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## Get rich quick? It's not too likely

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**BY JUDY ROSE**

FREE PRESS COLUMNIST

As dreams of stock market wealth lie in tatters, the hot new hustle being pushed to investors has suddenly become real estate.

Real estate investor groups have been swamped with fledgling house buyers who pay money to hear speakers explain "hard money," "flipping," and "REOs." More on those later.

Meanwhile, new books are pouring into stores that say they'll tell you how to use real estate to get rich quick.

The word "secrets" is in many of these book titles; so is the word "millionaire." Seems a lot of millionaires want to tell you their secrets -- usually in paperback for \$15-\$20.

The basic premise is good. Almost all home owners who buy wisely and stay put a while make money on their houses.

Can you extend this past your own home? Probably yes, but add salt to tales of quick, easy riches.

And don't leap into convoluted deals promoted under headings like: "How I made \$30,000 in 45 minutes." Some of this advice should carry the warning: Kids, don't try this at home.

Saltshaker in hand, here are samples from the current crop of get-rich-in-real-estate books.

- [LEAVING HOME: Detroit high schoolers experience pride as the house they built moves to Brightmoor](#)

- [Mortgage rates fall to lowest point in 5 months](#)

- [MS. BUILDER: Screened porch is easy to build](#)

- [LON GROSSMAN: Plugged screens slow washer](#)

- **"Financing Secrets of a Millionaire Real Estate Investor"** by William Bronchick (\$18.95, Dearborn): OK, they're not secrets, but the book has good explanations of the many kinds of financing that inveterate real estate investors can use. It's a book for those already on their way.
- **"Real Estate Loopholes: Secrets of Successful Real Estate Investing"** by Garrett Sutton and Diane Kennedy (\$16.95, Warner Business Books): These authors of the "Rich Dad Poor Dad" series talk about opening loopholes in the tax law and closing loopholes in personal liability. Yes, smart rich folks know legal tricks the rest of us don't. Not a book for beginners.
- **"Investing in Real Estate,"** fourth edition, by Andrew McLean and Gary Eldred (\$19.95, Wiley): The 2003 version of this solid, fact-packed book is refreshingly free of the phony personal stories that pad many real estate books. It's closer to a textbook. Not for the casual reader.
- **"Flipping Properties: Generate Instant Cash Profits in Real Estate"** by William Bronchick and Robert Dahlstrom (\$18.95 Dearborn): Buy a junker. Fix it up. Sell it for huge profits. So-called flipping seems to grip the imagination of many investors today. But it can be a lot tougher than flip books make it sound.
- **"Buy, Rent and Sell: How to Profit by Investing in Real Estate"** by Robert Irwin and Richard Jorgenson (\$14.95, McGraw Hill): The formula's as old and solid as a recipe for bread. Buy a house wisely. Rent it and make payments until tax liability goes down and the price goes up. Sell.
- **"The SmartMoney Guide to Real Estate Investing"** by Gerri Willis, (\$24.95, Wiley): The senior financial correspondent for SmartMoney magazine offers a solid primer mostly about buying and selling your main home and your second home, not about income property. As investments, she talks about REITS: real estate investment trusts. They're

publicly traded like stocks.

- **"Making Big Money Investing in Real Estate Without Tenants, Banks, or Rehab Projects"** by Peter Conti and David Finkel (\$18.95, Dearborn): So you'd like to be a real estate millionaire -- if only you didn't have to deal with the pesky problem of houses. Lease-purchase deals are really about juggling contracts and money. Neophyte investors seem to love the stories of big, easy money claimed for lease-purchase deals. In reality, good ones don't happen very often.

- **"Value Investing in Real Estate"** by Gary Eldred (\$24.95, Wiley): Stability, growth, equity appreciation. What a concept. Be warned, it doesn't happen in 45 minutes.

### What the jargon means

What's the meaning of those insider words at the top of the story? Here are definitions and some pointers:

- **Flipping:** Buying a run-down house, fixing it up fast and selling it for a profit without ever renting it. Be sure there'll be enough profit to pay for your trouble and risk. Move fast. Every month you own the house it costs you interest, taxes and insurance. Also know that the fast turnaround means your profit isn't eligible for capital gains tax (20 percent), but is subject to the much higher self-employed income tax, which typically is 43 percent.

- **Hard money:** The expensive short-term loans often used in real estate investing. This is a risky loan, usually from a private party, on a deal a bank would not finance. Around metro Detroit, hard money typically requires 5 points (a 5-percent flat fee) plus 15-percent interest. The investor needs to get out of this loan fast or it will eat all the profits.

- **REOs:** Real estate owned by banks -- in other words, foreclosed houses. With foreclosures on the rise, REOs show up a lot today in the regular real estate multilists. To find them, you'd use a real estate agent. But

they're rarely the windfall for buyers that legend says they are. Now that even bad-credit home owners can borrow near the value of their house, the debt on an REO house is often close to its market price.

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