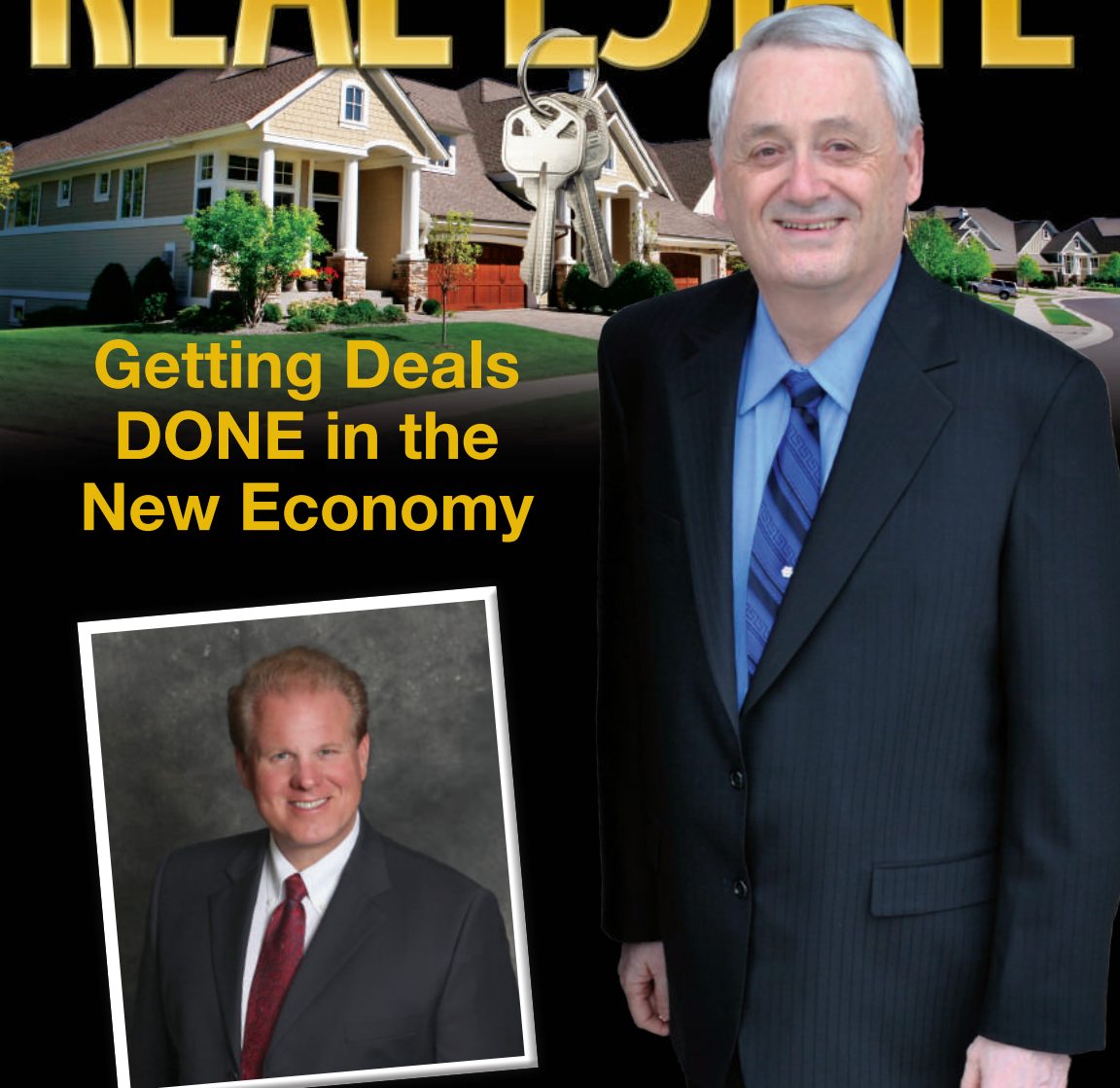


The New Masters™ *of* **REAL ESTATE**



**Getting Deals
DONE in the
New Economy**



FEATURING

Jay Conner with Ron LeGrand

The New Masters
REAL ESTATE

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The New Masters
REAL ESTATE

Getting Deals DONE in the New Economy

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FOREWORD

In my 30 years of buying and selling houses and 25 years teaching others how to do it correctly, I've seen a lot of folks enter our world of low risk real estate investing. Among them, a certain percentage quickly rise to the top and excel. They 'stand out from the herd' because they make more money than most, in less time and with less work.

There are very good reasons for this, the most important being a dogged determination to succeed no matter what. However, there's another trait they all have in common...the willingness to follow instructions and hitch their wagon to qualified advice from those who've 'been there and done that', not just give it 'lip service.'

Everyone in this book is in this group. They are all leaders who proved their worth, got good at what they do and most importantly, are willing to share it with you. All of them came from ordinary jobs and professions, discovered real estate, got the proper training and then 'put the pedal to the metal.'

This book is full of leaders who've been there, done that and come out on top - despite all the 'dream stealers' trying to pull them down.

They are survivors, many overcoming large obstacles, both physical and financial, and a few mental roadblocks as well.

You've never seen a book like this. It's not fiction or entertainment. For many it will be the beginning of a new lifestyle.

The lessons in this book would take years to learn, possibly a lifetime or maybe never. Reading it is like sitting in the middle of a table in a brainstorming meeting – attended by some of the best minds in real estate.

I'd consider you lucky to have discovered this book. Sit down in a quiet place and get to know your authors, and when you see them in 'live trainings' let them know how much you appreciate their contribution.

To your Quantum Leap,

A handwritten signature in black ink, reading "Ron St. Jean". The signature is written in a cursive, flowing style with a large, prominent 'R' and 'J'.

CHAPTER 1

THE WHO, WHAT, WHERE, WHEN, WHY & HOW OF REAL ESTATE INVESTING

by Brian T. Evans Jr.

Do you ever feel like you are working too hard for your living, and not getting ahead fast enough? Perhaps everything you are doing feels like you are moving one step forward and two steps back.

Do you ever feel like you're missing something and that something must be slipping through the cracks and keeping you from reaching your full potential? Whatever your particular situation, there are millionaire secrets and tricks of the trade that I will share with you, to help you move faster along that proverbial learning curve and to reach greater levels of success.

If you would love to find a single, all-under-one-roof, one-stop-shop source of legitimate, tested, proven, yet original, innovative, even radical strategies for making huge money, growing massive wealth, and rapidly launching your real estate investing career, then this cutting edge information is for you.

If you're reading this book today then you are probably someone who has an interest in becoming a real estate investor or growing your already

existing real estate investing business, and for that I congratulate you.

If you've been a past victim of "buy my course and you'll make millions overnight" then don't blame yourself because it isn't your fault. The truth is real estate investing isn't for everyone, and that's ok. It's taken me years to become a success and as a result I've discovered, and now I teach, "real estate investing isn't a get-rich-quick business, but it is a get-rich-quicker-than-other-businesses business, when done right."

I want you to know that a committed and self-made millionaire investor has written this chapter for you - in an attempt to open your eyes and inspire you about the real income potential of this business. In fact, I would wager that you and I are not all that different. I was once a flat-broke country boy from Kentucky who took the bus to work everyday, struggled to pay my bills, had growing credit card debt, and no money in the bank.

I recall one year in my past-life when things couldn't look any worse. I read a book (similar to this one) about the power and potential of real estate investing. It completely transformed my mind and gave me enough motivation to want to learn more. As a result, I've never looked back since. I am now a millionaire real estate investor, author, speaker and mentor, and this was all achieved by the age of 28. I am the founder of an elite network of real estate entrepreneurs called Ultimate Real Estate Investors:

www.UltimateRealEstateInvestors.com

I still invest in real estate full time, doing around 2-6 houses per month, with over 25 deals working at any given time, and a complete resume of deals totaling in the hundreds. My wife and I now live in a gorgeous 25 acre million dollar estate in Lexington, which backs up to the Kentucky River.

I share this little bit of personal history with you to give you hope and to prove to you that if a 'broke' country boy from Kentucky can start at the bottom and find a way to the top, then so can you. You just have to want it bad enough! So, if you would love to gain millionaire status as a real estate investor by increasing your income and decreasing your stress, then keep reading. I've segmented this chapter into six very simple sections in an attempt to prove to you that you can make millions, grow wealth, and retire young with real estate.

WHO IS REAL ESTATE INVESTING FOR?

Real estate investing is for:

1. The small business owner who is “working too hard to make a living” or always worrying about where the next customers are coming from.
2. Owners, Presidents, executives of mid-sized companies frustrated with slow growth, tough and “cheap price” competition, wondering where your next big business breakthrough might come from.
3. Men and women stuck in unfulfilling jobs, eager to own their own businesses, to find new opportunities, to go from “9 To 5” to “MY OWN BOSS,” to do something interesting and exciting.
4. Sales professionals struggling to gain ground... weary of “cold” prospecting, tired of fighting just to get an opportunity to sell, thinking there must be a better way.
5. E-Commerce and Internet savvy people with the ambition to use their knowledge for profit.
6. Even authors, speakers, coaches and consultants will be “blown away” by the opportunities and strategies - by the whole world they didn’t know existed, its doors thrown open wide with real estate.
7. And ANYONE who simply wants to get more done, to make more money, grow massive wealth, to act with greater confidence, to think more creatively; even to be healthier and more in control of their life and future.

WHAT IS REAL ESTATE INVESTING?

Before I tell you what real estate investing is, I first want to tell you what it is not. Good news, it’s not rocket science, or a business that requires a 6th sense. Nor does it require money, credit, or previous experience to achieve millionaire success.

Instead, this business is nothing more than simple math and a simple system. I don’t care whether you are a seasoned investor or a ‘just off the boat’ investor, you CAN make serious money in this business if you apply yourself.

Here's the simple math part of the business. Think about it like this, if you buy a widget for \$10.00 and you sell it for \$15.00 then you made five bucks. The only difference with real estate is that you add a few more zeros. Therefore, if you buy a house for \$100,000 and sell it for \$150,000 then you made \$50,000! Ok, I know that number is difficult for some people to comprehend so let's just say that you sell the same house for \$115,000 and you make \$15,000. How many of those deals do you need to do in a month to surpass your current income?

Here's the simple system part of the business. There are 5 steps to success as a real estate investor and if you sway from any of these five steps you will NOT succeed. However if you follow these 5 steps that I am about to share with you, no matter what type of deal you pursue then you WILL succeed, it is only a matter of time.

The 5 Steps to Ultimate Success when BUYING HOUSES:

Step #1: Locate Sellers

Step #2: Prescreen Sellers

Step #3: Construct and Present Offers to Sellers

Step #4: Follow up and Get a Commitment from Sellers

Step #5: Close Quickly and Repeat

The 5 Steps to Ultimate Success when SELLING HOUSES:

Step #1: Locate Buyers

Step #2: Prescreen Buyers

Step #3: Construct and Present Offers to Buyers

Step #4: Follow up and Get a Commitment from Buyers

Step #5: Close Quickly and Repeat

Notice any similarities between the steps to follow when buying houses and selling houses? That's right, the process is exactly the same on the front end as on the back end.

In my office we follow these same 5 steps EVERYDAY when buying and selling properties and we have over 25 deals happening at any given time. Yes, there are some nuances within each of these five steps, but what I'm giving you now is 'The Big Picture.'

Every successful business in the world has systems and steps that are followed day-in and day-out. A business can't run without a system and step-by-step processes. Correction, a PROFITABLE business can't run

without a system and step-by-step processes.

If something doesn't seem to be working properly within your business then take a step back, look at 'The Big Picture', review these five steps and find out where within these steps the problem is occurring. I guarantee it will fall within one of them.

So whatever you do, don't complicate this business or try to invalidate what I say because I do it everyday and these are the facts. Just remember, when you follow the system and you sell a house for more than what you bought it for, you make money! The better you get at buying, the easier it will be for you to sell and the more money you'll make.

WHERE DOES REAL ESTATE INVESTING WORK?

Real estate investing works wherever there are houses and wherever there are people. That's right, it works everywhere. I believe it is best to invest in an area you are familiar with such as your local market. The more familiar you are with your local market the more successful you'll be and the more confident you'll be in the investment decisions that you make. This doesn't mean that you have to be an expert and know every little detail about your area, but it does mean that you should have a strong understanding of it. With a strong general knowledge you'll be able to best determine whether you want to hold a property or flip a property based on the various area conditions in your market.

I would recommend devoting a few hours out of your day once this week toward developing a strong understanding of the market you are investing in. Some of the statistics I would recommend you look for are:

- Population
- Area's growth rate
- Area's median income
- Areas education level
- What are the primary industries?
- Is the market growing or shrinking?
- Where are the high-end properties?
- Where are the low-end properties?
- Where are the jobs located?
- Where are the best shopping and entertainment centers?
- Which areas are suffering from high turnover?

- Are new transportation corridors in the offing?
- What are the absorption rates for commercial and residential areas?
- Where is the overall national economy on its gravitational cycle?
- What effect is the current global market having on jobs, land and the overall economy?
- How does the area compare, statistically, to other areas of similar size?

Market info is available from the US census bureau, chambers of commerce, real estate professionals, banks and lenders, tax rolls, industry publications, online websites, etc.

WHEN IS THE BEST TIME TO INVEST IN REAL ESTATE?

It seems like you can't open a newspaper these days without reading something about the financial problems people are having with real estate, unemployment, the economy, foreclosures, bankruptcy, etc. The good news is that it truly doesn't matter what the economy is doing. When you invest the right way, and set yourself and your business up to be a transaction engineer then you can make money and grow wealth when times are both good or bad, and this really is the only way you should approach this business.

A better question for you to consider is this. When would NOW be a good time to start making your millions investing in real estate?

WHY SHOULD YOU INVEST IN REAL ESTATE?

I came up with a phrase years ago that I repeat to myself many times during a given day or week. That phrase is... *"Do Your Best and Let God Do The Rest."* This little saying is extremely powerful and reassuring to me. When I say it to myself it gives me confidence and strength during times when I feel stressed and weak. You see, we all face difficult decisions, and go through challenging times on a regular basis. It doesn't matter if you are black, white, red, or yellow. It doesn't matter if you have \$100 in your bank account or \$1,000,000. We all put our pants on one leg at a time, we all enjoy a good dinner and a movie, we all go to bed at night and wake up to the same sun the next day. We

are all basically the same.

What makes me different and keeps me going personally in business and life, during times when 99.99% of others would “give up,” is my inner drive to *do my best and reach for the stars every single day*. You see, I believe that as long as I do my best and everything in my power to do my best, be positive and a good person, and work hard to grow my business financially, then God will do the rest!

You may be thinking to yourself . . . why should you consider taking the time to be a real estate investor when you already have so many other things going on in your life. It’s a fair question, and I have a fair answer for you. The reason is because you deserve to finally reap the financial rewards of your daily efforts, and this won’t happen if you are stuck in a dead-end job, working 9 to 5, and living month-to-month off your current paycheck.

No matter how much you wish for change, things will always stay the same unless you take action and make an effort to try something new and exciting, like real estate investing.

HOW DO YOU INVEST AND MAKE MONEY IN REAL ESTATE?

