Real Estate With
Gary Wilson

INVESTOR AGENT

MAKING MORE MONEY NOT MORE WORK

GARY WILSON

"Guiding You to Massive New Wealth in Real Estate in 1 Year or Less Guaranteed!"

Ordering Information:

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If you are an Investor...

who is also a Real Estate Agent

Or are considering
becoming a Real Estate Agent,

Or you are a Real Estate Agent...

who is also an Investor

Or are considering
becoming an Investor

You can learn how to:

Leverage Your Time

&

Make More Money...

Not More Work!

Follow along as I show you how!

The Wizard Formula for Success:

W Be willing to get out of your comfort zone

I Investigate your dream. In Real Estate, whether it's Flipping, Renting, Wholesaling, being an Investor/Agent, or all of the above - check it out first.

Z Zero in on your plans. Start with one then add the others as you gain confidence and competence, leveraging your current activities.

A Take action. Put one foot in front of the other and get a coach just like those who make millions!

R Ramp it up! Once you cash in on your first transaction take massive action to multiply your results.

D Do it and don't do it alone. Many more have succeeded by getting the proper education, information and guidance than have by attempting to do it on their own!

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NOTE: Gary Wilson is not an attorney. Readers please repeat after me: "I know Gary Wilson is not an attorney. I am reading this book of my own free will and promise to make sure everything I do after reading this book, relative to real estate, will be in compliance with federal, state and local laws."

Preface

When I first began investing I became agitated at the Real Estate Agency profession. The agents themselves are, for the most part, decent people. Just like in any walk of life there are good ones and bad ones and a lot in between.

The problem is they are trained by brokerage companies with material focused on the owner/occupant, not the Investor.

Real Estate Agents are inherently driven to succeed and are sincere in their desire to help. The challenge is they often don’t know how.

Realtors who don’t invest themselves don’t understand the rules of engagement for Investors. For the most part they do understand the rules of engagement for owner/occupants, though.

Agents who don't work with Investors are leaving a substantial amount of money on the table. While the vast majority compete unprofitably for a few really good listings, Investor/Agents are cashing commission checks on a regular basis by working with Investors with little or no competition. As a result they also get their

Investors' owner/occupant business as well, again, with little or no competition.

Likewise, Investors who don't get their license are leaving huge piles of money AND opportunity on the table. Investors are natural born entrepreneurs and getting your Real Estate license offers powerful opportunities to easily develop multiple streams of income, without having to be a traditional agent. It can grow to provide as much (or more) wealth and income as the investment activities leveraged with your license!

Want to learn more? Let's get started!

Introduction

I believe that investing in Real Estate is the best path to realizing the American Dream. I was fortunate enough to have a great teacher when I first got started at the ripe old age of 23.

I eventually went on to get my Real Estate license but I only used it for myself. In fact I didn't want other people knowing I had it! When people would ask if could help them buy or sell a home I said, "No."

Ha. I can laugh now.

As I progressed in my investing I was often invited to be a guest speaker at various Real Estate education seminars. I was even on the radio a few times. That led me down the path of teaching others how to invest.

Students always asked if I could be their Real Estate Agent. Again, I politely said, "No."

I am notoriously stubborn.

After the third class I decided to be a nice guy and help two students from each class by representing them in the field. I wasn't too excited about the money – yet!

When I told twenty-five students I could only help two, I learned one of the fundamental laws of marketing – the law of scarcity.

After I realized how much demand I created by making myself scarce, I decided to command a minimum commission from the investors I taught.

Something very important happened during this process. I created a system to use my license as an income producing asset.

This system enabled me to keep investing, and at the same time, break all kinds of records in Real Estate sales.

In 2008, at the height of the great recession – when half of all Real Estate Agents had to get out of the business – I single handedly serviced 110 clients with no team or any assistant of any kind. In the middle of the worst economy in 80 years, my Real Estate business grew while most others were dying.

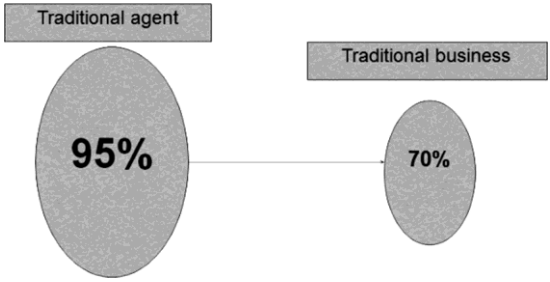
By following the suggestions in this book, you too can become an Investor/Agent. And make more money… not more work!"

The Goal

Financial Independence - Financial Freedom

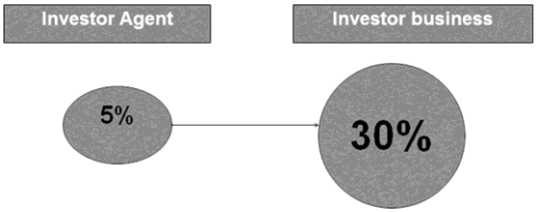
Every one of us, including you, wants to be financially independent. You think you know what you want, but I can tell you that what you need is to be financially free.

This book will give you a powerful tool in your arsenal to achieve financial freedom and independence in less time. Let's get started.



In the U.S., 70% of residential properties are owner-occupied, and 30% are tenant-occupied (investment properties).

95% of all agents practice traditional real estate and compete for 70% of the business – the owner-occupants.



Only 5% of all agents service investors. They operate in a vacuum to service 30% of the business – the investors!

Which group of agents do you want to be in?

Traditional agents have to earn the right to business with owner-occupants on almost every transaction, and almost invariably participate in only one transaction per client.

The following chart graphically represents this phenomenon. A traditional agent works hard to earn the right to service one client and engage in one transaction for that client in any given year – or sometimes forever. This model would produce 12 transactions in a year for the traditional agent.

January	Add 1st Client
February	Add 2nd Client
March	Add 3rd Client
April	Add 4th Client
May	Add 5th Client
June	Add 6th Client
July	Add 7th Client
August	Add 8th Client
September	Add 9th Client
October	Add 10th Client
November	Add 11th Client
December	Add 12th Client

When you want to be an entrepreneur AND you want the peace of mind that comes with steady income, then you should follow the next example.

In this model the Investor-Agent works to earn the right to do business with a client every month. The difference here is that the client will buy multiple properties within a year. So there is a compounding effect that begins to occur from the start. By following this model the Investor-Agent can participate in not 12, but 72 transactions in a year!

Month	Mnthly	Total	Commision	Total
January	1 Txn	1	2,000	2,000
February	2 Txn	3	4,000	6,000
March	3 Txn	6	6,000	12,000
April	4 Txn	10	8,000	20,000
May	5 Txn	15	10,000	30,000
June	6 Txn	21	12,000	42,000
July	7 Txn	28	14,000	56,000
August	8 Txn	30	16,000	72,000
September	9 Txn	39	18,000	90,000
October	10 Txns	49	20,000	110,000
November	11 Txns	60	22,000	132,000
December	12 Txns	72	24,000	156,000

Assumes minimum commission of $2,000.00
Note: Average Commission is now $6,000.00

Of course some of your commissions will certainly be larger than the minimum. And, like me, you may do more than 72 transactions in a year. I did 110 transactions my first year following this model. In my second year, I made $180k from this system. My best year produced just under $800k.

On average I did more than 100 transactions per year. I even processed 55 transactions in 2011 during a year in which I suffered a broken back.

I will show you how in a moment.

A Tale of Two Roles

Originally, I thought I was the only Investor who went on to get a Real Estate license.

Over the years, I have met folks – Investors like me – who also obtained their Real Estate License out of frustration. And just like me, they didn't want other people to know.

In fact, in almost every Investor course I've taken and each Investor book I've read, we are given the impression that it's not necessary for an Investor to get a Real Estate License.

Many Real Estate gurus are anti-Real Estate Agent.

In their eyes, Real Estate Agents are expendable. Simply another tool, and not even really necessary. Essentially

Real Estate Agents could be used and not thought of once the Investor got out of them what they wanted. No wonder so many Investors struggle!

Ironically, I discovered many of these gurus actually had their real estate license! The bottom line is that Investors rarely figure out how to find a great Real Estate Agent who knows how to recommend investments, and Investors rarely make an effort to understand Real Estate Agents and the role they can play as valuable team members.

The primary role of the Investor is to invest profitably. In order to do that he needs to run his investment empire as a business. And in order to do that successfully he needs highly valuable players on his investing team.

Real Estate Agents almost never invest. I have only found a few who started out as Real Estate Agents and then got into Real Estate Investing – I mean in a meaningful way.

I have observed in almost every instance that Agents who went on to invest invariably apply the rules of the Owner-Occupied world of Real Estate to the Investor world of Real Estate.

It doesn't work that way. Never has and never will. The two worlds have two completely different sets of rules. I call these the rules of engagement.

I have also observed that most Real Estate Agents really don't want to work with Investors. Real Estate Agents

are taught to work primarily with Owner Occupants who want to buy or sell their own homes. They are rarely, if ever, taught how to work with Investors.

In fact, a lot of Real Estate brokers and experienced agents tell other agents not to work with Investors because they waste your time. That's because they simply don't understand investors and the world of investing. They are trying to treat Investors the same as they would treat an Owner Occupant. That doesn't work. Everybody gets frustrated and everybody gives up because they think the other person stinks, or doesn't listen, or doesn't know what they're doing.

I can tell you from firsthand experience that it can work and it does work. I have been doing it for a long time. I actually prefer working with Investors because unlike most Owner Occupants they usually know what they're doing. They are efficient and I get tons of repeat business from them. I don't have to keep looking for more and more new customers. I have all the customers I can handle. There were times when I was actively practicing with my Real Estate license that I would have more than twenty contracts going at the same time. And remember, I had no help. And I was still investing myself and even managing several dozen of my own properties! I did it by understanding both roles of investing and Real Estate agency and I developed a system to make the most money with least amount of work!

The Chicken or the Egg?

I am often asked "Should I get my Real Estate license first before I start investing?" or "Should I state investing first before I get my Real Estate license?" I'm not a lawyer but I have learned to appreciate the stock lawyer answer to almost every question – it depends!

If you are young and just starting out or you are more experienced in life (i.e. older) and starting over, you may need to generate cash flow like yesterday! If that is the case you likely don't have cash saved away anywhere either. In this situation I suggest getting your license first. It's quick and easy. You can then service the people you already know (your circle of friends, family, neighbors, etc.) other Investors, and you can also participate in wholesaling.

With wholesaling you control and profit from property without actually owning it.

Wholesaling is also a great way to grow your database of Investors and future partners in larger Real Estate investment deals like apartment complexes, shopping centers and office buildings.

So, if you need cash flow and you don't have cash saved you need to generate sales ASAP and save some of those commissions.

If you have some savings and need cash flow then perhaps you should invest first in a few rental properties to generate passive income. This will give you a more

solid base from which to operate. You could also get your license at the same time to generate commission income as well. At the very least you will earn commissions on your own deals!

If you are already investing I suggest getting your license as soon as possible. You are leaving income on the table with each transaction. As mentioned above, you can earn commissions on your own deals and if you locate more investment opportunities that you can't take on at the moment you can present them to your clients and at least earn commissions.

And, like me, you can further leverage your license as an income producing asset. Just like a duplex! You can develop additional lines of business like a brokerage company or property management company. These businesses will build substantial wealth and income for you and you're already engaged in the very activities you need to make this happen!

Of course you could wholesale them too by either doing a net listing (in some states) or a straight wholesale through an LLC – where another Agent does the work – and you can earn a referral fee. These are a few opportunities that we will explore more later.

If you are already a Real Estate Agent I suggest you get in the investing game immediately. I'm not suggesting that every Real Estate Agent should invest, but if you are a Real Estate Agent the rest of the world looks at you and asks "if you are an Agent then why don't you own a lot

of investment property since you know so much?" How's that for applying pressure? A much better reason is that you will be able to leverage your Real Estate license and use it more as an income producing asset. Moreover, there is no other investment in the history of the human race that has had more impact on more people's lives.

If you are a fully engaged Real Estate professional then you are by nature an entrepreneur. As an entrepreneur you should naturally gravitate toward Real Estate investing. If this does not describe you then I assume you view your Real Estate license as a job. Why not instead think of your license more fully as an income producing asset for your business?

The difference is that with the former, if you go away on an extended vacation and don't work on your vacation then your production will suffer. I know it will suffer because in addition to not being able effectively service your clients you will probably not be generating leads either.

Furthermore, by working with Investors you can land million dollar deals, both investment and owner/occupant, that never would have been available while working with owner/occupants alone. After all, Investors represent a cross section of society. A fair percentage live in million dollar homes they also want to buy and sell from time to time. Can guess who they call to do this? You'll have almost no competition.

When operating like a business, you will likely have someone executing your lead generating activities for you and you will likely have team members who can continue to take listings and work with buyers. The bottom line is that if you are a true Real Estate professional then you really ought to be thinking like an entrepreneur and operating like a business.

Remember the facts surrounding World War II. If Winston Churchill and Franklin Roosevelt hadn't cooperated, in spite of our storied past, Europe, and in fact our world would not be what it is today. Imagine what you can do for yourself and your family – whether you're an agent or an investor with a real estate license – by choosing to work with Investors.

