

# foreclosures uncovered

copyright © 2001. FORECLOSURESCHOOL.COM. All rights reserved.

CHAPTERS 1 through 8 are ACTIVE links that will direct you back to the table of contents. please send any questions that you have directly to BILL STEIGER at

[bill@foreclosureschool.com](mailto:bill@foreclosureschool.com)

## chapter 1: Protect Yourself Legally

If you're serious about real estate investing (or any other type of business, for that matter) this step under any circumstances absolutely **cannot** be ignored. Over **52%** of people in this country at this time have some sort of legal situation pending right now. Did you know you're *three* times more likely to end up in court than in a hospital, as of the year 2000? Not to mention, if you're in business for yourself, whether it's real estate or any other kind of business, you're pretty much guaranteed to enter into a legal matter and/or need expert legal advice. It's pretty scary.

It's sad to say, but in the sue-happy society that we live in you have no choice but to protect yourself from unjust lawsuits and shady business practices, or you risk losing everything you own. I've seen investors and business people get sued for tens of thousands of dollars *even when they weren't at fault*. Most of them eventually were found innocent, but they still had to pay an attorney thousands of dollars that they couldn't get back, and most definitely would have spent it on something else. Not to mention being dragged into court isn't the best thing to happen for your reputation.

You will absolutely **need** to have a lawyer look over your real estate purchases and contracts, especially if you're new to the game. This will save you from getting involved in a bad deal. I have no problem answering my students' questions; however, I will outright let you know if you need to have an attorney's advice on a legal matter. Those of us not in the legal field just do not have the qualifications to speculate on questions and issues that really should be addressed by a lawyer.

I know what you're thinking, "That's all fine and good, but I don't have an extra \$15,000 a year to have an attorney read my contracts and defend me in court." Until a few months ago, I would have agreed with you 100%, but allow me to let you in on one of the biggest up-and-coming legal benefits of the millennium!

A friend of mine introduced me to a company that offers legal insurance for people like you and me. Basically, the legal insurance works like an HMO does to the medical field. I was in total shock when I first heard this! I used to think "justice for all" meant justice for all who had millions of dollars for legal issues.

Imagine trying to teach up-and-coming investors in the real estate game and telling them they must put aside from \$3000 to \$10,000 for legal fees each year to protect themselves and their families. Well, not anymore! Just take a look at the benefits this legal insurance policy provides for you:

**Preventative Legal Services**

- **Unlimited phone consultations.** You can call your attorneys anytime, and as much as you want, with a toll-free number! I love it! That *alone* pays for my vacation every year.
- **Phone calls and letters.** Get this, your attorneys will draft all legal letters and make any phone calls you need. Unreal!
- **Contract and document reviews.** Unlimited number of personal legal documents reviewed. Don't even *think* of signing real estate deals without this!!
- **Will for yourself and your family.** They will actually prepare a will for you at no additional cost.
- **Motor Vehicle Legal Services.** Minor legal expenses. Believe this, they will cover you at no additional cost. They even cover speeding tickets!
- **Trial Defense Services.** With this plan they will give you 75 hours of trial time. Some attorneys that I know charge **\$600 per hour** for trial time! If anyone ever tries to go after you or your family, rest assured you are going to be covered.
- **IRS Audit Services.** They will even defend you if you are audited by the IRS. How many lawyers do you know who would even attempt this? Not too many. No additional cost.

Believe it or not, I haven't even scratched the surface on how much this legal insurance covers. Some states have extended plans, with additional trial hours and special plans for business owners. Well, how much do you think all of this costs? You won't believe it, so let me answer detailed questions you may have:

1. **"How much?" Less than 88 cents a day!!** Not dollars, *cents!* All of this and more, only \$25 per month. *Even less in some states!* And you are free to cancel at any time.
2. **"What kind of lawyer will I get for 88 cents a day?"** Top rated law firms in the country. In other words, the best of the best! Unless you're rich, you can't hire lawyers like those without this plan.
3. **"How reliable is this policy/company?"** Prepaid Legal, Inc. is a 29 year old NYSE company. This company has been featured in Fortune, Money and Forbes magazines, just to name a few. They have no debt and over 90 million dollars cash in the bank. They were also rated **over** Microsoft in growth earnings! Unreal. Not to mention, they are recommended by the American Bar Association.
4. **"Why haven't I heard of this before?"** I had heard of this service before in passing, but I never really paid much attention to it because I never knew what it had to offer. And I've already *saved* more money than I've *spent* by using their services! **Only 1% of the entire United States knows about this plan.**

Of course, there is so much more to this fantastic service I could go on for quite a long time; let me give you a website address to help answer any questions you might have about this service in your area; the website will help to explain this service to you, and the ways it can assist with your future in Real Estate investing:

And be sure to view the sample video of this great service directly from this link below:

<http://www.prepaidlegal.com/go/vukas30> and click on the "Membership Info" information.

You can read all about the service there, and even sign yourself up online if you want to..

Whether you decide on this legal plan or not, do yourself and your family a favor and find good legal assistance. This step is essential because just one unjust lawsuit can ruin you financially forever. I don't want you having any regrets down the road. **For your sake,**

please take this step seriously.

---

## CHApTER 2: Know Your Credit

This is a big problem that most beginners in real estate have when trying to make deals work. They simply do not know what their credit rating is, and therefore do not understand what *type* of loan programs and financing they can use.

**In real estate, your number one asset is your credit.** Without it, it is extremely hard to make deals go through—although it is possible! When we first started out (my partners and I) we had **terrible** credit and still made a fortune in real estate; but that bad credit really does make things harder than they should be. But realistically, more people than ever before seem to have not-so-good to bad credit. And that's the type of people we had in mind when we designed this course. Even if you do have bad credit, don't be one of those who are afraid to get in the trenches and take risks—go after what you want in life!

Now let's get back to discussing credit. When I say “know your credit” there are specific things you must know about your credit report before you attempt any real estate deals.

**First** you'll want to get a copy of your credit report. Go to any mortgage company in your area and ask to be pre-qualified for a loan; they'll be more than happy to run your credit for you. Just make sure you tell them that you want a copy for yourself.

The main thing you want to look for on your current report is if there is any adverse information. What I mean by “adverse information” is late payments, collections, judgments and so forth. If you have this type of adverse information on your credit report and have the money to pay off these bad debts, **do it right away**. The better your credit becomes, the more deals you can do! That's a sad fact, but I learned the hard way in the beginning the better your credit the more money you will make in real estate with less effort! If you don't have good credit right now, don't worry, you'll still be able to make a ton of money but it **will** require a bit more time and effort (and patience on your part!)

Your **next step** will be to check your **credit score**. Your credit score is basically a risk-scoring system that banks and lending institutions use to see how good or bad of a credit risk you are. It basically eliminates the common sense approach to approving loans, but it is very cost effective for the banks to use.

What you're going to be looking for is your **Fair Isaacs**, or **FICO** score. This is what most real estate lenders look for when pre-qualifying their prospects. Although I personally do not agree with this system, you still have to know it. Also keep this in mind for pre-qualifying people to purchase your real estate. Keep this in mind—**know your financing**.

The following table will help you understand where your credit ranks:

### Credit Score/ Rating:

700 or over	Excellent
699-660	Very Good

659-620	Good
619-590	Fair
589-480	Bad

Obviously if your credit score is 620 to about 700 (or more, of course) you can demand better terms and better rates would negotiate real estate tracks. But if you're in the lower category of credit scoring, you'll have to roll with the punches and take a higher interest rate until your credit gets better. No big deal; when I first started out, the lowest rate I had on a property was 11.5% and I *still* made a killing.

A lot of people make the mistake in real estate of trying to get deals **without first seeing where their credit rates.**

Many people get down to the closing table and realize they have to pay the seller or the mortgage company 13% interest because of their bad credit, and then no longer want to continue the deal. The reason I'm telling you this upfront is because if your credit ranks in the lower category, do not expect a low interest rate or much negotiation on the seller's part. If the deal makes sense with a 13% interest rate, do it! So what, you lose a grand or two to make \$20,000 or more! Remember the key—if it makes sense, do it. Once you've been doing this for awhile, your credit will improve. You'll learn more on that in later chapters.

I can't begin tell you what a powerful tool it is to learn how to read your credit and read *other* people's credit before purchasing your first real estate investment property! **You should finish this chapter learning that you need to know what your credit score is and how to find it on a credit report.** Because once you start unloading your future properties, you will have to be able to find this information on other buyers that may purchase your property.

**I know this step is boring and unattractive, but it is 100% essential for you to learn. *Don't read on until you gather this information!!***

**Step Two: Your credit score is \_\_\_\_\_.**

---

## **CHAPTER 3: GETTING Money**

This is the chapter no one really wants to talk about—gathering money for your real estate deals. And I don't blame them; with all the hype on TV and on the Internet about how to buy houses with no money down and create a quick real estate fortune, I can see how people get agitated when they hear from us that **you need money to make money** in this game. I'm not saying you need a fortune, but you're going to have to shell out some cash for every real estate deal that you do.