Ultimately if you want to be a millionaire real estate investor then you need to become a *transaction engineer*. That means you need to know and apply MULTIPLE ways to buy and sell properties. The more ways that you know how to buy and sell real estate, the more deals you can do, the more money you’ll make, the more confident you’ll be, the more control you’ll have, the more freedom you’ll have, and the more secure your life will be.

Below are the primary ways to get rich in real estate, however each bullet below can literally be seen as an individual business model all by itself. In fact, I could create dozens of different buying and selling scenarios with each model.

Buying Houses:

- Buy for cash at a discount - Your cash/credit, partner’s cash/credit, private lender, hard money lender

- Take over debt - Otherwise referred to as buying “subject to.” Subject to the existing mortgage(s) on the property. The ownership transfers to you, but the mortgage stays in the seller’s name.
- Buy with seller financing - Get ownership of a property and ask the seller to agree to a ‘carry-back’ note and mortgage on the home.
- Buy on a Short Sale - Working with a seller who is behind in mortgage payments and negotiating with the lender in an attempt to create a discounted mortgage payoff.
- Buy wholesale from other investors - Your cash/credit, partner’s cash/credit, private lender, hard money lender
- Buy or create real estate paper assets - Often times the paper on the real estate can be more valuable to you as the investor if you know how to control or discount it.
- Buy on a Lease Option - Instead of actually buying a home you could potentially lease the home from a seller with the right to buy it.
- Buy using your Self-Directed Roth IRA – and get tax-free profits for life!

Selling Houses:

- Retail the property - Fixing up a home and selling to an end user/owner occupant buyer who will cash you out.
- Wholesale a property - Selling a property that you have under contract to another investor who’s intent is to rehab and retail the property.
- Assign a contract - Alternative to wholesaling, you can simply assign a contract to purchase to another investor buyer and avoid closing on a property altogether.
- Lease Option/Rent To Own - Collect a non-refundable option deposit from a tenant buyer and give them the right to buy the home and cash you out at a future date.
- Monthly cash flow from the monthly payment of your tenant buyer.
- Cash out money when/if your tenant buyer exercises the option to buy.
- Sell with seller financing - Sell to a new buyer and you ‘carry

back' a note and mortgage on a home. May also be referred to as selling on a Land Contract or Contract for Deed, or All Inclusive Trust Deed.

- Sell doing a 'Round Robin' Auction - Intent is to market a property very heavily and in a short period of time to quickly find a 'cash-out' buyer over the period of one weekend.
- Sell your seller carry back note - If you sell using seller financing you can sell the note at a discount to a note buyer and 'cash-out.'

Other Income Streams:

- Sell Leads – Did you know that the buyer and seller leads that you generate with your marketing can be worth something to other people? The key is finding people willing to pay you for your information.
- Down Payment Assistant Program - Collect additional down payment money from your tenant buyers over and above their lease payment each month and apply it to their down payment. This money is also non-refundable.
- Discount 'carry back' notes prior to 'cash-outs' - If you buy on seller financing, you could always request a discount on the note if you pay off early.
- Seller pays you to buy their home - Sound crazy? Perhaps, but you'd be surprised. Some sellers desperate enough will offer to pay you to buy their house.
- Find Deals and Bring to a Partner to Complete - Perhaps you are timid or are still unsure how to do some deals. Simply bring them to someone who knows how to do them and ask to do a profit split. I do this frequently with some students and everyone wins.

It is impossible for me to teach you everything you need to know about "how-to" invest in real estate in one chapter of a book. However, as I bring this lesson to a close, your choices now are simple.

Option #1: Do nothing today and continue along the same path of one step forward and two steps back. This is obviously the easiest choice because it's the path of least resistance, but it's by far the most costly to your current and future financial success.

Option #2: quit letting thousands of dollars slip away and make a commitment to yourself that you will learn how to get rich with real estate by going to: www.UltimateRealEstateInvestors.com.

It has been a pleasure bringing this important information to you and I wish you the very best of success. You are well on your way to becoming a millionaire real estate investor.

To Your Ultimate Success,

Brian Evans

www.UltimateRealEstateInvestors.com



ABOUT BRIAN

Brian Evans was once a flat-broke country boy from Kentucky, turned Wall Street employee drop out, turned failed retail coffee shop owner, turned real estate investor, turned Millionaire real estate expert, Author, Speaker and Mentor by the age of 28. He still invests in real estate full time doing anywhere from 2-6 houses per month, with over 25 deals working at any given time, and a complete resume of deals totaling in the hundreds. He is now married with kids on the way, lives in a gorgeous 25 acre Million Dollar Estate in Lexington, which backs up to the Kentucky River.

He is the founder of a national real estate investing group called Ultimate Real Estate Investors, whose motto is: Make Money, Live Wealthy, No Excuses. This is the place where leading investors from all over the country come together to achieve exceptional goals, develop lasting relationships, make real money, master the business of real estate investing once and for all, and turn dreams into reality!

Brian teaches and personally invests in all types of real estate from single family homes to multifamily and commercial using creative techniques such as **short sale, seller financing, subject to, option, lease option, wholesaling, retailing, round robin, self directed Roth IRA, private mortgage loans**, etc. He can honestly say that he's started at the bottom and invested his way to the top. "I'm not an exceptional individual," says Brian, "just an individual that chooses to be exceptional."

To learn more about Brian Evans and his real life insider secrets for making huge money, growing massive wealth, and rapidly launching a real estate investing career, go to: www.UltimateRealEstateInvestors.com

For a limited time only, he is giving away: The Most Incredible Free Real Estate Money Making Gift on the Planet, Guaranteed! (Value = \$1,620.94). This package (may be subject to change) includes:

Gift #1: 30 Minute 1-on-1 Make Money In Real Estate Jumpstart Conference Call with Brian Evans. (Value = Priceless)

Gift #2: Manual and CD's: "77 Biggest Mistakes Real Estate Investors Make." (\$997 Value).

Gift #3: CD-ROM of Brian's 50 Most Commonly Used Real Estate Forms (\$387 Value).

Gift #4: Free Membership to "Foreclosure Gold Rush Live" website (\$39.95 Value).

Gift #5: Everything you need to Attract Private Lenders (\$147 Value).

Gift #6: One-month access to Ultimate Real Estate Investors membership
(\$49.97 Value).

Includes mailed monthly newsletter and how-to CD of the month. Weekly Q&A conference calls. Deal structuring support, Resources and more! (\$49.97 Value).

Gift #7: Six Month Access to "What Would Evans Do" Fax Hotline. (Value = Priceless).

PLUS more surprise money-making goodies that he'll share with you after you take action that will benefit your income tremendously!

You may now consider Brian a part of your support network, and he can be contacted any of the following ways:-

Phone: 1-800-282-4653 Fax: 1-859-201-1441

Email: info@UltimateRealEstateInvestors.com

Website: www.UltimateRealEstateInvestors.com

Address: 3070 Lakecrest Circle 400-260 Lexington, KY 40513

CHAPTER 2

THE TREADMILL: GOOD FOR RUNNING NOWHERE

by Caitie Yue

I always wanted to be an entrepreneur. I didn't have a newspaper route or a lemonade stand, but from a fairly early age, I knew I was different: I wanted to be the master of my own destiny. I dreamed of being an owner of a small business, but never imagined I'd be a real estate entrepreneur with a \$15 million dollar portfolio at the age of 27.

My parents, refugees and immigrants, came to Canada with nothing more than the clothes on their backs. Their dreams and lives were uprooted by circumstances beyond their control, but they never complained. They worked hard—really hard—for very little. Life wasn't easy, but they built a good home and I had a happy childhood.

They had no illusions of achieving the great Canadian dream though; all they wanted was for their children to take advantage of the opportunities they never had. Education was very important in our family and we were all expected to attend and graduate from university.

I started running on the treadmill called work at the tender age of 14. While my parents did a good job of hiding our true financial picture from us, I still knew there was no secret education account to fund the future tuition fees and I wanted to come up with the funds myself. By

chance, I saw a part-time cashier position posted in the window of the local drugstore and decided to apply. I had never interviewed for a job before and didn't even have a social insurance number, but managed to land the job. I worked at that drugstore for almost a decade, through high school, university and two full-time jobs. To this day I am grateful to the manager who took a chance on the kid who didn't know any better and wore overalls to her interview. Because of her, I managed to graduate from university with no debt.

I thought I was ahead. No debt! University graduate! Bright future ahead! I was earning more money than my parents and able to take vacations and go out for dinners. But reality soon set in and I realized I was just running on a treadmill, going nowhere. So I did what I thought made sense: I found another job. I worked for a start-up as a graphics designer. I was excited; my co-workers were young and hungry and I felt like I was a part of a real team. It was a different world than my previous job in publishing. We all worked long hours, but we felt like we were contributing to something big. My dreams of being a small business owner were put on the backburner. Seduced by benefits and stock options, the bi-weekly paycheck was the kind of stability that made my parents proud.

My parents believed that you made money by putting money in the bank. They may have been risk takers with their personal lives, but they were not risk takers when it came to finances. They believed success in life depended on how much money you could save and viewed debt as a bad thing, whether it was mortgage or credit card debt. Their motto was "Go to work, work hard, and the money will come." Even though I knew there was something missing from this way of thinking, I couldn't figure out how to escape the rat race.

My life changed in 2003 when I met my now-husband, Jason. He is everything I'm not: logical, calm and analytical. We discovered our mutual love of learning and he encouraged me to dream even bigger dreams. He nurtured my love of business and taught me more about finance and investing. We attended financial seminars and investing expos, read 'tons' of books and 'hatched' business plans. We contemplated franchising, Internet businesses and even reselling popular items on eBay. But none of these ideas spelled real financial freedom, so we kept learning and reading. Then we noticed a trend among many of the

authors whose books we were reading: they had made their fortunes in real estate.

After many months of debate, discussion and research, we finally decided to take the plunge and invest in real estate. We interviewed realtors and finally found one who understood our criteria and our goals. We had strict criteria and wanted healthy cash flow – the rent had to cover the mortgage, insurance, taxes, management fees and then some. Our strategy was to buy properties for long-term holding and we didn't want to depend solely on capital appreciation for gains. It was disheartening at times. We viewed dozens and dozens of properties until finally, in 2006, we purchased our first investment property in a small town north of Toronto. It was a lovely detached home in a good neighborhood that we planned to convert to a home with a legal basement suite. We were terrified. Neither one of us knew anything about renovations but tackled the challenge head-on, making mistakes as we went along but learning every step of the way.

The project took much longer than expected and I was constantly on the phone with angry neighbors, the town council, contractors, inspectors and prospective tenants. We had read books and joined an investment network but nothing prepared us for the real thing. It was scary and thrilling at the same time.

By the end of that first year, we had purchased a total of five properties and were hungry for more. Our initial plan was to purchase a few investment properties to diversify our investment portfolio, but the more I immersed myself in the world of real estate, the more I loved it. I was working 18-hour days between my day job and real estate, not going to bed until after midnight every night. Every spare moment I had was spent searching for deals, looking at properties, analyzing properties, or screening new tenants. Even though it was time-consuming and left little time for much else, we both loved it and couldn't get enough.

In December 2006, Jason tried to convince me to quit my job and become a full-time real estate entrepreneur. I didn't want to give up the security blanket I had and resisted. I'm not kidding you - my list of fears and excuses was two pages long. My "what ifs" list was even longer. I didn't want to let down my team at my job, I was worried about money and I was afraid of failing. For weeks, I debated the pros

and cons and had many sleepless nights. I let my fears take control and almost decided not to quit until Jason helped me realize that I was looking at it the wrong way. I wasn't letting anyone down except myself if I didn't at least try. So we mapped out a plan of acquiring another 15 properties that year and researched other cities in other provinces and started making calls to the different contacts we had networked with throughout our year of investing. It took me a month to mentally prepare myself to even write my letter of resignation but when I finally did, I knew I had made the right decision.

In April 2007, I quit. I think almost everyone I knew thought I was crazy, especially my parents. I had a good job at a great company where I had plenty of room to grow; I had regular paychecks and my bi-annual visits to the dentist were covered; even I was convinced I had 'lost my marbles.' But I was determined to succeed, and failure was not an option I allowed myself to think of.

Two days after my last official work day, we headed west to Alberta, the land of oil and opportunity. The real estate market was hot but the fundamentals were there. Jobs, growth, and great government support were just a few signs that it wasn't just smoke and mirrors. We did our homework and researched different cities and areas until finally settling on a smaller city in central Alberta. Then we started buying... and buying and buying and buying. We even bought while we were on vacation in Eastern Europe, using ancient fax machines with thermal paper in remote towns of the Czech Republic.

The next five months were a blur. We were raising investment capital from family and friends and buying properties across the country that fit our criteria. We had meetings with bankers and brokers, agents and investors, lawyers and accountants, property managers and tenants. Life was crazy and hectic but we were having a blast. By August 2007, we had acquired an additional 30 properties, twice our goal in just a few short months. The next year we added another five properties, bringing our total to just over 40 properties.

We still own all those properties except one, the very first property we bought. We sold it in 2008 after one too many tenant headaches. It was a very difficult decision. Our strategy was long-term buy and hold, not flipping or short sales. When it was fully rented, the cash flow was over

\$500 a month — what were we, crazy? But it was difficult to manage and I was tired of hearing about squabbling tenants, so we put it on the market and sold it. After commissions and taxes, penalties and renovation costs, our profit came out to zero dollars over the two years we owned it. I'd be lying if I told you I was happy about making no profit, but it was the best zero dollars I've ever made. What we learned during the process was invaluable and we couldn't have paid to learn the lessons we did.

Fast-forward to 2010: Life is still hectic and busy, but I am still loving every minute of it. I know we have planned well for the long-term and have set ourselves up to be financially free in the future with our real estate portfolio. We still continue to look for more investing opportunities, mainly in commercial real estate and building/development but we are taking our time and learning as much as we can. Real estate has changed my life, but it's not just about the money. Real estate has given me a kind of freedom I never thought possible.

KEYS TO SUCCESS:

1. Educate yourself.

Read books, magazines, newspapers and anything else you can to learn as much as you can about real estate.

2. Do your homework.

Before investing in a property, do your homework. Check newspapers for actual rental rates in your area. Crunch the numbers. Don't forget that real estate is not global, national or even city-focused. Real estate statistics are good guidelines but you must do further research to identify anomalies. Contact local town or city council to get a feel for how they view investors and ask for economic data.

3. Build a great team.

From your realtor to your tenant, building a great team is crucial to success. We are eternally grateful to our team for helping us get this far. Our team consists of lawyers, accountants, realtors, property managers, mortgage brokers, bankers and inspectors, as well as an assistant and bookkeeper. They all understand our goals and work with us to achieve

them. Don't forget your tenants! Many people think the property is the asset: wrong! Tenants are your assets. Think about it: they essentially pay your mortgage, taxes, insurance, management fees and more, take care of your property, and when they leave, it's still yours.

4. Treat it like a real business.

Whether you are investing in your first property or planning to pursue it full-time one day, run it like a small business. Even if you plan to manage the property yourself, or complete your own renovations, you must account for these expenses in your numbers. I know many investors who've been burned because they didn't treat it like a real business.

5. Make no excuses.

No matter who you are or where you've come from, there is no better time to get started. There is no such thing as perfect timing, and it doesn't matter what your age, sex or level of experience is.

