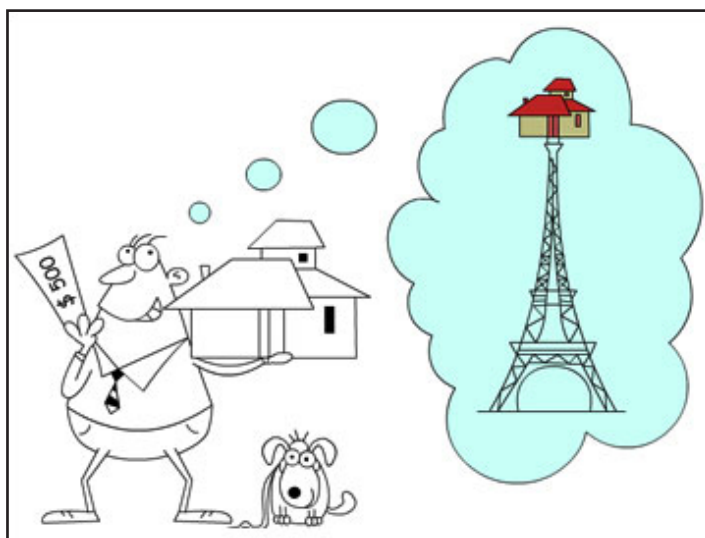


How to Buy a Home With \$500

The Motley Fool

By Tim Beyers

For me, [making the most of \\$500](#) means saving on groceries or investing in an index fund. How tame. Rob Ketterer, a 28-year-old government consultant, turned \$500 into a new house within two years.



Did he hit the lottery? Inherit a fortune? Strike oil in the Texas desert? No, no, and no. Rob instead became an investor, studying personal finance and stock picking while still a college student in Virginia. That's right - while his peers were soaking in beer, Rob was soaking in the writings of investing masters, who counseled him to regularly invest in the stocks of firms with durable advantages.

Five years ago, no company looked more durable to Rob than **ExxonMobil**. So, with \$500, he opened a position in the stock through its dividend reinvestment plan. And he would add \$100 each month thereafter. It was all he could afford. "I was a starving college student," Rob says.

Not for long. [Dollar-cost-averaging](#) helped Rob to capture more shares of the oil giant as the stock market suffered from a recession-induced malaise. Exxon's shares have more than doubled since.

Today, he's engaged to be married and the proud owner of a new house and three other properties he rents for income. Meanwhile, his bulging portfolio still includes Exxon as well as **Vodafone** (NYSE: VOD) and **News Corp.** (NYSE: NWS) through his stake in the **Templeton Growth** fund. Twenty-eight, financially set, and living the American Dream - it's almost enough to make me hate Rob.

Raising a Fool ...

But I can't. His beginnings are as humble as yours or mine. He's no prodigy; he had a father and a grandfather who taught him the merits of investing early on. And he earned an appreciation for money by having to work for it.

Well, almost. Following his sophomore year in high school, Rob set up a cooler with snacks and drinks at the edge of his parents' yard, which snuggled the rough of a local golf course. Hot days pile up in the South and, by summer's end, Rob's goodies had earned him \$1,200.

That's when his dad, a military officer of 28 years, stepped in. "[He] asked me if I had ever heard of mutual funds, to which I replied that I had not." After a little convincing, Rob and his dad filled out the paperwork for a managed fund. Ticker watching would soon follow; "It was exciting and I cheered the days when it went up and grumbled at the days when it went down, as I'm sure we all do." But ticker watching was only the beginning. Rob says he would quiz his dad about investing at dinner. He read. And he watched the talking heads on CNBC with his grandfather during visits to Ohio. A passion was forming.

... Humbled by foolishness

Then, at age 19, he got careless. Like everyone else on the planet at the time, Rob was caught up in the dot-com bubble. But unlike me, who [wistfully bought shares](#) of **Amazon** after Jeff Bezos appeared on the cover of *Time*, and who [let go of a 20-bagger](#) investment in **Sun Microsystems**, Rob dabbled in options.

"I did not fully understand them," Rob says. "But I was so wrapped up in the hype of everyone making money I thought the only thing I needed was an account to trade with and I could be like them."

For a while, he was. Within months, Rob had earned a 1,000% return buying and selling call options. But then came the crash and his gains disappeared faster than K-Fed's rap career. "I was lucky ... I really only lost my initial startup money." From then on, he'd look before jumping into any new investment.

Today, he prefers dividend payers, which he buys through a series of [direct purchase plans](#). That's smart. Thousands of stocks can be bought this way, including **Boston Beer** (NYSE: SAM), **Motorola** (NYSE: MOT), and **Tiffany** (NYSE: TIF).

Lessons for a Foolish future

Youth is wasted on the young? Not in Rob's case. He and his bride-to-be, Irene, are on firm financial footing as they approach the Big Day. They've even got the credit reports to prove it.

“My future wife and I pulled our free credit reports from <http://www.myfico.com/> and compared them to one another,” Rob says. “We are planning to purchase a home closer to my work when we get married and feel that a ‘pulse check’ will help us in our pursuit.”

And kids? Someday. For now, Rob and Irene just want to enjoy being married. But when children do arrive, he plans on talking with them about money early and often. “I plan on teaching my kids how important it is to live within your means and hope to teach them the value of a hard-earned dollar,” Rob says.

How Foolish. A fortune is [hidden inside every paycheck](#). Rob has found his. Thousands of others have found theirs. What about you? Have you found yours? Let the search begin with some help from our [Motley Fool Green Light](#) personal finance service. And in the meantime, congratulations Rob and Irene. Many Foolish returns to you both.

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