

Letter From the Editor

April was a **great** month for us. We did 10 loans for a volume of \$3.265M. All loans were first trusts. We closed five loans in Maryland, six in Virginia and one loan in Washington, DC. May will be another busy month.

We seem to be expanding our private lending business in an environment that is incredibly challenging for those seeking distressed assets due to the ongoing foreclosure moratoria. As a result, we are increasing our market share percentage in the DC, MD, and VA marketplace.

We continue to have a lot of loan paybacks. Our borrowers are doing really well executing their fix and flips on a timely basis. This is due to the good market conditions.

CHUCKLE'S CORNER

Q: What does one penny say to the other penny?

A: Let's get together and make some cents.

Food for Thought

We have launched weekly podcasts called *Basement Tales*. We will have 25 or 26 episodes out by the time you receive this newsletter. It is a podcast on various real estate investing subjects based around stories that have happened to us in the past. Below are links to our podcast.

You can access them on

<https://podcasts.apple.com/us/podcast/basement-tales/id1541056033>

or

https://www.youtube.com/channel/UC0R91IRsAuntHsXN9ygf_Q

IF YOU LISTEN TO THE PODCASTS, PLEASE LEAVE US A REVIEW!

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Why 85% of Real Estate Entrepreneurs Fail (How You Can Avoid Their Fate)

The simple truth is that the majority of entrepreneurs will have to reenter the workforce because they failed to build a successful business. The 85/15 rule is a bit generous when applied to real estate entrepreneurs. I see it as more of a 95/5 split. We will go ahead and apply the more generous percentage to this statement: At a minimum, 85% of entrepreneurs will fail.

You do not have to be one of them! You have the opportunity to learn from their mistakes. You can use those failures to identify and navigate those stumbling blocks that lead to failure.

Let us look at the three biggest lessons you can learn from unsuccessful real estate entrepreneurs.

1. Goal Setting

Like anything else in life, you need to set goals. There are two types of goals: long term and short term. Set attainable goals and put together a daily schedule on achieving them.

2. Lack of Consistent Marketing

You are busy, but that's no excuse for being inconsistent. Inconsistent marketing can lead to big problems. If money is an issue, figure out a way to market using your time. Driving for dollars, bandit signs, and courthouse research are simple, cost-effective ways to market without spending a lot of money.

3. Wasting Your Time

Learn productive uses of your time. Early productivity could be educating yourself and marketing. As you get more advanced in your investment business the time will shift to deal making/negotiating and asset management. Understand where to use your time wisely given where your business is. As you get more advanced you can choose to invest in the tools and the people that can help you succeed and make lots of money.

Challenging Times for Landlords and Renters

Are you a landlord looking for a new tenant? Or maybe you know people who are looking for a rental? Both landlords and tenants are challenged by the state of the market.

There is a federal eviction moratorium that has been in place since March 27, 2020. If you are a landlord, you could be getting hurt badly by tenants who default on their rent payments. Despite recent court decisions overturning the legality of the eviction moratorium, it effectively remains in place until June 30, 2021—in some states, the moratorium will extend well beyond that date. So, if your tenant has defaulted and you have been unable to obtain federal relief funds for landlords and tenants, your property could be suffering economic losses for more than a year. Getting behind on rent isn't a great situation for tenants. Right now, landlords are screening new tenant applications very closely for qualified tenants. If you are a tenant in default, you have to deal with the long-term consequences of not having a decent landlord referral.

Since the pandemic, more tenants have renewed leases or stayed in their rental without paying rent. This has resulted in an overall decline in rental inventory, which has driven up rental prices. Landlords are hesitant to impose very fast price hikes on existing tenants, so that creates a cycle in which tenants don't move, inventory levels stay low, and prices continue to rise. If you are a landlord and have a vacancy, you barely need to advertise before you are inundated with applications. You can be very selective on the financial qualifications of your new tenant, and that can be excellent for improving the long-term stability of your rental portfolio. Tenants are competing with one another by trying to rent properties before they are even on the market. If we put one rental on the market and it rents right away, it generates dozens of calls from people to find out what we have "coming soon." Prospective tenants are willing to look at occupied properties or ones that are getting cleaned up before they are even on the market.

Applicants that present a risk to your property with pets are willing to pay significant premiums for renting. At the same time, since prices are high, applicants want to get value for their rental. This is a good time to think about improving the value of your rental with appliance upgrades, fresh paint, and flooring. Doing so will help you retain high-quality tenants for longer periods of time. As a landlord, you are looking for long-term tenants who pay their rent in a timely manner. You don't need to get the very top of the market in rents if you have a good performing tenant. Turning over a property is the most expensive part of renting properties. When tenants change, you might need to refresh the property and could suffer lost income while you are turning it over. It is a lot better to have a long-term tenant paying slightly less than the top market rent than a tenant that pays slightly more and vacates after a year or two.

April Deals



8830 Badger Dr.



3715 Ottawa Ct.



13751 Marsden Ct.



4949 Bonniewood Dr.



12204 Rockledge Dr.



3121 Presidential Golf Dr.



709 14th Street SE



25 7th Street