Real Estate Agent = A Living

Real Estate Investor = A Great Living

Investor/Agent = An Incredible Living

Dispelling the myths

Why Agents don't work with Investors?	Why Don't Investors work with Agents?
Don't know how	Don't want to pay commissions
Investors are cheap	Don't understand potential
Investors are crooked	Don't understand rules
You'll be a slave	Agents don't understand
Investors	

Other myths:

I have to disclose
I have to use their forms
I can't wholesale
Broker won't let me

I frequently hear traditional Agents say, "I don't like investors. They want to use their home-grown contracts."

I can tell you firsthand that you can use your board of realtor forms and assure them they can insert their investor language in addendums you attach to the board-approved contract. The addendum overrides the standard contract and therefore you, your Investor and your broker are all happy.

I hear other Agents say, "Investors are cheap." That's why we have and use minimum commissions. While I have had some minimum commissions from Investor transactions, I have also had many commissions that far outperformed owner-occupied commissions.

How about, "I'll be a slave to them"? Not when you learn how to work together with Investors using my proven

methods! You see, many of these myths are just that – myths. Remember the WIZARD formula. Step outside your comfort zone. Open your heart and mind and I assure you that you will find building wealth and income much easier using the Investor-Agent model.

PART I:

Investor

Rules of Engagement

Flipping Houses for Profit

When you hunt for a flip property you must keep things in perspective.

First of all, you are not going to live there. Maybe you will, but it doesn't matter.

What matters is the data supporting your investment decision. Any house you flip should be in an area where homes are selling easily, quickly and for all (if not most) of the listed asking price.

Also know what kinds of homes are selling. Three or four bedrooms, two or three bathrooms, two-story or ranch? Do most have garages and family rooms?

You want to flip the same kinds of houses that are already selling. This information is available to you from your Investor/Realtor.

Demographics

This data is objective data comprised of facts and statistics about the local population. Most of this data is collected by the U.S. Census Bureau. It describes the age, sex, income, home value, and whether the household owns or rents. This information is very

important as, it deals with the facts gathered during the census.

I also suggest using your Multi List System (MLS) to its fullest extent. On the next page I show a spreadsheet that provides sales data – volume and amount – by school district. This has been incredibly valuable to my clients who are flipping properties.

School District	Hopewell 4410	Hopewell	Butler 10125	Butler	S.Butler	S.Butler	Mars 10500	Mars	Seneca 10790	Seneca
	Active	Sold	Active	Sold	Active	Sold	Active	Sold	Active	Sold
Start Price										
$100-150k	35	26	65	39	9	18	6	7	20	28
$151-200k	16	12	38	36	8	13	2	12	28	65
$201-250k	8	1	18	12	6	8	9	20	15	39
$251-300k	4	4	11	17	9	4	10	26	13	35
$301-350k	1	3	18	5	3	1	7	10	24	28
$351-400k	0	0	11	2	6	3	20	16	19	13
$401-450k	0	1	3	1	6	0	7	16	13	16
$451-500k	2	0	4	2	1	2	11	6	6	5
$501-600k	0	0	3	1	3	1	10	8	14	11
$601-700k	0	0	0	0	1	0	6	3	8	1
$701-800k	0	0	2	0	0	0	5	3	10	6
$801-900k	0	0	0	0	1	0	8	3	5	1
$90k-1M	0	0	0	0	0	0	5	4	3	3
$1M-1.25M	0	0	0	0	0	0	4	1	1	0
$1.25-1.5M	0	0	0	0	0	0	0	0	3	0
County	Beaver		Butler		Butler		Butler		Butler	

To download the excel spreadsheet for this report visit:

https://bit.ly/2S5kEl5

The Right Neighborhood

For the Best Return on Investment (ROI)

By now, I'm sure you have questions and maybe even concerns. Fear not. Millions of others have walked your path before. Here is a brief explanation of the different socio-economic classes of neighborhoods. You may be surprised to know that you can flip in all of these areas including luxury high end.

High end neighborhoods are not where you want to be in the flip business if you want a decent return on investment (ROI).

Middle class homes are generally where you want to be when flipping houses. This is a broad range and best of all it includes the range where first time homebuyers are active! There are some areas of the country where middle class houses work exceptionally well for flips. If you are in one of these areas middle class homes may be your thing.

Low income may work for flips but it is generally not as good as middle class. The people living in these neighborhoods may not be as financially well off as you or me, but it doesn't mean they are bad people.

War zones are usually identified by your intuition telling you to RUN!!!! Trust your intuition. Trust your powers

of observation too. If you see cars up on blocks or homes up on blocks, run. If you see windows and doors boarded up, run. If it is a bright sunny day and you don't see a living soul around, run. If you hear pop, pop, pop, run. Do I need to say anymore?

At the end of the day you need to get to know your neighborhoods. You can change a house but you can't change where it is located.

Property Types

REO: the accounting term banks use to categorize properties they have taken back in foreclosure.

Short Sale: properties that are technically in default but have not yet gone through foreclosure.

Estate Sale: usually the result of a homeowner's death. When sibling children inherit, they often see dollar signs and are hopeful for a windfall. The reality is that the inherited home is usually old and needs a variety of repairs, systems upgrades, or just downright remodeling.

Real Estate Agents can also identify banks that have troubled assets that may need to be sold – and you, with all of your Investor clients, are just the person to help them resell those troubled assets!

For help identifying banks with troubled assets

visit www.myinvestmentservices.com/work-with-me

and get a FREE 1-on-1 private coaching session.

Analyzing Properties to Flip

He who masters the discipline of proper property analysis will become the master of profit.

The most critical analysis to perform is the financial analysis. There are certain formulas and ratios you must know. Luckily they are easy to learn.

The first ratio is that when you add the cost of purchasing a property to the cost of rehabbing it, the total must not exceed 70% of its After Repair Value (ARV).

This is the minimum acceptable ratio. The less money you have in purchase and rehab costs relative to ARV the better.

Financial Analysis for Flips

Before you even set foot outside your house and turn over the motor in your car you must do some financial analysis on your desktop.

Before going over the forms to use let's look at a plan for you to follow when going on your hunt.

This is the exact plan I follow when I make all of my investments. It is the plan I use when teaching several hundred students, and it is the plan I follow when I teach real estate agents how to work with investors.

It is a good plan. Follow it.

FINANCIAL ANALYSIS FOR FLIPS

1. Establish your investment goals. At this point you need to have available cash or credit to continue.
2. Set up your search criteria on the MLS system.
3. Initially you will get an email with a link to the MLS system. The first property matching the search criteria will be shown with a drop-down box at bottom left allowing you to scan forward to other listings. You will receive the "FULL" listings. This first email will consist of several hundred listings.
4. Next, you will separate the good from the bad. Your objective is to narrow the list down to about 30 properties.

   Compare the list price to the market values for the area. The list price should be below the market value.

   Look at the photograph(s) of the property, the lot size, room sizes, and other characteristics.

   This will take a few passes. As you narrow the list also use the county website for further research. This is a process that you will get better at with experience.

5. The resulting list of 30 or so properties is your drive- by list. Now you will drive by the properties to further narrow your search down to 10-15 properties.

6. At this point you narrow the list down further. This will typically result in 7 final properties.
7. Now you will schedule an appointment to go see the properties.
8. After viewing the properties you should have a list of 4 or more properties that you will fill out the MAO and Cost Sheets for. Sometimes you will do this for all the properties.
9. Decide which properties to make offers on.
10. Fill out the "Offer to Purchase," and make a photocopy of your hand money check.
11. Now you make the offer(s)!

Physical Analysis

Once you have identified that a property is priced at or below market value for the neighborhood, you can negotiate the price down even further (more on this later). It is time to do the physical inspection (after you do the drive-by) of the property to determine what is needed for rehab and how much it is going to cost.

Making Offers

This is where the rubber meets the road.

You have come a long way and now it is time to make the offer. You cannot violate the maximum allowable offer (MAO). If you trespass beyond this line you will be tempting fate and less profit.

The MAO is the most you should offer for a property. MAO is the ARV of the property less your 30% profit margin, then less your rehab costs.

So, if you have a property with an ARV of $100k, and subtract the 30% profit margin, that leaves $70k. If your rehab costs are $20k you subtract that from $70k to arrive at an ARV of $50k.

I suggest starting out offering less than $50k. Depending on the market I would offer form 5 to 20 % less than the MAO.

In a market where there is a lot of inventory I would offer as much as 20% less than MAO – $40k in this case.

In a market of tight inventory I would offer 5% less than the MAO – or $47.5k in this case.

ARV is arrived at by looking at comparable sales (comps) from the area. Either you or your realtor needs to be the expert in the area in which you are investing.

I cannot emphasize how important this value is. If you project too low your offer will not be accepted. If you project too high you risk paying too much for the property.

You have to get it right. Period.

The following is a chart you can use in your efforts:

Maximum Allowable Offer (MAO)

		ARV
	-	Less Costs (30%):
	-	Less Repairs:
Equals		MAO

Starting Offer

		MAO
	-	Less 15%
Equals		Starting Offer

Forms to Use

Always use Association of Realtors Forms when making offers.

Rehab for Flips

What to rehab, how much and how far do you go?

Knowing what to rehab, how much you spend and how far you go with it is a moving target. Always keep in mind that you are not living here. You need to rehab according to the market that your property is located in. This means the socio-economic market. You don't put $50.00-per-yard carpet in a flip located in an upper low-end neighborhood. Likewise you don't put indoor/outdoor carpet in the living room either.

This is a skill you will develop over time. My intention here is to help you shorten the learning curve and avoid as much expense as possible.

PROPERTY INSPECTION REPORT

Property Address _____

GENERAL BUILDING EXTERIOR Est. Repair/Replace?

Grounds

Landscaping _____

Pool _____

Sewers or Septic Tank _____

Sprinklers _____

Others _____

Building

Roof _____

Chimney _____

Foundation _____

Wood Exteriors _____

Other _____

GENERAL BUILDING INTERIOR

Heating and Air Conditioning Systems

Furnace _____

Air Conditioning _____

Water Heater _____

Other _____

Built-In Appliances and Equipment

Ovens _____

Burners _____

Microwave _____

Dishwasher _____

Disposal _____

Smoke Detectors _____

Intercom _____

Electric Garage Door Opener _____

Other _____

Electrical Systems

Interior Lighting_____

Exterior Lighting_____

Other

Plumbing

Bathrooms _____

Kitchen_____

Laundry_____

Other_____

Glass

Windows_____

Screens_____

Window Panes_____

Glass Doors_____

Shower Glass_____

Tub Enclosures_____

Mirrors _____

Other _____

Personal Property

Carpets _____

Draperies_____

Other _____

TOTAL_____

Would you like a copy of this Property Inspection Report?

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https://bit.ly/2rabqZM

Visit our website:

http://globalinvestoragent.com/

To find an agent who has been trained in investment real estate

Renting Properties for Profit

Buying Strategies

There are a lot of ways to buy Real Estate. Two are the most basic. The first is what I call Turn Key. Buy the building the same way you would buy your own home – make a down payment and finance the rest with a mortgage and note. The second way is to buy wholesale, remodel and sell for profit or rent and refinance. That is what I learned from RER and it works when the end of a Real Estate cycle is approaching, and when there are more foreclosures.

In my experience, buying Turn Key in a slow market is the preferable and traditional way to purchase property, especially with a multi-unit rental property.

Banks prefer it this way also. They like that the property will not need extensive remodeling. They like that it is already in use and is generating revenue. You can also get more favorable rates and terms this way.

It is not very glamorous – and it runs counter to what you've seen on late night television. Yes, you can buy

Real Estate without using any of your own money, but it is more expensive that way.

It's harder to get a good cash flow. Banks certainly don't like it, and when they're offering loans at ridiculously low rates, why not take advantage?

Plus it's easier to generate positive cash flow when you buy traditionally and don't have to make crappy offers on crappy properties.

Locating Rental Properties

Areas to Target

When you go out on your hunt for rental property you must keep things in perspective. First of all, you are not going to live there, your tenants are. What you perceive as being acceptable may or may not be acceptable to them and vice versa. As a result, if you find yourself saying "I could never live here, let's go" then you are already in trouble.

A good rental area may not be an area where you would live but it may have some of the same characteristics such as the proximity to schools, shopping, bus service, parks, major highways, hospitals, police stations and fire houses. Generally speaking, it is good to be near schools and parks. It is also good to be close by shopping and transportation. While you don't want to be miles and miles away from hospitals, police and fire protection, you also don't want to be only a block away either. You

do not want to be too close to industrial sites, directly behind shopping centers or storage facilities.

How to Find the Right Neighborhood

Focus where you'll get the best ROI (Return on Investment)

Here is a brief explanation of the different socio-economic classes of neighborhoods. You may be surprised to know that there are rentals in all of these areas including luxury high end.

Low income neighborhoods usually work well as rental neighborhoods. Notice I did not say bad neighborhoods, I said lower income. What I mean by that is lower on the socio-economic scale.

Analyzing Rental Properties

The first and more critical analysis to perform is the financial analysis. The first ratio is that when you add the cost of purchasing a property to the cost of rehabbing a property the total of these two costs must not exceed 70% of the After Repair Value (ARV) of the subject property. This is the minimum acceptable ratio. The less money you have in purchase and rehab costs relative to ARV the better.

Financial Analysis – The following is an example of a property I owned and sold to a fellow investor. I actually

sold it for $65k so it was an even better deal. Let's take a look and break it down.

