

MAKE YOUR REAL ESTATE WORK FOR YOU

THE EIGHT MINDSETS YOU NEED
TO INCREASE YOUR CASH FLOW
RIGHT NOW

By Chris McAllister

Founder / President / Real Estate Brands Ltd.

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Founder / President / ROOST Real Estate Co.

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GETTING STARTED

HOW TO USE THIS BOOK

Keeping Score: Benchmark, goals, and moving forward.

THE MAKE REAL ESTATE WORK™ MINDSET SCORECARD

Flip to the back of this book to score your Make Real Estate Work™ mindset. First, score yourself on where you are now, then fill in where you want to be a year from now.

You can also keep score online at:
propertymanagementscorecard.com

Your score today will help you set a benchmark to build on. Scoring yourself a second time based on where you want to be a year from now will help you set clear goals and take action today that will improve your business.

Taking time every few months to check your score will keep you, your business, and your cash flow, moving forward.

THE MAKE YOUR REAL ESTATE WORK FOR YOU BOOK

This book is composed of just eight short chapters. Each chapter discusses the statements that make up each mindset. As you work through each mindset, your brain will naturally come up with things you can do in your business today to increase your cash flow.

Every real estate investor who reads this book will find themselves somewhere on the scorecard. Scoring yourself the first time will take 10 minutes or so of deep thinking. Reading this book will take less than an hour the first time through. I guarantee it will be an hour well spent.

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INTRODUCTION

THE BUSINESS OF RELATIONSHIPS

Here's the secret. None of this is rocket science. Everything in this book is built upon one simple premise:

When you own investment real estate you are in the property management business. When you are in the property management business you are in the tenant relation business.

While it may seem obvious it bears stating:
successful tenant relations are the key to a profitable real estate business.

Being a successful real estate investor requires doing many small things right, over and over, time after time. Some people think that real estate investing is a passive activity. That could not be further from the truth.

Real estate investing requires active involvement day in and day out.

CHAPTER 1

MINDSET #1: FOCUS ON WHAT YOU DO BEST

You are open to the advice of professionals and realize that each of us is best served when we are free to do what we do best.

One of the most difficult things for real estate investors to do is to figure out which parts of their business they should do, and which parts they should delegate. To review the way the Focus on What Your Do Best mindset may present itself in your real estate investment business. Let's start by looking at column one:

Column One

Property management is simply overwhelming and buying investment property was a big mistake.

Many 'accidental landlords' will recognize themselves in this column. Accidental landlords are people who, for whatever reason, have an extra property they don't want to sell right now. They never planned on being a landlord to begin with. Being responsible for a property is a headache they just don't need.

Other investors may find themselves in this column because they were not prepared for the reality of real estate investing. I blame HGTV and a lot of late-night infomercials for making real estate investing look easier than it is.

I first started in real estate investing because I read ***Rich Dad Poor Dad*** and convinced myself that I could get rich using other people's money. I learned the hard way that this was not true. Sometimes, in the second column a landlord has muscled their way to a certain equilibrium.

Column Two

You feel you are treading water but believe there has to be a better way. Your real estate is taking away from what you do best.

On the surface these investors are making it work but in the back of their minds they know other parts of their lives are suffering.

Column Three

You carve out enough time to take care of your properties. You may not be as profitable as you could be but your expenses are under control.

Investors often find themselves in this column when they have lowered their expectations to the absolute lowest level they can tolerate. This is a classic example of ‘playing not to lose’ instead of ‘playing to win’.

Column Four

You are open to the advice of professionals and understand that each of us is best served if we are free to do what we do best.

This means that you want to bring people into your world that compliment your strengths. For instance, if you are great at doing remodel work, and have the time to do it, that is something that may not make sense to delegate. If, however, you don’t know a paint brush from a circular saw, you will likely be better served hiring this activity out.

You can improve your score on mindset number one by taking the time to think through what you can, and want, to personally do in your business.

Then, be honest with yourself about how much time these activities are going to take. If the time required is going to impact your primary source of income, or take away from your family or personal time, you may want to consider getting some help.