6. Word hard.

There will be days you feel like you're just spinning your wheels, and there will be long, frustrating days where you feel like you want to quit. Keep at it and do that extra 10% others aren't willing to do.

7. Systemize.

Systems are extremely important. From your buying system to your tenant management system, systemizing will help make things easier. If this is not your strength, find someone who is good at it for your team.

8. Surround yourself with the right people.

Ignore the nay-sayers (because there will be many) and surround yourself with like-minded people. Network and find a mentor. The right people will support you, cheer you on, and offer invaluable advice when you need it. Don't be afraid to ask for help from others — you'll be pleasantly surprised at how willing people are to help out fellow investors.

9. Focus on a niche.

You will get distracted by lots of "shiny" things. Try to focus on a specific neighborhood or area, type of home and even type of investing.

10. Cash flow is king.

Every single property we own has a healthy monthly cash flow. When we purchased the properties, we made sure that the monthly rent could cover all of our expenses and were unwilling to accept long-term capital appreciation as the only upside in our investments. This has been crucial to our success at weathering the global economic crisis.



ABOUT CAITIE

Caitie Yue is a Canadian real estate entrepreneur and investor who has invested in residential real estate across Canada. She has helped investors diversify their portfolios through real estate investments with a strong emphasis on long-term growth and cash flow and is the managing director and partner of a portfolio of properties valued at fifteen million dollars.

Caitie is also the co-founder and CEO of Blueprint EQ Developments and Blueprint EQ Capital. She is responsible for building relationships with developers, builders and lenders with a mission to identify and provide exceptional investment opportunities for partners.

Caitie left her job as a graphics designer at a ‘hot’ start-up company in 2007 to pursue her entrepreneurship dreams and hasn’t looked back. She is passionate about promoting financial literacy and entrepreneurship among children and young adults and hopes to inspire a new generation of entrepreneurs.

Caitie lives in Toronto with her husband and continues to learn, explore and invest in high-growth and long-term investment opportunities.

Follow Caitie on Twitter: [c8itie](#)

CHAPTER 3

THE YELLOW LETTER

by Donna and John MacNeil

What an honor to be included in the Guru's new book. Thank you Ron!

Real Estate Investing is a great business. Rewarding to all the people involved: you, the seller, the buyer, the contractor, the neighborhood, the private money lenders, the closing attorney, and all the way to the tax rolls.

Investing can have it's ups and downs, but the ups are much much higher than the downs.

Ron once told me if you're not buying and selling enough houses, fix the problem. First you have to find the problem. No, it's not on the computer, not on the CD's or courses.

How to find the problem: "Look in the mirror."

How to the fix the problem: "Get to Work!"

We can only tell you from our own experience that 'getting to work' means getting your marketing up and running. So, we started to mail The Yellow Letter! It's a numbers game; the more **Yellow Letters** mailed out... the more the responses, the more incoming calls, the more appointments, the more deals you get, and the more "Money" you make.

Direct mail can be an extremely effective way to find motivated sellers and buy houses and become wealthy, if you know how to do it. As you probably know, most people open their mail over the wastebasket. No message, no matter how effective, is going to generate a response unless your letter gets opened!

Then you have to have a message that will inspire the recipient to take action and call you. With that many potential sellers calling you, you can take your pick of the best deals. The homes with the most equity, best profit, and the quickest cash out. You won't have to waste your time with non-motivated sellers, tire-kickers or time wasters just because you have no one better to work with.

Donna & John's **Yellow Letter** real estate investor marketing system is so simple, an average high school student could do it. You don't have to be a direct mail guru.

What are you waiting for? Your town is filled with people waiting to sell you their house. They just need to hear from you. This system will show you how to find motivated sellers in your market! Don't waste your time with marketing that drains your budget and doesn't bring you deals on a regular basis. Try John and Donna MacNeil's real estate marketing letter today! Let me tell you how our Real Estate Investing Business began. After Donna starting working for Ron, she got very interested in the business, meeting with some of Ron's students who became trainers and speakers.

In the mean time my J.O.B. was just fine, good money, pay bonuses, company car, golf outings, etc. Well, deep down I knew the energy industry was headed into trouble with "Enron" and "BP."

As I drove on my daily business, I listened to Sport Talk Shows, until one day an announcer didn't know that Ted Williams the greatest hitter of all time, served with the Marines as a pilot in two wars. I'm a diehard Yankee fan and even I knew that about Ted Williams.

So off went the car radio. In the mean time, Ron had given Donna some old tape, odds and ends of courses, and seminars which she passed onto me. After listening to a few of these tapes I told Donna, "I think we can do this business. Donna set up an appointment with Ron and he spent some time with us. Ron laid out a schedule of events and seminars,

much like today's Master Program, and yes, we paid full price. If we had waited 1 year we could have paid 50% less and if we waited two years we wouldn't have to pay at all.

Notice I didn't say save money, because 'waiting' to become successful and rich doesn't work.

SUMMARY

The cost of our training: Priceless.

The return on our training investment: Incalculable!

I started out calling 'For Sale By Owners' in the paper and became an 'ant' for Ron. I'm not a math genius, but a few dollars as an ant is a lot less than wholesaling or retailing a house. So our business began.

Why did I create the **Yellow Letter**? Nothing else worked to our satisfaction. Form letters got a very low response rate. Letters that give sellers false hope, such as "I can save your credit," "I'll stop your foreclosure," and "I'll protect you from bankruptcy"... Bull! Bull! Bull!

Does anyone read a form letter at all? I used postcards but you need a ton of them to get one response. No wonder people try to sell tracking systems to track tons of postcards. Why not use a scale. Postcards are the most expensive way to mail. One card is cheap, but you need tons and tons of them... and the cost adds up.

One national trainer told me he only uses postcards to find empty houses.

Signs, I love signs. Until one day Donna and I spent the morning putting out signs. I jumped in and out of our van as she drove. Three hours later we finished and went to lunch, proud of all our work. After lunch we drove back over the same route where we had placed our signs. Where did they go? We only found three left. The sign police had won. Thank goodness we didn't get any fines.

Well back to the drawing board to start a New Marketing System that would work. I thought back to the home heating oil business I was in. I took a letter and copied a note I had used back in the day, and then turned it into **My Yellow Letter**. We keep revamping the note until we were getting a 35% to 45% response rate on regular basis. It took us about 9 months, but that's what it takes sometimes... and IT WORKED!!!

Since the mortgage and housing change began in 2007, many mail fulfillment companies have failed due to unsound and unstable business practices. Some mail fulfillment companies are just bad apples.

We are **Yellow Letter.com**, you can have confidence in us and here's why.

We're the Original, the first! We created the **Yellow Letter**, and we invented the system that works. We didn't take the idea from someone else or steal their ideas and dreams. We didn't copycat, we didn't need to, we started it!!! When you run your company with integrity and take care of your customers you stay #1.

And we thank you very much.

We're also rated #1 – 5 stars by the country's leading mail analysts, national and international speakers, and Guru's. All have rated us excellent based on our performance and customer satisfaction. Our ratio of 30% response rate still stands. You won't find our name on any complaint lists! We just won't fail you like other mail houses.

Foreclosure rates are at an all time national high and other mailing houses are struggling with lead lists that just aren't working. **Yellow Letter.com**'s exclusive Mail List performs 'way above' the national average. While other mail houses have little regard for their customers, **Yellow Letter.com** works closely with our customers to insure the best results possible.

You can be confident that our goal is to keep our customers happy.

We're a small company by choice. Since 2002 our company has maintained our focus on our customers, not the demands of others. Our approach to marketing has seen our company grow as we continue to guide our customers and watch their success.

We retain 99% of the customers and friends we make. We don't send our customer's names and email addresses to other companies. Also we never sell a customer list to anyone else. Your list is exclusive.

We help our customers manage their lists and mailings and maintain their relationship for the long term. Why does retaining our customer base matter? Our customers always know who to call when they have questions about their lists and mail campaigns, or when it's time to re-

order their **Yellow Letters** and lists. We are a company that appreciates working with Real Estate Investors.

While other Mail Houses have shut down or scaled back their operations, **Yellow Letter.com**'s customer base is up 78% in 2009. Why? The answer is our incredibly talented and well trained customer friendly staff, headed up by Donna and Susan.

By following our consistent business model, investors have flocked to **Yellow Letter.com**'s sound, stable, accurate and fast service. Many investors sought out our company after hearing about us through word-of-mouth, a company they could count on. We never lost faith in the American Dream of Home Ownership, the American Dream of Owning your own business. We're proud to service more investors every day that are buying houses across The United States of America and Canada.

THE BOTTOM LINE

We're going strong mailing yellow letters for ten's of thousands of Americans.

How can we Help You?

The current economy has given Real Estate Investors a true advantage, buying and selling houses. This is one of the best times to be in the business of Real Estate Investing, mortgage interest rates are at historic lows. It's a Buyers market; there are plenty of incentives that make Investing more affordable than ever.

Yellow Letter.com will put you in front of all the sellers and buyers you need.

Rethink your current marketing. If your response rate is low and your return rate is High, you should consider a fix. It's time to turn that Marketing around. It might be beneficial to contact **Yellow Letter.com** or Email: susang@yellowletter.com or just call Susan at 904-396-0205.

The choice is yours. Consolidate your marketing into a system that produces results and is proven to work. There is no obligation, no fees, and no contracts, unlike some other direct mail programs. We won't charge you hundreds of dollars just to apply.

Marketing is the key to your Real Estate Investing Engine. So start your engine now. The **Yellow Letter** has been voted the #1 Best Marketing Tool in North America, used both in the United States and Canada.

Yellow Letter.com comes in first every time. While copycats and phonies fall by the wayside, John's **Original Yellow Letter** still out produces all the others 10 to 1. **Yellowletter.com** is not affiliated with any of the copycat companies, nor do we endorse any of the phony yellow letter companies. We know that to get the best results with your mail marketing, you must go to: www.yellowletter.com or email: donna@yellowletter.com or: susang@yellowletter.com

Better yet, *just call Susan at 904-396-0205*. Susan is our expert on mailing yellow letters and lists. Susan and her husband Donald help us help you. Donald and Susan have been our dear friends for over 30 years. We know you'll like them too.

I've tried to end this chapter three times. I keep coming up with things I love about this business, our life style and income.

It all started when Donna was the Senior Person in charge of marketing and advertising, working under the Vice President of sales for a local and well known home improvement company. After a failed coup by the Vice President, the owner closed the division. (By the way, that company is no longer in business.)

Donna went to the classified ads in our local paper, a small ad caught her eye "Executive Assistant Wanted." After an interview with Ron Who? "We never heard of this guy." I asked Donna what does he do? "He says he makes people rich" she replied.

Well, he does and we're proud of that today (ten years later). Ron and Bev are some of our closest friends and Ron is still my mentor.

Ron once told me he didn't make me rich, I did. But Ron you sure helped. We couldn't have done it without his advice, training, events, seminars and mentoring.

My Mother thanks you, my wife thanks you, my kids and grandkids thank you and most of all, I Thank You!

Ron never stops making peoples dreams come true. Donna and I know this is true every day as we look over the White River, with our Bald Eagle nest by the river in our Dream Home.



ABOUT DONNA AND JOHN

Donna's professional background in the real estate industry includes being a Realtor for 10 years in New Jersey and also doing appraising for the State in 13 counties. John also dabbled in real estate as an agent, and since partnering with Donna and then starting Family Home Solutions, John has been in the Real Estate Investment trenches... buying and selling houses every day.

John's development of the phenomenal marketing tool, "The Yellow Letter," has added to the list of what investors need - to get their businesses up and running as quickly as possible - with phenomenal marketing.

CHAPTER 4

SEVEN ESSENTIALS TO MAKING MILLIONS WITH REOS

by Eddie Miller

In the fall of 2008 when the US economy shifted, so did my entire life. I was a project manager for one of the largest commercial interior construction companies in Miami. Almost instantly, construction came to a standstill, and I was left without a job.

Late one night a few months later there was an infomercial for investing in real estate, which led me to researching the top real estate gurus on the internet. The only way to decipher between them all was to pick the one who had the most positive and least negative comments about them, and who had a proven track record. Within two weeks my partner, Aleksey Sabido, and I were sitting in one of Ron LeGrand's training seminars. We left that seminar with a determination to make this business work. However, investing in real estate can be somewhat overwhelming, and one of our first challenges was determining where to start.

From previous experience I knew that if we were going to succeed we had to *focus our intention* by determining what of Ron's training we should really hone in on first, and focus on our intended goals. Once we were clear on our intentions, we had to take action. With Florida

being one of the top foreclosure states, we realized our primary focus needed to be on foreclosed REOs—Real Estate Owned by the bank. As a result, we learned to select ideal properties, build a powerhouse team, raise over a million dollars in private funds, and produce great rehabs that sold within days of putting them on the market. In our first year, we made more money than ever before, and became one of the fastest growing private real estate investors in Miami.

1. We've discovered that the *first critical component to our business was to “Focus Our Intention and Take Action”* by making offers, talking with potential private lenders, and selling the properties. In this chapter, I'll share exactly how we focused our intention as well as the methods and systems we've created, to 'make a killing' in the REO market.
2. The second essential component was *selecting our properties*.

SELECTING PROPERTIES THAT MAKE MASSIVE PROFITS

As Ron puts it, “find your bread and butter neighborhoods.” You want to identify the neighborhoods in your community that are desirable and where properties are selling—with clean streets and nicely maintained homes. You will find that the prices of the properties will vary depending on where you live.

When selecting your properties, always, always, always follow the **MAO** formula (Maximum Allowable Offer). It's simple, here is how you do it... take the **ARV** (After Repair Value that the house will sell for in 30-60 days) x 70% - Repairs = MAO.

So, if in 30-60 days the house will sell for \$100,000, you multiply it by 70% (equaling \$70,000), minus repairs, and in this case say they total \$20,000, then you know the Maximum Allowable Offer you can make is \$50,000. Ideally, we like to use 65% and if possible pay less, but we will never go over 70%. *It is critical to remember if the numbers don't work, **walk away**; there is always another deal out there for you.*

It is also important to note that there may be neighborhoods in your chosen area that the banks may be listing the REOs at or near the ARV. First of all, *make sure your ARV is correct*. If it is, then just put your focused

intention on other neighborhoods in your area and periodically keep an eye on the original neighborhood to see if the listing prices change.

In addition, avoid homes that don't have curb appeal, those with odd or unusual interior layouts, and those that are too small. We always ask ourselves "could we live here?" Not that we would, but rather does the house have charm, character, curb appeal, a nice layout, *something* that will help resell it fast.

It typically takes us 8 to 10 offers on average to get a house under contract. So if you want to move fast, have your realtor help you scout out properties from the MLS (Realtors' Multiple Listing Service), search auction websites, and also scout out REO wholesalers—investors who have purchased REOs and resell them with a slight markup.

These wholesalers can typically be found at your local REIA (Real Estate Investment Association) meetings. When you become good at it, you will beat them at their own game and get the properties first, but if you're just starting out this is another good place to begin. We've also purchased several properties from auctions; just make sure to preview the properties prior to the auction day to know your MAO. The internet is a great source to find the auctions in your area. However, when it comes to REO's, we've found the best place is through the MLS, (not REO and foreclosure websites as we found it to be too time consuming); your realtor can automatically set you up for minute-by-minute emails with the latest properties on the market.

