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## So, You Want to Quit Your Day Job? Consider Real Estate Investing

*by Phoebe Chongchua*

The thought of quitting a job and living off of rental income properties is merely a dream for many people. But it's exactly the lifestyle that Matthew Martinez has achieved.

He's basically just like many. He worked hard for a good salary but dreamed of being his own boss.

"There is a way that you can substitute your income from your day job with rental income," says Martinez.

Now, he's finally working for himself and investing in real estate as a means to support his lifestyle.

In his new book, "2 Years to a Million in Real Estate," due out June 1, Martinez tells readers how he fast-tracked his way to become a real estate investor. Here are a few tips to get you started.

### **Keep Working Your Day Job**

Martinez says the best way to build your security and investments is to continue to work your nine-to-five job and invest in rental properties in your off-hours until there is a stable enough income to quit.

"It took me two years to do this. It might take less time for other individuals who can ramp up more quickly, it might take longer for others," says Martinez.

He recommends this for obvious reasons such as maintaining lifestyle, paying bills, and supporting family. But Martinez says keeping a steady income from a job also helps with securing loans.

"When you obtain financing for your properties you need to show that you've got income, right? And also, when you leave your day job you need to show that you've been investing in real estate for probably about two years. Banks will be hesitant to loan to you if you haven't been in the rental business for at least two years." says Martinez.

Martinez spent most evenings working on his investments. He attended landlord groups, read real estate investing books, took courses, met with real estate brokers, did his due diligence on rental properties, and sought investment mentors to help him quickly understand how to successfully turn rentals into a replacement salary for his day job.

### **Buy Only Rental Properties with Positive Cash Flow**

You may have heard that it's okay to feed a rental property. In other words, some say that you should purchase rental property even if you have to pay a little to subsidize the mortgage. Martinez says that's not the way to do it.

"You can't buy properties that lose money every month. If you do that you won't survive in this business. The name of the game is to find those right properties that actually make you money, not the properties that lose money," he said.

He points out that as the real estate market changes investors might not be able to count on the appreciation being as high as it has been in the past, "So you really have to count on the cash flow." Martinez says that way you'll be able to buy more properties sooner.

"If you need to pull money out of your wallet or your purse to float that property, it'll eventually strangle you and you won't be able to move forward," says Martinez.

### **Create a Support Team that Helps You**

"You can't do this alone. You can't be successful if you do this in a vacuum. You need people to help you and you need the right people," says Martinez.

He recommends putting together a team consisting of: an attorney specializing in real estate law or tenant law, a real estate agent, tax accountant, mentors from real estate clubs, colleagues who are growing along with you, mortgage brokers, other industry vendors, and property managers.

"The difference between a landlord and an investor is the following: if you buy a property and you manage that property day-to-day and you're receiving phones calls at three in the morning about clogged toilets, then I call that a landlord. If you buy a property, you put up the financing, you organize the property, you close on the property, and you put a property manager in place and you manage a property manager, I call that an investor," says Martinez.

He says becoming a real estate investor should be the goal for everyone who eventually wants to replace their day job salary with rental income salary. Being a landlord takes up too much of your time and is a distraction from "buying and looking for the next big deal," says Martinez.

As you get more properties, Martinez says the best time to quit your day job is once all of your rentals are stable and securely producing a stream of income revenue.

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