We work with investors that have many properties who have made real estate investing their full-time job. They still work with us as property managers because we run their day to day operations allowing them to focus on their business.

This frees them to look for ways to improve, and often ways to expand their holdings by buying new properties.

Most of our property management clients are professionals, business owners or executives, with full time jobs and incomes they cannot replace with even a dozen or more rental properties. These owners got into real estate investing to diversify their financial portfolios and spread their financial exposure across multiple asset classes.

These owners know the importance of focusing on their most productive money-making activity which is their career.

Is there sometimes a short-term increase in monthly expenses when you decide to hire help? Yes, there is. In my personal experience as an investor, and in my experience watching my clients move along the four columns of mindset number one, the long-term benefits are always far greater than the short-term strain.

CHAPTER 2

MINDSET #2: PROFITABILITY IS JOB #1

You know that buying right, accurate forecasting, and maintaining your properties to the neighborhood standard is the path to profitability.

Many investors understand the basic concepts of profitability but fail to account for all the expenses involved in managing and maintaining rental property over time. In this book, I use profitability and positive cash flow interchangeably. For tax purposes, there are times when a property may generate excess cash, but still show a loss when generally accepted accounting principles and tax laws are applied.

Column One

Making your mortgage payment is an accomplishment. Staying out of foreclosure and avoiding bankruptcy are your big wins.

Landlords in this category have a distinct pattern; they are struggling and failing to grow due to weaknesses that can be identified. Sadly, investors in this column are often too close to the situation to identify the weakness on their own.

Being in column one is the worst of all worlds. It's bad enough to have to keep adding your own cash to prop up a failing investment, but it is nothing compared to the ongoing feelings of anxiety a failing investment can cause. An investor in column one usually has a hard time focusing on the rest of his or her responsibilities in life.

Column Two

You have no idea if you are profitable or not. You have yet to glimpse the financial stability investing in real estate promised.

At the end of the day, we all became real estate investors because we saw it as a path to financial security. Most people I know who successfully created financial security for themselves and their families, did so in no small part to their real estate investments.

So, while an investor in column two is arguably in better shape than an investor in column one, neither has made any progress toward the ultimate goal of financial security.

An investor who scores himself in column three is starting to put some of the puzzle pieces in place.

Column Three

Your portfolio is breaking even and there even some money left over at the end of the year. As long as nobody moves out all is good.

The column three investor is out of immediate danger. They don't have to put their own money into the property until the tenant moves out. They have learned what expenses they need to plan for and they are playing solid defense.

Column Four

You know that buying right, accurate forecasting, and maintaining the property to the neighborhood standard, is the path to profit.

There are so many moving parts in real estate investing that it is hard to make sense of it until you dive in and experience them. The truth is none of us don't know what we don't know.

Many investors never see their expected return on investment because they either paid too much for the property, over improved the property, or failed to plan for all of the ongoing expenses that all properties inevitably incur.

Realizing after the fact that you paid too much for a property is painful, but it does not have to be fatal. One of the benefits of investing in real estate is that time can turn a negative into a positive.

Paying too much for a property does not preclude you from making up ground elsewhere through effective management, a long-term focus on expense control, or a combination of both. The magic of appreciation over time is a beautiful thing too.

Over improving a property can result in capital spent that will never generate a hoped for incremental return. Mistakes like this can be expensive in the short term, but still teach us profound lessons that multiply in value over time. That is why the right mindset can either help you grow, or slow your business. You will make mistakes. What you learn from those mistakes separate the successful investors from the not-so-successful.

Finally, failing to plan for all the expenses that inevitably occur over the life of a property can be disappointing and financially challenging. Not having a clear idea of the cost of missing a couple of month's rent every few years, the cost of cleaning up a property between tenants, or the more mundane effects of insurance and property tax increases, can all impact your expected return on investment and cash flow.

Investors who successfully improve their score in mindset number two do so because they consciously try to learn from their mistakes. They apply what they learn to better plan for the future. They leverage their experience by making better decisions in the future when new purchase opportunities arise.

