

Private Money Real Estate Example

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Real estate investing using private money lenders is a great way to increase the number of properties you can buy, despite the cost of the money you borrow.

For example, lets say that you are investing in a REO and you can buy it for \$90,000. But, the current market once you fix it up a little, spending \$10,000 in fix up costs is \$150,000, and lets say that the fix up and time to sell after total a period of 120 days.

That means that you can make \$50,000 on your real estate investment of \$100,000 in only 1/3 of a year.

The return on this investment, assuming no finance costs, then is 50% ($\$50,000 / \$100,000$).

And, when you annualize it, put it in terms of an annual return on investment, the return is even better.

In fact, because you were able to turn the property over in only 1/3 of a year, the annual return on your real estate investing is 3 times what you made, or, in this case 150%!
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