



Jumping into real estate investment, feet first

By Kara Kuryllowicz

What do you do when, to your utter astonishment, your mortgage is paid off, you're single, self-employed and decades from retirement? Woohoo! Happy dance!

While I was happy dancing, of course, I ran the "what if" gamut?

What would I do with all of that

extra cash? Travel! Woohoo – more happy dancing! But my practical streak screamed: "What? Are you crazy?"

I considered the stock market. I pondered socking it away in a savings account of some sort. But, as various friends and clients pointed out, the smartest thing I could do was to use my house to buy another house!

Leveraging the equity I'd built up made sense, but I hated the idea. After all, I had just paid off my mortgage – why on earth would I (single and self-

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employed with a moderate, highly unpredictable income) immediately burden myself with another one?

Apparently, I should buy a rental property and let my new tenants pay it off for me. Brilliant!

But of course, my extremely practical, financially cautious self nearly had a heart attack.

I'd heard the horror stories – from my cousin's (who's also a landlord) very own lips. Lovely Shirley may have been the best tenant ever, but the stripper – who was in arrears (four months and counting), while her Rottweiler puppies trashed the unit he'd so painstakingly renovated to perfection – had made a far more lasting impression.

The potential hassles and costs scared me, because at first glance, they appeared beyond my control.

My client, Steve, who had also positioned himself as my business coach, said: "Yes. You can certainly look at being self-employed, single and your unpredictable and moderate income as roadblocks!" But as Steve pointed out, I'd already successfully managed home ownership. He asked: "What is it about you and your situation that made that possible?" That got me thinking.

- » I'm incredibly careful with money. Some call it frugal, my sister calls it cheap. As a result, despite the fact that
- » I'd never ever thought about my credit rating, it was perfect.
- » I do my research. I turn to the experts. I tend to get good advice.
- » When it comes to life, dancing till dawn or scuba diving with sharks, I'm in.
- » If we're talking money – I'm conservative and cautious to the extreme, even to the point of paralysis.

Back in the day, I'd take a leap of faith with the man I'd met at the punk club, but when it came to business relationships, particularly those that involved money, I'd always kept an eye out for the red flags and tended to start small before fully committing.

When I stepped back and really looked at myself, I could see that the person I'd always been could become a successful, albeit small, real estate investor.

I liked pondering the equity sitting in my house, but I didn't much like the fact that it wasn't actually doing as much for my future as it could be. Holy heck, I was finally ready to use some of that equity as a down payment on my very first rental property!

I was going to do my research, learn more about real estate investment (maybe even take some courses), crunch the numbers and start small with a place that I could afford and where every single cost would be covered by my new, carefully vetted tenants' rent with room to spare: mortgage payments, utilities, property tax, property insurance, repairs, upkeep.

I was scared, but I took a step back, objectively assessed myself and my situation to see if it was viable and decided: "I can do this!" Can you?



Kara Kurylłowicz is a Toronto-based freelance business writer who has been writing and editing for a wide range of corporate clients, industry associations and magazines for more than 20 years. She has a long-term interest in real estate on a business and personal level, as both a homeowner and a landlord with investment properties. She loves living in Toronto's Riverdale neighbourhood as well as on an island in Pointe au Baril.