The good news is it doesn't have to be **your** money and it doesn't have to be gone for that long! I'm sure there are sellers that will sell their properties with no money down, but what about the rest of the people involved in a real estate transaction? Who's going to pay the realtor, title insurance policy, homeowner's insurance policy, appraiser, etc.? **These people don't work for free.** I learned that the hard way.

In the beginning of my career, I wrote about 20 offers to purchase properties with creative no-money down financing, and **every single one** of them was rejected without even a counter offer. And I didn't place offers on luxury condos or commercial buildings, either. Every one of those houses needed some cosmetic work and were in areas of low property values.

So why were they rejected?

**The sellers want money.** They're no different than you or me; they have to pay their bills, buy groceries, take vacations, etc. *You have to put yourself in the seller's shoes every time you make an offer.* For example, ask yourself if you had a property with \$15,000 in equity, would you rather take \$11,000 up front and split or take \$80 a month for 15 years?

OK—in the above example, look at it as if you were a seller and see what you could do with an extra \$11,000. A whole lot! Put money down on a new car, finish the basement, put up a fence, pay off college loans—you bet an extra \$11,000 would come in handy! Then take a look at what you could do with an extra \$80 a month. Practically nothing.

Now I don't object to real estate deals that have the seller take back a significant amount of money for a short period of time, like two weeks to 30 days. This is the technique I'll go over in future chapters; how we're going to leverage an all-cash deal, just by knowing the financing. This is where we can make a killing!

Okay, enough on **why** you need money. Let's go get some!

How to get money for your real estate deals:

### 1. Use your own cash.

Of course, this will apply to only some of you, but it really is the most effective, low-risk way. This should be your long-term goal—to buy real estate all in cash. I know, you're thinking **yeah, right!** Well, that's what I thought before I started using the techniques I'm going to teach you. So keep an open mind.

### 2. Post investor-related ads in the real estate section of your local newspaper.

This actually works really well, but it will take some selling on your part. For the most part people hate selling, but I've seen people look at it in a different light when they see a \$30,000 profit staring at them in the face.

Take a look at a sample ad I placed:

**Earn 10% on your money in as little as 45 days guaranteed!**

**100% secured investment!**

**Call xxx-xxx-xxxx**

Investors *jump* at a chance to get into these types of investments. 10% in a little over a month is an **unbelievable** return. The best part about real estate is that you don't have to give up much of your profits. For example, let's say you borrowed \$10,000 for a down payment on a property. The interest you would pay the investor would be a measly \$1000. And if you're looking at the *right* properties (like the ones I'm going to tell you about) there

should always be at least \$15,000 profit left on the table before you even enter a contract. I don't know about you, but I would spend \$1000 to earn \$14,000 any day of the week!

### 3. Apply for a Personal Loan.

These are the types of loans you can get from finance companies. Let's take a look at some pros and cons of personal loans:

#### Pros:

- a. **Fast approval.** Most loans can be applied for and approved the very same day, which means fast cash in your pocket!
- b. You don't have to have great credit to get one of these loans.
- c. Most of them do not have a pre-payment penalty! **Always** ask this question before you accept any loan. Know that some prepayment penalties can add up to hundreds or thousands of dollars, depending on the size of the loan. Keep a watchful eye out!
- d. Most of them do not require collateral. So this means you don't have to put up your house or car to get the loan. That makes things a lot easier, especially with your wife or girlfriend!
- e. These types of loans are easy to find. Just look in your local Yellow Pages under finance companies or loans; I'm sure you have quite a few pop up. In case you don't, you could always go online and look through the search engines; type in "personal loans," and you'll find more than you'll know what to do with.

#### Cons:

- a. One bad thing about personal loans is they command a higher interest rate. Some of these loans can be anywhere between 18 to 26 percent interest. So in other words, you don't want to keep this type of loan open for long. But as I said before, if you have to spend \$1000 or so to make \$15,000, it's still worth your time. Just make sure the deal is right because you can lose \$10,000 to \$15,000 just as fast! I know this from personal experience.
- b. Usually these loans have a pretty high monthly payment. So they can eat you alive if you keep them open for even just a few months.

As you can see, the pros outweigh the cons, but that doesn't mean that personal loans are a perfect solution. As I said before, you can lose a quick \$15,000 by using one of these loans if you're not targeting the right type of property. So you use your own judgment and your own expertise. But in my opinion, you should only use these loans if you find a deal with an easy \$10,000 or \$15,000 profit. **Profit** doesn't mean **equity**—you can't spend equity, you can only spend cash.

And now, let me introduce the insane financing technique! This is for people who like to swim with sharks!

*(Before I go into the next section, I want to warn you that some of the techniques I teach in this book are very risky. I want to be perfectly honest with you; these are techniques that I used and other real estate investors used to leverage ourselves in*

*the beginning when we didn't have a lot of money.)*

So use extreme caution when you decide to use these techniques! Some are very risky and can lead into huge losses for you and your family if you don't know what you're doing! So play it safe when you first begin, until you can accurately estimate profits just by looking at the deal. Yes, you will learn how to do just that from this book!

And here it is—

## ***The Credit Card Fortune***

A lot of real estate investors including myself have used this technique to buy properties at all cash price and take advantage of the leverage by doing that. This is a very risky technique so **be careful**.

Basically this is how it works: a person will find as many credit card applications as possible and apply for them all at the same time. By doing this, the person with average credit can easily get a credit line of \$20,000 or more. So, the insane and wild investor will take a \$20,000 cash advance on his credit card to buy the property of his choice. To use this \$20,000 he'll probably end up paying \$22,000 back. Again, not that bad *if* you know what you're doing. But before you do this type of technique, you better know how to sell the property in a week or two, or the interest will take every dime of profit and *then* some! By the way, selling a property in a couple of weeks is not that big of a deal; you'll learn more about it in future chapters.

There are actually books you can buy with *thousands* of credit card companies phone numbers and addresses. A friend of mine once applied to 160 credit cards in 48 hours!

A lot of people think I'm crazy to use that type of financing, but it's not much riskier than getting a sub-par mortgage at outrageous terms. Take a look at a real life example of one of the properties I used bank financing for:

**We bought the house for \$25,000 with an estimated value of \$60,000 fix-up.**

**We got a \$20,000 mortgage on the property (take a look at the fees we had to pay:)**

1. **Loan origination fee:** \$2500
2. **Appraisal:** \$300
3. **Title and closing fees:** \$1700
4. **Underwriting fee:** \$650
5. **Survey:** \$175

6. **Prepayment penalty:** \$1500 (This means if I sell or pay off the house anytime within 3 years I will have to pay the penalty. Think about it—with all the equity on the table, you'd better believe I'm going to sell within three years so I can get paid!)

## Total: \$6,825 (in b.s. fees!!!)

Although I made money, I still lost at least **\$4000** by not buying the property with all cash or credit card cash.

If I had used the credit card cash advance, my fees would have been as follows:

1. **Loan origination fee:**       \$0
2. **Appraisal:**                       \$0 (An appraisal at this time would not have made sense because we were going to renovate the house.)
3. **Title and closing fees:**   \$1000 (It's much cheaper to close a deal all cash. Not as much red tape!)
4. **Underwriting fee:**           \$0 (No lender involved.)
5. **Survey:**                           \$175
6. **Credit card transaction fee:** This varies with every credit card, but to give you an estimate it would cost around \$450 cash advance fees and probably two payments of \$500 each before the house would sell. So about **\$1450**, give or take a few hundred.
7. **New appraisal:**       \$150 (I would have the future buyer pay half, which is fairly common.)

**Total: \$2,775**

That's a savings of **\$4,050!** Not to mention saving at least 30 days time, because we didn't have to go through the whole loan process. If you never applied for a mortgage before, consider yourself lucky. It's a long, frustrating process.

**An important point to remember is to always check your credit card fees, because all cards vary in terms of use!!!!**

In the world of real estate everyone's situation is different, so there isn't a "one size fits all" solution. Evaluate your situation and make a decision based on what works best for you. You have to do this with every real estate deal you get involved with **every time** if you want to make serious money in this game.

**Your next source for money is a standard real estate mortgage.** This is where it can get a little tricky, especially if you're not familiar with mortgages. So I'm going to break this down into a few steps so you can get started right away:

### Step One:

ü Depending on how good your credit is, you will either go to a bank or to a mortgage company to obtain a mortgage. As with any bank loan you're going to need good credit, **so if your credit is a little on the shaky side you're going to have to find a mortgage company (also known as a mortgage broker.)** Since the majority of people are going to use a mortgage broker when obtaining their first few mortgages, that's what I'll discuss

extensively in this section.

