



By RICHARD WILNER

FORECLOSURE 101

L.I. investor scores with house money

A Long Island businessman is using government money to cash in on residential foreclosure spike roiling through the metro area — and, no, he's not an executive with Goldman Sachs.

Dr. Harsimran Singh, who moved here decades ago with an engineering degree and dreams of carving out a career as a civil engineer, instead turned to purchasing foreclosed properties and has since bought well over 100 homes in Brooklyn, Queens and on the Island — each one earning him a healthy return of at least 10 percent to 50 percent.

He now feels everyone can, and should, get into the real estate game and is talking about his 26-year-long winning streak.

"There is no reason, with so many vacant homes dotting the landscape, that people should settle for 1 percent or 1½ percent interest on their money from the bank or other investments," the self-made millionaire told *The Post* last week.

At the center of Singh's plan is the federal government's Section 8 voucher program that provides rent stipends for low-income families. More than two million households across the country participate in the program.

"I use a simple formula that eliminates all speculation, there is practically no risk," said Singh, 63 years old. "I like to play it safe."

For example, earlier this month Singh bought a foreclosed, four-bedroom house in Central Islip on Long Island for \$95,000 — knowing he could rent it out for \$1,800 to a family that has been qualified under the federal government's Housing and Urban Development Section 8 voucher program.

"I knew the house was a bargain because it had been appraised at nearly \$400,000 in 2008," said Singh. "And I knew what to bid because I knew what my monthly income would be."

The math works out this way, said Singh: \$15,000 in renovations put the total investment at \$110,000; the \$1,800 a month rent puts annual rental income at \$21,600; less \$10,000 a year in taxes and management fees (Singh has a company manage the property); leaves \$11,600 in the investor's pocket since he paid cash for the property.

That's 10.5 percent of his investment.

Returns of others may vary, said Singh, because he paid cash for the house.

"Others may see less of a return if they have to carry a mortgage — but then again they can make a lower bid," Singh noted.

"The key is to acquire the single-family residence for its cash flow and not for speculation," Singh writes in his book. "A to Z of Foreclosures."

"In a recessionary economy, there are two factors that the in-

Buy low, rent high

Harsimran Singh, below, has purchased more than 100 properties in foreclosure sales, including this Central Islip home last week — and makes 10% to 50% on his investments.



Wayne Carrington (2)

Singh's secrets

- Make bids that can be financed with monthly payments lower than expected rent.
- Seek steady rent streams, like those from low-income, Section 8 renters.
- Identify areas that have plenty of prospective Section 8 housing and renters.
- Submit hundreds of bids — most will be rejected.

vestor must take into account when analyzing the cash flow. The first is the amount of operating costs, taxes and mortgage payments that the rental stream will be able to cover each month," he writes. "The second is the dependability of the rental stream."

That is why he leans on Uncle Sam for his cash flow.

ONE insider secret the businessman passes along is that investing in foreclosed properties means you have to put in bids on hundreds of houses because most will not be accepted. Singh said he now has about 200 to 300 bids out on houses.

"Maybe 10 percent to 30 percent of them will be accepted," he said. Again, the results of others could vary, he noted.

Singh said he gets leads on potential investment properties from the Multiple Listing Service and from brokers he has worked with in the past.

HUD's Section 8 program is administered through local housing authorities, which qualify families, maintain waiting lists of families looking for housing and pay landlords the monthly rent stipend.

Singh said he checks with the Housing Authority in the area where he is likely to bid on a foreclosed house to see if there is a sizeable number of families waiting for housing — the better to guarantee there will be a rental payment waiting on the other side of the deal.

"The investor must identify an area or neighborhood where there are prospective Section 8 properties," Singh said. "This would be an area where lower-income people live and where many properties are being or have been foreclosed."

He advises investors to find several real estate brokers who have listings in the area and then spend a day with each broker

traveling through the area looking at available properties. "After about a week spent touring an area, the investor should have a good idea of the market for that area, both as to prices and rents."

THE investment formula has been so successful over the past 26 years that Singh is often asked to talk to local groups about others who can follow in his footsteps.

"I give about one talk a week," said Singh, who recently wrote a book describing his formula, which has helped him build a portfolio worth in excess of \$30 million. He has recently made some bids on commercial properties and some multi-family units in Florida.

"I just went into contract on a multi-family apartment in Jacksonville, Fla., that has 237 units and only 17 are occupied," Singh said. "The bank was trying to sell it for \$9 million and I am in the

process of doing due diligence on it — having my bid of \$2.35 million — about \$10,000 a unit — already accepted."

He said he chose the property because there are Section 8 families who have been waiting in that area for years to find suitable housing. He is not buying it on speculation — in hopes of flipping it for a quick sale, a process that can backfire — but on the solid ground that he can rent the units out and have Uncle Sam be responsible for a large portion of the revenue stream.

Both of Singh's sons, a 28-year-old lawyer and his younger brother, 23, who is studying real estate, work with the family business. His daughter, 30, started with the family business but recently started her own real-estate business.

"I am happy that it is working for me, and want to educate the whole world," said Singh.

23 Peters Blvd., Central Islip, NY. 4-bedroom house

Bought at foreclosure sale **\$95,000**

Renovations **+ \$15,000**

Total investment **\$110,000**

Will rent it out for \$1,800/month, or **\$21,600**

Taxes (\$7,000) and management costs (\$3,000) = **-\$10,000**

Leaving him an annual profit of **\$11,600 or a 10.5% ROI**

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