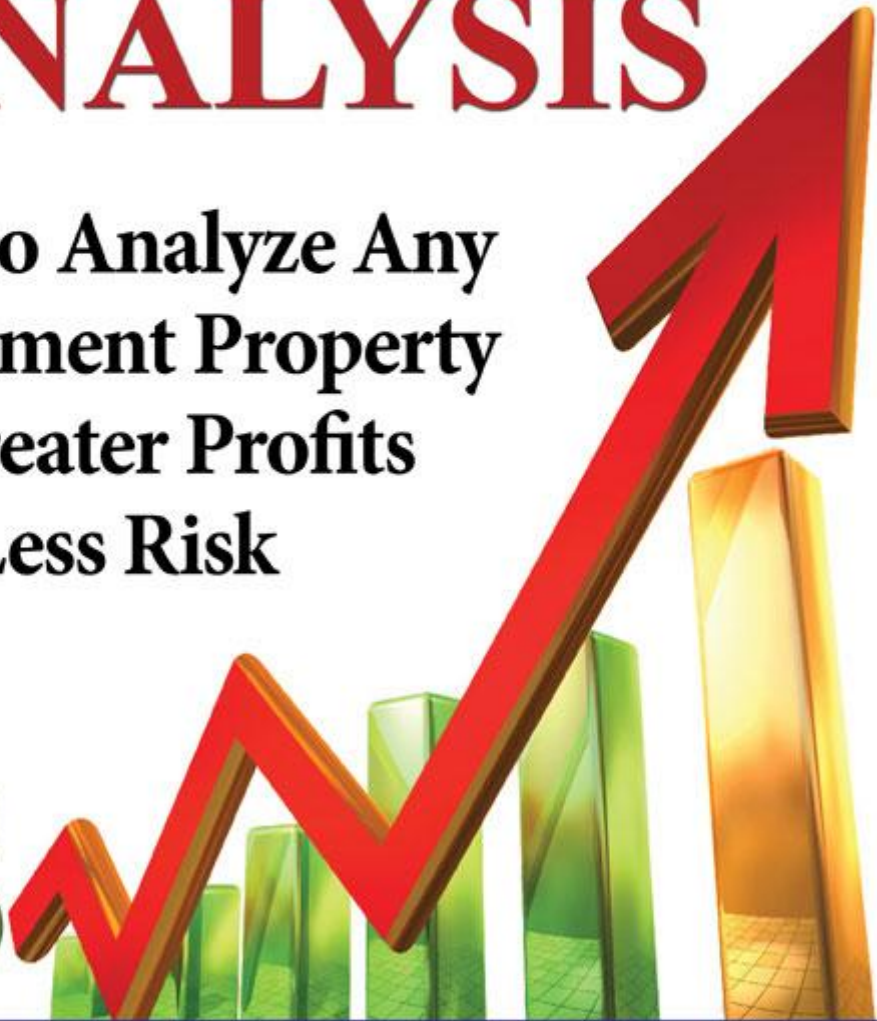


The Complete Guide to

Real Estate CASH FLOW ANALYSIS

How to Analyze Any
Investment Property
for Greater Profits
with Less Risk

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Douglas Rutherford, CPA

1st Edition

The Complete Guide to
Real Estate
Cash Flow Analysis

**How to Analyze Any Investment Property
for Greater Profits with Less Risk**

Douglas K. Rutherford, CPA

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Dedication

This book is dedicated to all of you who have always wanted to invest in real estate but have lacked the confidence, knowledge, and necessary tools to buy your first property. I hope the information in this book and the Cash Flow Analyzer® software will be the tools that will help you get out of your comfort zone and finally make the plunge.

I also dedicate this book to my lovely wife, Denise, who provides me unconditional love and support everyday and throughout our twenty-one years of marriage, and to my two beautiful daughters, Laurel and Madelyn, who gave up a lot of personal time with me so I could finish this book.

Preface

Over the past fifteen years, since we first introduced the Cash Flow Analyzer® software to the public, my staff and I have spoken to tens of thousands of real estate investors, agents, brokers, and investor wannabes at tradeshows, at REIA meetings, and on the telephone. We hear many of the same questions and see the same mistakes being made by investors throughout the country.

The purpose of this book is to help clear up some of the confusion that exists in the world of real estate finance, a world filled with hundreds of financial ratios, thousands of terms, and a million different ways of evaluating investment properties. This unnecessary confusion has led to poor investment choices by many investors or, even worse, complete decision-making paralysis. This book is designed to be used in conjunction with the Cash Flow Analyzer® software and is intended to focus on the main factors that help real estate investors make **quicker and better real estate investment decisions with less risk**.

Plenty of books and other resources are on the market that can barrage you with page upon confusing page of how to calculate financial ratios. Since the purpose of this book is not to add to the confusion, I will simply explain the terms and ratios in a manner that is easily understood, and we will let the Cash Flow Analyzer® software do the number crunching for us. In addition, I will teach you which ratios in the Cash Flow Analyzer® are most pertinent depending on the investment scenario, and I will discuss other important factors to consider before purchasing a property.

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Introduction

The Real Estate Investing Frenzy

Throughout the ages, people have traveled far and wide to jump on the latest get-rich-quick “money-making” bandwagon. We have all seen those late-night infomercials paid for by supposed real estate multi-millionaires promising the road to riches “*for just three easy payments of \$29.95.*” With “*just a few hours a week and no money down,*” in no time at all, you can be a multi-millionaire, too!

Anyone who tells you that you are going to get rich quick and easy is not being honest with you. Don’t get me wrong, there are many legitimate strategies for making money and creating wealth in real estate; but they require time, effort, and usually money. For every strategy there are probably twenty real estate “gurus” who want to sell you a real estate course. I personally know many of them, and I put them into two categories: those who should be charging twice as much as they do because of the value they offer and those who, quite frankly, should be sentenced to personally implement their own strategies. Be mindful of who is giving you advice. You don’t always get what you pay for.

With that said, these “gurus” want to teach you “*how*” to obtain properties and, maybe, “*what*” to do once you have obtained them. Of course, the “*how’s*” and “*what’s*” are extremely important, but they do not address “*if*” you should buy the property in the first place.

Obviously, not all properties are suitable for investment purposes. The “*if*” is what this book, along with the Cash Flow Analyzer® Software, addresses. If you want to make money and build wealth through real estate, you have to learn how to select the right properties. If you invest wisely and for the long-haul, you have placed yourself on one of the surest paths to wealth and financial freedom.