ü Assuming you found a mortgage company, now you have to look for a loan program to suit your needs. I'll assume that this is going to be an investment property, not a home that you will live in. So automatically you can count on putting at least a 10 to 20 percent down payment when purchasing an investment property. There are some different loan programs offered that claim you can have 100 percent financing on investment property, but I've yet to see any of those close. Even if you have A-1 credit you're *still* going to put down at least 10 percent.

ü Now after you've found a mortgage broker and you've looked through the various loan programs, you've got to choose the best program to fit your needs. For example, let's say you're self-employed and tax returns are a problem—well, then you're going to look for a no-income verification loan. This type of loan allows you to obtain a mortgage without stating and proving how much you make. They also have different loan programs for different credit scores and personal situations. This is where you have to ask a mortgage broker specific questions about what you may be eligible for, because I don't know everyone's situation and I can barely even scratch the surface on the multiple loan programs available today.

ü Your last step is to pick a loan officer that you can trust. It's sad to say this, but a lot of loan officers out there don't have a clue on most mortgage programs available today. How do I know this? Because I used to own a mortgage company and I listened to the complaints my customers had about a few of our loan officers.

Some loan officers will tell you anything you want to hear just so you get the loan from them. There is a lot of money in originating loans so don't underestimate what someone might tell you to benefit themselves.

Sound negative?

Well, that's not my intention. My intention is to keep you aware of all of your surroundings when doing business in the real estate sector. Real estate is big business and not for the faint of heart. You must be aware of all these things and keep your eyes open, because there are sharks in every business and you don't want to learn this the hard way. I've already learned the hard way, so please learn from **my** mistakes.

Another problem I have with some loan officers is they never seem to have a clue when the loan will close until the last minute. The reason for this is because the loan officer never makes the decision if the loan will fund or not—it's always the underwriting department and/or their supervisors. **That** is who you have to be concerned about pleasing. The loan officer can tell you one thing while an underwriter can turn around and say another completely different thing. I've learned this through many mortgage originations I did personally. This is where real estate begins to get frustrating. This is also where a lot of would-be investors stop their real estate career—because of mortgage hassles. **Don't let this happen to you!** There are many other ways of financing other than standard mortgage originations. Your best information about mortgage brokers is to call them directly and ask questions, because loan programs and rates change daily so this is where you have to do your own research if you choose to use this type of financing.

And last but definitely not least, my personal favorite place to get cash for your real estate deals is a through a **hard moneylender**. For those of you who don't know what a hard moneylender is, let me explain. Pay close attention to details, because there are only a few sources for hard money loans available today.

A hard money real estate lender is a certain type of lender that loans on the future equity of the house after repaired value. Unlike conventional lenders, these lenders don't care about what the house is worth at the present time. They don't even want to *know*; all they care about is what the house is going to be worth **after** it is fixed up and ready to sell. Take a look at some important facts on how hard moneylenders work:

1. They loan on **future equity**, not what the house is worth.
2. They can close in as little as two weeks.
3. You will not go through nearly as much red tape than if you went through a conventional lender.
4. They give you the money to fix it up in a draw-type system. (If you don't know what that is, just follow the example below; it will explain everything to you.)
5. Hard money loans are short-term loans; generally 3-6 months.
6. They generally loan as much as 65% of **after repaired value**. For example, if you found a house for sale for \$20,000 in as-is condition and it would be worth \$60,000 after repairs, the hard money lender would loan you as much as \$39,000, which would leave you with almost twenty thousand dollars to hire someone you've found to help bring the house into a livable condition.
7. Hard moneylenders do not require a down payment. You heard me right—*no money down*. A conventional lender almost always requires at least 20% down *with* good credit for an investor property. Depending how bad your credit is, you may have to pay a small fee, but some hard moneylenders can even finance that fee directly into your loan.
8. And last but definitely not least—they will give you money even if you have bad credit, no pay stubs or no tax returns. This really opens doors for most entrepreneurs. Let's face it—all of us who've ventured out on our own to start our own businesses probably have some bad credit from past bad opportunities, and some pretty pitiful tax returns that a conventional lender would laugh at. So these hard money loans are a second chance for us to make some serious money in real estate. By the way, I can get a conventional mortgage anyway, but I personally still use hard money loans because what they offer surpasses **any** conventional loan program I've ever heard of. Find the deals, get approved and make some **huge** paychecks.

Let me tell you a story about the importance of these types of loans from a personal level. When a friend of mine first started out in real estate, he followed the same old "Buy now, wait thirty years and get rich" formula we've all probably read about. At the time he had pretty good credit and about \$30,000 in the bank—a small fortune for someone as young as he was. He thought he was on the road to his first million. He had about nine rental homes with the tenants paying the mortgage every month, and I remember him thinking how easy it seemed to be.

Well to make a long story short, four of the tenants stopped paying rent for three months in a row. They kept telling him they'd pay the next Friday, then Monday, and so on.

Another tenant decided to do some kind of work from the basement and screwed up the electric to the house. If that wasn't bad enough, the building commissioner slapped a \$6000 fine **that he had to pay** for unsafe work to the property.

This went on and on for months. Basically he spent all of his money on repairs, court costs, fines and personal bills. He was just about broke.

From that experience, he found out **really** fast that just because you're broke or your tenants stop paying their rent doesn't mean your mortgage stops coming in. Needless to say, those mortgages were going on 30 days late and destroying his credit rating.

There he was, broke with bad credit and still working 7 days a week. No one would give him any money for his next property because of his bad credit. Thankfully, he found a hard moneylender and they were willing to work with him.

Let me give you a real example of a hard money deal he was in the process of closing at the time of this writing to give you an idea on how great it works:

## 435 Detroit Street (HUD home)

**Purchase price = \$43,000**

**After repair value = \$88,000**

(I chose to take out 60% of after repair value, which was about \$53,000.)

So that leaves me with \$10,000 to fix the house up, which should take about eight days.

The way the repair money works goes something like this: for example, on the house above I need to get new siding and paint. So what I did was get bids on how much this would cost to be done. Or you can choose to do the work yourself; it's up to you. I'd rather have someone else doing it so I have more time to look up deals, but again, that's your choice.

**Contractor A:** Bid was \$12,000

**Contractor B:** Bid was \$9000

Your estimate with a local handy man: 100hrs x \$20/hr = \$2000 labor

Materials: \$2500

**Total of \$4500**

So let's say you decide you don't have time to work, get materials and watch the handyman.

**Note:** On a deal like this, it's totally up to you if you don't have the extra time.

So you decide to go with Contractor B with the bid of \$9000. You know you have an escrow of \$10,000 so this won't break your budget. You decide to hire him.

Some of you might ask how I pay the contractor. Easy—when the work is completed the hard moneylender will send out an appraiser to make sure the work is done and when it's done the lender will cut the contractor a check for \$9000 in 48 hours. It's that simple, with nothing out of your pocket.

**This is how people with bad credit and no money make fortunes in real estate.**

Now you need to decide how to get the money you need. Look over what you just read about, write down what you choose to do and go after it! Let me state again, for those of you with bad credit, you will want to go with a hard money lender. I've got some listed in the back of this book.

**P.S.** Don't even look at any deals until you decide how you're going to pay for them.

After you get your money, **you need to target your market.** This is the very same thing I teach my students about Internet marketing, and it equally applies to real estate. **You have to target a specific market that you're going to work in.** You have to pick a certain city or a certain part of town that you're going to invest in. You need to know very well the value of supply and demand, and many other factors. *You cannot be an expert in five different cities at the same time.* So in the beginning you must target that one part of the city or town and stake your claim, unless you have at least \$100,000 dollars in the bank that you can invest at anytime without worrying about it! You will start doing exactly what I did—to target lower income properties.

This is where an investor can make **huge** profits right away. It doesn't take any special contacts or that much knowledge to make deals go through on lower-priced homes. Think about it—most people are not going to let an amateur investor write contracts and deals on \$300,000 homes. ***It ain't gonna happen!***

The houses you should be concerned with are the lower income houses that need some sort of cosmetic work. Now, this is not saying you have to turn into a construction company or anything like that, but you'll need houses that you can buy at a very low price to make a high profit. Many people don't like this approach to real estate investing, because they've heard somewhere that they can offer on commercial properties and multi-unit properties with no money down and make a fortune at closing. Sorry, but I've yet to see any of those deals go through in the real world. However, whoever came up with that idea must have made a fortune selling it, because who *wouldn't* want to say they own some upscale type of property?

**A house in perfect condition is the exact opposite of what you're looking for.** What you want is the "dog" of the neighborhood—the ugliest, nastiest looking house on the block. This is the type of house you're going to do some work on and get it appraised for \$30,000 more than you paid for it. You'll never get rich buying houses at market value. That's a fact. It's just like stocks—you always have to find the "diamond in the rough" that no one's paying attention to.

