

# Thinking About Investing in Maryland Real Estate? See If You Have What It Takes

Posted by [Anastasia](#) On 09/14/2020

**ANNAPOLIS, Md.** - Real estate investing is a terrific way to generate profits. Regardless of whether you are looking to fix and flip a property or contemplating the buy-and-hold strategy, there are ways to make it work. That said, not everyone is in a spot to assume the risk that comes with real estate investing. Not everyone can afford it, and not everyone succeeds. Doing something for the very first time in your life is risky; being a first-time real estate investor is not different.

However, as a [private hard money lender in Maryland](#), we've been privileged to partner with many first-time investors who've been a resounding success. For us, being new to real estate investing is not an underwriting kiss-of-death. We [pre-approve our hard money loans](#) based upon simple criteria: you must be well-positioned to make a profit. Ready to see if you fit the bill?

## 1. Have some money to invest.

Investing in something means having some hard-earned cash to invest. If you have liquid funds, you're halfway to success. Flipping a house is not a get-rich-quick scheme. If you're looking to gamble with other people's money, you should not call yourself an investor. Private lenders can provide their borrowers with incredible leverage, but you need some of your own funds to leverage and have some skin in the game. The more pricey your project is, the more of your personal cash you need to contribute.

## 2. Have reserves.

A hard money lender who allows its borrower to commit their last dime to the financial transaction is setting them up for failure. Why? Because even if you finance the majority of your acquisitions and rehab costs, there will be other expenses you need to meet. For once, it's the monthly interest rate to your lender. Another examples are the homeowners associates dues, utilities, and-- most significantly-- unforeseen additional rehab expenses. The realistic amount of reserves hinges on the overall size of the transaction, but \$7K to \$10K is undoubtedly the minimum.

## 3. Have some experience.

Not all novice rehabbers are created equal. Some might have bought and sold multiple primary residences, and others might have a portfolio of rental homes. You might have some background in real estate because you are a real estate agent, a contractor, an architect, or a property manager. Whichever type of a new investor you are, ask yourself what competencies you have and how you can leverage them to make your flip lucrative.

## 4. Have an good team behind you.

Among the variables that make first-time investing risky is that you work with folks you might have no experience of working with in the past. That goes for your realtor, your private lender, and especially your contractor. A lot of people might talk the good talk but deliver little. For example, a poor choice of the contractor might put your whole project at risk. Have your contractor arranged and vetted before you commit yourself to a project. If you don't have easy access to labor that is reliable and affordable, you might be biting more than you can chew.

## 5. Have time.

Being a real estate investor requires time. Finding the right property to flip takes time. Managing all moving parts of a rehab process takes time. Not everybody can spare it. Sometimes it's evident from the beginning. Occasionally, we receive a call from prospective borrowers who request a call back at a particular time because they have little flexibility in their job. "Can you call me after 8 pm on Friday or a weekend?" they ask. We can, and we will, but how are you going to manage your renovation when your lifestyle is so restrictive? Make sure you can stay proactively involved throughout each stage of your transaction.

## 6. Have marketing ideas.

You might have all your ducks in a row, but without an actual property to flip, all preparations are a moot point. We regularly run into potential borrowers who pay thousands and thousands of dollars to real estate gurus and have access to all the spreadsheets, calculators, and checklists they can think of. They are super prepared...but in theory only. What they are having difficulty with is actually finding that profitable property to flip and putting it under contract.

Much of real estate investing is common sense, and many novice real estate investors can use their existing management, bookkeeping, and marketing skills to earn money. The challenge is to find the right deal. Ask yourself early on how you are going to do it. Chances are it's not going to fall on your lap. I seriously believe that the DC real estate market is a fantastic place to invest, but it's competitive, supply is tight, and the number of distressed sellers is declining. A skill for tracking down homes that provide you with the profit margin you need is vital to your success as a new real estate investor. Do you have what it takes?

---

Copyright © 2021 thebaynet.com. All rights reserved.