



HOT SHEET



FROM \$131,500 (FS)

Waipahu/94-302 Paiwa St. Plantation Town Apt.

OPEN 12 - 5 p.m.

1 Bdrm from \$131,500
2 Bdrm from \$230,000
3 Bdrm from \$291,000
Bus stops in front. New appliances. Low to no down payment possible.

See our ad in the classified section for more information.

Call 398-6200 or 368-8053
Hawaiian Island Homes Ltd.



\$320,000 (FS)

Queen Emma Gardens 1519 Nuuanu Ave. #2342

OPEN 2-5

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Great Downtown location!
Foster Gardens view, pets welcome.

Sandra Kelley (R) 590-3990
Hawaiian Island Homes Ltd.



FROM \$160,000 (FS)

Pacificana Atlas
1125 Young Street

HonoluluMentor.com Is Real Estate Investment Strategy Resource

"There are a lot of ways to make money as a real estate investor. What works for one individual may not be right for another, but the fact is that real estate has created more wealth than any other type of investment," said Michael Mazzella, president of HonoluluMentor.com.

Although this is Mazzella's credo, he acknowledges that people hoping to increase their wealth through real estate need to consider their entire financial picture and consult with a tax advisor regarding the potential benefits of investments in real property.

Based on his own experience as a real estate investor over the past ten years, the choice is obvious. After finishing a tour of duty in the U. S. Army at Schofield Barracks, Mazzella decided to remain in Hawaii rather than return to Florida. While working as a human resources executive at First Insurance, he began looking at real estate as an investment, having experienced a significant loss in the stock market.

"A couple of friends and I would get together during our lunch break and bid on foreclosures at the Courthouse. With our first venture, a townhouse in Mililani, we invested \$91,000 in the acquisition, a few weekends of our time and about \$2,000 in paint and new appliances, and sold it for \$129,000. I realized that a few such transactions a year would be sufficient to meet my personal needs and expenses, and promptly resigned from my job. We banked the money and moved on to our next deal...a single family home in Aiea Heights that we bought at a foreclosure auction for \$550,000 and sold for \$750,000.

"Next, I acquired a condo in the Contessa which had been a foreclosure. Since the owner spoke only Japanese, he used a translator. This was a particularly successful transaction...I not only netted \$80,000, but the translator turned out to be my future wife, Kaoru."

Mazzella's success attracted the attention of a national real estate investor training company which enrolled him as a mentor to train real estate investors throughout the U. S. After shadowing other mentors for a period of time, he began conducting training sessions and was on the road during the next two years. "During this period I learned so much and made so many contacts with other savvy real estate investors that I was ready to start my own company...also I wanted to stay put in Hawaii for a while since we were expecting a child."

As defined by Mazzella, the mission of HonoluluMentor.com, which he has operated since 2005, is "to train and enable people to create first-generation wealth through intelligent real estate investing."

"We teach people cutting-edge strategies and help them to get into their own lucrative deals here in Hawaii as well as in some of America's best emerging markets," Mazzella said. "I accept only three students at a time for our four day intensive mentor program, which is followed by thirty days of telephone or email coaching. They receive a course manual, hand-outs, forms, contracts, business plans, and software. We take several field trips during the course to find deals, to interview mortgage brokers or real estate agents to work with us, and to see one of



Left to right: Sandee Villeza, Michael Mazzella, and Eliza Everett, a graduate of Mazzella's investor course



Michael Mazzella and Biloxi Mayor A. J. Holloway

my rehab deals in progress. I explain the process in detail...how I found the property, how I financed the deal, and how to conduct due diligence and estimate the net profit once the property has been rehabed and it's time to put it on the market. The students take copious notes and sometimes even record the sessions.

"It's important that they recognize that this type of investing is really a science and requires a thorough analysis of the market and careful evaluation of the property. I look for deals with enough margin for error to ensure that I net \$70,000 profit in every instance...and I haven't lost money yet."

Types of investments Mazzella has focused on include foreclosures, evictions, probates, pre-construction, and emerging markets. "In context with real estate market conditions across the country, both pre-construction and emerging markets show the greatest profit potential for investment at present," Mazzella said. "People here in Hawaii say, 'I wish I bought property here in 2001...I would have made a killing!' Well, I look for markets that have the same growth characteristics. There are about fifteen emerging markets in the U. S. right now, and we are currently targeting the Gulf Coast of Mississippi, specifically Biloxi, Ocean Springs, and Gulfport...all of which were hard hit by Hurricane Katrina and are now the subject of massive redevelopment projects."