3834 Brighton

Large up and down duplex with, new and separate G + E and new furnaces. Tenants pay G + E, I pay water. Residential neighborhood. List for $79,900.

Income: $1150/mo (1st fl 1BR = $450, 2nd fl + 3rd fl 3BR = $625, garage = $75) = $13,800/yr

Taxes: $695.96/yr

Insurance: $322/yr

Water: $1388.50/yr (includes sewage and garbage)

Maint/repair: $600/yr

Net Operating Income: $899.46/mo = $10,793.54/yr

Purchase price: $70,000, Down payment: $14,000

Loan: $56,000 over 20 yrs @ 5 %

Debt Service: $369.58/mo

Cash return: $529.88/mo = $6358.56/yr

Cash on Cash return rate = 45%, Cap Rate = 15.4%

Notice that I provide the gross income first. Then I give the basic routine expenses of the property on an annual basis. Then I provide the net operating income (NOI).

This format follows closely the IRS Schedule E format. This is for a very good reason. It is a pretty good format to use when analyzing properties and it is also in the format tax accountants and the IRS use.

After the NOI, I provide a projected financing scenario based on the current lending environment. The terms may change with the economy but the mathematics is the same. This gives a prospective investor a pretty good picture of what to expect.

It also allows me to project income on a cash basis and the cash on cash ratio. The cash on cash ratio is the cash income after all expenses plus debt service (loan payment of principle and interest) divided by the capital outlay to purchase the property (down payment or out of pocket cost to acquire the property).

This ratio is what you can use to compare it to returns on other types of investments like stocks and bonds. This is one of the most important ratios to look at when analyzing a property.

The next important ratio is the capitalization (CAP) rate. The cap rate is the NOI divided by the total purchase price (down payment plus principle amount of any loan) or sales price of the property.

In this ratio, debt service is not factored in. So, the NOI is used before debt service is paid for.

The CAP rate is the industry standard for evaluating a property particularly from a lenders perspective. It is used to compare properties against each other.

CAP rate also reflects the relative risk of a property. So a property that has a high CAP rate may be in a less desirable neighborhood and naturally a low cap rate may reflect a property in a good neighborhood.

The CAP rate is an inverse ratio. In other words, the lower the cap rate the more expensive the property and the higher the CAP rate the less expensive the property.

I suggest you get used to using both ratios. I personally put more emphasis on the cash on cash return because cash is king and I want to know how much is coming in and how much is going out.

Here is another way to view cash flow analysis:

CASH FLOW ANALYSIS

Gross Income:

Est. Annual Gross Income	_____	
Other Income	_____	
Total Gross Income	_____	
Less Vacancy Allowance		_____
Effective Gross Income		_____

Expenses:

Taxes	_____	
Insurance	_____	
Water/Sewer	_____	
Garbage	_____	
Electricity	_____	
Licenses	_____	
Advertising	_____	
Supplies	_____	
Maintenance	_____	
Lawn	_____	
Snow Removal	_____	
Pest Control	_____	
Management (of	_____	
Management (on	_____	
Accounting/Leg	_____	
Miscellaneous	_____	
Gas	_____	
Telephone	_____	
Pool	_____	
Elevator	_____	
Replacement Bu	_____	
Total Expenses		_____
Net Operating In		_____

Debt Service:

1st Mortgage	_____	
2nd Mortgage	_____	
3rd Mortgage	_____	
Total Debt Service		_____

CASH FLOW: _____

TERMS

Gross Rent: The highest amount you can get monthly from the property.

Expenses: The total amount of necessary payments for the property.

Cash flow: The amount of money you pocket after all expenses and mortgage payments are paid from the rent.

If I like the return, next I determine if I like the property itself from a physical perspective.

Physical Analysis – Once you have identified properties priced at or below market value for the neighborhoods they are in – and with negotiation you can get the prices down even further (more on this later) – it is time to do the physical inspection (after you do drive-bys) of the property to determine what is needed for rehab and how much it is going to cost.

Making Offers on Rentals

This is where the rubber meets the road.

You have come a long way and now it is time to make the offer. You cannot violate the maximum allowable offer (MAO). If you trespass beyond this line you will be tempting fate and less profit.

The MAO is the most you should offer for a property. MAO is the ARV of the property less your 30% profit margin, then less your rehab costs. So, if you have a property with an ARV of $100k, and subtract the 30% profit margin, that leaves $70k. Then if your rehab costs are $20k you subtract that from $70k to arrive at an ARV of $50k.

I suggest starting out offering less than $50k. Depending on the market I would offer form 5-20% less than the MAO.

In a market where there is a lot of inventory I would offer as much as 20% less than MAO ($40k in this case). In a market of tight inventory I would offer 5% less than the MAO or $47.5k in this case.

ARV is arrived at by looking at comparable sales (comps) from the area. Either you or your realtor needs to be the expert in the area in which you are investing. I cannot emphasize how important this value is. If you project too low you will not get your offer accepted. If you project too high you risk paying too much for the property. You have to get it right. Period.

The following is a chart you can use in your efforts:

Maximum Allowable Offer (MAO)

	ARV
-	Less Costs (30%):
-	Less Repairs:
Equals	MAO

Starting Offer

	MAO
-	Less 15%
Equals	Starting Offer

TERMS

ARV: After Repair Value. This number is derived from Comps, CMA's, and other appraisal tools.

Costs: These are the costs to get into (and sometimes out of) the property. The table below depicts the cost breakdown. Costs average around 10% and include commissions to Real Estate Agents, carrying costs and closing costs.

Repairs: These are the estimated repairs. Use the supplied Rehab Worksheet to get your initial estimate.

MAO: Maximum Allowable Offer. This is the theoretical maximum you can pay and NOT leave any of your money in the deal after refinancing. This is NOT a requirement to do a deal, however what is acceptable to leave in will be different for everyone depending on your own cash flow and financial ability.

Starting MAO: Get this number by subtracting another 15% from your MAO. This is a decent starting point to begin your negotiations. If you get no counter offers at starting MAO, you will need to increase your initial offer. Market conditions will always impact starting MAO.

Before going over the forms to use let's look at a plan for you to follow when going on your hunt:

FINANCIAL ANALYSIS FOR RENTALS

This is the exact plan I follow when I make my investments. It is the plan I use when teaching several hundred students, and it is the plan I follow when I teach real estate agents how to work with investors. It is a good plan. Follow it.

1. Establish your investment goals. At this point you need to have available cash or credit to continue.
2. Set up your search criteria on the MLS system.
3. Initially you will get an email with a link to the MLS system. The first property matching the search criteria will be shown with a drop-down box at bottom left allowing you to scan forward to other listings. You will receive the "FULL" listings. This first email will consist of several hundred listings.
4. Next, you will separate the good from the bad. Your objective is to narrow the list down to about 30 properties.

   Compare the list price to the market values for the area. The list price should be below the market value.

   Look at the photograph(s) of the property, the lot size, room sizes, and other characteristics. This will take a few passes. As you narrow the list also use the county website for further research. This is a process that you will get better at with experience.

For multi-units, experience in my market area shows I should get $400-500 for 1-bedroom apartments, $450-650 for 2-bedroom apartments, $600-750 for 3-bedroom apartments.

Tax costs can be obtained from the listing. Insurance should be 0.5% of value annually (on a $100,000 property that would be $500 per year).

I try to keep the price-per-unit to $35,000 or less per 3-bedroom unit, $30,000 or less per 2-bedroom units, and $25,000 or less per 1-bedroom unit.

NOTE: different areas will have vastly different pricing models. Study your area and make adjustments accordingly.

Other variables include the condition of the property (Turn Key versus Rehab).

Trust your instincts and focus on what you think are the best deals. Eliminate the rest. You will get better with experience.

5. The resulting list of 30 or so properties is your drive- by list. Now you will drive by the properties to further narrow your search down to 10-15 properties.
6. At this point you narrow the list down further. This will typically result in 7 final properties.
7. Now you will schedule an appointment to go see the properties.

8. After viewing the properties, you should have a list of 4 or more that you will fill out the MAO, Cash Flow, and Cost Sheets for.
9. Decide which properties to make offers on.
10. Fill out the "Offer to Purchase," and make a photocopy of your hand money check.
11. Now you make the offer(s)!

Forms to Use

Always use Association of Realtors Forms when making offers.

Always remember that when you are making an offer on a rental property to always make the offer contingent on seeing the current owner's financials on the property including all income and expense data for the last three years. No exceptions!

The only time you can't do this is when you are buying a foreclosure property. You also want to see current leases, any contracts the current owner has for services like pest control, property management, laundry, etc. You also want a contingency on seeing every single unit in the building you are buying. This is especially important if you didn't get to see all the units before you made the offer.

Rehabbing Rentals

What to rehab, how much and how far do you go?

Knowing what to rehab, how much you spend and how far you go with it is a moving target. Always keep in mind that you are not living here – tenants are. You need to rehab according to the market that your rental property is in. This means the socio-economic market. You don't put $50.00-a-yard carpet in a rental that is located in an upper low end neighborhood. Likewise you don't put indoor/outdoor carpet in the living room either. This is a skill you will develop over time. My intention here is to help you shorten the learning curve and avoid as much expense as possible.

Wholesaling For Profit

What is wholesaling? The short answer is that you can get a property under contract and then sell the contract to another buyer.

Here is a brief explanation in practical terms:

Assume the owner of a property is Party A.

Another person, Party B, makes an offer on that property.

Party A and Party B come to terms and execute a legally binding contract for the sale of that property. So far so good!

Party B does not intend to actually buy the property. He would like to profit from his efforts of identifying a good deal by selling the contract to Party C. He does this for a fee.

In other words Party B charges a wholesale fee to Party C in exchange for Party C purchasing the rights of the buyer in the sales agreement to buy the property form Party A.

Party C actually follows through and buys the property from Party A.

Graphically this looks like:

A □ B = original sales agreement

B □ C = wholesale deal

A □ C = C buys property from A

Here are two examples of wholesale deals I was involved in. In the first example I was Party B. In the second example I was Party C.

Smithton Avenue

Smithton Avenue was my first experience wholesaling properties. It came about accidentally. I was out looking for properties for myself. As usual I found more than I could take on.

I dreaded the thought of deciding which one to turn loose when I got a call from a fellow investor. This person had a friend who was looking for an investment in my neck of the woods. This other person was a dentist and didn't

have a lot of discretionary time to spend looking for investments.

I was literally standing inside the very property I was to eventually wholesale to this other investor. I had returned to the building to double-check my notes. I wanted to reassure myself that, of all the good deals on my list, this was the one I could most easily let go, and would miss the least.

At the time, I knew what wholesaling was, but just simply hadn't done one yet. I wanted to buy every property I determined to be a good deal. Sound familiar?

Right after I hung up the phone with my friend, the dentist called me. We struck a deal right there on the spot. So, I got the property under control with my own offer. My offer had an assignment clause in it so that I could assign the contract to someone else. And that's what I did. I assigned the contract to the dentist and asked for and received a $2,500 fee.

It was truly as simple as that. I had to do almost no work to strike that deal. Now $2,500 may not seem like a lot of money but keep in mind that at the time I knew nothing about wholesaling. I had not yet been in a wholesale transaction. I did no advertising. The end buyer landed in my lap. All I did was locate the property and do the financial analysis on it to determine that it was a good deal.

In retrospect, I should have asked for a larger fee but I didn't know any better. I thought I did pretty good by getting $2,500 for almost no work.

I never even had to attend a closing for this one. The end buyer (C) bought directly from the seller (A) and sent the check for $2,500 directly to me in the mail!

There are a few lessons in here that we will expand upon further, but first I want to give you an example of another wholesale deal where I was on the other end.

1304 Superior

1304 Superior came across my radar screen at a time when I was investing quite heavily. It was located in a part of town I was not completely familiar with yet but hoped to explore. I learned of the property through a fellow investor who had his Real Estate license with the same brokerage company as me.

He and his brother, who happened to be running for city council at the time, were well known local investors. They had come across an estate sale that involved multiple properties. They only wanted – and could only afford – two of the three properties being sold as part of the estate.

They had all three properties under contract as a package deal. They called me because they heard I was an active investor. This third property was actually quite nice.

It was completely sided with all the trim wrapped in aluminum. It sat on a large corner double lot. It had a great front porch and new windows. In other words it had great curb appeal.

The inside had all the original hardwood floors, crown molding, chair rails, and hand rails. Even though it didn't have separate gas, and it was being used as a single family home, it did have separate electric and could easily be setup as a two-unit.

And that's exactly what I did.

I asked the other investors what they wanted for the property. They wanted only $16k. It took me exactly .001 seconds to accept their terms. I spent another $16k splitting and renovating the property.

When I was all done I refinanced it at 80% loan to value on a $75k appraisal. You do the math. As you can see I made $60k cash on a $32k purchase plus rehab. That's a $28k cash gain plus another $15k in equity all because I bought a property wholesale for $16k.

In other words, I more than doubled my money… PLUS I had $1,200 per month rent coming in.

We actually did the entire transaction at the closing table at one time. In other words, A □ B, B □ C, and A □ C all occurred in one sitting involving the seller (A), the wholesaler (B), and me the end buyer (C). Wholesaling has served me well in my investing.