Again, the most important thing to remember when selecting properties is the deal has to work with the MAO formula or you walk away. If the numbers don't work right now, check the property in a month or two; you might find the bank is more than happy to accept your offer at MAO or well below.

BUILDING YOUR POWERHOUSE TEAM

To 'make a killing' in the REO business you need to *build a powerhouse team*. One of the first important members is your realtor. Once you identify the neighborhoods where you are going to focus, then the next step is finding a *realtor* that:

1. You enjoy working with

2. Really knows the area
3. Understands market trends and investing
4. Is great at pulling comparables, and
5. Is committed to working with only one investor, at least in your targeted area, so he/she is sending all of the deals your way.

We were extremely fortunate as our realtor, Alice Kellogg, was an amazing goldmine of information and she really helped us learn the ropes. Alice immediately got the MAO formula we used to evaluate properties and continues to always have our best interests in mind. Based on this relationship, we are very loyal to her and only buy and sell properties in her market through her.

Miami is a large city, so as we've expanded to areas outside of Alice's market, we needed to add an additional realtor for each of the areas we've expanded, but each time we expanded we used the same criteria above.

An *REO agent* is a great type of a realtor to seek out. They usually work with several banks and are alerted first of new properties coming on the market. In addition, identify contacts at *small banks and credit unions* in your areas as they could easily provide you first crack at the properties they are getting ready to liquidate.

You will also want to get to know *members of your local REIA group*. It only takes one person to open amazing doors. Usually, they are happy to refer contractors, real estate attorneys, title companies, other investors, etc. in your area to help you build your business. Go to the meetings and find out what's happening and even the great deals in your community.

Your *real estate attorney, title company, and accountant* are also essential, but don't think you have to have them or any of the team members in place beforehand. I'm suggesting you do your first deal first. Start making offers and the right people will fall into place. Once your business starts rocking, you'll soon discover you can't do it all, and as soon as your budget allows, you will need to bring on some help. Today we have a *virtual assistant, acquisitionist, and rehab manager*. [For a list of their job descriptions visit <http://www.NewMastersOfRealEstate.com>]

Before I go any further... I want to say it again, know you can do your first handful of deals on your own—we did, but eventually you will need support, unless you are only going to buy and sell a few properties

a year. The first person I'd add is a virtual assistant who can handle a variety of tasks remotely; jobs like internet research, tracking auctions, uploading properties on your website, placing internet ads, overseeing your social media sites, and answering all phone calls from buyers and realtors to provide showing instructions — the list is endless of what they can do.

In addition, it's great to have an acquisitionist to preview all of the properties. A key to the REO business is acting fast, so as you grow your business you'll find you can't be everywhere at once. Each day, from various sources, you'll get updates of new properties on the market from the MLS and upcoming auctions. It could be 1, 3, or more.

First, have the acquisitionist pull the sold comparable properties (preferably from the last 30-60 days) to determine what price range houses in the neighborhood are selling. If it appears that this is a possible deal, then the acquisitionist will: (a) contact the realtor to preview the property, (b) estimate repair costs using our *Rehab Budget & Checklist*, (c) take photos of the house — especially of major repairs, (d) run by the comparable properties if necessary, (e) check for code violations and liens with the city/county, and (f) report back.

All of the legwork is done, and all you need to preview are the properties for which you want to make offers. Your job is to *make offers, make offers, and make offers!*

Now it really depends on how you would like to structure your business. If you want to primarily wholesale your REOs, then your acquisitionist and virtual assistant will likely be sufficient. Wholesaling is when you have a property under contract and sell it to another investor with a goal to simultaneously buy and sell the property with a profit of \$5,000, \$10,000, or possibly \$20,000. If you don't sell it by your contract closing date, you will need to pay for the property, and continue marketing in order to sell it after purchasing. Or, walk away and lose your escrow deposit. That's the wholesale business.

However, if you are interested in rehabbing, then eventually you could add a rehab manager, although initially our general contractor was a great help until our business grew to the point that we needed someone full-time.

Here is an overview of the rehab manager's responsibilities once the property is under contract:

1. Inspection Period – orders the inspection and appraisal, double check liens and code violations, and that contractors provide rehab budgets... all to confirm this is a property to purchase.
2. Contract Period – take 'before' photos, prep for permits, contact your attorney and title company, and order vacant house and liability insurances to begin the day you close.
3. Rehab Period – pull permits, transfer utilities, monitor contractors and the budget, order final inspections, ensure all final punch list items are complete, and take 'after' photos.
4. Selling Period – list property with realtor and on the internet, create a flyer, monitor maintenance, and manage the showing and closing process.

An important lesson we've learned is that if the person you've hired for any position is not the right fit, then you need to move on and find one who is. It may not be easy at the moment, but if you don't, your business will suffer in the long run.

A little later, I will discuss *your team of contractors*; however, I want to mention the importance of building a solid relationship with each of them. Treat them with respect and appreciate their work, they'll take more pride in your projects and when you really need them to come through for you, they will.

The key to building a powerhouse team and successful business is that **you** are the one who keeps an eye on the pulse of 'what's going on' and 'where you are going.'

RAISING PRIVATE FUNDS—THE EASY WAY!

So you may be asking yourself, "What am I supposed to be doing?" You are the engine, the visionary. Your job is to replace yourself as quickly as possible, manage those you hire to replace you, continue to focus on the new trends in the real estate market, and raise private funds. Raising private funds is vital to the REO business and in this section *I'm going to share how easy it is to do.*

In the beginning I was like most, afraid to talk with people about in-

vesting in real estate. I had no credibility—I was the guy without a job. Then at one of Ron’s training sessions, he was reviewing the components of working with private lenders. Well, I took great notes and went back home to create what I now call the *Investment Opportunity One-Sheet*. This document reviews how individuals can get a higher return compared to what they are getting with CDs, annuities, stocks, and other investments; and how they could even invest using a self-directed IRA to get a 100% tax-free return. [Get a free copy at: <http://www.NewMastersOfRealEstate.com>].

It also explains exactly how the process works, we don’t borrow more than 70% of the current after repair market value of the property, and that their investment is secured with a mortgage on the property. Plus, we provide a copy of the appraisal, title insurance, and fire/wind insurance policies to insure the security of their investment. Furthermore, we explain the entire transaction, including drawing up the paperwork, the escrow of their investment, and both closings (buying and selling) are handled by an attorney.

Then, in the next part of the process, Alekxey and I each made a list of people we knew that *might* be interested or *might* know someone who would be interested in investing. I stress **might** because you never know what money people have access to, or who they know. I promise you, if you make a list of 40 to 90 people from all over the world (including your family, friends, business contacts, and those you remotely know), these individuals will easily lead you to \$250,000 in three months, and will likely lead you to \$1 million or more. I promise! We raised over \$1 million in our first year of business, and we had private lenders from the US, Mexico, and Europe. We started with family members and friends; then, as our confidence grew, we began talking with others.

We are ALWAYS adding new contacts to our prospect list from events that we attend—like parties and Chamber of Commerce meetings. And we are ALWAYS sharing with others about our real estate business, how we work with private lenders, and how we provide a higher return safely, securely, and ethically. The key is simply talking with people on a daily basis. Whether in person or on the phone, we simply walk-through the key points on our ‘one-sheet’, answer their questions, give or e-mail them the one-sheet, and follow-up with them to see if they are interested. If not, we ask for a referral. They might not be ready to

invest right now, but they likely know someone who is. It really is as simple as that.

Most times as you're talking with people, the conversation will just flow naturally and you're able to share what you are doing. They get interested and you take it to the next step. You can also use what Ron suggests to initiate a conversation, "Do you have an IRA or any other investments not producing a high return safely?"

It is also critical to follow-up. Here is an example. We were having lunch with a good friend. Not expecting she had any money to invest, I simply mentioned that we were looking for a private lender for a new property we were buying and asked if she knew someone. She said she had a friend that might be interested. I sent an e-mail with the one-sheet for her to forward to her friend. When we followed up, her friend wasn't interested, but she herself had \$30,000 to invest. The exact amount we needed for one of our rehab projects. She is now on her second investment with us.

So, how do you face the fear of raising private money?

In the process of writing my latest book — *Living Inside-Out: The Go-To Guide for the Overwhelmed, Overworked & Overcommitted*, I discovered that behind 'what we fear the most' is enormous power for us, if we are only willing to 'lean into our fear.' When your focused intention is to raise private funds, and your fear stops you right in your tracks, then lean into it with these simple steps:

1. Download the *Investment Opportunity One-Sheet* and personalize it with your name and contact information
2. Create a list of 40-90 people from all over the world, whoever comes to mind write their name down... don't prejudice. Keep the list handy and always continue to add to it.
3. Start first with family and friends to build your confidence; you will likely be surprised as to who says 'yes.'
4. Take action; play a game with yourself that you won't go to bed without contacting one new person each day.
5. Create a "First to Know—Private Lender" e-mail list and as you buy and sell new properties send them an update. I even send before and after photos. Some lenders will join you 4-6

months after the initial contact.

6. Follow-up, make sure to follow-up *within a week of the initial contact*. If they say no, ask for a referral. Then add them to your “First to Know” list and periodically continue to follow-up. You are now ‘on their radar.’

By taking action you automatically ‘lean into your fear.’ As a real estate investor, money equals freedom and power. You are free to make tons of offers on great deals, and you have the power to ‘make a killing’ in the REO market. Once you learn how easy it is to raise private funds, you will discover other money-making opportunities will open for you—like providing lease options. This way, when the economy shifts, you are in control as there are more options you can provide that others can’t.

Here is what Matt and Rich said after I challenged them with these six steps...

“We were frustrated with our business and stuck in the crippling mindset that we were inadequate to acquire our own private lenders and expand our business. Eddie challenged us to overcome our reluctance and remove the pretense that we had little to offer our investors. We accepted the time sensitive challenge and got to work quickly. Most of the potential lenders we talked with were not turned off to the idea as we expected. On the contrary, we quickly acquired needed funds and were able to put them to work immediately. Because of Eddie’s leadership and encouragement, we have been able to secure over \$200,000 of private money without working very hard for it. We are truly grateful.”

-Matt and Rich McLean, Knoxville, TN

EFFECTIVE WHOLESALING AND REHABBING

When it comes to selling your REO properties you really have two options; *wholesaling and rehabbing*. As I mentioned above, wholesaling is when you have a property under contract and your goal is to sell it by the time you close the purchase process to another investor—with a profit of \$5,000 to \$20,000 depending on the property and the deal. The key to wholesaling is to develop an effective list of other investors. This can be done by getting business cards from those at REIA

meetings and auctions, constantly networking, as well as placing ads online and in your local papers, or even signs you can place around your neighborhood that read “Handyman Special, Cheap, Cash (with your phone number). All the calls go to our virtual assistant, she adds these names to an e-mail list, and then forwards to them all of your new properties. In addition, you personally call key investors.

The other option is rehabbing, which we’ve found to be very lucrative. Because we follow the MAO formula, we only purchase properties that produce a profit of \$25,000 or more after the purchasing, rehabbing, holding, and investor expenses are deducted. Our spread is typically \$30,000 to \$45,000.

The key to rehabbing is selecting the right crew, and my background as a construction project manager has definitely proved valuable to create our rehab system. Typically, you’re going to need a general contractor (GC), plus electrical, plumbing, air conditioning and heating, painting, kitchen cabinet, roofing, and landscaping contractors. (All need to be licensed except the landscaper.)

If it is your first rehab, I would recommend staying under \$25,000 in repairs to get your feet wet. Ask realtors, REIA members, Chamber of Commerce members, etc. about contractors they recommend. Especially in the beginning, I suggest identifying three contractors for each trade and have them bid the project as well as provide references. This way you can compare organic oranges to organic oranges. You will be amazed by the difference in pricing.

Your GC will likely do the majority of the work and needs to be someone you trust. During the inspection period before we buy the house, I always have the GC go to the property with our rehab manger and me to review the inspectors report, confirm the work that needs to be done, and double check the estimate our acquisitionist prepared. [For a copy of our Rehab Estimate & Checklist visit: <http://www.NewMastersOf-RealEstate.com>]

Stephanie Iannotti, a fellow investor and friend, has said “*We produce the nicest rehabs she has ever seen.*” Our focused intention when purchasing the next home is how we can make this one the nicest home in the neighborhood... *of course at a rock bottom price!*

Another goldmine in our business is we use the same materials to rehab each project. We typically buy everything from Home Depot and Brands Mart; our cabinet makers use one of two styles we've selected, and we buy our tile from one company. We use the same interior paint, appliances, lighting, ceiling fans, bathroom accessories, etc.; this way we know exactly what our costs are going to be.

When calculating the expenses of the rehab project, keep in mind the square footage of the house. When the house is bigger or in a better location, it will cost more and may require nicer quality finishes. Especially in the beginning, shop around and Google for the best prices. Keep yourself informed on how much a typical bathroom, a kitchen, or square footage of tile costs. Don't stress, as you will learn naturally. To create a little cushion, we always add an extra 20% for miscellaneous expenses. Also, become friends with your contractors and vendors; I found it useful more than once.

Communication is critical with the GC, each contractor, and your rehab manager if you have one. They cannot read your mind and many times have their own opinion as to how the task at hand should be done. This is why walking through the rehab checklist is so important to confirm they are clear on what you want done.

Our goal is to have a rehab project finished within four to six weeks; therefore, we've learned from experience to stay away from properties that have extensive code violations. We refer to code violations such as adding a bathroom without a permit, converting a garage into a bedroom, building an addition that is too close to the property line, city fines for property maintenance, etc. These violations are usually registered with the city/county, so make sure to check them out during the inspection period to know what you are getting into. Usually these repairs can be made easily, but the bureaucracy of the city/county can take months and eat up valuable profits—it's not worth it.

Most contractors require 50% payment to start the job and 50% when completed. Make sure their proposal details the work you've agreed to. In addition, we don't pay the entire balance due until we verify the work has been completed the way instructed. We walk through the project to produce a final punch list to make sure the property is ready to go back on the market.

SELLING YOUR PROPERTY FAST!

Most of our properties go under contract within weeks, if not days, because before we buy, we know what the houses in the neighborhood are selling for and set our ARV at the price that will sell in 30-60 days. So, the day our house goes on the market, it is one of the nicest, lowest priced properties available. We stage our homes with simple pieces of furniture and wall hangings as well as towels and a few accessories in the kitchen and bathrooms.

We list our homes with our realtor on the MLS; however, we place our own “For Sale by Owner” sign in the yard and all of the calls go to our virtual assistant. We’ve arranged with our realtors a reduced selling commission since we handle all of the calls and hold the open houses. When potential buyers and their realtors call, our virtual assistant gives them the details of the property and lockbox combination.

This way we aren’t wasting our time showing the house to people just getting decorating tips; however, we always ask for them to give us a call after they’ve previewed the house—to make sure it’s locked up and we get a sense of their impressions. We are also constantly building our “First to Know—Buyers” list and when we have additional homes in the area, we can call and e-mail those same potential buyers. In addition, we list our homes on our website and various internet sites.

