

The Landlord System

System For Real Estate Automation & Profit

Increasing Your Cash Flow

How To Do It and Why You Should Care

As a buy-and-hold real estate investor, you generally want to purchase a property based on income and expense numbers that are accurate and have been verified. The seller provides the current and historical information, you confirm that it is accurate, and then you apply your own buying criteria to determine if this is the deal for you.

Many sellers capture a buyer's attention by presenting "pro forma" information. These projections are pure speculation based on best-case scenarios and what the seller believes the profit potential *could be*. You must ask yourself, "If the buyer knows the property has more potential, why is he not maximizing it?" There may be valid reasons for this (he doesn't have time, he has no working capital, etc.) or the pro forma information may just be hype.

Buy a property based on today's truth, then fine-tune its cash flow for even bigger profits. A bank will not lend based on future projections and your best intentions. Banks mitigate their risk in part by using actual numbers. You can mitigate your risk by doing the same.

There are several ways you can look at increasing your cash flow. You can increase the money coming in (your income), decrease the money going out (your expenses), increase the value of the property, or save time. Time equals money in this business. By increasing the value of your property, you give yourself a two-fold benefit:

- You increase the price at which you can sell. Remember though, if you sell, you are killing the goose that lays the golden egg – no more monthly cash flow will be coming in after you collect your check at closing.
- You increase your equity in the property. When you increase the value, you create equity that can be pulled out by way of a re-finance, second mortgage, or perhaps a home equity line of credit. This money can then be used to buy another cash flowing property, using none of your own money as the down payment.

Also realize that increasing your monthly cash flow directly increases the value of your property as well. When appraisers, realtors, and the market assess the value of any investment property, they are looking at the finances *first* and the condition of the property *second*. Your income and expenses directly affect the cap rate, and thus, determine the value. You can see how increasing your cash flow is a much bigger deal than the extra dollars per month it looks like you are creating on the surface!

Save time and increase your cash flow with The Landlord System at <http://www.landlordsystem.com/cmd.php?ad=202975>

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So How Can You Increase Your Cash Flow?

Many of the following tips have been submitted by friends and customers of The Landlord System. They are being used by landlords all across the country today. If you have a tip to contribute, please email it to cashflowtip@landlordssystem.com and it will be incorporated into future versions of this report.

Increase the Money Coming In

1. Send a letter to all month-to-month tenants informing them of a \$5 rent increase in 30 days
2. Evaluate the market and determine if your rents are as high as similar units close to yours; raise the rents up to market rate at the end of your current tenant's lease
3. Implement a late fee policy and enforce it
4. Improve your vacancy rate by having a marketing plan that begins 90 days prior to a tenant moving out
5. Make your units competitive/attractive so that people want to rent from you
6. Clean the units so they are the cleanest your prospective tenants have ever seen
7. Improve your sales pitch at showings
8. Have tenants pay utilities
9. Charge for parking spaces
10. Rent out garage space
11. Create storage cages, closets in basement, secure places for bikes
12. Rent out window air conditioners in summer
13. Charge electricity surplus – during winter months or when air conditioners are used
14. Add coin operated laundry machines
15. Increase price on laundry machines to the same or slightly more than the local Laundromats
16. Add vending machines
17. Include a provision in the lease (and explain it verbally at lease signing) that if the tenant calls the landlord for simple repairs (clogged toilets, tripped breakers, etc.) then the landlord will charge a fee for his time
18. Leverage your time by hiring a property manager so you have time to go out and purchase more properties
19. Sell the note on a property before selling the property, creating two sources of income on the same property

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Decrease the Money Going Out

1. Spend less on advertising by having a conscientious marketing plan
2. Offer a bonus to tenants if they bring you another qualified tenant who rents from you
3. Put a lockbox around thermostats
4. Insulate
5. Insulate all heating and hot water supply pipes in boiler room or basement area where the pipes are located
6. Put heated pipe wrap on pipes in cold places to prevent them from freezing and bursting in winter; remember to plug it in during cold months and unplug it when the deep freeze is over
7. Ask about contractors rates everywhere you shop
8. Take advantage of quantity discounts – light bulbs, batteries, paint
9. Use lower wattage or energy saving light bulbs
10. Install 30 minute timers on lights that often get left on
11. Install low flow toilets
12. Use low flow shower heads
13. Use the quick-change cylinder lock doorknobs instead of changing the whole lock
14. Split up duties between tenants such as keeping designated common areas clean, shoveling snow
15. Have tenant mow lawn in exchange for control of the yard space
16. Contact neighboring apartment owners to share lawn services, trash services, snow removal, etc. to “buy in bulk”
17. Automatically deduct cleaning fees from security deposit
18. Don't let tenants make improvements unless they are a professional (paint, tile, carpet)
19. Practice preventative maintenance, decreasing repair bills
20. Clean your chimney so your boiler will operate more efficiently and safely
21. Negotiate flexible mortgage payment options with your lender so you can forego principle payments (pay interest only) occasionally during months when you have a large expense
22. Set a dollar amount threshold of \$75 for repairs. If the repair costs \$75 or less, then it is the responsibility of the tenant. If it costs more than \$75, then the landlord pays the bill.
23. Buy home warranty coverage and have the tenant pay the deductible when the service person comes to make a repair

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Increase Value of the Property

1. Landscaping – low maintenance, simple, clean
2. Offer to clean up or landscape the neighbor's yard in order to improve the overall value of the neighborhood
3. Maintain the parking areas
4. Maintain the building
5. Frequently inspect units (every other month) and be sure tenants are making the repairs and doing the maintenance they have agreed to in their lease
6. Paint
7. Change anything dingy to shiny – usually cheap
 - a) Address numbers
 - b) Unit numbers
 - c) Mailboxes
 - d) Thresholds
 - e) Outlets, light switches, covers
 - f) Light fixtures
 - g) Faucets
 - h) Doorknobs
 - i) Cabinet hardware
8. Clean the units and common areas to sparkling clean when appraisers and potential buyers come
9. Install ceramic tile where there is currently vinyl, increasing the value and saving money on replacement costs
10. Systemize the business

...And the BEST cash flow tip of all is to invest in your education! Taking the time to learn how to be an effective, efficient landlord will create dozens of strategies to improve the cash flow on each building you currently own. What's more – you will learn how to free up your time so you can invest in *more* properties, increasing your cash flow EXPONENTIALLY!

If you have not ordered your copy of The Landlord System yet, please click on the following link to advance your education today! You will pay for it whether you order or not!

<http://www.landlordsystem.com/cmd.php?ad=202975>

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About Anesia Springborn:

Anesia is a real estate investor and entrepreneur involved in multi-unit apartment buildings, pre-construction, property management, rehabbing, land development, condominiums, and most recently, a hotel. She currently holds properties in the northwest, midwest, and southwest areas of the United States.

Anesia began her venture into real estate while working inside of corporate America. Working full time at a job and simultaneously full time on properties lead to the creation of *The Landlord System*. Only with the help of systems was she able to wean herself away from the daily demands of her investments and buy more properties. She got out of the rat race in just three years and now teaches others how to systemize their rental properties so they can do the same.