Wholesaling can allow you to have control, and therefore profit from Real Estate without actually taking ownership.

Why It Works

Wholesaling works because of two important factors. First, some people have available time but not available money. Second, some people have available money but not available time.

Everyone fits in one of these two categories, with one exception. Some people have available time and money. Your goal is to be one of these people!

How It Works

If you have only a short-term memory then make sure you permanently implant what I am about to tell you. The way wholesaling works – in fact the only way it can work so everybody wins – is that you, as the wholesaler (Party B) must find your buyers first.

That's right. You first market, advertise, and capture and nurture a growing list of people who are interested in finding great real estate deals, whether they be flips or rentals, and have the money… but not the time to do it.

Then and only then do you go out and find great Real Estate deals and get them under contract. Nothing could be more damaging to your reputation than getting properties under contract then not being able to sell the contract or follow through on the purchase of the property.

Some will say, “Don’t worry, it’s easy to get out of a contract if you find you can’t sell it.” But this is damaging to the world of investing and wholesaling in particular.

It implies a lack of proper execution of the principles of Real Estate. If you break a contract then you violate the principle of “Everybody Wins.” In this case the sellers (Party A) lose. And you lose too – because you will develop a poor reputation as someone NOT to deal with. Don’t fall into this trap.

Follow the easy, simple processes that I am teaching you here and you will profit so that everybody wins! All you are doing is filling orders.

Part of nurturing your buyer clients is asking them questions, listening to their answers, and understanding what types of properties they want. Then you go out and find those properties, get them under contract and sell the contract to your buyer.

How Do I Find Buyers for my Wholesale Deals?

Marketing and advertising. That's right. You market yourself as the go-to guy or girl in your area who knows how to sniff out awesome Real Estate deals.

You can easily market yourself by creating an impressive image on Facebook, LinkedIn, Google, Twitter, and other social media venues. You should also create your own website. All of this is simple. It may not be easy because it does take time, but it is simple.

You can advertise by sending messages through LinkedIn, and posting messages on Facebook, to those who are following you. Show them the deals you have done and promote the ones you currently have. You can also use Postlets to advertise your current deals.

Furthermore, you can identify, through public records, those who are regularly buying properties in your area. You can send them, through the US mail, your latest deals and entice them to sign up with you as their provider of great Real Estate deals.

Of course you can use Craig's List, Bask Page, bulletin boards in your church or grocery store, and yard signs.

Wholesaling Business Structure

Note: I am not a lawyer. I recommend you seek the advice of a competent lawyer when deciding which entity to use when growing your real estate empire.

When it comes to wholesaling you have to beware of the rules and regulations regarding the transfer of real estate, and for the subject of this book, specifically those rules and regulations dealing with the subject of wholesaling.

Net Listing

In certain states, like Pennsylvania, if you are a licensed Real Estate agent, you can use the existing Real Estate rules and regulations in your state to participate in wholesaling.

If you are a licensed Real Estate Agent you can play the role of Party B from within the context of serving as a Real Estate Agent to Party A. This is how it works.

Assuming you are a licensed Real Estate Agent and you are also an Investor, you can approach a seller with the concept that you will list their property for sale under the following conditions:

1.The seller determines what final sale price they would like to see.

2.You enter into a listing contract for that price.

3.You agree that your compensation will be any amount of money that is over and above the final sale price the seller is looking for.

You list the house for a price that you believe it could actually sell for. Here is an example:

The seller Party A wants $100k for the sale of his house. You the agent/investor Party B enter a listing agreement that will net the seller $100k. You advertise the house for $125k, and you sell it for $120k. The seller gets $100k and you get $20k as your commission on the sale.

If you are a savvy Agent/Investor and the buyer of this house is going to remodel it and sell for profit (flip), you can propose the buyer also sells it with you as his Agent when the remodeling is complete and the house is ready for resale.

I'm sure you can see the tremendous potential for licensed agents in states that recognize net listings.

If you are licensed agent in a state that does not recognize net listings, or you simply are not a licensed Real Estate Agent, then I recommend you set up a LLC to conduct your wholesaling business.

Note: In most states, if you transact more than five wholesale deals in a year you may be viewed by the taxing authorities as a dealer. Check with your tax accountant and/or attorney to verify the federal tax rules and the state tax laws that apply to you.

Always remember that when you are using a LLC to conduct business, you should always sign with "Your Name, member (your LLC name here), LLC" Here is an example:

John Smith, member ABC, LLC

Do this on any business documents involving your LLC, wherever you would normally sign your name. If you don't do this and you sign your name personally, it could expose you to liability if there is a problem down the road with this particular transaction.

Selling the Contract

You have established a database of buyers and now you have filled an order for the buyers in your database who indicated they want to buy this type of property.

Now you have to tell them about it. You have to sell it so the current owner gets his price, the buyer gets a great deal, and you make a wholesaling fee – your Profit!

Remember this classic description by Bill Cosby: "If you give me a prime rib complete with a potato and sour

cream and chives and a side salad served on a trash can lid I won't want what you are offering me. However, if you present this same meal to me on fine china and silverware then I will want what you are offering."

When wholesaling you want to create an investor package that showcases your wholesale deal. It should appeal to your buyer(s) enough that they will want to purchase it.

I suggest creating a brief portfolio with photos, a written description of the property and the surrounding area, and a pro-forma projecting financial results for the buyer of this property.

You can initially create a flyer to pique the interest of several buyers and only provide the portfolio to the buyer who is interested.

You will want to showcase this juicy deal on your website and even post on Facebook and LinkedIn to attract buyers. There is also a free system called Postlets which you can use to drive buyers to your website in conjunction with other social networks.

If you have done a good job building your database of buyers, found and secured a great deal, then built an appealing presentation and communicated it to your buyers, then you should make a profit for all of your effort.

The following example is 3811 Wilkesboro Street – the one I sold for $75k. The rehab sheet states that the remodeling project would be $28,119.00. I actually cut back on what I did in the kitchen and bathrooms and made it a $25k project. I came in within $100 of this budget.

That, my friends is a home run.

Here are the typed notes I took when walking through the house. Detailed notes will help you more accurately prepare the Rehab Cost Estimate Sheet:

3811 Wilkesboro

1.Living room:
- Minor repair
- Paint
- Ceiling light
- Carpet

2.Dining room
- Paint
- Refinish floor
- Redo pocket door

3.Kitchen
- Paint
- Install new floor
- New dishwasher

- New stove
- New frig

4.Bathroom 1st floor
- Paint
- Install floor
- Shower rod
- Med cab

5.Basement
- 5 glass block windows
- Scrape & duralock basement walls
- New electric panel

6.1st floor hallway
- Paint
- Carpet

7.Stairwell to 2nd floor
- Paint
- Carpet

8.Bathroom 2nd floor
- Paint
- New surround

9.Bedroom rear
- Paint
- Carpet

10.Bedroom middle
- Paint
- Carpet
- Install ceiling light

11.Bedroom front left
- Paint

12.Bedroom front right
- Ceiling light
- Paint
- Lay carpet
- Repair mantel

13.2nd floor hall
- Paint
- Carpet

14.Stairwell to 3rd floor
- Paint
- Carpet

15.3rd floor rear
- Paint
- Carpet
- Heat
- Build wall and door
- Build closet

16.3rd floor front

Repair walls
Paint
Carpet
Add heat
Add outlets
Add light

17.Exterior

Replace 2 concrete pads
Fix rear awning
Paint shed
1 piece soffit

18.Yard

Cut and clear

Rehab Cost Estimate Worksheet						
ESTIMATED REPAIR COSTS						
DESCRIPTION	√	COST RANGE	ITEM COST	UOM	QTY	ITEM TOT
Appraisal		$200-$325 EA	$250.00	EA		$ -
Power wash Outside (Front/Back)		$1000-$2000	$1,000.00	LOT	2	$2,000.00
Exterior Paint		$2000-$6500	$2,000.00	LOT		$ -
Exterior Siding		$200-$350/SQ	$200.00	SQ		$ -
Roof (3 Ply Flat 10 Year-Shingles)		$200-$300/SQ	$200.00	LOT		$ -
Roof (Silver Coat)		$400 LOT	$400.00	LOT		$ -
Gutters (Front/Back)		$7.00/FT	$7.00	LOT		$ -
Security Doors (Installed)		$300-$600 EA	$300.00	EA	2	$600.00
Storm Doors (Installed)		$200-$250 EA	$200.00	EA	2	$400.00
Interior Doors (Installed)		$125-$175 EA	$125.00	EA	10	$1,250.00
Ceiling Fans		$75-$125 EA	$75.00	EA	5	$375.00
Miniblinds (Installed)		$10 EA	$10.00	EA	25	$250.00
Windows (Double Hung-Installed)		$200 and Up/Window	$200.00	EA		$ -
Windows (Glass Block-Installed)		$200-$300/Window	$200.00	EA	5	$1,000.00
Drywall (Installed)		$27/Sheet	$27.00	Sheet		$ -
Interior Paint (2 Coat)		$200/Room	$200.00	Room	10	$2,000.00
Carpet/Flooring)		$14/Yard INSTL	$14.00	Yard	500	$7,000.00
Ceiling Tiles (Drop Installed)		$1.00/SQ FT INSTL	$1.00	SQ FT	30	$30.00
Kitchen (Complete)		$2500 AND UP	$2,500.00	LOT	1	$2,500.00
Bathroom (Tub Coat)		$900 AND UP	$900.00	LOT	1	$900.00
Bathroom (Including Tub Replace)		$2000 AND UP	$2,000.00	LOT	1	$2,000.00

Electric (Service Line 60-150 AMP)		$500 LOT	$500.00	LOT		$ -
Electric (New Breaker Box)		$700 LOT	$700.00	LOT	1	$700.00
Electric (New Funs Per Line)		$100-$150 LOT	$100.00	LOT		$ -
Light Switches/Outlets (est. 30)		$5 EA	$5.00	LOT	40	$200.00
Plumbing 4" Main		$475 LOT	$475.00	LOT		$ -
Plumbing 1" Feed		$125 LOT	$125.00	LOT		$ -
PVC Sewer Line 6'		$275 LOT	$275.00	LOT		$ -
Heater-Gas Forced Air (90% Eff.)		$1500-$2000 LOT	$1,500.00	LOT		$ -
Heater-Boiler (90% Eff.)		$3800-$4000 LOT	$3,800.00	LOT		$ -
Hot Water Heater (30 Gallon)		$450 EA	$450.00	EA		$ -
Property Cleanout		$500-$1000 LOT	$1,000.00	LOT		$ -
Demo Work (3 Men)		$500 DAY	$500.00	DAY	2	$1,000.00
Removal-40 Yard Dumpster		$500 LOT	$500.00	LOT	1	$500.00
Post Rehab Cleaning		$200-$800 LOT	$800.00	LOT	1	$800.00
Parge Basement (Concrete)		$1000 LOT	$1,000.00	LOT		$ -
Concrete Work (Flooring/Pavement)		$6.00-$10.00/SQ FT	$6.00	SQ FT	144	$864.00
Termite Treatment (Whole House)		$500 LOT	$500.00	LOT		$ -
Misc: (Detail Work, Exterminate, Etc.)		$1000 LOT	$1,000.00	LOT		$ -
Soffit Fascia		$5.50/FT	$5.50	FT		$ -
Landscaping		$25-$2000 LOT	$2,000.00	LOT	1	$2,000.00
Interior Trim		$3.50/LINEAR FT	$3.50	L FT	500	$1,750.00
Other:						$ -
Other:						$ -
			Total Estimated Repair Co			**$28,119.00**

Properties that you would normally target for keeping as rentals can also make good wholesale deals.

Rent, Sell (Flip), or Lease Option

What if no buyers want your wholesale deal?

If you are able to acquire the property, there is always more than one way to make money.

I have seen more than a few Investors buy and remodel and flip property when the original intention was renting. Nothing wrong with that! That's who I wrote this book for.

However, many Investors get to this point and wonder if they can just sell the property and cash in big while it looks so good. I say, yes you can, maybe. If you start out on the rental path and later want to try to sell that is not a problem. If it doesn't sell, keep it. You bought it as a rental anyway!

On the other hand you cannot buy a house you that you intend to flip, remodel it and then try to profit through rental. It may work in certain circumstances, but not very often.

If you are remodeling to flip a house you will use better material like paint, carpet and cabinetry. The ends will not justify the means if you rent. Your property will

likely be over-improved. You cost basis will likely be higher because you bought in a better neighborhood.

Generally speaking if you bought a property to eventually flip, you should stick with the plan. As such, there are a few things you need to know about selling your house when you are done remodeling.

First, let your Investor/Realtor know. Even if selling these types of properties is not his or her cup of tea they will know whose it is and refer the job of selling your house to them and make a referral fee in return. This is good business for you because you are acting like a good team player. On the other hand, if you remodeled your house correctly and are pricing it properly then your Investor/Realtor should have no problem selling it.

Before you put your house on the market, make sure you do a dry run pretending you are a prospective purchaser. When you first drive down the street what do you see? Does it catch your eye from down the street? Does it stand out (in a good way)? It should.

How about when you pull into the driveway? How does the mail box look? How does the sidewalk leading to the house look? How about the front door and storm door if there is one? What about when you first grab the door knob to open the door. Are you filled with anticipation? You should be.