At the property we have a promo sheet of the house, a list of comparable homes that have sold in the area to affirm our price, a sign-in sheet, promo sheet of our other houses on the market, and a loan application if we are providing a lease option or some type of financing on a particular property. When an offer is presented we require a pre-approval letter from the buyer’s mortgage company, and once we accept the offer, a letter verifying the escrow deposit has been made is required.

We also change the lockbox combination to ensure we or our rehab manager is at the buyer’s inspection and appraisal. This way we can help smooth out any issues that might develop.

Two points to definitely keep in mind:

1. We don’t show the buyer’s inspector our initial inspection that we order when purchasing the house. Our inspector is really

- good and we don't want to give the buyer's inspector any ideas.
2. When meeting the appraiser we always provide the before and after photos with details of the improvements we've made, comparable sales, and the original "As Is" and "After Repair" appraisal that we ordered when purchasing the house. (Make sure *your appraiser* uses comps that will verify the value of the property 60-90 days after his/her initial appraisal has been conducted.) Although technically we are not supposed to give this information to the buyer's appraisers, they usually take it as it makes their job easier.

As I mentioned, curb appeal is critical; therefore we always make sure the house shines on the first impression. Inside, we use great quality materials at the most competitive prices. As a result we typically have our houses under contract in days with a hefty profit to follow.

ATTITUDE IS THE MILLION DOLLAR TICKET

Soon you will find, like we did, that investing in real estate is one of the most rewarding businesses; however... it does present challenges from time to time. I can't tell you how many sleepless nights I've had thinking about all of the possible ways we can transform the next house to make tons of cash. And, we've faced the challenge of being in a new business and having to figure out in the middle of a transaction what the right next step should be. Most of the time we've made the right decision and a few times we haven't. Not knowing what to do next can destroy momentum. That's why in our first year we invested in Ron's "Mastermind Mentoring Program." Today, I'm one of his US and Canadian mentors. There is no reason to do this on your own. Ron's developed a system to teach each step of the way.

Know that as you build your business, what you will find is your attitude is literally a magnet. If you focus on all of the negative, crazy stuff that is happening to you, I guarantee more of the same will soon follow. However, if you learn to live with the "It Is What It Is" factor, you will create a resilience that *only focuses on the possibilities*. You will find amazing solutions to every *challenge* you confront.

Keep your *focused intention* on what it is that you want to accomplish. By doing so, you will be lead to the next right decision. There

are literally millions of dollars that you can make with REOs... You simply have to clarify your focused intention and take action.

SO, LET'S GET STARTED!

From the beginning I've shared that taking action is the critical factor to your success. Literally, you can develop a multi-million dollar a year business just on REOs. However, regardless of the strategy from these chapters on which you decide *to focus your intent, taking action is what it is all about.*

I've attempted to provide an overview of the key components that continue to 'make us a killing' in the REO market; however, it is impossible to share it all. That's why I've provided downloads and other helpful resources at: <http://www.NewMastersOfRealEstate.com>.

In addition, if you would like to learn more of how to incorporate my "focused intention" technique in the physical, mental, emotional, relational, financial, and spiritual aspects of your life, check out my new book - *Living Inside-Out: The Go-To Guide for the Overwhelmed, Overworked & Overcommitted*, where I weave the words of wisdom of sixteen national health and wellness, life-balance, and peak potential experts with what I've learn from my own personal journey. Just go to: <http://www.EddieMiller.com>.

The REOs are the primary money producer of our business and we've created a great additional income from short sales, subject to's, and options. That's why I suggest identifying what in Ron's programs really work in your areas and give it your primary focus. Then, once you perfect it, you can continue to expand your business.

"Investing in real estate is a Win-Win Sport... we can all make tons of money!"

I say this all the time because I want you to get that regardless of where you are now, you can make tons of money by investing in real estate. Ron, the other mentors, and I, are here to help you make it happen.

So, when one of your fears shows up, know that the same fear has likely shown up for several of the contributing experts in this book, we simply leaned into it and took action.

If you are willing to 'lean in and take action' you can make millions with REOs!



ABOUT EDDIE

Eddie Miller and his partner, Alekxey Sabido, are the owners of Miami Property Solutions LLC—one of the fast growing private real estate investor groups in South Florida.

Eddie and Alekxey are Private Investors, not realtors, and use Private Lenders, not banks, to fund their real estate purchases. They look for “Win-Win-Win” opportunities where the seller, the lender, and the eventual homeowner can all “Win.”

They have assembled an impressive team of professionals and together find creative solutions to various real estate challenges. The company specializes in identifying properties that are distressed—in ‘short-sale’ status or have been foreclosed on and are now owned by the bank.

Miami Property Solutions, LLC is a member of the Dade and Broward Real Estate Investors Associations, the Greater Miami Chamber of Commerce, the Miami Beach Chamber of Commerce and the US–Mexican Chamber of Commerce, as well as has filed Form D under Reg. 506 with the Securities and Exchange Commission.

Eddie is author of the book *Living Inside-Out: The Go-To Guide for the Overwhelmed, Overworked & Overcommitted* and co-author of *The New Masters of Real Estate: Getting Deals Done in the New Economy*, a consultant, a motivational speaker, and host of the popular Answers Are Within teleseminar series.

Alekxey is an acclaimed international visual artist from Mexico and was recently selected as one of the “100 Top Latins in Miami.” For the past two seasons his paintings have been featured on the hit show *Keeping Up with the Kardashians* on E!

“Investing in Real Estate is a WIN-WIN SPORT... we can all make tons of money!”

-Eddie Miller

CHAPTER 5

SHORT SALE DEAL: THE LONG TERM BENEFITS OF GOING SHORT WITH A SHORT SALE

LESSON LEARNED

by Robert and Elizabeth Lisk

“The Sky is Falling”...

At least that is what most people think right now in our current market of 2010. House prices are dropping to lows we haven't seen since year 2000, banks are closing up left and right, the banks still in business are not making many loans, and most people would cringe to be an investor in this turbulent time in Real Estate. What I see is opportunity! Great fortunes are to be made in times like these, if you can see through all the perceived chaos - and focus on what the problems are and how you can fix them. A Short Sale is a perfect example of one way to create equity in a property - where under normal circumstances, the numbers would not work for an investor to get involved.

Five years ago most people did not even know what a Short Sale is...

Today, it is a common term in the Real Estate business. For those of you that have not come across this term, a Short Sale is when the lender agrees to accept less than the amount owed to pay off the loan as an alternative to a foreclosure. Simply speaking, the bank is accepting a “Short” amount for the total loan amount due. In the current market, with house prices continuing to plummet, a Short Sale can be a great option for someone facing foreclosure. It will give them the opportunity to walk away from their house and debt if the lender will accept a Short Sale offer. As an investor we can create equity in a deal. As a homeowner, you have a chance at having tens of thousands or hundreds of thousands of dollars potentially wiped off from your loan, keeping you out of foreclosure - which will harm your credit.

In my business, I believe I am helping to stabilize the market by preventing a foreclosure and reselling the home to someone at a great price that is still below current market value.

One of my past Short Sale homeowners called me the week before Christmas in a panic about her current situation... She was a single mother with two children and one on the way, recently divorced, and left with the house and a mortgage she could not pay on her current salary. I met her on a very snowy day in Chicago where it redeemed it's nickname, “The Windy City.” It definitely was a day that if you didn't really need to go out of your house ... you wouldn't.

Nonetheless, we got together and we signed the agreements for a Short Sale, as she was very motivated to get her problems resolved. I assured her that I would do my best to stop the foreclosure on her home, however I did not make any promises. In the next two months my Short Sale Packet was received by the mitigator at the bank and I requested the BPO to be ordered - which is an interior appraisal completed by a Real Estate Agent of the bank's choice. Within a few weeks it was ordered, and I met the agent at the house to give her a packet showing (1) my offer to the bank, (2) the homeowner's hardship letter, and (3) the current 'comps' of the homes in the surrounding area. This is the most important part of the entire short sale process, because the bank will base their entire decision of whether or not a discount will be given, and how much of a discount will be given to the property, almost solely upon the BPO. If the BPO comes in too high... then you will probably not be able to make enough of a spread to have the numbers work for

you. If you are able to get it in low enough, you will be able to create a spread between what the bank will take and what an end buyer will pay when you flip the property to them. the BPO agent looked at my package and understood that someone was going to go into foreclosure if I was not able to make this offer work with the bank. The point of this is getting them to help with the numbers to support your offer to the bank. It is important to understand that we, as investors, are not asking them to do anything illegal, but rather to work within their guidelines to get the number as low as possible - so that I can help this single mother from an unfortunate situation that she is in... she is losing her house and facing a foreclosure, which is not good either for her or the bank.

The BPO was completed and within two weeks I was speaking with the mitigator about my cash offer and working towards getting an acceptance letter to move to closing. In the meantime, the house was listed with one of my realtors to secure an end buyer. Within a few short weeks, an end buyer was in place with closing on the horizon. In touching base with the homeowner on how the process was going, she *casually* mentioned to me about a personal loan from a friend of \$6,600 that might be attached to the house. I wondered why my preliminary title search didn't show it, but it didn't. Knowing that title has to be cleared so that the closing can take place, I ordered a full title search on the property. In doing so, the personal loan did show up on title of the house. These can be simple to remove and get a discount.. ... or sometimes not so much, depending on the disposition of the person with whom they have the promissory note. There can be personal grudge and they do not want to discount but rather want the full amount or cause the homeowner to face foreclosure.

Having me pay the full promissory amount would put me out of my buying criteria and would kill the deal. I started looking for this person through the attorney that created the note... no luck. After three weeks of going back and forth with the attorney, I asked the homeowner if they knew where he was. She knew a friend of a friend that might know where he was. So I contacted him, and remarkably, within an hour he called me back. Amazing when you share with someone that you have money to give them how quickly they will call you back. We negotiated back and forth over another two weeks to arrive at a payoff of \$3,000.00 for him to release his note with the homeowner. He was

marginally happy with the amount, and so was I, but we were both able to agree and that allowed me to move forward to closing.

For those of you new to the business, here is a huge lesson to learn when it comes to personal promissory notes. Of course this gentleman wanted to meet me later that day to receive his money for the pay off. Under NO circumstances do you give him money BEFORE you close. You meet with them to get a Release signed stating your agreement that you will pay him \$3000.00 AT CLOSING for his release of the note, and have it satisfy his debt with the homeowner. If you pay them ahead of time, you run the risk of being out that money if by chance you don't close on the property. We met the next day and signed the agreement. At this point, I am only days away from getting my approval from the bank, and finalizing last minute details before closing.

Next, make sure when your homeowner is vacating the house, that a few things happen:

1. They leave the house in 'move-in' condition. *
2. No appliances are to be taken out of the property. They need to be reminded of this right before they are moving out. * Ask me how I know this!
3. Garbage and items they do not want are to be removed by them, not left in the house. *Ask me how I know this!!

*All of these points should be a part of your Short Sale paperwork that they agree to and sign in the beginning with you. If you do this, you will save thousands of dollars - preventing you from having to hire someone to remove garbage and furniture and anything else they leave in the house! If they decide to take an appliance or two, again you will be responsible for getting something back in place, because at this point you have a end buyer and have signed an agreement with them – stating that those items are in fact part of your purchase and sale agreement with them.

So now my homeowner has found a place to stay and I am ready to close. The day arrives and I have not seen the homeowner for months. She greets me with a hug letting me know how happy she is to move on from the house and the debt. I negotiated \$128,111.00 off of her and

her ex-husband's name with a Full Satisfaction. Do Short Sales Work? Absolutely... Did I do a good thing for a couple that hit upon hard times? Yes.

We signed all the documents at my attorney's office and within an hour I was re-selling it to a first time homebuyer who was thrilled to get her first home at a great price.

I'd say we all came out winners. I stopped foreclosure on one couple, and got the bank to write the debt off, then resold it to another person for a great deal.... And oh yes., the best part... I made some money in the middle. It was a good day...

Robert and Elizabeth Lisk
Home Solutions Investments LLC



ABOUT ROBERT AND ELIZABETH

Robert and Elizabeth Lisk of Home Solutions have been buying and selling houses since the early 80's.. Their expertise has been with short sales, rehabbing to flip, buying bank owned properties, and building custom residential homes.

Robert has bought, sold, rehabbed, remodeled and built custom homes for hundreds of customers. . We solve people's problems, and in the process buy their house. We take what is causing them to worry and find a solution, creating pleasure over their pain. Robert received his Civil Engineering degree from USC, and his MBA from Lake Forest Graduate School of Management.

Elizabeth has been in real estate since early 1990's. She loves being able to help customers of hers out of a difficult situation. She also loves taking an ugly house and turning into something spectacular. Elizabeth received her Bachelor's degree from Western Illinois University.

Robert and Elizabeth live in Lake Forest, IL, and have two exceptionally happy and beautiful daughters.

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CHAPTER 6

EXUBERANT INNOCENCE TO ETHICAL MATURITY - MORAL TRANSITIONS IN INVESTING

by Dr. Grant Kilpatrick

I. BASIC REAL ESTATE INVESTMENT CONCEPTS

What motivates the ‘normal’ person to invest in real estate? I use the word ‘normal’ since in my 50 years of investing (I like to think that I started my training playing Monopoly at about 10 years of age!) I have seen very few people that have invested successfully in real estate relative to the rest of the population. So the successful investor is ‘out of the ordinary’ or is not in the range of ‘normal experience’ for a person seeking out a career in real estate investing.

Success in real estate requires a certain skill set, some of which are inherent in a person’s personality. These would be self-motivation, analytical skills, ability to control the fear of potentially massive financial loss, ability to take decisive action, a contrarian attitude of investing relative to the population, and a desire to act outside of one’s normal comfort zone.

Then there is the learned skill set required of managers—the ability to collect information and sort it into relevant and irrelevant, simple

mathematical skills, and people management skills.

Matching these inherent and acquired skills with a generous dose of what I call a healthy FQ (Financial Quotient), we have the makings of a person who can ‘weather any storms’ the market can churn up.

But what is it that pushes such people to ‘step off the cliff’, to see if they can fly or ‘chance being dashed to financial ruin on the rocks below’, if they fall?

II. THE PUSH

The push into real estate investing can be as varied as each person’s situation demands. For me, it was the fact that I needed a ‘pension plan.’ Although I made a good living in my professional career, I found it difficult to set money aside for my long-term future needs. Plus, the thrill of the “game” to be played beckoned me. I was ultra-successful at monopoly as a child and adolescent—no one could beat me if I kept the game going long enough. But as an adult, the game that invited me was one of real buildings, real money, real debt and the potential of real loss. This risk factor and the adrenalin surge that comes with it - caused me to thrive.

For others the push can be the loss of financial stability through divorce, loss of a job (...Just Over Broke!), or low points in the market cycles. These low points (early 70’s, early 80’s, early 90’s, 2008-09) cause uncertainty and wreak havoc with people’s financial plans. I had lunch with a friend recently that had to suspend his retirement plans because of the 40 per cent drop in the market. He then withdrew his remaining capital from the market, missing the 2009-10 market gain, however slow. He was seeking a solution and was wondering about the potential of real estate as an investment vehicle to regain his financial stability.

III. THE OPPORTUNITY

As a young professional, I was succeeding quickly and had set aside a small down payment for a house. I had already purchased my own office building after stumbling across a vacant building with a motivated seller.

