

DAVE SAYS:

How To Get Started In Real Estate

Dear Dave,
I've always been interested in real estate, but the only experience I have has come through owning my own home here in Atlanta. I'm not sure I'm enough of a handyman to fix up houses to sell, but I've never thought of myself as a landlord, either. What advice can you give me? - Mark

Dear Mark,
Anytime you own real estate you're going to have to deal with repairs, whether it's fixing up a house to sell, a rental property or your own home. If you're not the handyman type, then you'll need to know some repairmen and have other connections in the building industry. I mean, if the house needs extensive work, or the central unit or water heater goes out, it's your job to make things right!

There are a few things you can count on when it comes to rental properties. We just talked about repairs, and that's a big one. Another one is a formula that goes something like this: on average, the cheaper the rent, the bigger the "character" you'll have to deal with as a renter. Now, if you run too high on the rent, you'll discover a different type of character. This type thinks you work for them, and it's never good to have confusion on this issue.

A good, solid, middle-of-the-road house in your area would probably cost about \$150,000 to \$200,000. A lot of people will tell you to take on debt to buy the place, but I want you to pay cash on this trip. It may mean a less expensive house and dealing with low-income renters to start with, and that can be a headache. The good thing is that you'd learn how to be a landlord from the bottom up. You'll learn how to be firm, but fair, and how to be gentle in the midst of a crisis. Believe me, you'll have a crisis or two—or 10 or 12—if you stay in the landlord business very long! You'll also learn how to handle evictions. But once you get some experience under your belt, you won't be intimidated by other, bigger, rental situations in the future.

So, either you'll be a landlord, or you'll be a person who buys and flips properties. Either way, make sure you do it with cash. Don't go into debt to make this happen!

—Dave

Dear Dave,
I'm employed, and



DAVE SAYS

Financial Straight-Talk

by Dave Ramsey www.davesays.org

I've maxed out my Roth IRA. I also have a small business on the side, so can I do a SEP as well? - Bill

Dear Bill,

Sure you can! If you want, you can do a SEP (Self Employed Pension plan) along with a Roth IRA and a 401(k). There's no limitation to how many of these things you can have working for you.

The only limitations you're looking at would be in terms of income. If your annual household income is more than \$154,000, and you're

married, filing jointly, you're going to run into issues with a Roth IRA.

When it comes to a SEP, you have to provide it for any full-time employees who have been with you for three of the last five years at the same percentage of their income. Good question, Bill! —Dave

* For more financial advice, please visit daveramsey.com.

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|---|---|--|
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