mention, technically, wholesaling doesn't really fall under the real estate investing umbrella." While this may work for a few people, wholesaling unfortunately does not do all the tricks. If you're new, just jump on the bandwagon.

## IF YOUR CREDIT IS BAD, YOU WON'T BE ABLE TO GET FUNDING

The standard way to get financing is through a bank but that can be difficult if you have bad credit or no credit at all. Fortunately, there are many other ways you can acquire the money needed for real estate investing.

Hard money or private money lending is the best form of financing for house-flipper newbies. What's a hard money lender? A hard money lender is a group of private lenders who loan money to invest in real estate. A private money lender is similar, but is usually just a single investor who funds smaller projects at slightly lower interest rates.

Why should a house-flipper opt for a hard money loan instead of getting their mortgage from a bank? Realtor.com answers this question, "Because hard money loans are generally less of a hassle. The flip side? You can borrow the money for only a short period of time—and at a much higher interest rate."