
The Book on

**INVESTING
IN REAL ESTATE
WITH NO**

(and low)

MONEY DOWN

*Creative Strategies for Investing in Real Estate
Using Other People's Money*

BRANDON TURNER

Author of **THE BOOK ON RENTAL PROPERTY INVESTING**
& Host of **THE BIGGERPOCKETS PODCAST**

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REVISED EDITION

*Real-Life Strategies for Investing in Real
Estate Using Other People's Money.*

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Praise for Brandon Turner's Books

“An insider’s perspective, full of encouragement and resources for newcomers... Interested readers will find the book substantially useful as a starting point.”

—**Kirkus Review on *How to Invest in Real Estate***

“I only wish this book had been written in 2005 when I was starting my real estate investing journey!”

—**Ken Corsini, Real estate investor
and star of HGTV’s *Flip or Flop Atlanta***

“I think this should be required reading for anyone considering real estate investing... Countless hours, months, and—frankly—years this book would have saved me!”

—**Ben Leybovich, Real estate investor,
syndicator, and founder of JustAskBenWhy.com**

“There are very few books that provide a detailed, step-by-step framework for accomplishing real estate success. Brandon Turner’s *The Book on Rental Property Investing* does that, and does it in a way that puts financial freedom through real estate within reach of anyone who wants it.”

—**J Scott, Bestselling author of
*The Book on Flipping Houses***

“I have not read a more comprehensive discussion in my 20 years of investing. This is a great reference for beginners and experienced rental owners!”

—**Al Williamson, LeadingLandlord.com**

“This book is an A-to-Z guide for the real estate investor—not just buying and selling, but also strategic planning, which is all too often forgotten. The real-world examples really drive it home.”

—**Brian Burke, CEO of Praxis Capital**

“*The Book on Rental Property Investing* fuses passion with a system-driven, business-mindedness that provides a very big resource to help establish and achieve your personal investment goals.”

—**Bill Syrios, Owner of Stewardship Properties**

“I wish I had *The Book on Managing Rental Properties* before I made all of my expensive property management mistakes! Brandon and Heather Turner have covered the biggest challenges for landlords and solved each one with step-by-step systems. I literally gave the information in Chapter 6 on tenant pre-screening to my own team and said, ‘Use this!’ It’s that good.”

—**Chad Carson, CoachCarson.com**

“It’s practical, real, and comes across very open and unbiased... This is great for beginners as well as anyone who is in another field of real estate investing looking to cross over.”

—**Lisa Phillips, AffordableRealEstateInvestments.com**

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**The Book on Investing in Real Estate with No (and Low) Money Down
Revised Edition**

Brandon Turner

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FOREWORD

By David Greene, Co-host of *The BiggerPockets Podcast* and bestselling author of *Long-Distance Real Estate Investing*

Like you, I love real estate.

I love looking at it, analyzing it, talking about it, and owning it. I love it so much that I've written detailed books so I can teach the art of real estate to others. I co-host *The BiggerPockets Podcast* so I can talk about it. I became a real estate agent so I can make my living selling it.

When I first started buying rental property, I did so with my own money that I saved while waiting tables throughout college. When I moved on to my law enforcement career, I started working 100 hours a week to make the money I needed to fund real estate deals. Seven days a week, often working twenty-hour days, I would drag myself through shifts as a police officer, always striving for that elusive goal of financial freedom through real estate.

To be free, it was worth the cost.

Was I dogged, determined, and focused? Yes. In fact, I think I worked harder than anyone. Was I unhealthy, unbalanced, out of shape, worn out, and depressed? Also, yes. It wasn't until later in my career that I realized I was doing it all wrong. I found there were investing techniques, strategies, and principles that I wasn't aware of, and I had missed opportunities while I worked with my head down.

While I was sacrificing some of the best years of my life *for* real estate, Brandon Turner was living some of the best years of his life *through* real estate. I was laboring away with a handsaw while Brandon had discovered

power tools. I wish I had a book like this back then—it would literally have changed my life, my health, and given me back many years of freedom.

I met Brandon when I was first interviewed on *The BiggerPockets Podcast*. I had listened to every single episode of the podcast and knew all of Brandon’s investing stories, interview quirks, and hilarious jokes. What I didn’t know, however, was how wicked smart he is.

Behind his goofball persona lives a mad scientist with a brain that never stops churning. Anyone who spends five minutes with Brandon in person will be instantly blown away by the whirlwind of thoughts that his mind produces. This book is a collection of some of those thoughts, organized so you can comprehend them, written so you can make them your own, and structured so you can use them yourself!