(Principle #1: Own, don’t rent).

I had already formed a vague notion of purchasing an apartment building so that at sometime in the future the renters would have paid the mortgage and I would live on the income generated from it. In fact, I mentioned that idea to my father when we parked next to an apartment building one Sunday.

(Principle #2: Speak out your goals aloud to someone else, thereby committing your subconscious to the goal.)

It was a year later that I drove by that same apartment building, which now was sporting a “Power of Sale” sign. The mortgage holder was foreclosing. I called and asked how many units were in the building. The answer intimidated me—”Twelve.” Remember, I did not have a house yet, and the only money I had was a small down payment. However, I gathered the information, analyzed my capabilities and the strengths and weaknesses of both the building and myself. (What’s the worst that can happen? How would I deal with it?)

The fact that the mortgage holder intended to force the sale that week caused an additional ‘push.’ I saw the sign Tuesday, analyzed data Wednesday, viewed the building Thursday, and hired a lawyer friend of mine to come to my home on Friday night after work to write up an offer. (The Offer: My \$5000 down payment, and seller financing for the balance.) The offer was submitted Saturday at 9:00 a.m. By 10:00 a.m. I was the new owner of a 12-unit downtown apartment building.

So, I purchased my first investment property with virtually no knowledge and no courses on investing or seller financing. I just collected and analyzed the information. But because of the time frame set by the seller, I was forced to **take action**.

I call this period in an investor’s life “exuberant innocence.” I was very excited and too innocent about what **could** happen. The decisive step was taking action. The result was that I acquired a several hundred thousand dollar property for \$5000 and about five hours of my time. I accepted the risk and learned the rest.

(Principle #3: If one dwells on all the things that can go wrong, the opportunity will go away.)

During the next year, I purchased four acres of lakefront lot property,

then found another waterfront property a lot closer to my office with a home already on it. My exuberant innocence was at work.

IV. COINCIDENCE OR DIVINE INTERVENTION?

My professional practice was growing, and I really enjoyed helping people. But I was paying mortgages on three properties. I was musing about concentrating on my practice and getting out of real estate investment while on a plane to Chicago for a professional seminar. I had just about decided on that path when a real estate investor presented during the seminar. I think he was invited to speak for an hour midway through the conference to break up the intensity of the conference and because he was very entertaining. His topic? “Buying Properties With No Money Down.”

As a result of his presentation, I saw greater opportunity with no real downside. I purchased his book and tapes and reset my path—I would learn more, and do real estate as a hobby!

Within a short time I had found and purchased a multi-residential/commercial property. But in working up the offer, with my newfound knowledge of how to do a no-money-down deal, I was working on a further angle. If no-money-down offers were possible, how about deals that generated cash on closing? One evening with this thought in mind, in a few minutes I worked out the wording of a new offer which would end up generating about 10% of the purchase price in cash in my pocket on closing. Again, finding a motivated seller was the key. I consulted with my lawyer and accountant asking if there was anything illegal or immoral in this. They said no, as long as I wasn't going to walk away from the mortgage. So I closed that deal and flew to Hawaii for a vacation.

(Principle #4: Reward yourself for success).

However, I really wondered if this cash-generating close was a fluke of nature or of the business or not. So I found another multi-residential building and formulated another offer to generate 15% of the purchase price in cash in my pocket on closing. That was a successful buy. My conclusion: No fluke. I can make cash flow by purchasing real estate!

At that point, my family was growing, cash flow was great, and I dou-

bled my professional practice through the severe recession of the early 80's. Life was good. I decided to take my young family on a 15-month world trip. I was all set to go. One month before I left, I received a telephone call 'out of the blue' asking me to purchase another 16-unit building. I almost declined, but, realizing the seller was really motivated, I decided to proceed. This time I had no ready cash, the seller needed 10 % down for his taxes, and since there was no time before I left the country to secure institutional financing, I needed other sources of capital. I quickly found three other investors to put up the down payment and the seller financed the 90 per cent balance.

I left the country in September and the deal closed in November while I was on an island somewhere in the South Pacific. When I returned to Canada over a year later, one investor wanted her money out, so I purchased her share which gave me 50% ownership. By the way, that building has not required any more of the investors' money to run it since the day we purchased it.

(Principle #5: When opportunity knocks, find the way to open the door!)

V. THE NEXT STEP—CHARACTER DEVELOPMENT

As you might imagine, at this point as a young professional with my net worth growing rapidly, I was quite pleased with myself. Life was good. One day while reading about "craftiness" not being a good character trait, I agreed that I did not desire this trait for myself. I paused reading to meditate on that for a few moments pondering to myself whether I had ever been "crafty." Immediately, the real estate deals described above where I had closed the deals and put substantial cash in my pocket on closing with no output of my own cash came to mind.

I had not disclosed the intricacies of those deals to the sellers. I realized that by not disclosing this, a deal was placed in the realm of 'craftiness.' I did not want this crafty practice as a legacy on my character. Therefore, I decided that I would not use this strategy in the future without full disclosure to the seller.

(Principle #6: Always make full disclosure to the seller.)

Hence, only as time proceeded, and after some introspection on the effects of my behavior on myself and on the community around me, did

I come to a measure of what I call “ethical maturity.”

Over the years, my experience with real estate investment has brought me much success, but it also brought me this lesson: As a real estate investor I must be careful to be fair, ethical and open with buyers and sellers if I want to live in harmony and peace with the community in which I live. To do otherwise is to risk my own peace, joy and contentment—which, in the game of real estate investment, is the ultimate reward.



ABOUT GRANT

Dr. Grant A. Kilpatrick

- Raised as a farm boy in South Western Ontario, Canada. Graduated with a B.Sc. (Chemistry Major) from University of Western Ontario - where a business course was a high point of his studies.
- Went on to get his doctor of chiropractic in Toronto.
- Married to Joanne his wife of 33 years and has three grown children- two daughters and one son. One daughter is a teacher and ESL specialist, and one is communications and media director with the foremost environmental NGO, Canada. His son is in commercial aviation management studies while managing a student housing business.
- Grant has purchased and managed several multi-residential and/or commercial properties since 1978 while running a busy health practice.
- He has also taken time to travel the world on an 18 month sabbatical with his family. He has studied at a masters-level counselling program in Switzerland and Hawaii and all this was done while operating his real estate business through the strength of delegation.
- After retiring from his health practice in 2008, because of structural complications two years after a compression back fracture in 2006, he has obtained further real estate knowledge from his mentor Ron LeGrand while renovating his home property on one of the most beautiful waterways in the world in the District of Muskoka in Central Ontario, Canada where celebrities, wealthy industrialists and entrepreneurs go to play, rest and relax.
- He is a charter member of the Federation of Rental Housing Providers Ontario (FRPO) and keeps informed of legal changes and information pertinent to the businesses from several publications.

CHAPTER 7

THE MOST EFFECTIVE SOCIAL MEDIA SALES TOOL OF ALL*

(*and one of the oldest! How the 24-hour pre-recorded message can build trust, sell real estate, and make your life a whole lot easier!)

by Jay Conner

Every marketer is selling the virtues of social media. Twitter, Facebook...they're big online resources that are being used 'to the max' by everyone with a business. Real estate, of course, is no exception.

But I want to talk about using what I consider a form of social media that predates Facebook. It even predates MySpace. As a matter of fact, it even predates personal computers and websites.

It's the 24-hour pre-recorded phone message.

"Hold on, Jay," you're saying. "How is that social media? Where's the 'social' part of this? You can't tweet, you can't post on a wall, nor can you update your status with a pre-recorded message. You can't even look up that weird guy I went to Junior High School with to see if he's out of prison yet."

Well, first of all, I really don't even want to deal with that weird guy in prison. Second of all, the pre-recorded 24-hour message *is* social media to me. It's been one of the most effective, automatic sales tools I've ever used. As a matter of fact, I credit a lot of my success in real estate in North Carolina to it.

But how is it social media?

Think about how people use Facebook. You can find out about people before you decide you're going to accept them as a "friend." And you're not going to take that step unless you have some degree of trust in who the person is.

That's exactly how I've used the pre-recorded message over the years. People can listen to the information I or one of my associates provide in a totally non-threatening way. They can hang up at any time. They have control over the situation. So they're more comfortable *seeking out* the information.

In other words, even though the conversation is decidedly one-sided, it's still the beginning of a relationship. I give them the freedom to choose if they want to talk to a live person about the property in question or not. That freedom in turn empowers more potential buyers to make the call, knowing no one's going to personally hard sell them. It ends up as a win-win for both my real estate company and the customer.

It didn't start out that way. No, I first began to use the pre-recorded message as a necessity.

LISTEN FOR THE TONE...

When I began my career as a real estate investor, I had a huge problem. I was only doing it part-time. I still had a "real" job.

So, when I put my classified real estate ads in the newspaper, with my cell phone number listed for contact information, I wasn't able to answer most of the calls. I just wasn't available because of my job, and I couldn't afford, at that point, to abandon my steady 9-5 income. And many people simply wouldn't leave a message. I was losing a lot of leads – and probably a lot of business.

Then in 2004, I happened across master marketer Dan Kennedy's "No

B.S. – Business Success” book - in it was the idea of using a 24-hour pre-recorded message. Meaning that, at any time, day or night, a potential buyer or seller could find out more detailed information about the property as well as financing options, in a tightly scripted message, without me having to worry about missing the call.

And also, to be honest, without me having to say the same thing over and over to whoever called.

Sometimes, ‘necessity is the mother not only of invention, but of success.’ What I immediately discovered, to my surprise, was that once I replaced my cell phone number in the ad with the words, “Call our free 24 hour recorded message,” I suddenly was getting *three times the response* of my previous classified ads!

That’s what you call a nice surprise!

After some thought and some research, I found there were two reasons for the sudden increased ROI of my classifieds.

The #1 reason was that it’s actually been proven that a publicly accessed phone message is more credible than talking to a live salesperson. People must figure a salesperson will say anything to get business, while a recorded message is “on the record” and has to stick to the facts.

The #2 reason is what I talked about earlier – the caller feels like they’re under no obligation; they can bail out of the message at any time and don’t have to worry about a live hard sell. They are able to find out the facts without dealing with a salesperson.

To me, the 24 hour recorded message is the best kept marketing secret of the last 20 years. There are very few real estate and other business entrepreneurs using it anymore – as I said, everyone’s moved on to Facebook, Twitter, texting and other newer methods. If you look in the real estate classifieds in my area, you’ll quickly see that I’m the only person using the words “24 hour recorded message” in their ads. Which is fine by me!

There are 10 very good reasons I’m going to continue to use this old school “social media” to build my real estate business. With apologies to David Letterman...

THE TOP TEN REASONS THE PRE-RECORDED MESSAGE WORKS FOR ME:

1. As I noted, I get three times the response by using the message as my response device in my classifieds. It also allows me to be four times as productive, since, again, my staff and I don't have to keep giving out the same information over and over to different people.
2. The ROI is amazing. It's VERY low cost to use.
3. It's easy to use. My marketing is basically on autopilot.
4. It's very effective in measuring the results of my advertising. All of my marketing is measured and tracked, so I know what's worth spending money on and what's not.
5. It saves me and my staff a tremendous amount of time and money. Just by generating a short two-to-three line classified ad, and then recording a more detailed phone message about specific properties, I can educate and give out a lot of information without having to print it in the paper or in a direct mail piece.
6. This is a good one. With the hotline system I use, I can capture the phone numbers of the people calling the pre-recorded message - *whether they leave a number or not!* That holds true even if they're using Caller ID block. It's legal because, by deciding they wanted to call me, I now have the right to talk to them about my business. This means that *every response equals a true lead.*
7. By using different extensions on the main phone number for different recorded messages, I can tell which particular ad is generating the most response. Again, this helps tremendously with marketing decisions down the road.
8. I'm only capturing quality leads – people who are interested in making a real estate deal. They're good to market to with follow-up calls.
9. Callers can access a real live person at any time during the pre-recorded message. That means, if they like what they hear, they merely push the button they're instructed to and they'll be switched to a live salesperson who will be able to give more information and even schedule an appointment to see the property in question.
10. No busy signals – we never, ever have to worry about missing a call. Again – **NO LEAD IS LOST!** And, obviously, it doesn't

matter if your actual office is open or closed. Your system is working around the clock for you. And it's a good thing, as we get as many calls after 10 pm as we do at any other time.

MAKING THE MESSAGE WORK FOR YOU

The best way to begin using the pre-recorded message is with a very short teaser-type classified ad that will spark a prospect to call.

Here's an example of an ad I'd use to interest people who want to sell their property:

I buy houses. Cash offer in 90 minutes guaranteed. Any condition. You choose the closing date! Call 24 hour free recorded message – 1 xxx-xxx-xxxx

Here's another example of an ad used to generate buyers' interest:

Owner-financing! Or lease/option. Or rent-to-own. No banks needed! 4 nice homes to choose from. Morehead City, Beaufort and Newport areas. 24 hour free recorded list and directions. 1-xxx-xxxx-xxxx

In that last ad, you'll notice I talked about a recorded list and directions, rather than just a recorded message. That's to play on people's curiosity factor – they'll want to know where are these houses? I know that this works, because when I've used the word "directions" in an ad, the response rate went up. It's the kind of information usually withheld to get the person to talk to the real estate agent "live."

Once you've begun to use the pre-recorded message, there are a lot more tricks and great techniques on how to maximize its advantages to capture and convert leads that I've learned over the years – and I'm happy to share in this chapter.

10 INSIDERS' SECRETS FOR USING THIS MAGICAL TOOL

1. "The more you tell – the more you sell."

There's a myth that shorter messages work better – that's simply NOT TRUE. Most of my scripts for the pre-recorded messages are about a minute long. And I always put the messages through my TMI process

– I Test them, Measure their response and Improve them. I check how many people hang up half way through, how many people opt to talk to a live person during the call, and how many willingly leave their contact info. *The biggest sin here is to be boring* – but providing useful information builds trust and creates more interest.

2. Do not ask for the caller's phone number in your message.

Ask for just their name, address and email. It's been proven that, when you don't ask for their phone number, they feel like they have more control and are more willing to leave their other contact info. And besides, you're capturing their phone number anyway!

3. Allow immediate access to a live representative.

I give callers the option and the instructions on how to talk with me or my reps at any time during the message, and I will give that option several times during the call. If they're that anxious to find out more about what you have to offer, you should 'strike while the iron is hot.'

4. Put the pre-recorded message number on the back of your business card.

If they want to find out more about what you have to offer, again, it's a non-threatening way to do it - and you'll increase the number of responses you'll get from your card.

5. Immediately call back all callers whether they leave a message or not.

I have two virtual assistants - one to talk to sellers, one to talk to potential buyers. If the prospect who called for the recorded message doesn't choose to talk to someone or leave their info, the appropriate assistant gets an instant text or email message to call the person's phone number. This actually impresses most callers – they see us as being on top of their business. And the other thing we do during the callback is be very soft-sell, low pressure and *nice*. They might say something like, "Hi, this is Glenda with Jay Conner and I was just notified that you called about so-and-so. I just wanted to let you know that I'm here to answer any questions you might have." This helps build trust and the relationship.