CHAPTER 3

MINDSET #3: PROFESSIONAL MANAGEMENT

Your property manager is a partner in your profitability. Professional management is an investment – not a cost.

Mindset number three, Professional Management, relates in many ways to mindset number one, Focus on **What You Do Best**. The distinction is that your score for mindset number three highlights your inclination towards investing in a professional relationship that can help you grow your business faster than simply going it alone.

Column One

In your experience property managers are only out for themselves. They get paid first and that is their only concern.

It is hard to fault investors who have had a bad experience with a property management company for feeling this way. Many of our clients have horrific tales of mismanagement and outright malfeasance when it comes to their previous partnerships.

In many cases, they found out too late that their manager was not licensed which in most states is at least a misdemeanor if not a felony.

Column Two

You really don't know what your actual costs are but it appears the only one making money is your property manager.

In this column investors may find themselves breaking even, but the level of communication and detail they receive each month from their manager is so poor that it is impossible to see problems and patterns, much less opportunities for growth and increased cash flow.

Property management has traditionally been a mom and pop affair. It is often a service provided as an afterthought by a real estate broker in an effort to help a handful of repeat clients. In many cases, real estate brokers set up a small operation to manage their own holdings, and they branch out from there.

While the clear majority of property managers are overwhelmingly ethical and have the best of intentions, many lack the training, skill, and professionalism the successful investor requires. This is what is frustrating for real estate investors who have hired 'professional' managers in the past.

Column Three

You are suspicious of property managers. You have your properties under control. If something needs done you do it.

These investors have muscled their way to success on their own terms and are often pretty set in their ways. They are not only in control, they are in charge.

The downside to this is that they have become by necessity, an effective manager as opposed to a successful owner. Investors in this column generally do not have time to develop the perspective that will allow them to see opportunities for growth, and this slows their progress.

Investors have every right to be suspicious of property managers. Transparency is not always the hallmark of the profession. While most investors do not begrudge their managers making a living, they resent hidden markups for services provided and ‘affinity’ deals that kick money back to the broker from the vendors they recommend.

Column Four

*Your property manager is a partner in your profitability.
Professional Management is an investment, not a cost.*

This is what the most successful investors we work with aspire to develop; ***a partner in profitability.***

Successful investors want a manager that treats their properties as if they were their own, provides consistent and accurate communication and accounting, is transparent about costs, and most importantly, collects the rent and deposits cash in their bank account every month.

The pinnacle of the investor / manager relationship is reached when the property manager is able to add additional value to the relationship over time. This may be in form of improved technology, better trained and licensed team members, or simply sharing the success habits and best practices of other successful clients.

Indeed, one of the traits we see in all our most successful

investors is they surround themselves with a gifted core group of people. This core group includes their property manager professionals.

Improving your score across the Professional Management scorecard can take time.

It is not easy to find a property manager partnership that will help you grow. My hope is this scorecard will help you articulate what you want from a property management relationship which is the first step of the journey.

CHAPTER 4

MINDSET #4: REHAB AND MAINTENANCE

You have a collaborative relationship with your property manager who helps you collect and evaluate multiple proposals for every project.

Rehab and ongoing maintenance expenses are where most investors get hurt. There are several reasons for this but the two main reasons are either improving a house above, or improving a house below, the neighborhood standard. Both approaches are fraught with peril and can negatively impact cash flow.

Investors who try to go above and beyond by adding amenities they think a tenant will appreciate, quickly become disillusioned when a tenant moves out leaving the house in less than pristine condition. A tenant deserves and expects basic, safe, functional shelter even at the low end of the market.

However, you will find little appreciation, and certainly no desire from your prospective applicants, to pay a premium for amenities beyond what is typical for the area.

Column One

You do as little as you can. There is no use upgrading properties because tenants will just tear them up.

Scoring here is an extreme reaction to a bad tenant experience. There is always going to be a cost to preparing a property for a new tenant. The goal is to find tenants that will pay the rent and leave the property in as good as shape or better than when they moved in. Even in this perfect scenario however, there has to be an allowance for basic wear and tear.