If you buy a stock at market value, what kind of return do you expect? You're correct if you answered *basic appreciation*, which can amount to nothing over the years. This goes the same for real estate. Appreciation is a thing of the past; what you want is instant liquid equity and that's what I'm going to teach you how to get.

This is how everyday people without celebrity status names make fortunes in real estate in the beginning. Until I learned this fact I was struggling to make **any** money in real estate for over a year. Then I finally did what I already knew and went after the houses that could make a profit instead of houses I didn't have the money or contacts needed to make the deals go through.

This is the same strategy I used on one deal to make \$20,000 in one week. Not bad for one

week's work! Not all deals go as smooth as this one, but ever since I've been involved with lower income distressed properties I've yet to make less than \$10,000 a house. The reason I make this type of money is because I know the city I work in.

So at this time, all of you reading this page need to form an idea on what city you would probably like to target your first real estate deal in. **Write that city down right now!** Become an expert in that city. This is not some buy and rent real estate strategy—this is the “buy quick, sell even quicker and make a ton of money” formula. So don't get overly concerned about the areas you buy in as long as they can sell fast and at the right price.

**Too many beginners make a mistake of trying to find property in cities that are rising in values like crazy.** While I'm not going to say these properties don't exist, just know that you'll have to pay a heck of a lot more and chances are those homes are not going to need any repairs, so you really won't see a huge increase in value right away. Anytime you hear of someone making upwards of \$20,000 to \$30,000 on any single deal in only a few months, you better believe it was a “fixer-upper” property. Either that or they took advantage of someone to get that property.

The reason you never hear this on any advertisements or infomercials is because people who sell the majority of real estate courses want you to believe you can get rich without doing any work. What they fail to tell you is there are *hundreds* of other people out there looking for the very same deal that you're looking for. Not to mention some of those people have the cash upfront to pay for those properties. So the investor looking for no money down deals is at a great disadvantage.

Another important point you have to remember about lower income houses is that there are a lot more people who can afford those types of houses than the more expensive types. **You will find a lot more buyers for a \$60,000 house than a \$400,000 house.** I think that's pretty obvious.

The biggest problem I see with most novice investors is picking the right part of town. I thought so many people knew these techniques, but I still see people targeting the wrong market.

Be honest with yourself—if your credit is bad and you don't have that much money, you're not going to buy real estate in an upscale part of town. That doesn't mean you're not going to make money; it just means you'll have to buy in a less desirable area. Which is not a big deal anyway.

Don't get upset—it **also goes the same for people with a six-figure income and perfect credit.** I don't care if you're a doctor, lawyer or astronaut—you're not going to make \$30,000 in a month in the best area of town. That's not the way the real estate market works. The big-player realtors and investment companies will snatch those properties up quicker than you can blink an eye.

And from my dealings with many investors, the biggest complaint they had was not enough money, or not enough liquidity. Well, that's why we developed this course—to make you instant liquidity, cash-in-hand. **I can't tell you how many times I've seen people with net worths of over a half-million dollars that don't have enough money to put gas in their car.** This type of net worth means nothing to most investors or to me. Unless you have a ton of money in the bank backing you, what good is it to be worth \$500,000 on paper? I'd rather be worth \$350,000 in cash anytime of the week!

So what you have to do now is find a city near you with low property values and at least 30,000 people living there. If you are way out in the boondocks, find the city that has the most people closest to 30,000. Use the Internet if you need to.

That's it for this step—time to go and research your future city!

---

## [CHAPTER 4: Developing Contacts](#)

If you can just remember one thing from the course, learn to develop the right types of contacts in this business (I know, I've said that about the other three steps!) But this is totally essential for your success. In this business, like many others, who you know can *really* help you get killer deals.

One of the realtors I met this past year has helped me make over \$100,000. This is a hundred grand I never would have seen without him.

An appraiser I know has saved me at least \$60,000 dollars in losses this year. Basically I ask him what a home's potential value is in a certain neighborhood, and he gives me an estimate. If he says the value is not there, I won't buy that specific property.

This is where most people lose money—on their first few real estate transactions. They don't get an estimate of what the neighborhood can't hold for a value. They basically over-invest. They put too much into the property and don't get enough out of it. So a lot of people blame the market or appraiser for their loss.

It's not the appraiser or the market's fault—it's the investor's fault!

I think you're starting to get the picture on how important the right contacts can be! So the first thing you have to do is go get some contacts. I'll make it easy and give you criteria—**including the exact questions you need to ask**—on what to look for. All you have to do is go find them. Simple enough?

**Contact #1: Mortgage reporting service:** You need a place where you can pull credit reports online. I'll go over this in a later chapter, but get an account set up before you buy your first property. A good mortgage reporting service that I personally use is called Factual Data. You can visit their website at <http://www.factualdata.com/>

**Contact #2: Realtor:** As I was saying before, the right real estate agent is like a pot of gold. These are the qualities you should look for when choosing a realtor:

1. You need a real estate agent that is an expert in the city you want to target. These are the people that can give you up-to-the-minute listings and give you a pretty accurate property value. A great way to find this type of real estate agent is to look in the yellow pages under “real estate” and pick a company that is in the city you want to work in. You need someone that specializes in your area.
2. Make sure your real estate agent has a good knowledge of distressed properties, foreclosures, repo properties and properties listed by HUD. The *last* thing you want is a realtor that specializes in \$500,000 properties, because they won't be much help to you.

Also make sure you get along with your real estate agent. You have to pick someone that you feel comfortable dealing with. Don't put up with realtors that put themselves above you. A lot of them won't talk to you unless you're pre-approved for a loan or unless you can show them you can buy the property you are inquiring about. If you're not pre-approved, just tell them you have the financing arranged or find a different real estate agent.

Last but not least, make sure your realtor has a cell phone. Some people think I'm crazy for saying this, but nothing is more frustrating than not being able to get in touch with your real estate agent when you really need to. I have to admit I am not a very patient person, so I can't tolerate the old pager/voicemail routine. Also, if a realtor carries a cell phone that basically tells me they are committed to their job and probably do it full time. Nothing against part-time realtors; I would just rather work with someone that does it full time.

**Contact #3: Appraiser:** An appraiser is the next contact you must make. This is the criterion I use when finding appraisers:

∅ Must be approved with most lending institutions. Nothing is more frustrating than getting an appraisal and spending \$300 just to find out you need a new one because your appraiser wasn't approved with that lender.

**Note : In later chapters I'm going to discuss different ways of financing your deals, so make sure when you find an appraiser he or she is approved with the lender you choose!!!!**

∅ Your appraiser must be easy to talk to. Just like other customer-oriented occupations, you'll find that some appraisers won't give you the time of day. To heck with them, go find someone else! There will be plenty to choose from—just look in the yellow pages under “appraisers” and find an appraiser that works in the city you want to target, if possible. I can't tell you how important it is to have good communication with your appraiser, because he/she is the best source to tell you if a deal is good or bad.

Most importantly, your appraiser should give you a ballpark estimate on what a property is going to appraise for in a certain neighborhood after it's fixed up. You don't want the *distressed* value, you want the **regular market value** after you do your repairs or whatever you choose to do with the house. You of course don't need an estimate on what the property is worth before you do any sort of repair work or hire the work out. **Some appraisers will not do this type of service for you or they will charge you money to have it done.** If you're lucky enough to find appraiser that will do this for free, that's great, but if you can't I wouldn't spend any more than \$25 to find out.

This is a very essential part to every real estate deal, so you can't skip it. After enough times of using the appraiser, almost all of them will give you free advice before purchasing a property, because they know you'll use them for the appraisal on a property and that's an easy \$300 to them.

Another important thing you have to know about appraisers is how they determine a value on any single-family home. What the appraisers do is pretty simple—they basically locate your property on a city map, draw a one-mile radius and see what sold within a mile from your house. The criteria they use is as follows:

1. They locate three comparables (similar houses to yours) that sold within one mile from your house in the last twelve months. They use one mile because anything farther than that usually isn't accepted with most lenders. However, if they need to go farther than that because you're in a rural area they can justify doing this.

2. They start from your house and look for the houses that are the most similar to yours. They're going to look at condition, age, square footage and design similarities. For example, they are not going to compare a 1500 square foot ranch to a 1500 two-story house. They may compare a brick house to a siding house, but on the adjustments the brick house will generally be worth a few more thousand than the siding house.

I won't go into appraiser adjustments because each appraiser does their adjustments differently. It would be impossible for me to give you an exact formula. Adjustments are the fine-tuning of the appraisal, and you really don't need to be concerned with them.

Being an investor, you will never really know the exact value of a property until *after* the appraisal is completed; you may just get a ballpark figure, give or take a few thousand. And the properties you should be looking at should have at least \$10,000 to \$15,000 profit waiting for you, so a couple thousand off of your estimate is just the cost of doing business. If a couple thousand dollars will break your deal, you shouldn't be looking at that property anyway.

