

Chapter 3

My “Rich Dad / Poor Dad” Story

I am sure you have heard of or have read Robert Kyosaki’s classic book *Rich Dad, Poor Dad*. It’s the story of Robert’s “two dads.” One who was conservative and worked his whole life to earn his money – his “Poor Dad” – and the other, his “Rich dad,” who made his money work for him. I have my own true-to-life “Rich Dad, Poor Dad” story that will bring home the advantages of owning real estate over time (especially your first home).

My earliest memories were in the first home my father had purchased in the early 1960s. My dad was just coming out of the army. He was a lawyer and was beginning his civil career as a corporate attorney. The home was located in San Mateo, a quiet suburb of San Francisco, California. He purchased the nice little one-story ranch style home on Lexington Lane for \$17,000 and had a payment of just \$144 per month. He bought the home with a VA (Veteran’s Administration) zero down loan.

After we lived there for several years, he was relocated by his company back East and we moved. My father then sold the home for \$28,000. This was the first real estate he had owned which he bought using a zero down V.A. loan. He made a profit of over \$10,000 which he thought was a pretty nice gain – and it was. But he would have done “much” better had he held on to it – more on that later.

Secret Revealed: You can still buy a home with no money down!

I Coulda – I Wish I Woulda

Through the years, we moved to several different homes, some of which he bought and sold and some of which he rented. But because my dad never kept any of the homes he owned for the long term, he never built lasting wealth from real estate, nor was he able to shelter his corporate income from Uncle Sam while renting.

During the latter years of his life he ended up living on Social Security which you and I know is not enough to live on. When he ran low on money, I was fortunate enough to be able to cover his apartment rent for several years until he couldn’t take care of himself anymore and moved to the “old folks home” where he lived out the rest of his time. It was an honor to help my beloved dad during his latter years but life for him could have been much different because of just one house.

I can’t help but think back to that first home where I had my first memories and imagined what his life would have been like if he had kept his first home. When we moved back East, what if he had put a renter in the home that would have paid the \$144 per month over the remaining years left on the home loan? The home would have easily been paid off – free and clear – in the early 1990s. For the last fifteen years of his life, he could have lived debt free in the quaint one story home in San Mateo “or” he could have

This is a sample section from the book “First Time Home Buying Secrets” by Kenn Renner. To order the entire book, please visit www.FirstTimeHomeBuyingSecrets.Com

collected rent from the home at about \$2000 per month (the current going rate) and had a nice supplemental income in his retirement years. What if? What if? Just that one home paid off would have made his life so much easier.

Secret Revealed: One free and clear home can make retirement much easier.

My Rich Dad

Recently, I had lunch with my father-in-law who is a real estate agent and investor. He currently is enjoying his semi-retirement, playing with the grandkids, traveling the country and working on his rental properties. We talked about the first home he owned. It was a three bedroom, two bath home located on Marathon Street in San Diego, California. It was 1150 square feet and he purchased it for \$15,900. His payments were \$139 per month. In three years, he sold this home and took the profits and rolled it into a 2500 square foot home on Pisces Way for \$27,900. He then sold that home and with the profits, he had a \$40,000 home built in Fountain Valley, a suburb of Los Angeles. This home he kept for over twenty years. He then sold it for \$485,000 and moved to Austin, Texas.

I asked him if he wished he had kept his first house. He exclaimed “Oh Yeah! You’re darn right I wished I kept it!” It’s worth over \$500,000 today even in the slow San Diego real estate market. In fact, he wished he had kept all three of his first homes. However, he was fortunate that each home afforded him the opportunity to purchase more homes and investment properties in different cities. He was able to pull cash out of the homes through refinancing over the years and use the cash as down payments on rental property. Over the years, he was able to build up a portfolio of real estate which would put him in the “wealthy” category. So even though he had sold his first home (which he wishes he still had kept) he was able to collect property after property with the help of the equity from his primary homes and others. He still can’t forget that if he had just kept his first home that he paid \$15,900 for so many years ago that he would have had an extra half million dollars to play with today!

SECRET REVEALED: Most everyone wishes they had kept their first home – myself included – hindsight is 20/20!

The Accidental Millionaire

The reality of my “Rich Dad, Poor Dad” experience is that real estate over time will be paid off and historically increases in value. Yes, there are down times in the market (and that is the time to buy!), but over the long haul, home values increase. Looking back at the home my conservative dad purchased in San Mateo in the early 1960s for \$17,000, that home today is worth in excess of \$1 million. And that value is down 20% from the peak of \$1.2 million just a few years ago. That one home would have been paid off – free and clear – over fifteen years ago it would have made my dad a millionaire. Just for holding on to it and paying it off! He would have been an “accidental

This is a sample section from the book “First Time Home Buying Secrets” by Kenn Renner. To order the entire book, please visit www.FirstTimeHomeBuyingSecrets.Com

millionaire.” Not only that, he could have lived well off of the equity through a reverse mortgage during his latter years.

I did an exercise and counted up the current value of homes that we had lived in over the years while growing up, whether we rented or owned, and calculated the current net value of those homes. Even through economic booms and busts, the values of those homes today would be over \$5 million. Furthermore, those homes would have been paid for – free and clear by now! Simply buying, holding, and paying off residential homes that we get to enjoy the use of is one of the easiest and most sure ways to become an “accidental millionaire.”

SECRET REVEALED: While one free and clear home can make life easier, ten free and clear homes can make you wealthy.

Secrets Revealed Recap

1. You can still buy a home with no money down!
2. One free and clear home can make retirement much easier.
3. Most everyone wishes they had kept their first home – myself included – hindsight is 20/20!

While one free and clear home can make life easier, ten free and clear homes can make you wealthy.