

NEXT MEETING

Due to a decision by the Board, there will be NO MEETING during the month of August. Our next scheduled meeting will be held on September 20, 2010 at 6:30 pm. We are tentatively planning to visit a recently remodeled rental that belongs to one of our members (more details to follow in next month's newsletter).

Inside Stories

Three Lessons for Everyone

Pg. 1

Cash Flow Will Not Make You Rich

Pg. 2

Dress for Success

Pg. 3

Quote of the Month

Pg. 3

THREE LESSONS FOR EVERYONE

Lesson One: The right relationships are like a short cut to reach your business and financial goals.

Can you imagine the power of having a network of incredibly successful business owners to turn to when you need them? That's the power of having the right relationships.

I know it's almost a cliché in today's world that it's not "what you know but who you know", still there is a lot of truth to that statement.

If you are being honest, does your current peer group have the experience, strength, and vision to help you get to where you want to go? If not, what do you plan on doing about it?

Lesson Two: We need other people to help us see our businesses and ourselves accurately.

This is a follow on to lesson number one.

It's too hard to see your business and financial life in proper perspective. You're too close. But your peers and advisors are perfectly positioned to give you the valuable feedback and input you need to make better decisions and more effective plans

Lesson Three: To impact your "wealth operating system" doesn't take work and effort, it takes environment and positive peer pressure.

Each of us has an individual "wealth operating system", the emotional associations and belief systems you've accumulated around wealth, money, and your ability to earn and enjoy it.

Whether you're a business owner ready to sell, or a start up on the front end of the journey, how you personally feel about money and success, and the beliefs you hold around this subject dramatically impact your results.

In the end, peer pressure, and the "givens" of the people you spend time with, is the most immediate way to upgrade your wealth operating system.

Cash Flow Will NOT Make You Rich

Don't get me wrong. Cash flow is good (assuming it's positive), but absolutely NO one has ever become rich from cash flow alone. Think about that for a minute.

Let's look at a quick example. Let's say you have a \$100,000 property that generates \$200 per month in positive cash flow. That's \$200 per month after all your expenses and debt service. That would give you \$2,400 per year or \$12,000 over five years in cash flow.

Assuming you follow the advice of maintaining a reserve account for each of your properties to cover future maintenance and repairs, you will have made \$12,000 in net profit over those five years. This assumes that nothing unforeseen happens along the way such as a hot water tank or leaky roof requiring replacement, or a long-term vacancy.

If you're going to put your investment capital, credit, and possibly your income at "risk" for \$12,000, then you'll need more than just cash flow to make it worthwhile. You need to be investing in markets that offer good appreciation potential. That is how you become rich!

Live where you want and invest only where the numbers make sense! This stresses the importance of investing in good markets and good neighborhoods.

Going back to the example above, what would happen if we averaged only 5% appreciation per year in addition to the \$2,400 in cash flow? (Remember that the national average has been 6.2% going as far back as the 1940s.)

With only 5% appreciation per year you'd make over two (2) times more money in equity than cash flow alone. And with a 10% average rate of appreciation over five years you'd make over five (5) times more money in equity than cash flow alone.

Did you forget that appreciation in many markets used to be over 10% as recently as four years ago? Markets move in cycles and appreciation always happens as markets cycle off their bottoms. We are seeing it today in markets all around the country.

Of course, in addition to the positive cash flow and money made through appreciation, you also benefit from the amortization of the mortgage and the tax benefits through depreciation, tax deferred exchanges and lower capital gains when holding your property for more than a year and a day.

Now is the time to be investing with so many markets near their cyclical bottom or turning back up. Cash flow is great, and it's the "glue" that keeps your investment together, but it's the equity growth that will make you rich.

DRESS FOR SUCCESS

Most of us are familiar with the idea of Feng Shui in building and decorating. However Feng Shui principles also extend to wardrobe in the use of colors. For Feng Shui practitioners, clothing is very important. To generate the right energy for the right circumstances, you need to choose correctly. In this sphere, clothing can also be positive or negative, providing success-focused energy or draining energy, giving added meaning to "Dress for Success."

Here are some of the basic energy-matching colors:

1. *Want to accomplish a lot with few distractions?* Use **neutrals**. They help you blend in quietly.
2. *Having a very active, upbeat day?* Pick out the **bright** colors.
3. *Need to display control?* Wear **dark** colors with a fitted design.
4. *Working at a more leisurely pace?* Choose a loose fit with **light** colors for creative energy and interaction.
5. *Need confident energy?* Select **black** to absorb all energy.
6. *Secure in yourself and want to be noticed?* **Red** gives out that message.
7. *In sales?* **Green** is money energy, and earth tones help you connect.
8. *High stress days?* **Blue** is calming.
9. *Social situations?* Now is the time for **prints and florals**. These should stay out of the workplace because they show out-of-control energy.
10. *Low energy?* **White** is draining, so just use it as a contrast color.

The test is at the end of the day is to ask yourself if:

- You felt good about yourself
- You accomplished what you had wanted to do



If something seemed out of alignment during the day, could it be a clothing mismatch?

QUOTE OF THE MONTH

"Some people dream of success...while others wake up and work hard at it."



A very special thank you to Mark Damschroder and his wife, Jeanette, for allowing us to have our SCAREIA potluck at their cottage on the river – excellent chicken again this year too, Mark!! Thanks again 😊

2010 S.C.A.R.E.I.A. Board Members

President: Harry Aspacher
419-334-8846

V. President: Mark Damschroder
419-334-4096

Secretary: Radelle Karg
419-333-1000

Treasurer: Mary Methner
419-637-7631

Website: Allan Shaw
419-265-8274

Membership: Chuck Williams
419-547-8127

Social Director & OPHP Cert:
Kathy Burkin
419-334-9586

Newsletter: Mary Methner

Programs: Cindy Crispen &
Harry Aspacher

For further information,
you may contact
any of the
Board Members
at any time

About Our Organization...

SCAREIA was organized in October 2005. Our primary focus is to share information, to help educate and to motivate our members in their successful real estate endeavors.

Anyone interested in Real Estate Investing, whether you are just beginning or a seasoned investor, are welcome to join.

SCAREIA meets the 3rd Monday of every month at 7pm. Meetings are located in the basement of the Fort Stephenson House, 600 W. State St., Fremont, Ohio.

SPECIAL THANK YOU TO FIRST AMERICAN TITLE FOR PROVIDING THE MONTHLY EVICTION AND FORECLOSURE REPORTS



First American

First American Title Insurance Company
610 W. State Street
Fremont, Ohio 43420
Toll Free: 800-332-6446
Direct: 419-332-0313 Fax: 800-322-6446

DISCLAIMER: The SCAREIA newsletter is published 12 times per year by the Sandusky County Area Real Estate Investors Association. First class postage paid. Copyright 2010 by the Sandusky County Area Real Estate Investors Association. All rights reserved.

Reproduction or dissemination in whole or in part, in any form whatsoever, is expressly prohibited. Printed in the USA. The information contained herein is believed accurate, but is not guaranteed or warranted in any manner by any party.

The information is provided with the understanding that neither the author(s), program speaker(s), nor the publisher (or its trustees, officers, employees, or agents) are engaged in rendering legal, accounting, or other professional advice. If legal, accounting or other professional assistance is required, the service of a competent professional person should be sought.

**SANDUSKY COUNTY AREA
REAL ESTATE
INVESTORS ASSOCIATION
600 W. STATE ST., BOX SCAREIA
FREMONT, OH 43420**