Another issue that plagued me as a new investor was a basic disconnect between what I thought things should cost versus what they actually cost. This ‘magical thinking’ had no basis in reality, but it still made me crazy.

I learned over time by tracking my expenses what my true rehab and maintenance costs were, and I began to budget accordingly. For most of my properties, I set aside 20% of every rent dollar I collect for maintenance and repairs.

Column Two

*You fear you are being overcharged by your contractor.
You are not sure what you are paying for and why.*

This is a nearly universal fear. The best way we have found to combat this is to ask your contractor for two bids. One for labor and one for materials.

If you negotiate the labor to what you think is fair, and get a comprehensive shopping list for the materials needed for the project, you will have more control.

Many times, I will buy the materials using my Lowe's account, receive my discount, and have the materials delivered to the property. This way I know exactly what was bought and paid for.

Column Three

The only way to avoid getting ripped off is to do the work yourself. Tenants may have to wait a little longer for repairs but that's life.

Many investors take this approach and it is often to the detriment of their career or free time. Some of our clients take an individualized approach and have us handle repairs in occupied units with our employees, and focus on doing major repairs between tenants themselves.

It goes without saying that if you want tenants to stay in your property you must handle emergencies immediately and routine maintenance requests in a timely fashion. To do anything else is going to mean running the risk of a tenant breaking their lease, instead of staying on for another term.

Column Four

You have a collaborative relationship with your property manager who helps you collect and evaluate multiple proposals for every property.

A column four score illustrates a near perfect world scenario. This approach presupposes an investor / property manager relationship or a team approach to the day to day operation by the owner.

With a team approach, everybody on the team understands their role and executes their responsibilities to the very best of their ability. When it comes time to rehab a property between tenants, a property manager or team member should solicit and evaluate at least two bids.

They should then send the bids and their notes to the owner for review. Then, the owner and the team member should meet and come up with a plan of attack. It is through this collaborative effort, that the very best decisions are made.

Other rules need to be put in place as well. A property manager should have a certain amount of money and discretion to take care of a tenant without involving the owner. There should be rules in place and documented regarding what service provider is to be called for what problem.

Every process and procedure needs to be designed to eliminate surprises, financial and otherwise.

CHAPTER 5

MINDSET #5: SCREENING AND SELECTION

You have systems in place to 'screen in' those applicants most likely to pay their rent while abiding by fair housing laws.

One of the most difficult decisions an owner faces is deciding who to rent their property to. A tenant that pays their rent on time and takes care of the property is the holy grail of the real estate investor. Sadly, in many markets, qualified applicants are not as plentiful as in others.

How you approach the challenge will influence your score for the Screening and Selection Mindset.

Column One

If an applicant has the money to move in you take it. Your cash flow will not allow you to evict non-performing tenants.

No investor wants to find themselves in column one. If cash is in such short supply that you must sacrifice your future prosperity for a few weeks of rent, it may be time to get out of the investing business altogether.

If you choose to press on, the second part of a column one score is just as problematic as the first.

The cost of a **slow-to-pay tenant**, or tenant who gets behind and is always in catch up mode, is well beyond the financial. The situation creates stress that inevitably bleeds into other areas of your life.

The solution of course is easier described than implemented because it involves making strategic decisions early on about the property and your target market.

A comprehensive application and screening process is of course critical, as are reference, eviction, and criminal background checks.

The ultimate solution involves knowing what the market rate rent is in your neighborhood and setting your rent accordingly. Only then will you uncover enough qualified applicants to make your best choice.

Column Two

Your tenants almost never finish out their lease and you are always looking for new ones. You have no time to interview applicants.

Investors in this column have a steady stream of applicants, which is an improvement from column one. The problem is they are just not very good applicants.

Investors who score themselves in column two generally have some standards in place, but enjoy very little stability. The constant pressure of running ads and interviewing tenants becomes almost unbearable.

The prescription for improvement here is the same as it is for column one.

Column Three

Your properties are vacant longer than you would like because you have learned the hard way that you have to wait for the right tenant.

Having the resources to take this approach to the business is a luxury many owners do not have. However, it is often the only solution to finding the right tenant that makes sense.

