For Rent

Why Buying and Owning Rental Properties is a Proven Way to Build Retirement Savings

By Martin Osmond

To my grandchildren:
I wish them happiness, health and life long prosperity

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Introduction

I am writing this book because I am frustrated and mad that people haven't taken advantage of using income real estate as an investment tool for their children's college education funds and to grow their nest eggs for retirement.

It is hard to get ahead these days and seems as if all of our dollars are spoken for before the next paycheck. We all want to invest for our future, but with an uncertain world economy and more traditional investment vehicles such as bonds, treasury bills and savings accounts paying virtually no interest, one must wonder what rippling effects await our stock market. Real estate is the greatest leveraging factor to the uncertainty, and it is a disservice to the average person that more experts aren't talking about it.

This isn't rocket science, but it does require a huge dose of common sense. The first and most basic question you must ask before going further is whether this is for you? If you clear that hurdle and sense opportunity, I assure you that the following pages will guide you through any concerns or doubts you harbor about investing in real estate and paint a picture of how it can work for you.

Who should be reading this? The information is applicable to anybody. When I sat down to write it, I thought about my own journey and how I wish as a younger man someone would had let me in on the big secret, which really isn't that big once you learn the ropes. I didn't jump in until I was in my 40s, and although I've enjoyed great success, I do wonder how much further ahead I would be today had I started in my 20s or 30s. My particular case shows it's never too late to teach anyone new tricks. This book also is equally geared toward the people, and there are a lot of them, who have thought about purchasing rental property for an investment but are frightened by the unknowns that accompany a huge commitment like it.

How do I know that this stuff works? Simple. Experience.

I hold an active real estate license, and with 30 years behind me in buying and selling single-family homes and twin-singles, or duplexes, I've crossed most of the bridges that you will encounter. During that time, I never sold anything but investment properties.

This is a layman's approach to real estate investing that is easy to understand and can help you generate an additional wealth stream that historically will beat the interest returns on your

401(k) or IRA. My intent is to calm the fears you have about the process, and provide information that is both practical and strategic. I'll help you avoid the pitfalls and get you to focus on the potential.

Before getting into the nuts and bolts, it's important that you know a little bit about how a kid who graduated from Bowling Green University in January 1964 got to the point where I wanted to impart the lessons I've learned during the past 40 years to those who want to build a stronger financial foundation.

I left the university in northwest Ohio with a radio and television major. It helped me tremendously in my career as a salesman as I routinely spoke to groups of all sizes. After completing my military service obligation, I went to work for a large insurance company in Toledo, Ohio in 1965 to learn the pension business.

Moving to Columbus, Ohio in 1970, I began a career as an independent pension consultant. The person that launched my future was an actuary who thought outside the box, and I marveled at his creative risk taking genius. He explained ideas simply and gave examples so one would understand better what was being conveyed. I took his simple approach and applied it to the presentations I've given over the years about real estate investing.

For 30 years, I raised venture capital for land development. During a five-year period, I was vice president for a home-building company that operated in five states and led its investment division for single-family homes in Columbus. We recorded approximately $100 million in sales during those five years, and overall I have sold more than $200 million in rental properties during my career.

It was my clients from those days that got me into real estate investing. When I started in the business, all they could talk about was finding a place to park and protect their income — basically sheltering it from a top tax bracket of 70 percent at the time — after they had maximized their individual pension contributions. It turns out the place was in real estate.

That was my first look at real estate as a viable investment option, and the different types of real estate in which you could invest. I will touch on those types in coming chapters as well as significant years that impacted the industry greatly, including 1980–1981 when interest rates exceeded 20 percent; 1986 when real estate tax laws changed; 1990 and the collapse of the Ohio savings and loans industry; and 2008 and the ramifications of a downturn in the banking industry. Finally, spread throughout the book are some true experiences that will give you a taste of what's it like to be a landlord on a daily basis.