The next thing the appraiser is going to look at is similar upgrades to the homes. **This is where 90% of investors screw up and quit the real estate game.** So pay close attention to exactly what I'm going to say, because this will make or break just about every real estate deal you can think of. A lot of new investors find that great real estate deal, whether it is a foreclosure, HUD or repo (more on these types of properties later) that needs some minor repairs and is ready for a quick \$10,000 to \$15,000 dollar profit. So the novice investor will buy this property and over-upgrade it.

Let's say the house has aluminum siding that can be painted to look better. The novice investor won't see that, they'll just think, "Hell, new siding will bring up the value." Which it will if the neighborhood can hold that value, but if it can't then they won't make a dime on that repair. Actually, they'll probably lose five or six thousand dollars, depending on how large the house is.

For example, let's assume your neighborhood can hold values between fifty to fifty-five thousand dollars. Your first step is to see what sold on the high end and the low end of prices using the similarities the appraiser is going to look at (square foot, design, age, etc.) Then ask yourself if the upgrades you're going to do will be worth your time and money. Take a look at the example below; this is exactly how I determine the repairs I will do and not do:

### **High End \$55,000**

- ü Vinyl siding
- ü New windows
- ü New roof
- ü Upgraded kitchen & bathroom
- ü Newer floor coverings

### **Low End \$50,000**

- ü Aluminum siding
- ü Older windows
- ü 10-year-old roof
- ü Standard kitchen & bathroom
- ü Older floor coverings

Take a look at how much it would cost to bring your property to the high end of neighborhood values. A lot of investors just go through and upgrade **everything**, thinking they could get the value in the mid \$60,000 range.

**They're trying to create a market that doesn't exist.** This is the *number one* killer in any business, trying to create a market. If you want to make it in any business you have to tap into an **existing** market to greatly increase your chances of success. Never try to create a market unless you're already worth millions and you're ready to take a long road to success.

Back to the example—the novice investor invests \$10,000 to \$15,000 to upgrade the house, only to find out that he made maybe \$6000 to \$7000, and spent \$15,000 to do that. I'm not a mathematician or anything, but that does not seem like a very good investment, now does it?

The house may well be worth \$65,000 after upgrades, but if nothing in that neighborhood sold for over \$55,000, what's the appraiser going to compare the house to? We know the appraiser needs three comparables to justify his value. And if there's nothing that sold in the \$60,000 range, you're out of luck and money. The appraiser at best can maybe justify a price of \$58,000 but that is going to raise red flags with just about every lender you send the deal to—not a good thing. Lenders are conservative by nature so don't buck the trend. Since they're conservative, don't send them a liberal appraisal with the appraiser justifying a \$3000 increase in value over every house in the neighborhood. They won't buy it! Tap the existing market—don't try to create one!

This doesn't mean you should leave the house in shambles. The house should always be safe, sound and clean. You don't want to rip people off to make a profit. But you have to justify every repair you're going to do. If you don't, you'll lose money—guaranteed.

So in the above example, it would be much smarter to paint the siding, clean the carpets and the rest of the house. Make sure everything works, and get a value of \$50,000 to \$52,000.

**Contact #4: Title Company:** The next contact you have to make is the Title Company contact. The title company is who will issue your title insurance, check to see if there are any outstanding liens on the property, and close your deals. At least in my state (Indiana) that is the title company's responsibility—in some states, a lawyer will do that for you. Check to see what your state uses, a lawyer or a title company.

To find a title company check your yellow pages under “title insurance” or “title companies.” There should be quite a few to choose from. Or you can go to <http://www.goto.com>, and in the keyword search type 'Title Companies' and your state. You should have no problem there!

Here are some questions you should always ask a title company prior to using them. This should be done before you even offer on your first deal:

**1. “How long does it take you to run a title search?”** Ask if they offer rush service. Time is money in this game, so you need a company or lawyer that will stay on their toes and do the job fast. The title company I use gives me a title report in 24 hours if I request it. That's excellent service. In the beginning I used a title company that took two weeks to give me report. Multiply that by 10 to 12 deals a year, and you're at a loss of about 20 weeks a year. That's almost 5 months spent just waiting. That's idle time, and you'll never make money in idle time.

**2. “Does this title company have a “wash agreement?”** Basically a wash agreement is when you run title work on a specific buyer of one of your properties and that buyer has several judgments or tax liens under his name, and you won't be able to get a clear title on him. Does the title company make you pay for the title search, or do they just disregard it? Most title companies will disregard it and not make you pay. That's the type of title company you want to work with. When you do enough real estate deals you're going to run into a buyer that cannot get a clear title to your property. So you want to make sure the title company doesn't charge you for the initial title search. The best way to find this out is to ask.

**3. “How backed up are you on closings?”** The last question you want to ask the title company is how backed up they are on closings. You do not want to work with a title company that is back up for six weeks before they can even think of getting you to the closing table. Remember, time is money and you want fast service. You should try if at all possible to pick a title company that can give you a closing the very same week you call. If that's not possible, go with the fastest one.

**Contact #5: Home Inspector:** The next contact you should make is with a **home inspector**. If you don't have a basic knowledge about what to look for, generally if a home is severely damaged you'll want to call on the services of a home inspector. Don't worry, after you do a few deals you'll be able to pick out if something is seriously wrong with the house just by inspecting it yourself. But the beginning I do suggest using a home inspector, because if you don't know what to look for you can get burned pretty bad.

Look for a home inspector that will inspect the house for around a hundred bucks. **Don't go paying \$300 for a home inspection, because there are several places that will do just as good of a job for a hundred dollars.** Also, you should do your *own* inspection before buying a house. Turn on all the water faucets and see if they work. Check the electricity for problems. There's a simple tool you can buy for about \$20 that you plug into each electrical outlet to see if it is good or bad. If it lights up that means the electricity at the outlet is working. If it doesn't, that might mean you have a problem.

And another point you have to check on any house before you buy is if it has termite damage. A home inspector can tell you right off the bat, but if you choose not to use one you should know how to look for termite damage yourself.

Always look at the sill plates on the house. For those who don't know, a sill plate is basically the wood that goes right on top of the foundation. This is usually the first area termites will strike because they like damp, moist wood. To see if it's been infested with termites, look for wood that looks like it's been chipped away or eaten away. Also look for hollow holes inside the wood. The infested house will most likely be slightly leaning a certain way, because of the damage to the sill plates—you should be able to see that on your own. But if you're not confident, you should use a home inspector to see this.

If you're not going to do the work on the house, you have to find someone that will. This is

where your next contact will come in.

**Contact #6: Handyman/Temporary Work Service:** You need to find a handyman service or a temporary work service. If you hire a big company to do the work for you, you'll never see a profit. Nothing against big contractors, but I want to **make** money with my real estate deals, not **lose** money. Big companies have a lot of overhead, insurances, marketing costs, employee costs, etc. It would be hard for them to compete when it comes to small, minor repairs.

Your first option is to find a local handy man service. Look in your local newspapers and start interviewing your prospects. Here are some questions to ask to get an idea if they would make a good handyman for your properties:

**1. "Do you have drywall and painting experience?"** This is a must, because 99.9% of the houses you buy will need this type of repairs.

**2. "Do you have plumbing experience?"** Ask what type. Can he repair or replace waterlines? When buying older houses you're probably going to run into some water line problems. The reason for this is because most older houses use galvanized pipe to supply the water, and these lines get rusted out and sometimes break. This doesn't have to be a huge expense, either.

For example, let's say the three bedroom, one-bath house you bought doesn't have any hot water pressure because the waterlines have rusted out. There are two ways of solving this problem. One way is the amateur investor way; the next way is the professional investors way:

∨ The **amateur investor** will call every plumber and handy man, tell them the water doesn't work and ask if they can fix it. Sure, someone will come out and fix it right away, with a \$1500 bill sent to you. Just by the way you asked, they knew you didn't have a clue about plumbing and are totally at their mercy.

∨ The **professional investor** would call his handy man and tell him he needs a new hot water copper supply line ran to the kitchen and bath. The reason I said copper line is that is the material we use in our area. Some areas use cpvc, PVC or copper. Check to see what you use in your area. If it's a brownish metal, it's copper. If it's a white or beige plastic, it's cpvc or PVC.

Next, the **professional investor** will ask his handyman how much he charges by the hour. You'll always want to pay by the hour instead of by the job.

Some of you may think that because you can't be there all the time the handy man might lie about his hours. Well, that may be true, but first you're going to ask him for an estimate on the amount of time it will take him for this specific job. And most handy men do not want to sit there in a vacant house by themselves and not work. Nine times out of ten a handy man will be honest with his hours and it will save you a ton of money.