The biggest difference I noticed between Brandon and I was how *happy* the dude always was. We were both buying real estate, but he never seemed as stressed as I was about it. We were both building our portfolios, but he was doing it with ease while I was working like a madman. It wasn’t until later that I learned why this was the case: Brandon had discovered how to build wealth creatively. He found a way around the brick wall that I was steadily bashing my head into. Did I knock the wall down? Eventually, yes, and with pride. Brandon, however, walked around it with much less stress.

It was through my friendship with Brandon—and by learning how to see the investing world through his perspective—that my own investing methods changed. I learned to look at deals creatively and to see financing, title, rehabs, offer prices, zoning, and square footage as individual pieces of a bigger puzzle. Before Brandon, I saw one path: save money and dump it into real estate. It was Brandon’s creative approach that helped open my mind to new possibilities, and then my real estate investing took off.

This book will show you what Brandon was doing differently and how you can do the same. More important than that, it will teach you how to think about and see real estate in a new way. The truth is, there are myriad ways the average investor can make a deal work, find the next property, or structure pieces so they fit together in a way that works for both the buyer and the seller. You don’t have to make the same mistakes I did—you can be like Brandon and make real estate work for you.

As the host of the world’s largest real estate podcast, Brandon has interviewed *hundreds* of successful real estate investors and pulled back the curtain to see exactly how they built their business. He knows the

mistakes they've made, the successes they've had, and the techniques they discovered at the end of the day that moved their business forward.

What better way to learn than from the collective wisdom of hundreds of successful investors? What better person to learn from than the one who not only does it himself, but has also learned from a collective group of the worlds' best?

Today, thanks to Brandon's influence, I have a portfolio of over 35 cash-flowing properties all over the country. I've written two books on different investing strategies, *Long-Distance Real Estate Investing* and *Buy, Rehab, Rent, Refinance, Repeat*. The BRRRR strategy alone took me from buying two properties a year to two properties a month, all with the same capital. Brandon taught BRRRR before it was popular, and this book is the foundation for it and many other financially creative concepts.

We believe in the wealth-building power of real estate because it's available to everyone. You don't need rich parents, a six-figure job, or an ivy league degree. While you don't need fancy credentials, you *do* need a firm resolve, a strong understanding of the fundamentals, and the ability to creatively structure deals in a way that allows you to have big success without big money.

This book is written to show you exactly how to do just that. Expect to be blown away by strategies you haven't heard of, pathways you've never seen, ideas you've never had, and concepts you never knew existed. The creative ways to buy property are virtually limitless and the combinations countless—if you know how!

Read this book. Memorize the strategies. Share them with your friends, and practice how you would deploy them as you begin analyzing mock deals and looking for opportunities. Share this with anyone you know and love who has similar goals. Do not sell yourself short by taking the hard road when you don't have to! The truth is, you don't *have* to work 100-hour weeks like I did to build a portfolio. Instead, you can be smarter, more creative, and enjoy your life while you build massive wealth and passive income that can last for generations.

Your Friend,

David Greene

Award-winning Keller Williams real estate agent and co-host of
The BiggerPockets Podcast



INTRODUCTION TO THE 2ND EDITION

When I speak to people who have read the first edition of this book, I am usually told one of two things:

1. This book has the longest title in the history of titles.
2. This book changed my life and helped me invest in real estate.

Since I like long titles, I want to focus on the latter. Why did this simple book make such an impact, selling more than 120,000 copies, when the typical business book sells fewer than 5,000 in its lifetime? Why did this book stand out?

Obviously, it's not from the talented writing (you'll realize quickly that I'm not a professional author, but an actual real estate investor who often struggles putting words together!). Nor is it from brilliant marketing (most purchases seem driven by word-of-mouth). In fact, I don't believe this book's success had anything to do with me. It had everything to do with YOU.

You see, we've conducted many polls of our members and visitors at BiggerPockets and found, time and time again, that there is one problem above all others that keeps people from investing. It's the same complaint I hear from strangers standing in line at Starbucks while I wait to order my peppermint hot chocolate after I tell them what I do for a living. It's the same objection I hear when I attend local real estate meetups around the country. It's the same issue I hear weekly when I host live online

webinars for BiggerPockets. Nearly everyone new to real estate struggles with the same thing:

Money. Or, more precisely, the lack thereof.

You see, as I discuss in Chapter One of this book, it doesn't matter how rich or poor you might be, how loaded your bank account is, or the size of your vault. You'll likely always need *more capital* when it comes to your real estate ambitions. Even billionaires borrow money on their real estate deals.