In our property management company, we turn down far more applicants than we accept.

This sometimes results in a longer marketing and advertising cycle than we would like. This is often an acceptable trade off because the cost of a tenant who does not pay on time, or does not take care of the property, is so high.

Column Four

You have systems in place to “screen-in” those applicants most likely to pay the rent while abiding by fair-housing laws.

Investors in this column have got their entire process wired. They have built a systematic approach to filling vacancies that is both quick and effective. More importantly, they have safeguards in place to make sure they do not inadvertently run afoul of fair housing laws.

To improve a score on mindset five, an investor must invest in systems and processes that systematize their screening and selection activities.

If the investor does not have the resources, or the number of properties necessary to justify building these capabilities in house, the services of a professional property manager may be in order.

CHAPTER 6

MINDSET #6: MARKETING AND ADVERTISING

You benchmark your marketing and advertising against the most successful investors you know. Your systems are fool-proof.

Effectively marketing and advertising of your vacant properties is essential to finding qualified tenants.

Column One

Your marketing strategy is a sign in the yard and an ad on Craigslist. Your incoming calls are overwhelming.

An ad on Craigslist or in a local newspaper will often generate hundreds of calls. The calls often number more than can be managed.

Depending on your market, many of these calls are going to come from people who have nowhere to go next month because they are being forced to move from where they are. Often these potential applicants are in dire straits. These calls can wear on even the hardest-hearted among us. When this would happen to me I just stopped answering the phone. That of course compounded my problems and further slowed my growth.

Column Two

You want to attract better applicants but you don't know where to begin. You need a system that reduces time on the market.

Our system for advertising properties is best summed up as radical transparency. Here is what I mean.

We not only advertise the features and benefits of a property, we advertise the requirements we use to deem an applicant qualified.

For instance, we have a minimum standard that an applicant has at least three times the rent amount in income every month. We ask our applicants to supply recent pay stubs with their application as proof.

We also charge an application fee that covers our time and the cost of credit and criminal background checks. We insist on a complete application. We tell people to tell the truth on their applications.

Our policy is that a troubled financial past may not disqualify them, but lying on their application most certainly will.

These initial hurdles are overcome by qualified applicants and they successfully screen out others. We also encourage applicants to apply online. If they cannot, we give them a paper application to fill out and return with their application fee.

Another thing to disclose in your advertising is your pet policy. What kind of pets and how many will you allow? Many of our owners allow pets with a non-refundable upfront fee and additional rent per month. Put your pet policy online in your advertisement.

Column Three

You are unsure of the market rate rent in your neighborhood but as long as you have cash coming in every month you are in good shape.

Finding out the going rate of rental property in your neighborhood is as simple as a Google search. Many real estate websites including Zillow publish for rent listings. Checking out your neighborhood on Zillow will give you a great idea of what the market rate is.

In the somewhat depressed market of Springfield, Ohio, I have a policy of not raising the rent when a tenant wants to extend their lease. Any additional rent I can squeeze out will not be enough to cover the cost of a vacancy.

In Melbourne, Florida however, it makes sense to write in an annual escalation clause in the lease as demand for rental property there often outstrips supply.

Setting your rental rate is a balancing act between offering the best value possible, and not leaving money on the table that is there for the asking.

Column Four

You benchmark your marketing and advertising against the most successful investors you know.

Your systems are fool proof.

Scoring in column four is the mark of a successful investor. A score here indicates an appreciation for the systems and processes needed to successfully grow your real estate investment business.

CHAPTER 7

MINDSET #7: ACCOUNTING

You receive a monthly income statement by property. You measure the success of each property against your plan and past performance.

Accounting is the least exciting part of the real estate investment business. It can be tedious, time consuming, and a costly problem if ignored. Accurate books and records allow you to track your progress, get the tax deductions you deserve, and show your banker that you are worthy of credit when the time comes to expand your empire.

Column One

Your rent is often paid in cash and your income and expense records are incomplete.

Some property owners think they are beating the system by accepting cash they may or may not report as income. In my opinion this is wrong on general principle but there are practical reasons not to accept cash as well. Basic personal safety is one.