For the above example it should take a handy man no more than 12 hours to re-pipe one waterline in a single story house, that is if he knows what he's doing. In my area, I can get an experienced handy man to work for \$14 an hour. And construction costs in my area are much higher than most parts of the country. So that brings the labor amount to \$168. The materials will cost about \$100, which you will supply to your handy man. So that brings your total to \$268. Not that bad, considering you saved over \$1200. This is how the pros make

money in real estate—you have to know what to say and who to say it to.

That doesn't just go with plumbing, either. You have to use this technique with all aspects of repairs. **Always hire by the hour and always supply the materials.** If your handy man takes advantage of you by the hour, fire him and go find another one.

You also want to ask your future handyman if he has experience in heating, cooling and electric. These types of repairs will cost you a fortune if you hire a big company.

Now let's get to the temporary work agencies. These are agencies that have workers for hire for temporary use. They supply almost every trade. If you can't find a handyman that knows a certain trade, a temporary agency is a good place to look. They also carry their own insurance on their employees, so you are not liable if they get hurt.

When you hire a worker from a temporary agency you'll pay them a flat rate per hour, and that depends on what the company is charging for this particular person. I usually can get labor costs for about \$10 an hour. You can get skilled tradesmen for about \$16 an hour. Again, saving you thousands of dollars on repairs.

The questions you should ask a temporary agency before you decide to use them for any type of work should be the following:

1. ***“Do you carry your own worker's liability insurance?”*** 99 percent of them will, but you have to ask this question.
2. ***“What type of skilled trade workers do you offer? Can I get a different rate for each one of them?”***
3. ***“Do you guarantee your workers?”*** What this means is if you get a worker to your job site that doesn't want to work, will they remove him and not make you pay for the hours he was there. This is important, because unproductive labor can eat your profits away pretty quick.

**Contact #7: Insurance Agent:** The next contact you'll be making is with an insurance agent. A good insurance agent is worth their weight in gold. A lot of beginning investors buy a property before they find someone that can insure that property. **90% of insurance agencies will not give insurance on a vacant dwelling.** This is a *big* problem when working the foreclosure and distressed property scene. So what you have to do is go to the yellow pages and look up insurance companies (or to the search engines), and then ask them a few simple questions:

1. ***“Will you insure a vacant dwelling property?”*** I know a lot of people that will just tell their insurance agent this a tenant policy, but that is the wrong way of doing things. If something happens to the house you'll be liable, not the insurance company. So never lie to your insurance agent. Just find an insurance agent that will insure vacant properties.
2. ***“Do you require an inspection before issuing the insurance binder?”*** If they do, you better have them inspect the house before you buy.
3. ***“How much is a vacant dwelling policy?”*** These prices will vary greatly from different companies. For example, one company gave me a quote of \$700 for three months vacant coverage, while the other company gave me a quote of \$200 per six-month coverage. So it pays to do your own research!

**Contact #8: Loan Officer:** The last contact you need to make is with a good loan officer. I can't go into every single loan program out there for a couple of reasons, but mainly because it'll probably bore you to death and take about 1000 pages of this book. So basically I'm condensing it into a few questions you should ask your loan officer or loan broker before going through them:

1. Since you're going to be going through lower income properties, you basically want a loan officer that specializes in the B and C credit. B and C credit basically means a person with not-so-perfect credit. A lot of loan officers just specialize in these types of loans. These loans are generally much harder to close to than a standard credit borrower loan. So you want to find a loan officer that specializes in this field. The only way you're going to do this is to call and ask questions—it's that simple.
2. The next question you have to ask is if they have **no-seasoning refinances**. This is basically a loan program that allows you to refinance if you own the house less than a year. Nine out of ten lenders will not refinance a house that you haven't owned for at least a year. This is a huge problem for some investors that want to keep their units as rentals. Because in the beginning, you're going to be strapped for cash and you obviously want to take a big chunk of equity out of the house and put it in your pocket. So make sure you ask the loan officer if they offer this type of program in case you ever want to refinance. Seasoning basically means how long you own the house.
3. What is the minimum credit score they can lend on and what is the loan to value?
4. Ask what they will charge to do the loan. Some sharks will want to charge 10% of the loan amount. Well, that's insane and you should take your business elsewhere.
5. Ask how long it takes for them to lend money. You don't want to be waiting 90 days for a closing. Have them complete it in under a month.

## **These are the contacts you should make prior to looking at any real estate deal.**

- ü Mortgage Reporting Service
- ü Realtor
- ü Appraiser
- ü Title Company
- ü Home Inspector
- ü Handyman/Temp.Work Service
- ü Insurance Agent
- ü Loan Officer

***Follow these exact steps.***

# These steps are how I made a fortune.

---

## CHAPTER 5: Finding Your Deals

Now we're going to get into some fun stuff! I'm going to assume you already followed the steps from the previous chapters and now you're ready to find the deal that's going to make you some **real** money!

### **The biggest question I get every day is *“How do I find all these properties I need to buy?”***

First of all, you're going to look for foreclosed or "dog" properties in the neighborhood you choose. You can do this by looking in the local newspaper or by asking your realtor. Most of the ads in the paper will read "Handy-man fix-up" or "Home needs TLC." These are the terms realtors and sellers of these properties advertise their homes as; they're not going to say, "Destroyed house for sale."

Another way you can find these properties is just by driving around the neighborhoods you want to work in. The first sign of a foreclosed home is overgrown weeds and boarded up windows. Actually, they're pretty easy to spot.

Once you find this property, you can go to your county courthouse and check who owns the property. Go to the tax assessor's office and see where they're sending the tax bills. This is all public record, so you can access this information anytime you want. Once you find out who owns the property, you can make them an offer.

If it's a **bank** that owns the property, call information to get their phone number; ask who deals with the foreclosures and then talk with them. Ask them if they are interested in selling the property. Don't be shy; you have to go after every good deal you can find. It may take a little research, but it's well worth it in the long run.

If it's a **person** who owns the property, call or write them and see if they are interested in selling the house. You can get their address from the tax assessor, or at least the address where they receive their tax bills. You can get their phone number by calling information or looking in the phone book.

Well here they are, the exact same things I use every day! It may seem like simple work, but most complex problems can be solved with simple answers. You don't need to be concerned about complex strategies and all the other nonsense. What you see right here is what's responsible for making money for me, and nothing else!

The next place you can find properties is on the Internet. There's pretty cool websites that will list all the foreclosures in your area. Check out my own site at [www.foreclosureschool.com](http://www.foreclosureschool.com).

Are you pretty sure of what you need to know so far? Once you get started, you can expand on the possibilities out there in the world of real estate! I want you to be confident of yourself before you begin in a new market.

If you can meet this criteria or will plan for it in the future, keep reading because I'm going to show you a trick to create your own real estate deals without having to look for them any more! I just learned about this type of investing back in 1999; not that long ago. So it's still pretty new to me, but if you pick the right location to do these types of deals this chapter will be worth its weight in gold!

The type of real estate I'm talking about is **new construction**, the hottest trend in the real estate market (at least where I'm at.) I'm not talking about buying lumber and building a house. To do that you would need a general contractor's license, knowledge of building codes and knowledge of what type of houses sell the best.

Well that *used* to be true, until just recently. That's when I heard about a new type of a goldmine. What I'm talking about are **panelized homes**.

Panelized homes are basically regular stick-built homes that are made in a factory, shipped to the jobsite and put together there. Don't get these types of homes confused with modular homes—they are much different. A panelized home can come in any model home you can think of. They have from small, 700 square foot houses to 10,000 square foot mini-mansions. They can even build to your own blueprints.

A great advantage to panelized homes compared to modular homes is they are considered a real house. They will appraise at the same level a house built on site would appraise for. This is where it gets *real* interesting.

The cost is **much** cheaper than hiring a builder to do the work for you!!

Better yet, these houses are shipped to your lot and usually dried in a few days. That means they're then ready for interior work. That's **10 times faster** than having a builder do the work and a heck of a lot cheaper! Take a look at some of the features:

1. You can have a frame of the new house ready for completion of the interior at a round-about price of \$11.10 per square foot and up.
2. They will meet any and all building codes in any area. No need to worry about the building inspector.
3. They are made with top-of-the-line building materials. No particleboard or anything like that. They're made better than 90% of stick built houses at a fraction of the price.
4. Appraise the same as a stick built house. ***There is absolutely no difference.***
5. Everything is built inside of a factory. This means that everything is straight and square. This will save you a lot of money on the siding and interior work. The straighter and more square the house, the easier it is for all the work to be done.
6. You could make instant equity that can account for tens of thousands of dollars, because you would sub out all the jobs and eliminate the contractor profit. In some cases you can make \$20,000 to \$30,000 just for putting the deal together.
7. Offer unbelievable financing to owner occupants.

I've barely even scratched the surface on the many possible advantages of panelized

construction. And for me to go over every aspect of this type of financing would take at least another 100 pages. So I'm keeping it short and to the point and will give you resources to continue your education.