Therefore, the reason the first edition became such a hit had little (or nothing) to do with me, and everything to do with the nerve that was struck. People want to learn how to invest in real estate with low (and no) money down! That's exactly why you're reading this book right now—and in the pages to follow, that's exactly what you're going to learn.

So—why the need for the 2nd edition?

Several reasons.

First, when I wrote the first edition, I decided to include examples that would illustrate my point for each of the many no- and low-money down strategies in the book. These examples were designed to be clear-cut, simple explanations of the strategy. But as more and more individuals read this book and began doing their own deals with no- and low-money down, I noticed that these real-life stories were just as compelling, if not more-so, than the original stories. So, in addition to the simple illustrations from the first edition, here you're going to read more than thirty real-life stories from all around the world from investors just like you doing real deals in real situations.

From the story of Tim in Southern California who bought a property with less than \$15,000 down to Luke in Louisville, KY who not only purchased a fourplex for no money down but actually received \$10,000 at closing—these stories are designed to educate you, inspire you, and hopefully spur you to action. At the end of the book, as a bonus, we also included a dozen additional real-life stories to give you even more ideas on how to finance real estate with no- and low-money down.

Secondly, I make it a goal when I write books not to write about topics I have not personally experienced. When the first edition of this book was released, I had never performed a syndication (the powerful strategy of buying big deals by raising money from a variety of passive investors) but since that time, I've jumped fully into this strategy. Therefore, this edition includes an entirely new Chapter Ten—more than 5,000 words—not

found in the first edition. This chapter will walk through the exact strategies I've used to buy millions of dollars in real estate with almost no money out of pocket. This chapter alone may change the future course of your real estate investments, forever.

Finally, this second edition includes some updated numbers based on where the real estate market is today and a fresh new design.

Without further suspense, I invite you to begin reading and truly hope that this book delivers exactly what the incredibly long title suggests.

Yours,

A handwritten signature in black ink that reads "Brandon Turner". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Brandon Turner
Maui, Hawaii
January 2020



Chapter One

THE ART OF CREATIVE REAL ESTATE INVESTING

Allow me to start this book talking about one of my favorite things: pizza. Bear with me a moment and it will all make sense.

When I go to the pizza store to pick up a pepperoni pizza with extra cheese, I have one choice: to pay for it with my hard-earned money. I suppose I have other choices, but I'd rather avoid the orange jumpsuit and forced community service involved in theft.

However, the rules for real estate investing are actually not as hard and demanding as those for buying pizza or other consumer goods, so you'll have many more options. Better yet, those options are not only legal, they are also a lot of fun to learn and apply. I call this process "creative real estate investing."

One of my favorite aspects of real estate investing is the ability to trade cash for creativity. In my world, this is the truest definition of creative real estate investing.

You can't easily do this with stocks, mutual funds, gold, or most other kinds of investments. If you wanted to buy gold but had only \$1,000 to spend, you would probably buy just \$1,000 worth of gold. If the price of gold then doubled over the next decade, you would make only another \$1,000 in that ten-year time frame. If it doubled again the following decade, you would then have \$4,000 in your portfolio.

You can imagine how long building serious wealth might take with

this method, especially with the market fluctuating so greatly. In fact, gold has done tremendous things over the past decade, climbing from \$282 per ounce in February of 2000 to over \$1,300 per ounce in February of 2014. While that rise may seem incredible, it's only incredible for those who had a significant amount of money to invest to begin with. After all, if you had bought that \$1,000 worth of gold in 2000, today you'd have approximately \$4,600—hardly anything to quit your job over.

The same applies to the stock market. And mutual funds. And fine wine. And nearly all other investments.

Now, there's nothing wrong with investing in those other things (and in fact, I recommend a “balanced diet” with respect to investments), but if you have little or no money, getting started can take a *long* time.

Frustrating, isn't it?

However, with real estate, you can leverage your knowledge, time, and creativity to essentially make money from *nothing*. This is what creative finance is all about: replacing cash with creativity, money with motivation, and dollars with determination.

Do you have that creativity, that motivation, and that determination? If so, you can do some amazing things to improve your family's financial future. If not, don't worry. This book will show you the way.

Who Am I?

My name is Brandon, and I'm addicted to creative real estate investing.