These first few moments are critical. There is a lot of psychological activity going on at this point. First

impressions make or break your success on this flip. You have only one shot. Make it your best one. Don't chance anything. Don't take any short cuts.

When you cut a corner to save a buck it will cost you $10 when a prospective buyer sees it. Any negative stimulus has a downward spiraling effect. When a buyer sees one thing wrong they will look for another and then another.

Trust me. I have seen it hundreds of times. I am not a psychologist and can't explain what happens inside a person's head but I can tell you it happens as sure as the sun rises in the East.

On the other hand, when a prospective buyer is wowed, the opposite happens. There is an upward spiraling effect of emotion. They will look for more that they like and more and more and more until they are sure they don't need to look any further and want to make an offer right away.

That is success and that is what we want.

Lease Option

There is a hybrid approach to cashing in that works well in a tight money market. A tight money market is a market in which borrowing money is a little tougher than usual.

The basic concept is that of a Lease with an option to buy. This is actually two different disciplines. Also, notice I did not say “Rent to Own”. NEVER do a rent to own.

When you rent to own, you are earmarking a certain portion of the rent to be counted as part of the purchase price of the house. This gives the tenant an equitable interest in the house which is a loose form of at least one of the seven rights of ownership. What this means to you is that if the tenant stops paying rent or you have to evict them for any reason you will not be able to.

The way the law works in these matters is that you will have to foreclose on the tenant because of their equitable interest in the property. An eviction may take about one month. A foreclosure will take at least a year or more, though it depends on the state. What matters is that you put yourself in a very risky position with a rent to own. A lease option is not as risky.

A lease option is really two transactions. One transaction is to rent the property to a tenant. This is strictly a lease standing on its own two feet. The option is really an option document where you, the optionor, are giving the optionee (your tenant) the right to purchase the property at a later date.

They have to purchase this option from you for a fee. The option fee is non-refundable. If they don’t exercise their option by a certain date you can either extend the option

period for another fee or not extend it and they simply remain as tenants if that is what you want.

If they do not pay their rent you can evict them because the option fee they paid you does not count towards the purchase price of the house. They just purchased the right to purchase the house at a later date. The fee they pay covers your risk from removing the property from the market for the option period.

The price is usually locked in so you have the risk of not realizing any appreciation in that period of time. You also assume the risk of normal wear and tear on your property. And if that's not enough, you are doing the tenant the favor of giving them time to get their finances in order enough to secure loan to pay you off.

During this time you will be their biggest creditor. One of the big advantages to this is that if they don't end up buying, you keep the option fee and can try to lease option again. I have had houses I lease-optioned three times before they sold.

I came out the winner not just because I got to keep the option fee but also because I charged more rent on a lease option – and generally renters will take better care of the property because their intention is to buy.

So even when a sale doesn't go the through – a situation most non-investors see as a failure – you still win!

Investing in Real Estate can be a lot of fun. Every day is different. Every property is different. Every customer is different. You can make a lot of money and buy your own freedom. I did.

I retired from the corporate world after investing for five years. I know guys who have done it in less. I have taught many Investors who have gone on to create immense wealth and income by doing just what I did. I hope you will too.

Remember this. God didn't make you weak. He made you strong. And courageous! Do you think for one moment that God wants us just to survive? No, He wants us to thrive, to evolve and develop into our highest and best selves, to be closer to Him and serve Him by serving others.

I can think of no other business that allows us to do just that and in its purest form. It is pure capitalism in a free market economy. I love it and I hope you will too.

Don't give into fear or lack of faith. Millions of people have gone before you. Building wealth and income by serving others through Real Estate investment has a long proven record of success.

There are many, like me, who are now teachers – ready, willing and able to share wisdom and guidance with you. It is our calling to give to others what He has given to us. May God bless you in all you do and your journey through life and the world of investing in Real Estate.

PART II:

Real Estate Agent

Rules of Engagement

Getting Your License

Before you can practice Real Estate you need to obtain a Real Estate practitioner's license for the state in which you wish to represent others in Real Estate transactions.

There are typically two classes you need to take, one is national and one is state. They are usually 30 hours each. You can now either take these completely online, or in a physical classroom with other students, or a combination of the two.

There are multiple class providers. Many Real Estate firms offer them for prospective agents. They may even offer to pay for you to attend if you sign up with them for one year.

I do not normally recommend this latter approach. I recommend you take the classes and pay for them out of your own pocket.

In order to practice, Real Estate licensees do need to place their license with a Real Estate firm. If you have paid for the courses yourself, after you pass the licensing exams you will have a choice of companies to practice Real Estate with.

Once you have taken the classes you will be required to take two exams, state and national. I highly encourage you to take several practice exams, and even take a class that prepares you specifically for these tests. When I prepared for the broker's exam I took thirty practice exams.

Once you have taken the classes, passed the exams, and placed your license with a Real Estate brokerage firm, you now have the right to practice Real Estate.

This does not mean that you are prepared to practice Real Estate, rather you simply have earned the right to practice because you now supposedly have a fundamental understanding of Real Estate law.

That is all the classes are designed to do – educate you on the very basic legal rules and regulations you need to be familiar with so consumers your represent will get fair representation.

Now you need to learn how to use your license in the business sense. This book is not intended to educate you on all of the skills necessary to be a successful Real Estate Agent. This requires continuous education on your part for as long as you practice.

The world of marketing and advertising is constantly changing. You will learn a lot of what you need to know from your broker, other agents in your office, and your own blood, sweat, and tears. I will go over, in simple terms what is expected of you in the roles of agency.

Seller Representation

Real Estate Agents could be involved in representing users and Investors who are interested in disposing of their properties. This is a traditional activity in a commercial and investment brokerage, just as it is in a residential brokerage. When acting as a selling broker, an agent has an agency relationship with the seller and owes him or her fiduciary duty.

Buyer Representation

Another activity in which Real Estate Agents might be involved is representing users and Investors who are potential buyers of properties in selecting and acquiring these properties. When acting as a buyer's broker, the agent has an agency relationship with the buyer and owes a fiduciary duty to him or her. This activity is more common in commercial and investment brokerage than in residential brokerage. For example, an agent could represent several fast food chains in their search for locations to purchase as sites for their restaurants. By becoming familiar with the specific requirements of a few users, the broker can provide a service to his or her clients.

Landlord Representation

Further activity in which Investment Real Estate Agents might be involved is the exclusive representation of landlords in their attempts to locate tenants who would be users of their vacant spaces, negotiating the leases for the use of those spaces.

As leasing agents, brokers would be involved in many more transactions than brokers involved in the investor or development part of the business. In fact, many commercial investment managers agree that the best way to transition from residential Real Estate to nonresidential Real Estate is through leasing commercial space. This activity allows agents to interact with many tenants and property owners, all of whom have specific needs that agents can try to fulfill. In addition, brokers can become familiar with a variety of properties present in their marketplaces.

By showing potential users several properties, agents get to see a variety of spaces and have an opportunity to become familiar with the available inventory in the market.

By showing several properties to potential users, agents get to talk to and meet many property owners who have spaces to rent.

By showing multiple spaces, agents interact with other tenants who anticipate moving from their spaces and will need to find new spaces to occupy in the future.

Tenant Representation

Still another user brokerage activity in which Investment Real Estate Agents could be involved is the exclusive representation of users looking to relocate and negotiating leases for space in landlords' properties. By representing specific users, agents become aware of the users' needs and the requirements properties must meet for the users' businesses.

Of course you can use your license to help owner-occupants buy and sell their own homes. Even though I was supposed to do this at first, I later warmed up to the idea and made a lot of money doing it. Let's face it, all the Investors you service at one time or another will want to buy or sell their own home. You will also meet many tenants who will one day buy their own home. You already have a database full of these folks. You might as well service them and further leverage the use of your Real Estate license and earn more commissions!

What's more, these folks all have friends, relatives, neighbors, co-workers and fellow church members who want to buy and sell homes from time to time. I highly encourage you to remind your clients that you can service them too and encourage them to refer these

people to you. When that happens you should reward them for their good behavior!

Speaking of referrals, the more you grow and prosper with your license the greater your reputation will spread. One way you can benefit is by sending referrals to agents in other areas.

Surely, your clients have friends and relatives in other areas who either want to buy or sell their own home or they may want to invest in Real Estate. A referral from you will carry a lot of weight and it will earn you a referral fee. Do not overlook this very valuable income stream. I have built an entire line of business around this very concept.

Building a Team

Ah, yes, building a business. First of all I remind you to treat this entire venture as a business and run it as such. One of the best ways to manifest this is to build a team around yourself and your business.

When I first got really busy, I had developed systems, processes and procedures for me to follow every day so that I could handle all of the business. When building my brokerage company, Win Realty Advisors, I actually built a team first. The first person I hired was an admin person. She was from another brokerage company and had an awesome reputation for being able to manage multiple tasks simultaneously and get a lot done – a lot more than 99% of other people.

My recommendation to you is, when you get really busy, hire a superstar admin. Be picky, don't settle. Remember the old saying – hire slow and fire fast. Your definition of busy may be different than that of the next person. I was juggling more than twenty transactions, teaching classes, investing in property and managing property all at the same time. I was pretty busy.

Whenever you find yourself heading down the road of unhappiness – from relationships that need more of your

time, you needing more of your time, and God needing more of your time – then it is time to make your first hire.

Nothing is more important than you fulfilling God's purpose for your life and that will likely include being a good partner, husband, father, brother son and friend for those in your life. You can get a copy of my book "Husband, Father, Brother Son" from the website: MyInvestmentServices.com.

After that you will figure out what to do next. It may include delegating the execution of your marketing plan, delegating buyer showings. You will know when the time comes.

One of the best things about building a team is that it will position you to build your own brokerage firm in the future if you choose to do so. You can read more about that in my book "Build a Real Estate Brokerage Company for Profit and Build Wealth for Life". You can get a copy at: MyInvestmentServices.com.

There's more! All of your investor clients are accumulating a lot of rental properties and they need help managing them. I think it is a really good idea for you to offer to manage these properties for them!

As a Real Estate licensee with your license in a brokerage firm you can do this. Some firms are more accommodating than others. I have found Keller Williams is the best for entrepreneurial Real Estate agents who want to grow their own businesses. In fact I

know personally several KW agents who manage several hundred units each as an agent with KW.

You can learn more about this by reading my book "Build a Property Management Business for Profit and Build Wealth for Life". Not only do you earn management fee income but all of these folks can bring in additional sales for you too!

As you can see there are a number of opportunities for you to build wealth and income by working with investors. You simply leverage what you are already doing. You can leverage your systems and operations, including bookkeeping and marketing, in many directions.

Even at the most basic level, you can't buy every property and neither can your clients. When you identify more great investment properties than you or your client can handle, refer the deal to another agent or investor and earn commission anyway from your efforts. Remember, your Real Estate license is an income producing asset. Treat it like that and you will profit.

As you grow you will need systems, processes and procedures to allow for successful growth. These systems are not just for bookkeeping, marketing and advertising, and transaction flow but also for client support and representation.

Client Support and Representation

One of the first things you need to do when working with Investors is to become familiar with the instructions I give to Investors who work with me. You will find them in the Flip and Rental Rules of Engagement sections earlier in this book. Please remember that there are major differences between working with owner-occupants and working with Investors.

When working with owner-occupants you generally do most if not all of the work. You do a lot more hand holding. They don't usually know a lot and so you have to explain a lot to them. They also tend to be more emotional in their selling and buying behavior. They also only need you once every several years.

Investors, on the other hand, get easier to work with over time. They continue to learn. They are hands on. In fact, if you follow my instruction sheets, you will see that I delegate a lot of the work to them. You give them the data and let them do the financial analysis. They do drive-bys. They do the physical analysis.

Anytime an Investor approaches and wants me to do all the work for them I take it upon myself to educate them first. If they don't want to do things my way then I send them down the highway to some poor sucker of an agent who doesn't know any better and has time to waste. Not me and not you.

I also command a minimum commission. This protects me when working with Investors who want to buy cheap foreclosures.

With Investors I get to dictate the work on my schedule. They may not know it but that is what is happening. I always schedule my showing days and times a week in advance. I send an email to my active clients on Wednesday and give them the day and time blocks I have available the following week. Then it's first come first serve.

They must give me the MLS numbers of the properties they want to see at least two days in advance of our scheduled date and time to meet and view properties. Oh, I occasionally get the knucklehead who can't follow simple instructions. You know, the ones who never could get to school on time and when they did they turned in their homework with food stains. If they even had their homework.

I give them a chance or two to correct their behavior, and I help them do that, but if it appears habitual I draw the line and they get the message.

I love working with Investors because it's repeat business. It's the gift that keeps on giving. Many of my students have gone on to buy large apartment buildings earning me large commissions and large property management contracts. I am able to leverage all of my activities working with Investors into additional lines of business providing additional income streams and wealth building opportunities.

Perhaps one of the best benefits of working with Investors is how many friendships are developed with people while doing something we both love – building wealth and income with Real Estate!

Being the Right Kind of Realtor

If you are not a licensed Real Estate Agent then read this. If you are a licensed Real Estate Agent then you need to read this too so you will know what all of my students expect from you!