However, before you begin looking into panelized homes, I want you to realistically look over the list below; **usually, this is not the very first type of real estate deal you'll want to jump into.** Check out the following before you begin in this type of investing:

1. You'll need to know your credit score. (If it's super terrible, you can always work with someone who has pretty good credit.) But even then you can get a hard money lender to help you.
2. You should have a good solid bankroll. Don't attempt these types of deals if you don't have \$20,000 to \$40,000 cash in the bank. They can get expensive, so you'll need the financial backing. Don't worry, \$20,000 to \$40,000 dollars isn't that hard to put in the bank if you successfully work some of the ideas I showed you!
3. You have to target a city with new home values in the area of \$100 to \$150 dollars a square foot. Basically a two thousand square foot ranch should sell around \$200,000 to \$300,000 dollars. So in other words, a hot real estate market.
4. You have developed your own real estate skills. You know how to buy and finance real estate deals. You know how the process of rehabbing homes works. You know how to bid on materials for real estate projects.
5. You developed all the contacts you need: realtor, appraiser, title company, financing, etc.
6. You have a lot of excess free time to work the type of deals I'm going to show you.

Take a look at an example I am trying to put together at the writing of this book. This is a real life example, not some theory or "guess-timate" the TV gurus give you!

What I did was this: I found a neighborhood whose selling price per square foot was around \$120 for a new construction house. It's only a few miles from where I live right now. The next thing I did was research what *type* of houses sell the fastest and are the most marketable.

What I found out was that a ranch-style home (single story) was the best seller in the neighborhood I was looking at. Actually a ranch was the best seller in the whole county, but that's beside the point. The marketability of a ranch is perfect for the area I'm looking at.

The average person that buys a house in the \$120 per-square-foot range is usually not a first-time homebuyer. They are generally in their late 30's to late 50's. That means people in this age bracket tend to prefer single-story homes. That of course doesn't mean everyone, but the odds are in your favor. Also, people in this age bracket generally have higher incomes and more time on the job. This means easier financing. Needless to say, I chose a ranch as the home I wanted to build.

My next step was to find a panelized package that would appeal to this type of person and would allow me to make a huge profit. I chose a luxury ranch-style house package with a square footage of 2400—a good size single-story house. The quote I got for this package was \$28,000. That doesn't include interior finishing. My estimate goes as follows:

**Frame and roof package:** \$28,000

**Lot:** The going rate for a subdivision lot is about \$35,000

**Foundation and flatwork:** \$15,000

**Siding:** \$6000

**Drywall:** \$4500

**Insulation:** \$1900

**Interior trim:** \$3800

**Kitchen, vanities and countertops:** \$6000

**Electrical:** \$6500 (I got a great deal.)

**Excavation:** \$2500

**Garage door:** \$900

**Painting:** \$500

**Floor covering:** \$5500 (I'm using hardwood floors and ceramic tile upgrades)

**Gutters:** \$800

**Light fixtures:** \$1000

**Plumbing:** \$4000

**Heating and air:** \$4500 (It pays to have contacts!)

**Windows doors:** \$8000

**Miscellaneous Labor:** \$10,000

For a total cost of \$172,400; add \$10,000 miscellaneous costs, so **\$182,400** conservatively.

Now you have to know in this example that I am doing a lot of the work myself and I have very good contacts. I am in no way saying every deal anywhere can work this way; I am just giving you an idea of the potential in this type of investing. The better your contacts are and the more work you know how to do yourself, the higher your profit is going to be if you pick the right area.

So back to the above example—I would estimate I'd have around \$183,000 into the house until I sell it.

Knowing that new houses sell for around \$120 per square foot, I know my appraised value should come in around \$288,000.

***That's over a \$100,000 profit.***

Now that only happens in a perfect world, and estimates are usually on the low side no matter how hard you try to accentuate. Not to mention, I'm doing a lot of work myself because I'm experienced at it. (By the way, it's pretty easy to pick up on. I learned everything I know from watching and learning on my own houses.) I'm probably saving \$40,000 or more by doing the work myself. Not bad for a few months' work and that's not mentioning all the money I'm going to make at the sale of the house.

That is an example of the types of returns that are possible when doing this type of investing. I personally like it because even if my estimates were \$50,000 off (which is almost impossible) I still would make a huge profit. Not to mention the fact that new construction houses sell like crazy. Everyone wants a new house.

Now you're probably wondering where to find panelized houses for sale. I am considering teaming up with a particular company at this time. Check your email for any updates, because anytime soon I should have some information on them. In the meantime, go to any major search engine and type in "panelized homes," and you will find plenty to choose from.

Now that I've given you all kinds of options on where to find houses with possible huge returns, you have to do your part and start looking. This is the best part of real estate—hunting down the deal! There's nothing like finding that great deal at a great price and making a ton of money when you're done!

I just added this last section recently. I know this book isn't about new construction, but I just wanted you to be aware of all the possibilities out there that you could look forward to getting involved with in your investing future.

---

## **CHAPTER 6: Flipping Your Deals**

First off, let me tell you how I define flipping real estate: finding a property at bargain basement prices and re-selling it to another investor or homebuyer at a substantial markup.

Flipping properties has gotten a lot of bad press lately. A lot of new investors are scared to do any type of real estate flipping properties, which I think is ridiculous. A legitimate flip is nothing more than a good technique to build your real estate empire. Most of the bad press comes from lenders who are going under because of bad debt and a lot of foreclosures, because people with bad credit and investors acquire most real estate flips.

These lenders know this before they decide to loan on any of these types of deals. The reason they are going after this type of client is greed!! That's it nothing more. They want that 13% interest so they can sell or hold these mortgages and make a killing. They are assuming a great risk with a possible great return. That's the way an investment goes. The lenders just don't seem to understand this or just don't want to accept this. Now I'm not saying getting a bogus appraisal for a straw buyer is right, because it isn't. If you run your real estate business this way you'll be in a world of legal problems. What I *am* talking about is legitimate real estate flips, and yes, they do exist!

Now, I'm not getting down on lenders, but what I am saying is if you want a high return for your money you're going to take on a great risk.

When I was 23 years old, my partners and I decided to invest in the futures market. Our first trade was \$11,000 in 3 hours. Our second trade was \$16,000 for a few days' work. You're probably saying, "What the heck does this have to do with flipping properties?" Keep reading and you'll see why.

We were trading the Canadian dollar; a currency widely traded every day. The Canadian dollar was going crazy for a few months prior to our trades, so we knew we were risking a great deal of money to make a great deal of money. And we *accepted* this risk. Hell, that's the price you pay for huge success. We knew **exactly** what we were getting into.

Well, to make a long story short, we lost all of our profits and an additional \$40,000 cash in a short time. The ride was good while it lasted and a heck of a lot of fun. I wouldn't trade that learning experience for anything in the world. It taught me, a punk 23-year-old kid more about business in the real world than any book or course I could ever read. What I learned is this: If you want fast, high returns you're going to gamble a lot. It's that simple. I didn't go blaming the currency exchange and cry, "Insider trading!" or any other b.s. like that. What I did do was take responsibility for the risk I took and dealt with the consequences.

And that's what I think a lot of lenders don't want to admit. They want to have their cake and eat it to. Well, I learned it usually doesn't work that way in the real world. Lenders can't expect to charge \$2000 in b.s. fees and a 13% interest rate and then think all of their loans are going to be paid as agreed.

People who accept these fees and interest rates are usually desperate people with bad credit and not a lot of money. Knowing this, some lenders want to charge ridiculous rates and fees and wonder why a lot of these loans go into default. Then they start claiming fraud in the appraisals and blaming everyone else for their greed.

What they fail to say in their articles of complaint include the following:

1. **They accepted the appraisal.** They could have paid for an appraisal review from any independent company for about \$120.
2. **They accepted the borrower's credit and past pay history.** They knew right up front if the person was a big risk or not.
3. Every legitimate appraisal has at least three comparable sales within a one-mile radius of the subject's property. Did the lenders not see this, or was the appraisal not done right in the first place? I think a little of both.
4. Last of all, they wanted a return of double the industry standard. Remember risk to reward. If you want the huge crazy money you're going to risk a whole lot—it's that simple.

Now a lot of lenders out there are going to accuse me of saying that flipping properties at above value is all right. That's **not** what I'm saying at all. I don't believe in appraising properties above their true market value for many reasons, too many reasons to mention in this book. All I'm saying is for the lenders and critics, there is a legal and legitimate way to flip properties and make a profit without violating laws or ethics.

Let's get back on track and I'll show you how to flip properties the right way.

Basically when I think of flipping properties I'm talking about finding a property below market

value and selling it to another investor for a quick \$1000 to \$2000 dollars without even owning the property outright.

This is how it works in the real world, and believe it or not, the majority of investors don't have a clue on how to do it the right way! So many people think they can turn around and sell these flips in a day or two. It *is* possible, but it takes some time to build a database of interested prospects before you start flipping properties right away or you just might end up holding on to them for a long time. Instead of me giving examples of fake property sales, I'm going to give you the real thing. The following are examples I have personally done within the last few months of the writing of this book. I feel people learn much faster if they can see a hands-on example that really exists.