6. Measure the ROI of each ad.

Would you buy stock in a company and never check the stock price again to see how it's doing? Well, what's the point in paying for marketing if you don't know how well it's working? That's why I put different extension numbers on each classified ad - to measure their effectiveness. That way I can run a report on exactly what my cost per response per ad is, and my cost per sale on marketing. This is important, because you can never be sure what works. I recently ran a test on an ad about a home I had for sale – I listed a great many benefits and it cost me more than most of my other ads. But I was completely wrong, because it brought in the least amount of results! Knowing that will save me a lot of money down the line.

7. Use your generated leads from the message system to build a buyers' list.

Use the contact information you gather from your recorded messages for follow-up marketing – it's a waste to gather quality leads without building a marketing database from them.

8. Put these exact words in your ad – “24 hour free recorded message.”

Each one of those words is important – I know, because I've tested them thoroughly. If you don't tell them plainly and clearly it works around the clock and it's recorded, they don't know. Those are the words that create a high response. Use them!

9. Don't let the sound of your own voice stop you!

You might not like your own speaking voice, so you may avoid using this system. Don't! All services offer the option of having someone else with a more professional voice record your outgoing message for you, so feel free to use it. Keep in mind, however, you may connect more by using your own non-professional voice, as you'll be more “real” to them. Have objective honest people evaluate how you really sound, not how you think you sound.

10. Use a local number instead of a national toll-free number if possible.

Some services now offer the choice of using a number with a local area code, rather than an 800 or 877 national number. If yours does, go

for the local one. Again, it feels more personal and less threatening to prospective callers. Oh, and speaking of services, I use two great ones - Automated Marketing Solutions (check them out at AutomatedMarketingSolutions.com) and PATLive (at PATLive.com).

You still might feel that using a pre-recorded message as a lynchpin for your marketing is just too old-fashioned and won't work in today's online-dominated world. Well, I recently hired a Craigslist specialist to insert an ad into that popular internet classifieds website that offered an option for contacting me – email or my 24 hour recorded message. Well, 27% still went with the 24 hour message for the first contact.

And that's why I always make sure to put that message phone number in all of my media – print ads, websites, online web promotions, yellow page ads, postcards...*everything*. It's still the first choice for many responding people.

Direct mail is no exception. I currently have an eight letter sequence I send out to people in pre-foreclosure. After the first two letters, which are designed to look like some one just drove by the house and wanted to buy it, I introduce the 24 hour recorded message with the third letter.

Now, by the time I do the fifth letter, I've given them many other ways to contact me as well – but the 24 hour number is always one of them. That's because I always make sure to put that 24 hour recorded message into the mix of whatever marketing I'm doing. I'll be honest – it's not the entire answer to any marketing program. But in my world, it almost always is.

And I'll prove it – if you're interested in seeing some of my pre-recorded scripts or finding out more about my proprietary foreclosure mailing system I just mentioned...well, then you should just call my 24 hour recorded message at 1-877-288-8753, ext.2665

You see – I practice what I preach!



ABOUT JAY

Jay Conner is a proven real estate investment leader. He locates, buys, and sells multiple real estate deals, even in the new economy. Jay is a recognized investment genius, having graduated as a Master in Real Estate Investing; and he accepted Ron LeGrand's invitation into the prestigious Platinum Inner Circle.

Without using his own money or credit, Jay maximizes creative methods to move properties for substantial profits with little to no risk. "Jay is a real estate magician," noted a business networking associate. "He works seemingly magical deals for buyers and sellers alike."

Beyond his own success, Jay's passion in real estate is to enlighten and inspire other investors. To that end, Jay mentors fellow investors across the United States and Canada. His consulting goes far beyond elementary "how to" techniques. Jay teaches an entrepreneur to transform a Real Estate Investing Business into an "Automatic Transaction Machine," thus allowing his students to achieve their life goals: Financial Independence and the Freedom to enjoy what's really important to them.

Hand-in-hand with his one-on-one mentoring, Jay shares his insights at seminars as a leading expert on private lending, marketing, business development and ethical business practices.

Jay pours his talents and energies into numerous activities. He is President of Conner Properties and EZ Mortgages, plus a former CEO of Leader Homes. He is also co-developing The Coves at Newport, a community of condominiums along the Atlantic Coast. In 1997 Jay formed Encore Music, a private record label, where he records original piano compositions and produces other artists. He also founded and directs The Carolina Chords, an a capella chorus in great demand. Jay and his wife, Carol, currently reside in Newport, NC.

Ready to jump start your real estate investing career? Contact Jay Conner, Real Estate Master and Mentor, at 252.725.3360 or

connermentor@yahoo.com.

CHAPTER 8

NO MONEY REAL ESTATE INVESTING

by Jim Zaspel

Hang on a second here! Isn't that an oxymoron? By the definition of the word, doesn't someone have to have money to "invest" in something? Ok, you do have to have a little money. You must have ten dollars for the deposit.

The concept I just described to you has made hundreds of thousands and even millions of dollars for many people. Contrary to popular opinion, no matter what kind of residential real estate deal you do, you should get paid for what you know, not for how much you spend or the amount of debt you guarantee from a bank.

Now if you are going to earn an income based on what you know about real estate, then doesn't it make sense to learn as much as possible? This is where many people fail. People fail to invest in *themselves*, so they fall into the trap that has gotten thousands of investors into financial ruin – namely leveraging their wallets and personal credit instead of their brains and continuing to work hard instead of smart.

What I want to do here is give a brief overview of the four basic ways to invest in real estate without using your own money or personally guaranteeing any debt. Then I am going to focus on how to actually

find the motivated sellers and buyers with none of your own money, on marketing. Does that sound good to you? Well then, let's get started.

HERE ARE THE FOUR BASIC WAYS TO BUY AND SELL REAL ESTATE THE "NO-MONEY" WAY:

1. Wholesale

To wholesale a property you get a property "under contract" at a discounted price - with just a ten or perhaps a hundred dollar deposit. Usually the reason a house is discounted so steeply is because the property is in dire need of repair, but sometimes the property is in fine condition and the seller is just really motivated to sell the house quickly and is willing to sell it at a discounted price in order to do so. Once you have it under contract, find someone who is willing to pay more for the property than your contracted price. At closing, you will get paid an Assignment Fee for assigning your contract to buy that piece of real estate to your buyer. In this scenario, your buyer buys it directly from your seller so that you never have to bring the funds to closing — you simply make the 'middle man' cut. The key to successfully wholesaling a property is to get it under contract at a big enough discount so that there is plenty of profit left in the deal for the person buying from you. I'll never forget cashing the check from my first wholesale deal, I made \$13,800 on my first wholesale deal!

2. Option

This is more or less the same as Wholesaling, except that a different agreement is used, and it is generally used on 'pretty' (no repairs needed) houses. When optioning a property, you most often will be finding an owner-occupant buyer — that is, someone who wants to purchase the property to live in it.

3. Subject To

This has made me the most money of any of the strategies. This technique is generally used when buying a 'pretty' house and selling it to an owner occupant. Buying a property "subject to" the underlying loan is to have the existing loan stay in the name of the seller, but the deed transfers to the buyer's name. You can then sell this property on a Lease-Purchase or Owner-Financing program. What's so powerful

about this method is that it not only enables you to buy houses without cash or credit, but it also enables you to sell properties at lightening speed because your buyers don't need to qualify for a loan from a bank.

4. Rehab

Here you purchase run-down property with private money. Private money is money that is borrowed from a private individual. When borrowing private money to buy a 'fixer-upper', be sure to borrow enough to cover the purchase price, repair costs, and a small slush fund.

That is all the detail I am going to go into regarding the actual transactions. For the rest of this chapter, I am going to assume that you know the fundamentals of these four basic methods of buying and selling real estate.

For any investor, especially someone just starting out, the biggest costs of doing business are marketing costs — marketing to find motivated sellers and motivated buyers. There are many great marketing methods promoted that have a significant cost to them, and I have used many of them. They are effective, but like I said, they cost money.

Here is what you need to do *right now*: get rid of any notion that you have to pay out of pocket for your marketing. It's simply not necessary. Of course in some instances I pay for my deals, but it is in the form of a referral or finder's fee, and any such fee is paid only if/when I have been paid on that specific deal. The point of all this is to reduce your monthly outgo, yet have a constant flow of sellers and buyers coming to you, wanting to do business.

Next, I am going to list several ways to find or locate motivated sellers and several more ways to do the same with finding motivated buyers of real estate - all of which will require none or very little of your own money. But this I assure you, that every one of them if done properly will produce phenomenal results! Some of these methods are over-lapping, but first let's talk about getting sellers to come to you.

1. Marketing Partners

These are simply other investors that *are* spending money to get leads (prospects) contacting them via a website, phone, or email. If you do

what I talked about at the beginning of this chapter and educate yourself in real estate investing so that you know how to handle any deal that comes at you, then you will put yourself above the crowd, and once people at your local REIA meetings discover all the different types of transactions you are doing, you won't be able to handle all the many leads that come to you.

2. REIA (Real Estate Investor Association) Meetings

You must attend every single investors meeting that you possibly can! Not only is this going to be your best source of marketing partners, but you will find qualified buyers, people that want to lend private money, and people that currently own properties that they want you to buy.

3. Referrals

There is an unlimited number of ways to get people referring business to you, but I am going to share with you what my mentor, Jon, told me when I was starting out. He said, "Jim, you've got to let people know what you do. Put the lettering on your vehicle, wear the clothes with your company name on them, go to every REIA meeting you can, make sure all your friends and family know that you buy and sell houses." Then he said, "What you want to do is make such a name for yourself so that when anyone who has come in contact with you wants to buy or sell a house, *you* are the first person they think of." These simple yet fundamental words have had a larger impact on my business than anything else Jon EVER told me, and as a result of following his advice, people are constantly referring their friends and family members to me. Of course I only just listed a few out of *many* ways to accomplish this, but like Jon said, you must "brand" yourself.

4. Online

This is the most simple, yet one of the most powerful methods of finding deals for free. When you look up FSBO (For Sale By Owner) ads online, be sure to look for key words in the ad headings. Words or phrases to keep an eye out for are *foreclosure, must sell now, motivated seller, burnt-out landlord wants to retire, estate, relocation, divorce, jobloss, immediate occupancy available, owner will finance, and lease-purchase*. There are many good websites out there on which to find FSBO's, but ones such as Craigslist.com, kijiji.com, postlets.

com, fsbo.com, forsalebyowner.com, and ownerwillcarry.com are some of the most productive websites to call ads from if you are going to call FSBO's.

5. Newspapers and Other Offline Periodicals

I know what you're thinking, you're thinking that newspapers cost money. If you want to get it early in the morning, I'm sure it does, but people leave newspapers sitting around all the time. If you want to get a hold of used newspapers, just take a stroll through any public transportation station, restaurant, or coffee shop and I'm sure you'll find plenty of them. You can also work something out with a convenience store manager to get some of their old newspapers. I know – this sounds weird. But if you are determined to make money in real estate without using your own money, then you must be willing to think outside the box.

6. Realtors

When you work with properties listed in the MLS, most of the time you are going to be dealing with properties that need repairs and that require cash. If you line up your private money lender and can put up a \$1,000 deposit on a house (don't worry, you'll get it back at closing), then the MLS is a great source for finding deals. The trick is that you must be able to close on the deals that you sign contracts on.

Let's recap. First we established that it does *not* take money to make money in real estate. Then we learned a few basic methods of buying and selling houses, and finally we learned how to find the deals that are worth doing by finding motivated sellers. Whatever you do, do not forget the second point, namely, that you must first *learn* how to do creative real estate transactions before you can do them. Of course you don't need to know much in order to wholesale a property, but if you want to do all the various types of deals that I have mentioned, you should invest (yes, with your own money) in real estate education.

SO, WHAT ARE WE MISSING? WHAT COMPONENT OF THE BUSINESS HAVE I LEFT OUT?

We still need to discuss how to sell all these houses that you are getting! You will notice that some of the best methods of finding buyers

for your properties that cost little or no money are going to overlap with the methods I have shown you for finding sellers. This is the great part of networking — you never know what each new relationship you create will turn into. The possibilities are endless!

1. Online

Use all of the websites I gave you for finding sellers to list your properties. The best ones are free. I have also successfully used Ebay to sell houses, but it does have its own challenges, so make sure that you know their rules and regulations before you spend money listing a property for sale on their website.

2. Loan Officers

When you buy a property subject to the underlying loan by simply taking over the seller's debt, typically the best way to sell that house is on a lease-option or with owner financing. In either case, your target market is the part of society that can afford a home, but that does not have good enough credit to go get a traditional loan for the house. In a down market, the vast majority of applications that loan officers get are denied for a loan. That's where investors like me come in. I simply tell the loan officer that if he puts me in touch with his rejected applicants that have a significant (five percent or greater) deposit, I will sell houses to those individuals on lease-purchase programs. In such a scenario, the tenant-buyer would put up a significant deposit and begin making lease payments to me. During the lease period I will work with an agency to restore their credit, so that within six to eighteen months, that tenant-buyer will have the credit to get the loan that they originally applied for and were rejected. Of course I then will direct that person to get the loan for the home from the loan officer that originally referred them to me. The point here is that I show the loan officer how to turn the leads or prospects that he is currently throwing away into a real and significant source of income at no added cost to him! It's a win-win for everyone.

3. Social Media

If you have a large following on networks such as Facebook, Twitter, Myspace, and YouTube, and you know how to properly use those networks, there are very few things that you can do that will increase your brand image more than this as *the* go-to person for all real estate solu-

tions. The point of it is to let people know what you do and make them want to hear everything you have to say, *without* being a constant salesperson. A great thing to do is to post videos and articles that educate the general population on what is going on in the current real estate market. To do it right, you must let people in on what is going on in your life. Be the kind of person online that people want to be around offline. Let them feel like they know you so that when you do post something about your current property listings, people notice and pay attention. And as I learned from my good friend and mentor, Ray Higdon, *always* provide something of value to your followers. When done right, this is an extremely powerful tool that is *free!*

4. Signs and Banners

Putting signs and banners on your houses and in their front yards are a powerful and effective ways to get people calling about the house. I sell almost all my houses on lease-purchase programs, so when I post a sign or banner at my house, you can bet it is going to say, “Lease-Purchase! No-Bank Qualifying!” then of course I provide my phone number and website on the sign too.

5. Flyers

When I’m selling a house, I have my assistant find as many laundromats, pizza shops, grocery stores, or any place of business within a short distance of the house that will let us post flyers for that specific house. On that flyer, I have the little tabs at the bottom with my phone number on them so that people can take my information with them. It is also critical to have flyers available at your house, both inside and outside. I love to put an info box on or next to my yard signs. The flyers in those boxes have all the specs on that specific house, the terms on which it is available for purchase (price, lease purchase, owner financing, or whatever), and most importantly, I offer a buyer-referral fee of \$500. The reason that is so critical is because people that live in any given neighborhood may want their friends and family to live nearby (well, in most cases that is true), but aren’t willing to call the number on the sign or go inside and pick up in the info. That is why it is great to make it available so that people can just pull their car over, hop out, grab the sheet and be gone. We have all done this at least a few times, haven’t we?