The following is an excerpt from my other books on what I teach investors to look for when selecting a Real Estate Agent. This should be an eye opener for you. Also, I do not intend to insult you. I am one of you! I am merely enlightening you to what is expected of you as an Investor Agent. OK Ready? Here we go:

"The Investor Realtor! In the world of Real Estate Investing there is no other kind. If you are using your neighbor's son then you are a loser and you will pay a dreadful price. Every Real Estate Agent on the planet will tell you that he or she is the right agent for you and they are the best at helping you.

Make sure you ask them how much Real Estate do they own? How many other Investors are they working with? If they have so many other Investors then how do they

have the time to help you? Keep asking questions. Eventually, they will run out of crap to tell you.

I originally got my Real Estate license because I was sick and tired of realtors who didn't know what they were doing in the world of Real Estate. The rules of engagement for Real Estate investing are 180 degrees different from the rules of engagement of the owner-occupied Real Estate business.

My neighbor was my first realtor. I had to fire her and it pissed off the whole neighborhood. She wouldn't or couldn't learn what she needed me to teach her. So I fired her and got my own license. I eventually developed a system to teach other realtors how to work with Investors. Trust me. It makes a huge difference. Having a traditional Real Estate Agent try to help you with your Real Estate investing is like having a motorcycle mechanic work on your airplane.

If you invest in Real Estate the way I am teaching you, then you will one day own an airplane. Now imagine yourself getting ready to take your plane down to Florida to play golf and you just found out that your regular mechanic was off sick.

The airport has a motorcycle mechanic – who happens to be the air traffic controller's nephew's neighbor – who just happened to be a recent graduate of the Acme school of motorcycle mechanics school because he got laid off from his last job. How does that make you feel?

Well, remember a lot of Real Estate Agents are Real Estate Agents because they got laid off from their last job and getting their license took only 60 hours and cost only a few hundred bucks.

Does it sound like they are highly qualified to help you invest your precious hard-earned money? I didn't think so. Don't be stupid. If you use one of these imbeciles you will end up losing your money and wishing you were going down in that plane that the bozo motorcycle mechanic worked on.

By the way, I have no problem with motorcycle mechanics in general, only the ones who are foolish enough to work on airplanes.

There are a few things you can do to enhance your relationship with your Real Estate Agent. One of them is to sign a Buyers Agency Agreement. I have taken and have seen material from other Real Estate gurus who say you should have as many Real Estate Agents working for you as possible. Trust me, they don't understand agency from a legal point of view, an ethical point of view, or a business point of view.

In this business you need real players on your team. A good Real Estate Agent who really understands the rules of engagement when it comes to Real Estate investing is worth their weight in gold.

You wouldn't have multiple tax accountants prepare your taxes. You wouldn't have multiple lenders making

you the same loan. You wouldn't have multiple closing companies working on the same file. So why would you have multiple Real Estate Agents sending you properties from the same pool of properties?

They all are pulling properties from the same database and they all have the same tools and access. Using multiple agents is only going to piss them off. They won't stick around and they certainly won't give you their best when they don't have an exclusive agreement with you. Get real.

If you were working for commission and a client was using multiple Real Estate Agents, how much energy would you put into that effort with little to no assurance of getting paid?

More importantly, you don't want traditional Real Estate Agents working for you anyway. You want an Investor/Agent who is themselves an Investor or has a proven track record of helping other Investors profitably grow their portfolios using the rules of engagement like what I teach when I teach Investors how to invest and Real Estate Agents how to correctly work with Investors.

The other important factor in using a Buyers Agency Agreement is that the agreement affords you certain rights and requires the Real Estate Agent to assume certain responsibilities that would otherwise not be in place and in the end be to your disadvantage.

Another important piece of information is having Proof of Funds. This tells your Real Estate Agent that you are qualified and it also gives your Real Estate Agent leverage and power when working with other Real Estate Agents. Proof of Funds can either be a bank statement showing that you have the available cash to make a purchase or a lender pre-qualification, lender pre-approval for a loan or Line of Credit statement showing that you have the funds ready for you to borrow.

Think military. Think sports. Think family. Think friends. Think profitable business. A good Real Estate Agent is a critical member of your team. I strongly encourage you to treat them that way.

Well that ought to give you a little insight into the current state of affairs and what is expected of you and what you can expect from Investors!

Investors and Agents!

Investors…Learn how becoming an agent can assist you in moving your business to the next level.

Agents…Learn how joining the GIA Team can benefit your earning and educational growth.

Benefits To Joining Our GIA Team

- **75% Agent / 25%** Team Commission Split
- Investor Agent Training **(+5 Other Programs)**, Kinder Reese Training and eXp Training.
- Coaching That Expands **As You Grow**.
- **Unlimited** Leads – Choose the ones you want not what someone else hands you.
- Share in **Team Profits.**
- Revenue Share of eXp **Gross Income.**

Learn more and schedule a time to speak directly with Gary: http://globalinvestoragent.com/join-gia-team

Call or email:

1-703-957-0415

Gary@REWGW.com

Marketing

How do you market yourself as an Investor Agent?

Join Local Investor Clubs – I have belonged to multiple investor clubs. I highly recommend REIA (Real Estate Investor Association) clubs. There are some with hundreds and thousands of members. Every time I go to a meeting I get multiple deals - listings, buyers and property management. Warning: don't join unless you are an Investor or you have gone through our training. If you don't walk the talk they will simply ignore you or worse.

Write Articles - I have written articles for several years now – at least three times a week. This really helps you establish credibility. The investor clubs will reward you also. They will publish articles in their newsletters.

Create a Monthly Community Workshop – This is one of my favorites. I started in a local library with maybe a handful of people. The word spread and I grew to 12, 24, 48 then 70+ and the library said I had to go! Then I went to a hotel and grew to over two hundred people. Even when I had only a small group in the beginning I got a deal out of every single meeting. When

it grew to over two hundred people I always had a line 20+ deep waiting to talk to me at the end of the session. I always got multiple deals out of these events. Amazing!

Write a Monthly Newsletter – OK I have to admit I started and stopped this multiple times. It is time consuming. However, when structured and titled properly, it does bring in business. BIG HINTS: Don't call it "John's newsletter". No one will open it and the pros will make fun of you. Call it something relevant like Jacksonville Investors Press. Also, don't just put Real Estate related info in there. Include information on other subjects like local events, personal development, health, money, cars, children, shopping – you get the picture. Make it interesting. It is work and it does work.

Craig's List – Bar none, this is one of the best ways to reach your marketplace. It's free and has a wide audience. They even have a tutorial for you.

Facebook, Twitter, LinkedIn – Use your social media networks to get the word out. Be careful how you use social media. There are rules of etiquette you must first learn for each one. The number one taboo is spamming your network. Never abuse the privilege of social media. If you do you will be shunned, un-friended, un-liked, un-connected and unsuccessful!

Church – Churches usually have weekly bulletins in which you can advertise your vacancies. This works well for large congregations but I would use it in small churches as well. Look in your church's current bulletin

and there should be instructions or at least contact information that you can use to get started.

Grocery store – Usually have a bulletin board where you can pin a flyer with tear-off phone number tabs. You need to check this regularly. Sometimes they disappear. Sometimes other people will post their notice right over top of yours. If you're really lucky all of your number tabs will be gone!

Restaurants – They often will let you put a stack of flyers of business cards near the check out. The next time you're dining at one of your local favorite restaurants speak to the owner or manager. Someone with the authority to act is always on duty at a restaurant. Please note that there are some other great marketing and advertising opportunities here. For example, ask the proprietor if he/she will offer a discount or free meal coupon (get several) for you to use as a reward to give to your good tenants who refer other good tenants to you. Use your imagination!

Local publications – Penny Saver, Green Sheet, they're in every community and are very inexpensive. Unlike the large publications like your big city paper, I have had a lot of success with these types of publications. Call and ask for their rules and regulations. Learn the rules of their advertising game and you will master the game. Some ads you will place for one to two weeks. Some you will place for a year. You will also learn where in the publication to place your ads, how big, how small,

special features, etc. Hint – Any time you can have your ad placed in a box you will get better results!

Join Local Investor Clubs

Write Articles

Create a Monthly Mastermind Group

Write a Monthly Newsletter

Direct Mail – This is by far brings in the best leads. You can identify your target prospects by accessing your local tax records – usually free and online – and locate the owners of multi-unit properties. Then send them something that they will see perceived value in. Remember the old saying in advertising "WIIFM" What's in it for me?

Your Own Website

Blogging

AdWords

Joint Ventures

Affiliates

YouTube

The possibilities are endless. I believe God wants us to be happy not sad, wealthy not poor, healthy not sick. I believe it is our duty to fulfill the purpose He has intended for our lives, which is to bring others closer to Him. What better way to do this than to be our highest and best selves, living examples of how joyful life can be when we make the absolute most of the precious gift of life He has given us.

When you own investment real estate you are providing a good service to your fellow man. You are helping yourselves by helping others first.

And herein lies one of the greatest truths of success and that is that if you help enough other people get what they want then you will get plenty of what you want. You can thank Zig Ziglar for that pearl of wisdom which is actually scriptural in its origin.

There are three basic ways of investing in real estate as a beginner.

1) You can invest in rental properties.
2) You can invest in flipping properties.
3) You can wholesale properties.

What's Next?

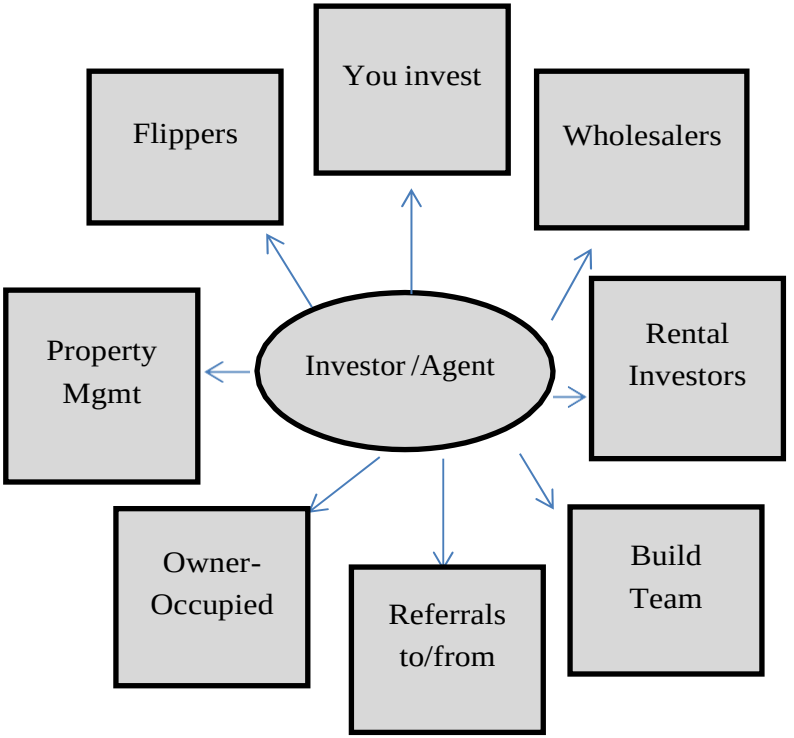
Buy and Sell Large Apartment Complexes.

Start Your Own Real Estate Brokerage Business.

Start Your Own Property Management Business.

Start Another Business Related To Real Estate and Investing like a Painting, Plumbing, or Electrical Contracting Business.

The bottom line is this. In order to not just survive but thrive you need to treat yourself like a business and use your Real Estate license as an income producing asset. You need to leverage what you are already doing. Please review the following diagram. Now you can see how to maximize your time and effort to generate the most income in the least amount of time and with less expense.


You invest
Flippers
Wholesalers
Property Mgmt
Investor /Agent
Rental Investors
Owner-Occupied
Referrals to/from
Build Team

Investor/Agent Leverage

What to do today! A checklist for you to follow so that you make money NOW!

1. Document all the people you know. Start by giving yourself one hour. Then revisit this every day for two weeks until you reach 200-300 people. I encourage you to revisit this list every day of your life to record new people you meet. This is a cornerstone for your career.
2. Review this list and mark people who already invest in Real Estate. Then mark people who you think may be inclined to invest in Real estate.
3. Call these people directly and keep trying until you have a conversation with every one of them.
4. Out of this group you should have a few that you will work with. Nurture the relationships. Ask for their business.
5. Join your local investor club. Meet new people. Nurture the relationships. Ask for their business.
6. Get access to county home ownership records.
7. Identify owners of investment properties from this list. The list you are working from will already be segmented by type of property.
8. Narrow this list down to areas that you want to work in.
9. Write a personal letter that will be used as a model and send it with personal salutations and hand

addressed to the recipients. This will give you a few listings.

10. Advertise your new listings and also HUD listings on Craig's List. On these ads add an offer for a free report, calculator, etc. This will give you leads to follow up with. Nurture the relationships. Ask for their business.
11. Begin to hold monthly investor community meetings in your local library. Nurture the relationships. Ask for their business.
12. Follow the sheet of instructions for Flips/Rentals provided earlier in this book.
13. And this, my friends, is how you make money in this business. Now go cash your commission checks!

Start Now

What are you waiting for? What are you still doing here reading this book?

Right now: Create a "To Do List."

Get a round "To-It."

Get an index card out and write on it "I Promise…" and fill in the blank with the promise to yourself to take the 1st step.

Visit www.myinvestmentservices.com/work-with-me
and get a FREE 1-on-1 private coaching session.

