

Our Filing System

by: Jon and Amy Kubas

Creating a GOOD filing system can be a large task for many investors, so we will give you the "shortcut" using the system we've designed. We have found it much more efficient to "color code" the files as follows:

Dark Blue (6 Part Sectional): Permanent Property File
Red: Insurance
Green: Tenants
Light Blue: Lease/Option Tenants
Yellow: Vendors

We buy two types of folders in each color: Legal 1/3 cut File Folders and Legal Hanging Folders. The file folder is labeled with a 1/3 cut "File Folder Label" with a colored stripe the same color as the folder. We then put the file folder inside the hanging folder, which is also labeled using a bold large font, on white paper, and slipped inside the clear tab that comes with the hanging folders. By using a large bold font the labels stand out clearly and are easily found in the file drawer. Next we assign a file drawer to each color group. All files are 2 hole punched with clips, and papers are attached in chronological order from oldest in the back to newest on the top. We will briefly explain what goes into each of our colored file groups.

Dark Blue (6 Part Sectional): Permanent Property File

Every property we acquire is set up in its own heavy duty, 6 section dark blue folder. Each Section (tab) is for a different phase of the property. We keep all of the "permanent" type paperwork pertaining to the property in this folder.

Tab 1: Acquisition Research

This includes the paperwork generated while we were researching the deal...the "I Buy Houses Questionnaire", Tax Records, MLS Comparable Sales, purchase contracts, Title Commitment, "Before" pictures, and anything else prior to acquiring the property

Tab 2: Closing Documents

This includes the Closing Statement, General Warranty Deed, Appraisals, Trust documents, loan documents, Title Insurance, and all Mortgage Company information and correspondence

Tab 3: Rehab Estimates and Repairs

This includes our Rehab Estimate Sheet, Contractor Agreements, Contractor Name, Address, Phone Number, Social Security # or EIN, Copies of all receipts for expenses on property, Comparison of Estimated Rehab

Costs vs. Actual Rehab Costs, Weekly Status Report, Warranties, and anything else pertaining to getting the property ready for sale

Tab 4: Marketing

This includes Directions to the property, Property Sales Flyer, Current Sales/Lease comps, Good Faith Estimate of Loan, Copy of Maximum Allowable Offer Worksheet to show original ARV, Tax Record, Digital Pictures after Rehab is complete, Copy of Newspaper advertising, Copy of other advertising like MLS listing or page from our website

Tab 5: Sales Contract Info

Once the property is under contract, we include the Rental or Purchase Application, Application Receipt Agreement, Copy of any deposit checks, Sales Contract, Notification Documents have been faxed to Title Company, Title Commitment, Name, Address, and Contact info for Buyer, Lender, Insurance Company, Title Company, and Closing Instructions to the Title Company

Tab 6: Final Recap

Copies of all executed Title Company Documents from the Sale, Settlement Sheet, Purchase Agreement Closing Date vs. Sales Agreement Closing Date, Total Days from Acquisition to Sale, Sales Price vs. Original ARV, and Net Profit/(Loss) for the Property. Then we relocate the file to Sold Properties Archive, using the Paper Tiger® Filing System.

The longer we are in business, the more "blue" folders we have. (It's great when we have to clean out an additional file drawer to make room for more blue folders, because that means we're becoming wealthier!)

Insurance (Red)

Every property we buy and keep must be insured. Often, the seller has an insurance policy in place on the home when we buy it. We will check with either the homeowner or current insurance agent to determine the cost and the expiration date of the current policy. At the same time, we contact our insurance agent to get a price for a "fire policy" on the same property. They are usually cheaper than the current policy, which means we contact the current insurance company, cancel the existing policy and give the okay to our agent to issue a new policy. (If the current policy is close to the same price, we will usually just let it expire, making a note to get our agent's policy in place once it has expired.) All of this insurance paperwork goes into the red folder for that specific property.

Tenants (Green)

We chose green for the tenant files because it's the color of money and tenants are the key to our wealth! All leases, a copy of the sales flyer, correspondence, homeowner's associations letters pertaining to this particular tenant, "eviction" paperwork filed through the judicial system and any other paperwork pertaining to this specific tenant goes into their green folder.

Lease/Option Tenants (Light Blue)

This file contains the same info as the green tenant file, plus the Option to purchase paperwork. We like to know which properties are rentals vs. lease/options and this helps us easily keep track.

Vendors (Yellow)

When we get an invoice or bill from a person or company which cannot be applied to a specific investment property (these mostly pertain to our office "overhead"), we pay that bill and file the paperwork in a vendor folder. For example, in our vendor drawer we have folders for the telephone company, the newspaper ("I Buy Houses" advertisements), our Billboard Company, Yellow Pages, the company that sold our telephone systems to us, the company we order our "magnets" from, etc. Remember, if the bill pertains to one of your houses, don't file it here!

This is our simple, systematic way of running our office and keeping track of all our properties. If a file is on someone's desk, it's very easy to determine the type of file by just by the color code.

Good Luck and Happy Investing!

Jon and Amy were married and began working together in 1982. They started investing in real estate in 1984, and have been full time investors in Houston since 1990. They are active members of the RICH Club, and Jon was the President from 1993-1997. They buy all types of houses in all types of situations, and in any price range. Jon and Amy are Nationally Recognized as experts on real estate investing and have spoken to many investment groups and on several NaREIA cruises. For more information, visit their websites at www.I-Buy-Houses.com and www.WestwindsGroup.com.