I started investing in real estate at the age of 21 with no credit, no cash, and—honestly—no idea what I was doing. However, I had decided that I was going to be a real estate investor, come hell or high water, so that's what I set out to do. I read every book the regional library system had on real estate investing, spoke with every real estate investor I could find in my area, attended landlord meetings to network, and continued to work my day job making barely above minimum wage for the first few years. Fast forward thirteen years and I'm not a billionaire, I don't drive a Lamborghini (though I did just buy a Tesla, using a rental property that I acquired with low money down to fund the entire payment!) and I've made more mistakes in real estate than I'd like to admit. However, I've also amassed a portfolio of nearly 300 rental units and flipped or wholesaled a variety of properties that have provided me with enough income to support my family whether I maintain a day job or not, and

I've purchased every property using little or no money of my own.

I don't say this to brag. The truth is, I didn't jump into creative finance because I was some super genius or because I was trying to achieve some astronomical return on investment. I jumped into the world of creative finance because, frankly, I was broke. I acquired nearly all my properties while I was either self-employed or working for less than \$15 per hour. I simply had no choice: be creative or don't invest at all. Along the way, I've made a lot of mistakes, wasted a lot of time, and made more than a few bad investments. However, the many lessons I've learned from it all have made me the investor I am today, so my hope is that I can now share those lessons with you.

All that said, this book is not about me. This book is about **you and your future**, no matter what your past has been or how much money is in your checking account. This book is about giving you the educational tools you need to start investing in real estate, whether you have a million dollars in the bank or six bucks to your name.

It's Not About Being Broke or Irresponsible

I realize that creative real estate investing holds a special appeal for people who have absolutely no money in their checking account, but I want to be clear that I don't equate creative real estate investing with having no money. Yes, the two often go together, but that's not what this book is about.

After all, no matter how much money you have in your bank account or IRA, there will always be real estate that you cannot afford. There is always another level, and getting to that level requires a strong commitment to creative real estate investing. Even the most wealthy and successful real estate investors use a heavy amount of creative finance to continue their business; I would even argue that their skills at buying real estate with no or little money down are what have contributed most to their success.

Therefore, this book is for YOU if you are interested in doing more deals, enjoying more cash flow, and increasing your income through creative real estate investing.

This Book Is Not About Getting Rich Quick

Yes, fortunes have been made in real estate, and some of those fortunes

have been made rather quickly. However, for the vast majority of real estate investors, this is simply not going to happen, and I am not promising anything different.

This book is about applying creativity as leverage to acquire real estate, and this doesn't happen overnight. Building up a portfolio can take years, and the speed at which that portfolio grows depends heavily on a healthy dose of luck, location, and timing. That said, please don't be discouraged. Creative real estate investing truly is an amazing vocation that can transform your future and the financial destiny of your family forever, and I'm excited to share with you the strategies I've used throughout my career.

Who Is This Book For?

There are hundreds of ways to make money in real estate and hundreds of books written about each of the various strategies. Therefore, I think we should discuss *who* this book is for before we jump headfirst into the content.

This book is for anyone interested in investing in real estate using other people's money. Whatever strategy you expect to use or niche you plan to enter, I believe the lessons in this book can help you find greater success.

Although I am primarily a buy-and-hold real estate investor—interested in the extra monthly income (cash flow) that owning numerous rental properties can provide—and even though I tend to mix in the occasional flip or wholesale deal just to keep things interesting, rental properties are my bread and butter and my area of expertise. That said, the lessons in this book *will* apply for those looking to engage in all types of real estate investing. In fact, Chapter Nine of this book deals exclusively with the concept of real estate wholesaling and finding amazing deals, so be sure to stick around for that.

You CAN Afford It

Each week, David Greene and I have the honor of sitting down with successful real-life real estate investors on the BiggerPockets Podcast and asking them about how they've built their business, the successes they've had, the failures they've faced, and more. Perhaps the most popular segment of the show comes at the end, during the "Famous Four"—four

questions we ask each and every guest. The first question is simple but powerful: What is your favorite real estate book?

The number one answer given by 80 percent of our guests thus far has been the same: *Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!* by Robert T. Kiyosaki¹.

I am amazed by the sheer number of investors out there who credit this one simple book as the inspiration for their investing career, and I'm right there with them. This book was a huge turning point for me and motivated me to start thinking about my financial future in a new light. Although not a textbook for real estate in any way, *Rich Dad Poor Dad* was foundational in the lives of many real estate investors because it changed the mindset of everyone who read it. Personally, it completely blew my mind wide open with new possibilities and ways of thinking.

Perhaps the greatest mindset-expanding revelation in this book comes when Kiyosaki tells a story about the two men who had a hand in raising him: his real dad and his best friend's dad. Each had a different way of guiding his family financially, which led to the author's dual perspective on financial matters.