There is also a chance that cash in your pocket will get spent before it gets to the bank. The lack of a paper trail makes it that much harder to maintain accurate books and accounts.

Column Two

You have the information you need to file your tax returns but have no idea what your ROI is or how you are doing financially.

Column two is indeed a leap forward in sophistication from column one. Show me an investor interested in their ROI, and I will show you an investor that is making money.

Measurement of just about anything in life leads to improvement over time, return on investment is no different.

Investors in this column are usually using an accounting software package like QuickBooks to manage their business. It takes a certain amount of discipline to keep the program current but the ongoing benefits are worth it. In our property management business, we keep the books for each of our clients using a web-based property management platform called Appfolio. (**Appfolio.com**)

Column Three

You are confident that your books and records are in order and you are receiving all the deductions you are due at tax time.

The federal income tax benefits real estate investors enjoy are too numerous to mention and go far beyond the scope of this book.

Suffice it to say however, that as your business grows you are going to want the services of not only a good bookkeeper, but the services of a knowledgeable tax accountant as well.

Column Four

You receive a monthly profit and loss by property.

You measure the success of each property against your plan and past performance.

An investor with no financial goals will hit them with amazing accuracy. Monthly performance reports including a cash flow, income, or profit and loss statement are critical to measuring performance over time, or to a financial plan or budget.

I spent almost 20 years working in retail management before starting my career in real estate. The one metric we always watched was our performance to last year. If we were ahead of last year, we were doing OK.

I still feel that way today. I always try to ask myself what can we do to be better than last year in all facets of our business. If we and our clients are improving every year, I feel good about the services we provide.

CHAPTER 8

MINDSET #8: EXPANDING YOUR PORTFOLIO

Your ultimate goal is to own a portfolio of mortgage-free properties that produce a steady stream of income. You always want to hear about great deals.

Many investors have an income goal they hope to meet one day when their mortgages are paid off and it comes time to slow down a bit in life. Hitting that target often involves buying more properties as their financial situation and management skills allow.

Learning how to buy properties right from a long term financial perspective will go a long way to ensuring your success and the growth of your business. Often, working with a real estate professional with personal investing experience, is the difference between success and disappointment.

Column One

You would sell your properties today if you could pay off the mortgages. The last person you want to hear from is another agent.

We meet way too many people in this situation and it is sad because their experience did not have to be like this. There are solid processes and procedures that we have highlighted throughout this book that make the odds of succeeding as a real estate investor overwhelmingly probable.

Column Two

You are upset that you let great deals pass you by. You realize that being overly cautious has cost you a lot of money.

There is a saying in real estate that you make your profit on a property when you buy it. I agree. However, that does mean effective management cannot mitigate the effects of paying too much for a property which can happen regardless of your best due diligence.

If it is time to expand your portfolio, you do not want to let ‘analysis paralysis’ set in and become so cautious that you never take the required risk.

Often, we lose more money due to the deals we don’t make, than we make on the deals we do. If you have all the information you need to estimate the future performance of a property, and the numbers add up, sometimes the only rational thing to do is pull the trigger.

Column Three

You are an accidental landlord and/or are happy with the current size of your portfolio. Investing beyond what you have is too risky.

I have nothing but the utmost respect for people who score themselves in this column, provided they have truly weighed the pros and cons and made an informed decision that is right for them.

Column Four

Your ultimate goal is a portfolio of mortgage free properties that produce a steady stream of income. You want to hear about great deals.

There is a place for debt in real estate investing. However, I look forward to the day when my properties are debt-free. In my opinion there is nothing more financially appealing, and stable, than an unencumbered income producing property. That, is a most beautiful thing.

So, when considering expanding the empire, you have to balance the risk / reward and debt / equity equations for your personal situation. The time horizon you have to work with is another variable that should be considered.

For instance, at this point in my life I am still buying, but will only do so with a 15 or maybe a 20-year mortgage. I don't want to wait 30 years to own a property outright.

Time is indeed on the side of the investor, provided their goal is long-term financial stability and strength, as opposed to gambling on a short-term score.