Mazzella and ten graduates of his HonoluluMentor.com program recently traveled to the area and reviewed various projects that are proceeding with infusions of capital both from government agencies and private investors. The group met with Biloxi Mayor A. J. Holloway who welcomes outside investment to expedite rebuilding the city and surrounding areas that are attracting major resort and casino operators. The State of Mississippi has authorized onshore casino gambling with the goal of becoming one of the

nation's top three gaming destinations, behind Las Vegas and Atlantic City.

"I believe property values can only rise in this area, which has the natural advantage of good beaches to support its resort ambitions. New construction is everywhere and it's totally hurricane-conscious. One investment we are buying into is being designed with offices above 100 feet of parking levels to minimize the possibility of water damage, since flooding in the area reached a high of eighteen feet during Hurricane Katrina. Homes are being constructed to withstand hurricane force winds...those that had been hurricane hardened prior to Katrina sustained noticeably less damage."

Mazzella's choice of the Mississippi Gulf Coast for investment takes into account that the area has qualified for the GO Zone Act, which, among other provisions, allows a qualified investor to take fifty percent depreciation in the first year. According to IRS criteria, investors must work a given number of hours over the course of a year to qualify.

"Our group of ten people bought 32 properties on our recent trip in June, primarily condos, duplexes, and single family homes in the process of being built," Mazzella said. "In some cases, developers are still putting financing together and looking for investors since they need to have a certain number of units pre-sold in order to obtain financing for the entire project. Because they know they are dealing with experienced investors who are prepared to buy multiple units, they will often reduce the down payment from twenty to ten percent...the idea is to go into the deal with the least amount of money out of pocket. The fact that we operate as a group puts us in a stronger negotiating position."

"Generally we can buy these pre-construction properties for well under the public price. What also makes them attractive is the long build-out time, enabling us to accumulate more appreciation. I make

sure the prices are locked in, so the developer cannot raise them during the build-out phase, that there are no anti-investor clauses specifying that the units must be owner occupied on completion, and that the prices are affordable based on local demographics so there are more potential renters or buyers on the back end when I want to sell and cash in on the deal.

"While my team and I were in the research phase of the Mississippi Gulf Coast market, we discovered that other savvy investors from different parts of the country were also researching this same area. I deemed that to be good news, and we were able to exchange information to the mutual benefit of everyone involved...in other words, to 'piggy-back' on each other's research. In the same way, team members can now piggy-back on our collective research, although I emphasize that we all need to do our own research as well."

A key member of Mazzella's investment group and graduate of his Mentor course is Sandee Villeza, a mortgage broker licensed to do loans in all 50 states and consequently in a position to provide financing for the properties purchased in the emerging markets as well as here in Hawaii. According to Mazzella, she has averaged at least one deal of her own each month since graduating in January and bought several pre-construction properties during the Mississippi buying tour in June.

Mazzella is now planning another Mississippi buying tour for this September. He also continues to research other markets within the U. S., noting that "Our government takes very good care of us as real estate investors." As evidence of growing interest in real estate investing here on Oahu, he cites a record turnout of 150 people at a recent meeting of the Hawaii Real Estate Investors club at which he was one of two guest speakers.

When he wants to sell one of his properties, Mazzella conducts "Five Day Sales," which are essentially auctions of "For Sale By Owner" properties. "We get the word out through newspaper ads which describe the property and give a starting bid price, which is about half the actual value of the property. People call like crazy. They come to our open house, which we hold on one weekend, both Saturday and Sunday, and they register to bid. We often get over a hundred people coming to our open houses. On Sunday evening, we call everyone who registered and conduct a round robin bidding process over the phone. Within two to three hours, we arrive at the highest bidder. Then we sign contracts and go through a normal escrow process. Basically the auction links up sellers with buyers."

"It's really a great time to be a real estate investor. This year I will make most of my money in emerging markets on the Mainland, but there are still opportunities in the Hawaii market. The deals I'm focusing on now on Oahu are 'buy-fix-sell' properties, where I can get in and out in three to four months with at least a \$70,000 profit. I don't just look at the foreclosures...I find landlords going through evictions, probate properties, vacant homes, ugly homes, et cetera. In my mentor course, I teach over forty ways to find deals," Mazzella said.