Learn the benefits of joining the GIA Team:
Visit http://globalinvestoragent.com/join-gia-team

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Suggested Reading:

James Allen, As a Man Thinketh, Tribeca Books, 2011.

Robert G. Allen, Creating Wealth: Retire in Ten Years Using Allen's Seven Principles, Free Press, 2011.

Robert G. Allen, Nothing Down for the 2000s: Dynamic New Wealth Strategies in Real Estate, Free Press, 2004.

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Michael Corbett, Find It, Fix It, Flip It: Make Millions in Real Estate – One House at a Time, Plume, 2006.

Jack Cummings, Real Estate Finance and Investment Manual, Wiley, 2008.

Napoleon Hill and Arthur R. Pell, Think and Grow Rich, Tarcher, 2005.

Anthony Hoffman, How to Negotiate Successfully in Real Estate, Simon & Schuster, 1984.

Robert Kiyosaki, Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not! Warner Business Books, 1997.

Robert Kiyosaki, You Can Choose to be Rich, 12-CD audio series with three books, 2003.

Ron LeGrand, How to Be a Quick Turn Real Estate Millionaire: Make Fast Cash With No Money, Credit, or Previous Experience, Kaplan, 2004.

Ron LeGrand, Ron LeGrand's Cash Flow Systems Course: For Sale By Owner. www.ronlegrand.com

Martin J. Miles, Vest-Pocket Real Estate Advisor, Prentice Hall, 1990.

Frank McKinney, Burst This!: Frank McKinney's Bubble Proof Real Estate Strategies, HCI, 2009.

Frank McKinney, Frank McKinney's Maverick Approach to Real Estate Success: How You Can Go From a $50,000 Fixer Upper to a $100 Million Mansion, Wiley, 2005.

Anthony Robbins, http://www.tonyrobbins.com/products/

Carleton Sheets, No Down Payment, Home Study Course, http://www.carletonsheets.com

Robert Shemin, Secrets of a Millionaire Real Estate Investor, Kaplan Business, 2000.

Robert Shemin, Secrets of a Millionaire Landlord, Kaplan Business, 2001.

Russ Whitney, Building Wealth: Achieving Personal and Financial Success in Real Estate and Business Without Money, Credit, or Luck, Touchstone, 2006.

Lessons Learned:

Use this space to summarize what you have learned:

Definition of Terms

Abstract of Title: A summarized history of the title of real property listing rights and liabilities such as easements, mortgages, liens, and transfers of title. The abstract gives evidence of the chain of title and whether or not the title is clear.

Acceleration Clause: A clause in a mortgage that provides, at the option of the lender, the entire unpaid balance of the note would be due immediately upon failure to make a required payment or upon the sale of the property. In the latter case it is known as a due-on-sale acceleration clause. Usually it is found in paragraph 17 of a mortgage.

Accretion: The gradual buildup of soil by water.

Accrued Interest: Accumulated interest earned or due but not yet paid.

Acknowledgment: Legal declaration before a notary or duly authorized officer of a jurisdiction that the one signing an instrument is who he or she claims to be.

Acre: A quantity of land equal to 43,560 square feet. (For example, a square 208.7' x 208.7' or a rectangle 100' x 436.5').

Adjusted Cost Basis: For accounting purposes, the original cost plus improvements minus depreciation or cost recovery taken.

Ad Valorum: A measure of worth based on the value of something. For example, real property taxes calculated on the market value of the property.

After Tax Cash Flow: Effective gross income minus operating expenses and debt service plus or minus any tax savings or tax liability. (Also known as net spendable income.)

Agency: A relationship of trust whereby one party, the principal, entrusts another party, the agent, to act in his or her behalf and to represent him or her in doing business with other parties.

All Inclusive Trust Deed: The borrower obtains a new mortgage which is structured to include the old mortgage. The borrower makes payments on the new mortgage directly to the lender, who makes payments on the old first mortgage. (Also known as a Wrap-Around Mortgage.)

Amortization: The reduction of debt over a fixed term on an installment basis.

Amortized Loan: A loan in which the principal as well as the interest is payable in monthly or other periodic installments over the term of the loan.

Annuity: A payment of equal installments paid periodically for a given number of periods.

Appraisal: An estimation of value of real property as of the present or past date (not future). Any of three methods are used where applicable: cost approach, income approach, and market data approach.

Appraiser: A disinterested party who evaluates a property and determines a value for it.

Appreciation: Growth in value.

Appurtenance: Anything attached to the land which becomes a part of the property. A fence would be an example.

Arrears: The payment of money after the fact. Interest or taxes paid in arrears would represent money paid for a period of time gone by.

Asking Price: The price an appraiser has determined for a property and the price for which it is on the market.

Assessed Value: The value placed on the property by the taxing body of a county. This value is then used as a basis for computing taxes.

Assessments: A tax charge against real property by the taxing body of a county.

Asset: Any possession of value that an individual owns which may be used for payment of a debt.

Assign: To transfer one's rights in a bond, mortgage, lease, or other legal instrument to another person.

Assumption of Mortgage: To expressly take responsibility for the payment of a note secured by an existing mortgage on real property, thereby becoming a co-guarantor of that note.

Attorney at Law: A person licensed to practice law.

Balance Sheet: A financial statement showing assets, liabilities, and net worth.

Balloon Payment: A large final payment due on a note, usually after partial amortization of the debt, through installment payments.

Bankruptcy: Proceedings against a debtor, who has been declared legally insolvent, to distribute the debtor's property among the creditors.

Bill of Sale: A document used to transfer title to personal property (chattel).

Bird-Dog: People who are on the lookout for properties that are for sale. Sometimes they earn a referral fee, if the property is purchased by an investor through their referrals.

Blanket Mortgage: One mortgage that covers several different parcels of real property.

Blended Interest Rate: The interest rate resulting from half the difference of the interest rate originally written

for the mortgage and the current market rate of interest. Generally, when loans are not assumable, asking the bank to rewrite the mortgage at a blended interest rate is the next best thing.

Boiler Plate: Preprinted sections of a contract.

Bounds: Boundaries that are natural (lakes, trees, rocks, etc.) or artificial (roads, railroads, etc.).

Buyer's Broker: A broker who represents the buyer when entering a Real Estate transaction. Generally, the seller pays the broker's commission at the closing.

Capital: Money used for investing purposes.

Capital Gains: The profits realized above adjusted cost basis on the sale of property.

Cash Flow: Effective gross income minus operating expenses and debt service. (Also known as cash throw-off.)

Caveat Emptor: "Let the buyer beware." This statement does not apply where the buyer and seller are using an agent (broker).

Chattel: Personal property.

Chattel Mortgage: A mortgage on personal property.

Closing Date: A predetermined day that the transaction of buying/selling property will take place.

Collateral: Real or personal property pledged as security for repayment of a loan or debt.

Commission: Usually a percentage of the purchase price paid to the broker or agent for services rendered.

Common Law: Law that is not codified; developed from common usage and custom.

Competent Party: A person legally able to contract; being of legal age and sound mind.

Concessions: During negotiations, these are the items that each party is willing to give up in order to get the items each party really wants.

Condemnation: The process by which property of a private owner is taken, with or without consent, for the public use. Fair compensation must be paid.

Consideration: Something of value exchanged by a party to influence another party to enter in a contract.

Contingency: A possible event based on the happening of an uncertain future event.

Contract: A legal agreement entered by two or more parties which created an agreement to do or not to do something.

Contract for Deed: A contract for the sale of real property wherein the seller is obligated to provide a merchantable title after the buyer has paid for the

property, usually in installments. (Also known as an Agreement for Deed or Land Contract.)

Contract for Purchase and Sale: An agreement between buyer and seller of real property to transfer title to that property at a future time for a specific sum of money. (Also called a sales contract).

Conveyance: An instrument (deed) legally sufficient to transfer title to real property.

Cooperative: An apartment house or similar property owned, usually in corporate form, by all the tenants. Each has stock in the corporation which owns the building.

Cost Recovery: Formerly known as depreciation. A provision of the tax law that allows the owner of real and personal property to recover the cost of that property over a period of time specified by law. Cost recovery may be straight line or accelerated.

Counter Offer: A change in price or terms of an unacceptable offer.

Credit Bureau: An agency that compiles data on an individual's credit history and, upon request, distributes a report to potential creditors.

Credit Bureau Report: The compilation of an individual's credit history. Potential creditors may request a copy from a credit bureau.

Credit Limit: Generally found when dealing with credit cards, this is the maximum amount the card holder may charge to that account.

Creditor: The lender. The one to whom the debt is owed.

Cure Date: The last day given for bringing mortgage payments current at the beginning of the foreclosure process.

Dead Asset: An asset that an investor does not want; in the investor's eyes, it has no value.

Debt Service: The sum of the annual principal and interest payments expressed as a percentage of the amount owed.

Deed: An instrument conveying title to real property. It usually must be signed by the grantor (seller), witnessed by two persons, and recorded.

Default: Failure to discharge a duty or obligation.

Deficiency Judgment: A judgment rendered in court for the difference in the amount realized at a foreclosure sale and the amount owed by the mortgagor, if the foreclosure sale fails to completely liquidate or satisfy the debt.

Depreciation: (See Cost Recovery.)

Devise: Disposition of land or real property by will.

Discount: The percentage of the original balance of the loan that is charged to the borrower; sometimes referred to as points. Also, the difference between the selling price of a mortgage and the amount due.

Discounting a Note: The process of offering a promissory note for less than its face value to enhance marketability.

Distressed Property: A bargain property that is substantially below its present or projected renovated value.

Dower: The legal rights of a widow in her husband's estate. These rights have been abolished in many states.

Due on Sale Acceleration Clause: (See Acceleration Clause.)

Duplex: A two-family home where the units share a common wall and are situated side by side.

Earnest Money: A deposit of money given by a party to bind the contract, usually credited toward the sales price.

Easement: An interest held by one party in the real property of another, giving that person the legal rights to trespass on the other's property.

Effective Gross Income: The difference between the total gross income and the vacancy allowance.

Effective Interest: The interest rate the borrower actually pays as opposed to the nominal interest rate. The

effective interest rate is made higher than the nominal rate by addition of points or discounting a loan.

Eminent Domain: The power of the government to take private property for public use in return for fair compensation. This power is exercised through condemnation.

Encroachment: An infringement, usually an improvement such as a building or fence, constructed on a property contiguous to the one infringing. An encroachment is usually revealed by a survey.

Encumbrance: A limitation on the title to real property. A mortgage or easements are examples of encumbrances.

Equity: In Real Estate, the value of an interest a person holds over and above any mortgages or liens on the property.

Equity of Redemption: The rights of a mortgagor (borrower) to buy back a property after a foreclosure sale. While equity of redemption does not exist in some states, in other it extends up to two years.

Escape Clause: A clause added to the contract that allows either party the option of exiting the contract; thus, both parties are no longer bound by any contractual obligations.

Escheat: The reversion of property to the state when an owner dies with no will and no known heirs.

Escrow: Money or documents held in trust by a neutral third party.

Estate: Ownership interest in real property.

Estate by the Entireties: Ownership by husband and wife with right of survivorship.

Estimated Annual Gross Income: An estimate of the total amount of income one will receive in a period of one year.

Estoppel Letter: A letter certifying the exact balance of a mortgage or other loan at a given time.

Et Al: And others.

Et Ux: And wife.

Exchange: The exchange or trade of business property you own for another trade or business property that is like/kind. No taxes are due in such an exchange under a given set of circumstances.

Exculpatory Clause: A clause in a contract relieving one of the parties of personal responsibility of liability. In a lease, the landlord is relieved of any responsibility for injury to tenants leasing his or her property. In a mortgage, the mortgagor (borrower) is relieved of any personal liability or deficiency judgment if a deficit occurs at a foreclosure sale.

Expenses: The costs of maintenance, repairs, and rental costs that are deducted from a property's gross income.

Executor: The administrator of an estate; one who is specified in the will.

Extension Clause: A clause contained within some lease option contracts that provides for the terms under which the contract may be extended.

Face Value: In reference to a note, the face value is the full amount for which the note has been written.

Fair Market Value: The appraised value of a property as compared with other property values on the market.

Flipping: The turnover of property. An investor buys a property to immediately sell it for a profit.

Fee Simple: The highest estate in real property; the ownership of real property without reservation or restriction.

Fiduciary: An agent in the position of confidence to his principal. Also, a relationship of trust and confidence imposed by law.

Financial Analysis: An investor's determination of the value of a property according to his or her specific needs.

Financial Leverage: The use of other people's money for investment purposes.

Financing: The way in which an investor obtains the capital with which to purchase a property.

First Deed of Trust: A deed of trust recorded first. Equivalent to a first mortgage.

Fixture: Personal property attached permanently to Real Estate and thus becoming part of it. A built-in oven is an example.

Flexible Seller: A seller who is willing to sell property in a nontraditional manner. This person may be flexible in terms, price, or both.

Forced Sale: The sale of a property used as a security for a loan in order to repay creditor(s) in the event of a default on the loan.

Foreclosure: The process whereby property pledged as security on a note is sold under court order because of default on the note.

Front Foot: The width of a lot at the front, usually given as the first measurement. (A lot 225' x 175' would have 225 front feet.)

General Partnership: A form of business where two or more persons enter into an agreement to conduct business. Profits and losses are shared in a predetermined fashion and all partners are jointly and severally liable for debts of the general partnership.