One other piece of advice I want to leave you with before I finish this book is this: under no circumstances should you borrow money unless you can borrow to term.

This means that even if the interest rate adjusts, the lender agrees to carry the loan throughout the amortization period.

For instance, some loans may be amortized over 20 or 30 years, but require a balloon payment at the ten-year mark. I think this is very dangerous. There is no guarantee that you are going to be able to borrow the money required to refinance the property and make the balloon payment.

Unless you already have the cash set aside, or you know you will have the cash to pay off the loan if you have to, this is never a good choice. There is just no way to forecast where the world economy, or the banking system, will be in ten years.

CONCLUSION

BRINGING IT ALL TOGETHER

I hope you have found this book helpful and have a better understanding of the eight real estate investment mindsets that can help you increase your cash flow right now. Each of the eight mindsets relates to the other seven in one way or another.

The beauty of the mindset scorecard approach to cash flow is that any improvement in one mindset will positively impact the others.

Regardless of how you score yourself today, you can use the information in this book to get to the ultimate goal of making your real estate work for you, instead of the other way around.

THE ROOST LANDLORD ADVANTAGE™

Whether you are an experienced investor, or an ‘Accidental Landlord’, we take the day to day distractions of managing real estate off your plate so you can focus on your life. We want you to have all the advantages of real estate investing with none of the worry and aggravation.

We are ROOST Real Estate Co.

We help landlords just like you make their properties work for them, and not the other way around. You’re just a call or click away from real estate success.

Visit us at ManageWithROOST.com for more information.

MY PROPERTIES WORK FOR ME

NOT THE OTHER WAY AROUND

**I HAVE A TEAM THAT
SUPPORTS ME**

**I USE TECHNOLOGY TO
KEEP IT SIMPLE**

**I STAY ALERT
TO NEW OPPORTUNITIES**

**I MAKE IT
LOOK EASY**

**I AM A ROOST LANDLORD
ADVANTAGE™ CLIENT**

ROOSTTM
REAL ESTATE CO.

THE MAKE REAL ESTATE WORK MINDSET SCORECARD

See the mindset scorecard on the following pages and read through the four statements for each mindset. Give yourself a score from 1 to 12 based on where you are today on the spectrum. Write your 'today' score in the space next to 'Your Score Today'.

Then, think about what scores would represent progress for you over the next year. If a year seems too long, think about where you would like to be in 90 days. Write your 'desired' score in the space next to 'Your Desired Score'.

Finally, transfer your scores for each mindset to the 'Totals' chart on page 62. Add up your scores in each column to find out your 'Score Today' and your 'Desired Score'.

When you compare your two scores you will immediately see where the opportunities are to improve your cash flow – *right now*.

You can complete this exercise online as well at propertymanagementscorecard.com.

MINDSET #1

FOCUS ON WHAT YOU DO BEST

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

Property management is simply overwhelming and buying investment property was a big mistake.	1
	2
	3
You feel you are treading water, but believe there has to be a better way.	4
	5
	6
You carve out enough time to take care of your properties. You may not be as profitable as you could be, but your expenses are under control.	7
	8
	9
You are open to the advice of professionals and understand that each of us is best served if we are free to do what we do best.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #2

PROFITABILITY IS JOB #1

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

Making your mortgage payments is an accomplishment. Staying out of foreclosure and avoiding bankruptcy are your big wins.	1
	2
	3
You have no idea if you are profitable or not. You have yet to glimpse the financial stability investing in real estate promised.	4
	5
	6
Your portfolio is breaking even and there is even some money left over at the end of the year. As long as nobody moves out, all is good.	7
	8
	9
You know that buying right, accurate forecasting, and maintaining the property to the neighborhood standard is the path to profit.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #3

PROFESSIONAL MANAGEMENT

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

In your experience, property managers are only out for themselves. They get paid first and that is their only concern.	1
	2
	3
You really don't know what your actual costs are but it appears the only one making money is your property manager.	4
	5
	6
You are suspicious of property managers. You have your properties under control. If something needs done, you do it.	7
	8
	9
Your property manager is a partner in your profitability. Professional property management is an investment, not a cost.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #4

