

Collin College - Continuing Education COURSE SYLLABUS

COURSE INFORMATION

Course Number: REAL 7695

Course Title: How to Buy, Lease & Manage Houses for Profit

Course Description: Learn how to find and buy pre-foreclosure, foreclosure, and REO properties, VA & FHA assumable loans, below market value; how to repair, lease and manage, or flip them for profit. Course includes how to write purchase agreements for short sales, buying “subject to” and how to write the best lease to protect yourself. Tax benefits of real estate investing, and rudimentary financial planning are also included. Ideal for beginning real estate investor, and investors interested in supplementing their income.

Suggested Course Prerequisite(s): None

Course Resources: N/A

Student Learning Outcomes:

1. Learn the five basic types of residential real estate investment and the ten buying types.
2. Understand the liabilities connected with rental house ownership.
3. Ability to process a rental application and check credit.
4. Execute a lease, do a pre-move-in condition report and video.
5. Learn what an Investment Property Portfolio is.

Certification Notes: None

Next course recommendation: Home Staging, Flipping Texas.

Refund Policy: Please refer to www.collin.edu/ce/infoRegistrar.html for our refund policy. No refunds after the start time of the first class.

Americans with Disabilities Act: Collin College will adhere to all applicable federal, state and local laws, regulations and guidelines with respect to providing reasonable accommodations as required to afford equal opportunity. It is the student’s responsibility to contact the ACCESS office, SCC-D140 or 972.881.5898 (V/TTD: 972.881.5950) to arrange for appropriate accommodations. See the current *Collin Student Handbook* for additional information.

Course Sessions: Listed are guidelines to indicate all topics that will be covered during your course. Do not plan your personal calendar based on these sessions. Your instructor will give you a calendar for your class that will indicate specific topics, assignments, and days.

Lesson Plan – by week or session:

Session 1:

Why Invest in Rental Property

- Short Term-Stock Market, Mutual Funds
- Long Term = real estate
- Tax Benefits-Pre 1985; Tax Reform & Accelerated Depreciation Value
- Build generational wealth
- How to get started

Types of Residential Real Estate Investment in DFW

- REITS
- Apartments
- Duplex, Triplex & fourplex
- Condos & Townhomes
- Single Family Houses

Investment Factors

- “Hot” vs. “Cold” Market
- Foreclosures
- Interest Rates
- Property Condition
- Neighborhoods
- The Right Price to Pay!
- “Best Buys”
- Pre 1988 VA “assumable” & pre 1988 FHA “assumable”
- Owner Financing
- Foreclosures
- “Fix-r-uppers”

Buying Tips

- Become familiar with Contracts and Real Estate forms
- Talk to neighbors
- Tax rolls can lie
- Budget
- Use “cash on cash” investment formula for highest \$ to pay
- Avoid “all bills paid” properties
- No matter how great interest rate or “deal”, never buy and owe more than worth of the property
- Beware of “Zero down” deals and “ARMS”
- Mentally and on paper work the deal to conclusion

Session 2

Understanding how to write a “Purchase Agreement” to buy a house

- In depth line by line analysis
- Giving yourself ways to terminate the contract at your discretion
- How to “short sale” and “subject to the Existing Mortgage” sale

Renting Your House

- Get as much of a head start as possible
- Use a 60 day right to re-lease rather than 30 day
- Better quality tenants often look for a house early
- Explain at beginning of lease why “Notices to Vacate are nonnegotiable

Yard Signs

- Must be easy to read from the street
- 65% of leases originate with yard signs

- Produce the most qualified prospects – they like the area or they wouldn't be looking there
- Make sure the yard sign telephone number is always answered. This is FLBO's biggest problem
- Tubes attached to sign with graphics

Classified Ads

- Dallas Morning News
- Dallas Observer
- Harte Hanks Community Newspapers
- Distribute flyers with property address and description to local grocery stores to place on bulletin boards, i.e.: Whole Foods, college bulletin boards, at your place of employment, etc.
- Corporate Relocation Centers and Corporate Newspapers
- Fair Housing Laws and "For Lease" ads and Deceptive Trade Practices Act
- DTPA – Handout in class plus religious discrimination case handout
- Fair Housing – 5 page handout

Session 3

Rental Application – Handout

- Credit and criminal background check
- Past landlord and reference checks - This is the most important thing you do before renting your house
- The "gut feeling" check. Follow your instincts but avoid any appearance of discrimination
- Rent, Security Deposit, Pet Deposit, and Credit Check Fees
- Taking personal checks for credit check fee, rent and security deposit
- Suggest you don't do this or at least call their bank before depositing the check to be sure it is good
- Ask for first month's rent, security deposit in cash or cash equivalent
- Are bank checks, certified checks and money order as good as cash?
- Get the full first month's rent "up front" and pro-rate the second month's rent

The Lease with Addendums – Handout

- Review how to prepare the lease, clause by clause
- Repairs – add a Home Warranty provision and/or tenant deductible of \$100
- Pre-Move-in Video & Still Camera pictures plus Tenant filled out Pre-Move-In Condition Report
- Video house - ease of showing in court if necessary
- Digital camera – ease of emailing pictures to owners, court, tenants

Session 4

Liabilities

- Protect Cash Flow
- Repairs: Home Warranty or sinking repair fund out of monthly cash flow
- Lawsuits – good contracts and owner liability insurance to protect yourself

Lead-Based paint – 1978 and prior

- Lead-based paint notice
- Pamphlets – Buy at bookstores

Texas Lock Law

- Keyless deadbolt
- Peep hole
- Keyed dead bolt
- Sliding glass door lock – kinds of locks acceptable

- French doors - type of locks acceptable

Smoke Detectors

- One in hallway outside bedrooms
- One at the top of the stairs to second floor
- Further requirements of local ordinances

Carbon Monoxide Detectors

- The “Vitas Gerulitus Story”
- Cracked heat exchangers with gas furnace
- Vicious Pets and Liability Concerns for Landlords
- Certain breeds of dogs i.e.: Rottweilers, Chows, Pit Bulls, German Sheppard’s, Wymer-renners, Dobermanns, etc. Mountain Lions, Snakes, any others?
- Convicted Sex Offenders
- Lawsuits and Liability Insurance
- Limited Liability Corporation – protect your personal assets
- Security Deposit Laws
- Tenant may not use his security deposit instead of paying his last month’s rent
- Liability – 3 x amount of security deposit
- Landlord may not refuse to refund security deposit unlawfully.
- Presumption of wrongful intent to defraud if security deposit is not refunded within 30 days of premises being vacated.

Method of Evaluation: Unless otherwise stated, course completion is evaluated on the basis of attendance. Students must be in attendance 90% of each course in a certificate series for successful completion and to earn a certificate as specified.