In the book, Kiyosaki states, "Rich dad forbade the words 'I can't afford it'... Instead, rich dad required his children to say, 'How can I afford it?' His reasoning, the words 'I can't afford it' shut down your brain. It didn't have to think anymore. 'How can I afford it?' opened up the brain. Forced it to think and search for answers."

I still remember the day I read that; my entire world seemed to turn upside down. I had been raised in a household of "we can or we can't afford that" and so was accustomed to turning my brain off as soon as I reached the point of "no." When I suddenly realized that there was a different way of thinking, something ignited inside me, and my quest for creative finance began.

At that point, I stopped saying, "I can't afford it" and "I can't do it" and began asking, "How can I afford it?" and "How can I do it?" I realized people were making money with real estate investing and were not using any of their own money. I was going to do the same, and I hope this book will help you do so as well.

However, before we go too far down the "let's invest with no money" road, we need to ask one fundamental question...

¹ Robert T. Kiyosaki and Sharon L. Lechter, *Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!* Warner Books, New York, NY, 1997.

Should You Really Invest with No Money Down?

A lot of people out there would advise you not to invest in real estate if you don't have significant financial resources of your own to use as a large down payment. Others, such as popular financial radio talk show host and author Dave Ramsey, have even stricter views and argue that you should *only* invest in real estate if you can pay 100 percent cash for the property you want.

At the other end of the spectrum are those who would advise you to get into real estate no matter what, however you can. Scam, steal, and squeeze your way in to make a buck. After all, what is important is getting rich as quickly as possible so you can start driving that convertible, lying on that beach, and watching your money grow.

So, what's the truth? Should you really try to invest in real estate using creative methods? Should you put this book down immediately and go get a second job working at a fast food joint?

I can only speak for myself and my own risk tolerance, but I believe that a happy medium can be found. I believe all investments are risky to some degree. However, as the great hockey player Wayne Gretzky once said, "You miss 100 percent of the shots you don't take." In other words, had I not taken that first step toward investing in real estate without any money, I would not be where I am today.

Have I struggled? Yes!

Have I lost money? Of course!

Would I change any of it? Not a chance!

I love the freedom that real estate investing offers, and I was willing to use my creativity in place of the cash needed to get started. I had more time and creativity than money, and I leveraged that into a profitable career—and I wouldn't hesitate to do it again.

If you are someone who advocates being content with a traditional job and saving up for that first cash purchase, more power to you. I wish you well, and I'm fully convinced that's the best route for you to take. However, for me, working 40 years behind a desk so I can be a millionaire when I retire at 65 is hardly a worthy goal.

I want to live today *and* when I retire.

That is what motivated me to start creative real estate investing, and that is what continues to motivate me today. That said, I want to make a few things very clear about creative finance. I like to think of real estate as a game, and as such, certain rules must be followed. I call these the Four Rules of Creative Investing.

The Four Rules of Creative Investing

I like to speed.

Traveling down the freeway, something just seems wrong about going the speed limit. I have to push the limits just a little. This is what intrigues me about the Autobahn in Germany. This federal highway has no federally mandated blanket speed limit, which makes it a dream for people like me.

However, just because the highway has no speed limits, that doesn't mean a driver can afford to be stupid.

In fact, Autobahn drivers are mandated to control their speed during adverse weather conditions and in urban areas of the road. Additionally, an "advisory speed limit" of 81 mph applies to the entire freeway system to protect drivers.

What does this have to do with creative real estate investing? Creativity in real estate is a kind of open road that often appears to be "rule free." However, the same conditions that make it so exhilarating can also lead to the greatest crashes. Therefore, investing in creative real estate has its own "advisory speed limits" in the form of four important guidelines.

These are the four primary rules and advisory limits of creative real estate investing. These have been passed down from one established investor to another with the goal of keeping aspiring investors from crashing and burning.

1. When investing creatively, you need to find even better deals than those who invest normally.

Let me explain what I mean. Let's say a certain home is worth \$100,000. A traditional investor might pay \$100,000 for that home, put a 30 percent down payment (\$30,000) on the property, and make a nice return on investment from the cash flow (the extra money left after all the expenses are paid).

However, if I were to purchase that same house for \$60,000 because I took the extra steps necessary to get a great deal, which of us is in the better position? The traditional investor, who has \$30,000 of their cash tied up in their property and no real equity, or me, who has nothing invested but owes less?

Because of the deal I obtained, I have far greater potential for profit and for a better return on investment than the normal investor, but less of my cash is at risk because I have no cash invested at all.