REHAB & MAINTENANCE

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

You do as little as you can. There is no use upgrading properties because the tenants will just tear them up.	1
	2
	3
You fear you are being overcharged by your contractor. You are not sure what you are paying for and why.	4
	5
	6
The only way to avoid getting ripped off is to do the work yourself. Tenants may have to wait a little longer for repairs, but that's life.	7
	8
	9
You have a collaborative relationship with your property manager who helps you collect and evaluate multiple proposals for every project.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #5

SCREENING & SELECTION

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

If an applicant has the money to move in, you take it. Your cash flow will not allow you to evict non-performing tenants.	1
	2
	3
Your tenants almost never finish out their lease and you are always looking for new ones. You have no time to interview applicants	4
	5
	6
Your properties are vacant longer than you would like because you have learned the hard way that you have to wait for the right tenant.	7
	8
	9
You have systems in place to 'screen in' those applications most likely to pay their rent while abiding by fair housing laws.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #6

MARKETING & ADVERTISING

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

Your marketing strategy is a sign in the yard and an ad on craigslist. The incoming calls are overwhelming.	1
	2
	3
You want to attract better applicants, but you don't know where to begin. You need a system that reduces time on the market.	4
	5
	6
You are unsure of the market rate rent in your neighborhood but as long as you have cash coming in every month, you're in good shape.	7
	8
	9
You benchmark your marketing and advertising against the most successful investors you know. Your systems are foolproof.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #7

ACCOUNTING

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

Your rent is often paid in cash and your income and expense records are incomplete.	1
	2
	3
You have the information you need to file your tax returns but have no idea what your ROI is or how you are doing financially.	4
	5
	6
You are confident that your books and records are in order and you are receiving all the deductions due you at tax time.	7
	8
	9
You receive a monthly P and L by property. You measure the success of each property against your plan and past performances.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

MINDSET #8

EXPANDING YOUR PORTFOLIO

For each mindset, score yourself on how you feel today and where you'd like to be in the future on a scale of 1-12.

You would sell your properties today if you could pay off the mortgages. The last person you want to hear from is another agent.	1
	2
	3
You are upset that you let great deals pass you by. You realize that being overly cautious has cost you a lot of money.	4
	5
	6
You are an Accidental Landlord and/or happy with the current size of your portfolio. Investing beyond what you have is too risky.	7
	8
	9
Your ultimate goal is a portfolio of mortgage-free properties that produce a steady stream of income. You want to hear about great deals.	10
	11
	12
YOUR SCORE TODAY	
YOUR DESIRED SCORE	

**TRANSFER YOUR SCORES FOR EACH OF THE 8
MINDSETS AND TOTAL THEM HERE.**

MINDSET	SCORE TODAY	DESIRED SCORE
1		
2		
3		
4		
5		
6		
7		
8		
TOTALS		

Care to learn more?

Download your free copy of Chris's book ***A Real Estate Investor's Guide to Profitability – Making Your Real Estate Investments Work for You and Not the Other Way Around*** here.

You can also join The **Make Real Estate Work™** mailing list and receive a free short video every week designed to help you take your business to the next level.

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About the Author



Chris McAllister is the founder and president of ROOST Real Estate Co.™ ([ROOSTRealEstateCo.com](https://www.ROOSTRealEstateCo.com)) and the creator of **The ROOST Landlord Advantage™**. Chris is also the author of several books including, ***A Real Estate Investor’s Guide to Profitability – Making Your Real Estate Investments Work for You and Not the Other Way Around*** available at [Amazon.com](https://www.Amazon.com).

Chris’s unique ability is creating and coaching business opportunities and strategies that support and add value to the lives of real estate professionals and their clients. Chris splits his time between Columbus, Ohio and Melbourne, Florida.

Connect with Chris on social media at Twitter and LinkedIn.

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We have the property management solutions you need to take the stress and aggravation that comes with owning rental property off your plate. We make sure you have the time to focus on what you want to do, not what your tenants force you to do.



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