6. Realtors

There are several ways to use Realtors. You could list it with an agent, offer to pay 3% to any agent that brings you a buyer, or pay a flat-fee listing price. The price for a flat-fee listing is usually between \$275 and \$400, but why pay money upfront and risk not having it pay off? So, I have developed a relationship with a local agent where I pay him \$600 to put the property in the MLS, but he only gets paid if and when the property gets sold. By the way, realtors have the same problem that loan officers do: they have people come to them that want to own a home but are not able to get one through traditional means. I will offer any agent that sends such a buyer to me anything from a \$1,000 referral fee to a regular 3% commission. But I only pay the agent when I get paid, which in the case of a lease-option tenant-buyer, that means the realtor will get some money when they move into the house. But the majority of the commissions will be paid out if and when the tenant-buyer ends up purchasing the house.

7. Marketing Partners

Use the same strategies I listed in using marketing partners to find sellers... to find buyers. What you offer someone for sending you a buyer will vary greatly depending on what their expectations are and what their costs are, in finding the buyers, but regardless of the amount you pay for this, there is never any need for you to pay out any money for a lead (prospect) until you have made money from that prospect.

Wow! I just read through all the different ideas I gave you for marketing. That's a lot! Do you believe that it works? You should, because there isn't one strategy that I have given you that I and other investors all across the world have not personally implemented successfully.

There is one more question I have for you, and that is now that you have this information, *what are you going to do with it?* It is sad how many people I see go through the exact same real estate education that I have gone through, yet one or two years later, they still have not done their first deal. Does that sound familiar? Do you want to know the difference between the two people that sit side by side in the same seminar yet only one of them becomes a successful real estate investor? Is it the amount of time or money one has compared to the other? Does it

have to do with background? Intelligence? I can assure you that it has nothing to do with any of them. Here is what it comes down to: implementation and determination. Of course there are other factors, but it all boils down to those two things. If you don't believe me, go ask another successful investor.

Friend, if you choose to become or already are a real estate investor, I sincerely want you to be successful. Now go out there and make it happen. You have plenty of tools readily available to you. If I, a twenty-three year old (former) landscaper can do it, surely anyone can!

Here's to your success!

Jim Zaspel

www.JimZaspel.com



ABOUT JIM

At the age of 23, Jim Zaspel has been in the real estate business for 18 months. One of Jim's passions is real estate – of course this most likely has to do with the fact that he made over \$91,000 on just his second real estate deal!

Jim's entrepreneurial ventures did not begin with real estate; they began at the age of 12 when he started mowing neighbors' lawns with his dad's lawn mower. By the time he was 13 he had acquired 28 lawn accounts. This was more than he could do himself, so at the age of 13 he hired someone that was old enough to drive a pickup truck. After his family moved when he was 15, he sold the lawn care business. Over the next 7 years, he built up and sold 3 separate lawncare and landscaping companies, but he always knew that there was a better and more satisfying way to satisfy his entrepreneurial spirit. He found his answer in real estate at the age of 22.

After successfully investing in real estate for only one year, he was asked by Ron LeGrand to become a mentor for his (Ron's) company to mentor new real estate investors and help them become successful as well. In addition to mentoring, Jim speaks at REIA (Real Estate Investor Association) meetings throughout the Philadelphia area, and is a member of Ron LeGrand's Mastermind group.

CHAPTER 9

THE 7 KEY INGREDIENTS THAT WILL ALLOW YOU TO NOT PARTICIPATE IN THE RECESSION

by Stephanie and Jon Iannotti

Thinking back to the time when Jon started as a Policeman in 1976, and more recently worked for the past 24 years in a Steel Mill in Butler, PA, and I worked 24 years as a Certified Orthopedic Technician and Personal Assistant to a Surgeon in Pittsburgh, little did we know that Real Estate Investing would provide us with the vehicle to leave our jobs, and make possible the lifestyle that we have today. Many of you probably have heard what a JOB is, right? (Just Over Broke!) Fortunately, the last 10 years of our lives have been in Real Estate Investing. It's not really about the Money...it's about the Freedom. Our story will tell you that we refuse to participate in the current Economic Recession and if we can do it...YOU CAN TOO!

Fortunes are created from chaos and we definitely subscribe to that theory! When everyone is running and hiding or sticking their heads in

the sand, we are doing more and more business than ever! Why? And how?... you may ask.

Well, here are the “7 Key Ingredients”:-

The First Ingredient: “PRIVATE MONEY.” Real Estate Investing is so much fun when you have the CASH to work with. Once we mastered the art of getting Private Money Mortgages, the doors were unlocked. Helping people in this recession to make money with their Savings, IRA’s and 401k’s is mutually rewarding. It is amazing once you show them how to make money, they then also tell their friends and your private money sources continue to grow.

TIP: Here is the biggest tip we can give you to help you in your quest to obtain private money. Ask your potential investor this simple question...”Do you currently have an IRA or other investment capital that is not making you a good rate of return?” When they say yes...you know you have a very good potential private money candidate. If they say no, take it one step further, ask them if they know of anyone that may have an IRA or other investment capital that is not giving them a good rate of return. Always try to get a referral if they themselves don’t have the money to invest.

Also, one more bonus tip, *don’t ever assume people have or don’t have money to invest.* Ask everyone you know if they would be interested in earning a good rate of return on their money, secured by Real Estate. Believe us when we tell you that you will be surprised by the fact that people you think have the money don’t, and people you think don’t have the money, do.

Private money is a very vital, important part of our Business!

The Second Ingredient: “YOUR POWER TEAM.” This is a major key to our success. It starts with your Attorney. You need a Real Estate Attorney that actually “gets it” when it comes to Creative Real Estate Investing.

TIP: Go to your local REIA (Real Estate Investment Association) and find out which Attorney most of the big Investors are using and that more than likely will be your Power Team Attorney! Many times these Attorneys are very active in the REIA and may also give discounts to the members that use their services.

You need a Real Estate Attorney who understands the creative ways of how we do business, and preferably one that is doing deals themselves, as this keeps their skills sharp.

You will also need a Realtor who really understands Real Estate Investing; again, one that is doing business themselves is usually your best bet. They have to be able to think like you do, so that they can present the right offers for you and prescreen the properties for you. Realtors are a great source for your CMA's (Comparative Market Analysis) that you will need for all prospects and properties. You will also need the Realtor to place offers on any properties listed on the MLS, and to place multiple offers on the Bank-owned properties, most commonly called REO's (Real Estate Owned).

TIP: Interview your Realtor...ask them questions about Real Estate Investing and let them know that you are a CASH BUYER....! Again, many times you will find your best Realtors at the local REIA, as they are on top of Investor's needs and are many times Investors themselves.

Next on the team is a great "LOAN BROKER"...You will want a Broker that has a visible track record of getting buyers financed. Your broker needs to have access to many different loan products, such as FHA, VA, USDA, and Conventional Loans.

TIP: Ask your Loan Broker how many loans they process per month and how many closings they have. This will allow you to be able to tell if they are really doing the business and if their loan products suit the majority of buyers today.

Next is your "Personal Assistant"...This has to be someone very proficient, someone that you can delegate to, and also be able to 'take the ball and run with it.' Someone that is a 'quick study', is able to help you follow thru' on your plans, someone that will think like you, and is able to make good decisions.

TIP: When you interview a "Personal Assistant," look for the one that asks you what they can do to help you move your business to the next level....not what you are going to do for them! If they are more concerned about helping you achieve your goals, they obviously get the fact that if you accomplish your goals, and they are a vital part in that achievement, then they will be rewarded well. A bit of advice is to

make sure that you make it worth their while to be such an important part of your team!

One of the biggest changes we underwent in our business about 14 months ago was to hire two VA's (Virtual Assistants). We can honestly say that this changed our business for the better. Our Virtual Assistants again gave us the ability to work from another state and continue to do business across the country. This also allows us not to have the costs of a physical office - for everyone works from home. One of our VA's lives in Florida and one in Texas and anyone calling into our virtual office would never know that they are not sitting in our office!

Our VA's do our website updates, answering of phones, email blasts, voice mail blasts, giving out lock box codes to potential buyers, spreadsheets, buyers lists, property information sheets, updating property flyers and many, many other duties. They are an invaluable part of our business, as they are the ones to whom many of the duties are delegated.

TIP: Make sure you go through a reputable company to hire your VA as it will save you time and money.

Another very important part of our team is our "Acquisitionist." This is an important part of our business as this person talks to the prospective seller, they get the numbers together for the deal, take pictures, video and then presents the property to us. Once a decision is made to purchase the property, they do the contracts, meet the seller, and get the seller to closing. Once closed, the Acquisitionist may also help with the management of the rehab project if the property needs some renovation. We can tell you that our Acquisitionist has had some 'pretty fun' experiences and has seen some 'pretty amazing' things when it comes to Sellers and Houses. She has been chased by bats, stepped in many a 'pile of poop', and handled many sellers that just didn't know which way to go.

TIP: Finding a good Acquisitionist is vital, as they will be the one that will be communicating with the sellers. They must be able to efficiently present offers and must really have a very well-rounded Real Estate Investing knowledge. This is the person that will be your physical representative, so make sure they look, act and present well.

Another very important part of our team is our Loan Coordinator.

This person plays a critical part in keeping your buyers' loans running smoothly. The loan coordinator takes the original application, and gets it to the Broker. Then they work closely with the Broker to keep the buyers moving smoothly and swiftly to closing. Our loan coordinator is also the one who coordinates the closing and attends the closing, thus making sure that everything is in place, and is there to assist the Broker, the Attorney and the Buyer, ensuring a smooth closing.

TIP: Our Loan Coordinator is also the one that signs for us at the closing - via a corporate resolution that allows her to act as a corporate officer. She then makes copies of the closing check and deposits the funds into our bank, thus allowing us never to have to attend closings.

We certainly can't forget the Bookkeeper and CPA. These are usually two separate people but not always. In our Team we have both a Bookkeeper and a CPA. Both are very vital to the team, as they are the ones that keep our finances in place. They are responsible for keeping everything straight for our business partner... "Uncle Sam."

TIP: Your bookkeeper should provide you with monthly reports to show where you are in your business. Your CPA should provide you with advice to keep your taxes minimized and your earnings maximized! An added bonus would be a CPA that is also a Real Estate Investor. They are more inclined to keep up with all the changes and deductions in the business. Again, your REIA is a great place to find this crucial part of your team!

The Third Ingredient: In today's economy we have found that automation and systematization are not only 'key' to doing our deals, but to free us up to do other things in our business that generate more income streams... such as Bulk REO's, Mentoring locally and Internationally, and an MLM or two for additional passive income.

By putting our businesses in Pennsylvania on "Cruise Control" with our systems and automation, we are able to now live in SW Florida. We continue to do business in PA and across the country by leveraging systems and other people. We like to say that 98% of our business can be done by Phone, Fax, FedEx, and e-mail.

The Fourth Ingredient: We enjoy Partnering and Joint Venturing, often called JV, with other investors across the country as this allows

us to again leverage our time and efforts. If the numbers make sense, and someone is looking for guidance on a deal, we partner on it and everyone WINS. These are our favorite kinds of deals...when we can help someone that doesn't really know how to structure the deal, and we all win by working together and accomplishing the common goal. Mentoring is in our hearts and we truly love to give back to others, as knowledge is a major part of the success in Real Estate Investing.

The Fifth Ingredient: Another very important part of our business in today's economy is Online Marketing and Social Media. This is becoming a huge part of our business not only to sell properties but in many other aspects as well. The networking connections have become priceless to our business! We have connections for Funding, Bulk REO's, Platforms, Sellers, Buyers, Joint Venture Partners, and for many other business leaders across the country. This method of connecting is becoming a major focus for our business.

TIP: If you are not involved in Social Networking and Online Marketing, you are missing out on a big part of your potential business and success!

The Sixth Ingredient: Creative Financing. You know, when the masses are going in one direction, the ones making the most money are the ones going in the opposite direction. Ron LeGrand always told us, "The Money is in the Paper." Banks are selling off their notes and mortgages. They are all doing it! Mortgages are harder and harder to obtain in today's economy...so, we decided... "Let's go the opposite direction." Let's create mortgages and notes and sell our properties with Seller Financing. We have now become the bank! After all why not make the interest on these homes instead of the Banks! In fact, think about it, the Banks had all the big beautiful buildings, even before we gave them billions in tax money.

So on a typical deal we would normally make \$25,000. The lender would finance the buyer for us, and make over \$144,000 on a typical 30 year loan of say \$125,000 at 6% interest. So we switched to Owner Financing for our Buyers on some of our properties, and now we are the Bank and making all the interest on the loan, not the banks...because we are now the Bank!

The Seventh Ingredient: Last but certainly not least, do everything

with Integrity, Gratitude and Compassion. Remember.... “Do Unto Others as You Would Have Them Do Unto You.” We are all in this world to help each other. If you always keep this motto in your heart and in your business, it will help you achieve all of your goals. Just remember that someone’s loss will sometimes be someone’s gain, as that’s how the world works, unfortunately. Always remember that you should never take advantage of someone that can be helped. In other words.... do the right thing! If someone can be helped to keep their home...Help them. If you can provide a service that most people charge for and you are in a position not to charge...take that opportunity to help others. It will come back to you tenfold and sometimes more. Be grateful for all that you have, and show compassion to others, as not everyone is as fortunate as we are. Light a warm flame in all the people’s hearts that you touch. We can’t tell you how many people have told us that they sincerely appreciate us for helping them either buy a home or help them out of a bad situation with a current home. This is what it’s all about, and yes, along the way we do make money. After all, it is a business, but it is a people business first and foremost!

TIP: Remember, your company is only as good as the people that are running it! One thing we learned that could help you in your business is HIRE SLOW and FIRE FAST. When you own and operate a business from another state, you have to be able to trust and rely on the people that are working for you...so take your time and find the right people.

To sum up the Seven Keys to Our Success that has kept us from participating in the current recession. They are:

1. Private Money eliminates the banks and gives us a huge pool of funds to use for deals, thus allowing us to be CASH BUYERS and close quickly. Remember CASH IS ALWAYS KING in the Real Estate Investing Arena.
2. Our power team assists us in all the processes of the business.
3. Our systems and automation streamline the business to allow us to focus on the other income streams.
4. The Internet has opened up the world to us to do deals ANYWHERE. It allows us to partner and JV as needed.
5. Networking connections through online Marketing and Social Media have become vital to our success.
6. Creative financing not only gives us the EXIT strategy of choice

to sell properties, but also the Cash Stream that the banks have enjoyed for years!

and finally,

7. Integrity, Gratitude and Compassion will be the fuel that will keep your business fire lit for many, many years if you always keep them at the top of your Business Motto.

One Final TIP: If you are thinking that now is a BAD time to get into Real Estate Investing...think again! There will be more millionaires made in Real Estate Investing in the next couple years than there probably have been in the last 20 years combined...! You may ask how...? Leverage, Timing, Banking Chaos, Mortgage Chaos, all equal Huge Success if you know what to do with all the Chaos. *Our biggest piece of advice if you are really interested in becoming very wealthy using Real Estate as your vehicle....get a good Mentor that is actively involved in the business.* Let them guide you, as it will sharply diminish your learning curve and will allow you to cut the time to your success dramatically. Think about it...who do you know that is really, really successful that does not have a Mentor? The cost of a good Mentor might seem high...but we can guarantee you that the cost of NO Mentor would be much higher!

To Your Abundance and Success!!

Stephanie and Jon Iannotti

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