Grandfather Clause: Properties that do not conform to current ordinances, codes or regulations, but are allowed to continue to be occupied because the properties predate the institution of the ordinances, code and regulations.

Grantee: A person obtaining title to real property by deed. The purchaser to whom the grant is made.

Grantor: One who conveys title to property by deed.

Gross Income: The total income from a property before the deduction of expenses.

Gross Income Multiplier: That number which, when multiplied times the gross income, would give an indication of property value. It is strictly a guide and frequently abused.

Homestead Exemption: Protection extended by law preventing the forced sale of an owner-occupied dwelling by certain creditors.

Homestead Tax Exemption: The credit against taxes, given in some states, to a person who owns and occupies a dwelling and to certain other individuals including disables veterans, those over age 65, widowed, or handicapped.

Improvement: Buildings or other structures which become part of the land are known as improvements.

Indenture: A contract.

Installment Loan: A loan that must be repaid in no less than two payments. A loan of six months or greater is preferable when establishing credit.

Installment Note: A note which specifies how mortgage payments will be made, when they will be due, and for what amount.

Installment Sale: A sale which, for income and tax purposes, is not taxed totally in the first year of the sale. To be valid, there must a minimum of two installment payments over two tax years.

Interest Rate: An amount a borrower must repay in addition to the full amount of the loan. This is the premium the lender receives for the use of the money, plus compensation for the risk the lender takes in lending money.

Intestate: A person who has died without leaving a valid will.

Involuntary Lien: A lien, like real property tax liens, which are recorded against a property without consent of the owner.

Instant Equity: The difference between the property's value and what you paid for it.

Joint Tenancy: A joint estate whereby upon the death of one joint tenant, his or her interest will go to the surviving joint tenant(s).

Joint Venture: An arrangement where two or more individuals or corporations join together on a single project as partners.

Jointly and Severally: A legal term indicating that a contract has been entered into by two parties and the two parties are not only liable together but individually as well.

Leverage: The borrowing of money in connection with a real estate investment.

Judgment: The verdict of a court on a matter presented to it. A money judgment dictates that a party must make payment to another to settle a claim.

Junior Lien: A mortgage or other encumbrance with a secondary interest. A lien junior to another mortgage or lien.

Land Contract: (See Contract for Deed.)

Land Trust: A form of ownership whereby property is conveyed to a person or an institution, called a trustee, to be held and administered on behalf or another person called the beneficiary.

Lease: A contractual agreement between the owner (lessor) and the tenant (lessee), which allows the tenant use and occupancy of the property for a specified period of time. A lease is an encumbrance against a title and gives the tenant an actual interest in the property known as an estate for years.

Lease Option: An agreement between two parties where the party who owns the property extends, to the second party, the right to purchase the property at a future date.

The second party lives in the property until the lease option expires.

Leasehold: The estate of interest held by the lessee in the property of another.

Legal Description: The means to identify the exact boundaries of a property. A surveyor will use the recorded plats method, metes and bounds method, or the government survey method to describe the real property.

Lessee: One who contracts to hold occupancy rights in the real property of another.

Letter of Credit: A letter, usually from a financial institution, guaranteeing (collateralizing) a debt incurred by a third party.

Letter of Intent: A letter stating a buyer's intent to make an offer to acquire a certain property. It is not a binding contract.

Lien: The right of a creditor to take and/or sell a property in the event of a default to satisfy the obligation of a debt.

Lien Theory States: States that allow the lender to collect the debt owed by selling the property in the event of default.

Limited Partnership: A partnership composed of a limited partner(s) and a general partner(s). The limited partner(s) contributes capital but is not liable for any

debts of the partnership, nor can he or she manage or control the partnership.

Liquidated Damages: Damages, usually monetary, spelled out in a contract which would be available in the event of a default, to the party not in default.

Listing Broker: A broker from the office which created the MLS listing on a property.

Marketable Title: A title free and clear of liens and encumbrances that might be objectionable. (Also known as merchantable title.)

Mechanics Lien: A lien right existing in favor of mechanics, suppliers, or other persons who have supplied materials or performed work in connection with the construction or repair of a building or other improvement.

Metes: Measures such as inches, feet, yards, or miles.

Metes and Bounds: A measure of land which describes the boundaries using metes and bounds. For example, "Then going north 223 feet to the right-of-way of Oak Street."

Moratorium of Interest: A time during the term of a loan wherein no payment of interest due is made.

Mortgage: A temporary transfer of property to a creditor as collateral for a loan.

Mortgagee: A lender of money under the terms of a mortgage.

Mortgagor: The borrower, usually the owner, who pledges his or her property to assure performance in repaying the loan.

Multiple Listing Service: A multi-realty service whereby members of the local Board of Realtors exchange their listings.

Negative Cash Flow: When rental and other income is insufficient to cover all the costs of ownership.

Net Income Approach: A technique used to evaluate larger properties and determine their values by calculating the net income they produce.

Net Net Net: An agreement which specifies that the tenant pays real estate taxes, insurance, and all maintenance costs of the property.

Net Operating Income: Gross income minus any operating expenses. Debt service (principal and interest) is not deducted as an expense.

Net Spendable Income: Amount remaining after expenses and debt service and any taxes due have been deducted from gross income. (Also known as After Tax Cash Flow.)

No-Doc Loan: A loan where the borrower is not required to present any documentation to secure a loan.

Nominal Interest Rate: The interest rate, usually below market stated on the note.

Note: Legal evidence of debt.

Notarize: To have a document signed by a notary public.

One Time Mortgage Insurance Premium: A refund of a portion of the insurance premiums that have been paid of the years with a 1984 or later mortgage where the mortgage insurance premiums were paid up front.

Option: An instrument giving the right of a party to lease or purchase the property over a specified time period for a specified consideration. It is binding for the optionor (seller) but not the optionee (buyer).

Optionee: The person who has the legal right to purchase or not to purchase (through a contract) a specific property in the future.

Optionor: The seller of a property who extends an option to someone else. If the optionee exercises the option, this person is legally bound by the contractual obligations. However, if the option is not exercised, then the optionor is released from any responsibilities.

Owners of Record: All owners that are listed on a deed that is recorded in the county courthouse.

Overdraft Protection: An extra service that most financial institutions offer their checking account clients. The client has a credit limit, much like that of a credit

card. If the client writes a check for an amount greater than what is in the checking account, the bank automatically writes the client a "loan." Interest is charged on this, as is an annual fee in some cases.

Package Mortgage: A mortgage which, in addition to encumbering real property, also includes personal property such as a refrigerator, dishwasher, or oven unit.

Partnership: Two or more people associated for the purposes of carrying on business activities.

Pay Down: The amount of principal on a loan retired through payments at a given time.

Personal Property: All property other than real property. (It is also known as personality.)

Points: See discount.

Positive Cash Flow: When rental and other income exceed all of the costs of ownership.

Power of Attorney: A written authorization to an agent to perform specified acts on behalf of his or her principal. Beyond these acts, the agent has no power.

Preliminary Title Search: The first review of all previously recorded documents regarding a specific property, to make sure that the property may be sold.

Premium: An additional sum of money paid as an incentive for someone to do something.

Principal: The sum of money used as funds for the investment.

Promissory Note: Usually a note if given to the seller by the buyer, which promises to pay back principal to the seller. It states the interest rate (if any) and the period of the note.

Pro Forma Statement: A financial statement based on anticipated, not actual, income and expenses.

Promulgated Rate: A formally and publicly stated rate.

Pro Rata: Buyer's and seller's portion of prepaid or unpaid expenses such as real estate taxes.

Purchases Money Mortgage: A mortgage given to the seller as part or all of the consideration for the purchase of property. In effect, it is money loaned by the seller to the purchaser.

Quit Claim Deed: A deed transferring whatever interest in the property, if any, that the grantor may have. They are usually used to clear title.

R.E.O. (Real Estate Owned): Properties that financial institutions have repossessed as a result of a default on a mortgage and which these institutions are willing to sell.

Real Estate Agent: A salesperson associated with a broker, who acts on behalf of a broker.

Realtor: A broker who is a member of the National Association of Realtors as well as state and local Real Estate boards.

Recording: The act of entering, in the public record, any instrument affecting title to real property.

Redemption: The buying back of one's own property after a forced court sale. (See equity of redemption.)

Release Clause: A statement in a blanket mortgage that allows a specific described parcel to be released from under the blanket lien after a sum of money is paid.

Reproduction Cost Analysis: A technique used to evaluate a property by estimating the cost of building the same or similar structure, adding the cost of land and subtracting an allowance for wear and tear.

Restrictive Covenant: A clause in a deed in which there is an agreement between buyer and seller stating certain restraints as to the use of the property.

Right-of-Way: An easement on land whereby an owner grants or gives to another the right of passage over his or her land.

Riparian Rights: The rights of a land owner to the body of water adjacent to his or her land. In some cases these rights include the land under this water.

Sales Contract: (See Contract for Purchase and Sale.)

Sandwich Lease: While having the option to buy a property, the investor subleases it to gain a positive cash flow.

Satisfaction of Mortgage: An instrument filed in the public records which acknowledges payment of an indebtedness secured by a mortgage.

Security Deposit: An amount of money paid by a tenant before moving into the premises to cover any damage incurred while living there, or to protect the landlord in the event that the tenant leaves without being current on rent payments. If the tenant is current and the unit only has a normal amount of wear and tear, then the deposit is generally refunded.

Servicing a Debt: The act of paying the periodic principal and interest payments on an outstanding debt obligation.

Specific Performance: A court order requiring a person to act or do a specific thing that he or she had agreed to do.

Tax Certifications: Bond sold to recoup unpaid property taxes by the county in which the property is located. When the property is auctioned, the certificate holders may either use the certificates as money to bid on the property or redeem them for face value plus interest.

Tax Deductible: An item that is not taxed.

Tax Liability: The amount of money one owes to the government for taxation purposes.

Tax Shelter: An income property that generates artificial papers losses, due to depreciation or cost recovery, that are in excess of the income produced by that property. These artificial losses can be used to offset other taxable income earned by the owners. In general, a tax shelter is any deferral, reduction, or elimination of a tax due.

Tenancy in Common: The ownership of an interest in property by two or more persons. Their ownership interest may be equal or unequal and there is no right of survivorship as with joint tenancy. The interest of any joint owner passes to his or her heirs or assigns after death.

Tenant: A person having the temporary use and occupancy of real property owned by another.

Tender: An offer to pay or perform.

Terms: The exact way a property will be purchased.

Testate: One who dies leaving a will.

Time-Share: A piece of property purchased by two or more parties who have set specific times when each may use or occupy the property.

Title Insurance: Insurance issued by a title company guaranteeing the title to be good and marketable. Title

insurance policies can be issued to protect the mortgagee only, the full interest of the buyers, or both.

Title Insurance Company: A business that reports on the status for the title on a specific property and whether or not it has any liens against it. After this title search has been completed, the company will issue a deed to be signed by all the owners of the property which should be notarized and recorded in the public records.

Title Theory States: States that allow the lender to become the legal owner at the time of making the loan. The borrower only has possession.

Township: A unit of measure used in the government survey method of land description equal to 36 sections (36 square miles).

Unilateral Contract: A contract in which one party is bound by another to do something. If the second party chooses to exercise the contract, the first party must perform any contractual obligations that party may have. However, if the second party chooses not to exercise the contract, the first party is released from any contractual obligations.

Unsecured Line of Credit: A credit history developed by an individual who borrows small amounts of money which do not require collateral.

Usury: The lending of money at a rate of interest about the legal rate.

Vacancy Rate: An estimate of the amount of time the rental property will be vacant (between tenants) multiplied by the rental rate of the unit(s). The amount is used in estimating the investor's value of an income.

Value, Assessed: The value as determined by the local tax assessor's office for the purpose of levying local taxes.

Value, Book: The value of a property carried on a company's books. It is usually the cost less depreciation or cost recovery plus capital additions.

Vendee: A buyer.

Vendor: A seller.

Warrant: To guarantee something to be as represented.

Wraparound Mortgage: A mortgage held by the seller-mortgagee. The buyer-mortgagor pays the seller-mortgagee the debt service on the wraparound mortgage and the seller-mortgagee continues to pay the debt service on the underlying or original mortgage.

Zoning: The laws which regulate and control for what the property may be used.

About the Author

Gary Wilson has been a Scout Master in Troop 194 of the Greater Pittsburgh Region and involved in scouting for more than a dozen years as an adult and was a scout as a boy.

He started investing in Real Estate at the age of 23, less than one year after graduating from Old Dominion University, and accumulated a 250-unit portfolio while teaching others to do the same.

Gary ranked in the top 5% of all Realtors in the Western Pennsylvania Market (according to annual Five-Star surveys).

He is a licensed broker in Pennsylvania and Virginia. He achieved the Platinum level of service while launching and growing Win Realty Advisors, LLC which merged with Keller Williams to create the KW Win Realty Team.

Gary merged specifically with Keller Williams because of its core values and priorities – God, family, then business. In fact, no other Real Estate Company has as much in common with the Boy Scouts of America as Keller Williams.

Gary currently teaches thousands and has personally coached hundreds of other investors who want to realize the pleasure of rental profits without the pain, flipping without the risk, and wholesale for profit so everybody wins.

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