## Flip Example #1:

### **5431 Molesburger** 12/12/00

I found this deal by looking through the real estate section of my local newspaper. It was listed at \$22,000. Just by looking at the price I knew it was way below market value. It was in the city that I do 99% of my business in, so it didn't take me more than five minutes get in my car and go for a drive to see what I was dealing with. I liked what I saw, so my next step was to determine the after-repair value of the house and to conduct a little experiment.

I then called my realtor and asked him to give me three houses that sold within one year no more than ½ mile away from the subject property. Pay close attention, because this is how to figure out just about the exact value which your appraisal will come in at when you're finished with your house.

### **5431 Molesburger** (subject home)

2-bedroom 1-bath 890sq feet sale price \$22,000

- **Comp #1:** **5408 Birch**

2-bedroom 1-bath 700 sq. ft. Sold price=\$57,000

- **Comp #2 :** **1557 Shell**

2-bedroom 1-bath 700 sq. ft. Sold price=\$61,700

- **Comp #3:** **1523 Shell**

2-bedroom 1-bath 748 sq. ft. Sold price=\$62,000

**Note:** One important thing to remember is the three comps sold for the above prices within the last year. Remember ***sold***, not listed, for that price. **Only look at properties that sold.**

Just by looking at the numbers I knew I had a great deal staring at me in the face. So I decided to look at the inside and wrote a repair list. The things that needed to be repaired were as follows:

1. Total bathroom remodel

2. New kitchen cabinets
3. New floor coverings
4. Paint
5. Interior doors
6. New roof (shingles)

I estimated a total of about \$12,000 in parts and labor. Remember, this house will only go in the \$60,000 range, so I'm not estimating solid oak floors and custom cabinets.

For the sake of the experiment I was trying to prove I bought the house all-cash for the full price of \$22,000.

By now you're probably *again* wondering what the heck this has to do with flipping properties! Just hang on a minute; let me explain.

I knew what the house would be worth after repairs but I wanted to see if any other investors follow the multiple listing services daily, and I also wanted to see how fast I could flip a property with first building a database of local investors. More on that later.

So what I did was I bought the house and a week or so later listed it with a local real estate company for 15 days to see how fast it would sell.

The actual ad I placed read as follows:

Handy man—this one won't last! Seller will supply all materials to finish, all you have to do is install.

**\$33,900**

By the way, I already had the materials from other houses so I wouldn't really lose any money.

Well, 15 days went by with not one single offer. I was trying to flip the property to a cold market and needless to say, it failed. Over a \$25,000 profit staring thousands of people in the face and no offers. All they had to do was install the materials, or hire someone else to do it and *still* make a killing.

So what I did was do the work myself in about 10 days, and turned around and sold it for **\$60,000** about five days later. A nice \$30,000 for two weeks' work and **anyone** could have done it. Remember that these types of deals are not hard to find if you know where to look.

The point to this story is if you're going to flip properties, you should have a list of people, preferably investors, and contact them at the first thought of doing a flip deal.

Let's take a look at some ways you could build a list of investors to jump on the properties you find:

Look for ads in the paper: Just about everywhere there are ads in the paper saying

something like “Investor looking for houses” or “I pay cash for homes” or “Stop foreclosure, we buy houses.”

Your job is to call these people or companies and ask them where they buy and ask if they are generally looking for fixer-upper homes or homes already in good condition. Then make a list of the names and what they are looking for. Make sure to ask them how they buy their homes. This is important because you don't want to waste your time with investors trying to sell you on a no-money-down contract.

## Flip Example #2:

So make your list with names and numbers and go hunting for a house that your favorite investor may be interested in. Remember to search “for sale by owners” or people in pre-foreclosure first. I know this can be time consuming, but to be realistic these are likely the only people that will bid on this type of offer.

Banks, HUD's and repos usually want all cash and won't sign these types of deals nowadays. They used to in the early 1990's, but right now in 2001 it's a thing of the past. I know some people will say, “ I heard so-and-so says you can offer an option with a bank?” And they'll still take it. That may be true, but 99% of banks won't so why try to find the needle in a haystack if you don't have to?

Remember, don't try to **create** a market, just tap an **existing** market. This goes for all businesses, not just real estate!!

Let's get back on track and figure out where to find these “for sale by owners” and pre-foreclosures people.

1. For sale by owners: Look in the local paper under “fixer-upper” or my favorite, “for rent as is.” Or even just “for rent.” What you have to be sure to do is check the rest of the ads under Houses for Rent and see which ads sound desperate or are priced way below market rent. For example:

“Houses for Rent”

### City "X"

Nice 3 bedroom 2 bath

1<sup>st</sup> month rent and security \$750/month.

321-322-9090

### City "X"

3 bedroom 2 bath

For rent or rent to own \$500/month.

321-322-0009

Now which one do you think you should call? I think it's obvious. Just look for certain signs

and you'll be surprised how many people are sick of being a landlord and would be glad to hear you out.

Now let's say you contacted one of the landlords and he sounded like he would be interested. Your next step would be to look at the house and determine how much it's worth now and how much it could be worth if it were in market condition. Let's say the house need about \$3000 worth of updating and then it would be worth about \$50,000.

Now that you have the value of the house, you next can call the investors on your list and see if they would be interested in buying the property. Find someone who is interested in purchasing the property prior to you making any type of offer.

For example, Investor A says he'll purchase the house for \$45,000 all cash. Your next step would be to approach the owner of the house with an offer to purchase the home on a 3-month option.

(An option is basically a contract stating that you have the right BUT NOT THE OBLIGATION to purchase the home within the time stated on the contract.)

Usually your offer on this type of deal will read as follows:

1. Purchase price: \$40,000
2. 3-month option to purchase the home
3. Nine out of ten times you will have to offer some sort of money down to secure the contract. Remember if you don't buy the house within the 3-month period you will lose your money down. Generally most landlords/sellers will require at least the amount of money they would get for first months' rent and security. So make sure you have someone willing to purchase the home prior to you even offering on the house.

Your final step would be to set up a closing where your investor interested in purchasing the home would buy the contract or offer you cash for the option and you would make your cut of money without even owning the home.

In my opinion, this is not the most effective form of investing, so I won't get into any more details but I thought you should at least know how to structure this type of deal.

I would much rather find a disgruntled landlord and give him a low offer with an all cash loan from a hard money source and make twice the profit for a little more time. Now that's just my opinion; you are your own judge.

Now let's get into my favorite example of real estate investing. The one I personally use every day!

---

## [CHAPTER 7: Retail Flip](#)

*This is how fortunes are made!*

This works basically like any other deal mentioned but with this type of investing you are going to realize much more profit than the previous examples.

1. Find a house in great need of repairs but still structurally sound. You don't want any sunken foundations or major damage. You're looking for a house that needs kitchen and bath remodeling, maybe new siding and roof, or damaged drywall, paint and carpet. These are the repairs you can make a killing on.
2. Check the surrounding areas for comparable properties. Refer to your previous lesson on how to do this. Remember to keep the comps within a one-mile radius and make sure they are of current market value for a remodeled home. Make sure to see exactly what was done to the house that you are comparing your subject property to. Remember, you have to *justify* your repairs before you *make* any repairs or you **will** lose money, guaranteed. Keep in mind that you can only compare a single story home to another single story home. You can't compare a 1300 square foot two-story with a 1300 square foot ranch.
3. Figure out your financing. I personally recommend if you're new to real estate, you should consider a hard money loan. Also, if you don't have a lot of money, a hard money loan is the thing to do because the loan escrows all the repair money.
4. Get bids on the repairs. Remember your contacts!
5. Buy the property and get it to marketable condition.
6. Sell the property fast! I go over this in the next chapter. This is where you're going to see real estate move at 100 miles an hour! If you're aggressive with this method, you'll be 10 years ahead of 90% of real estate investors.

Well, that sums it up! This is exactly what I do every day. It's that simple! **Keep in mind that the simplest things are almost always the most profitable.**

I know I went fast and I may have confused some of you, so I'll give you another real-life example of exactly what I do:

## 6252 Harrison Street

Purchase price = \$32,000

After repair value = \$86,000

(Remember I looked at the closest comps and justified each repair I would do compared to the neighborhood norm.) ***Never, I mean never, over-upgrade a home.*** This is how you will lose your money!

I knew that the hard moneylender would loan up to 65% of the after repair value. But I wanted to finance the mortgage fees and everything else, so I assumed those fees and costs would account for about 5% of the loan amount. **Bear in mind that I am conservative.** So I assumed I would have 60% of the after repair value to work with.

Loan amount = \$51,600 (or 60% of after repair value.)

Money to fix up the house = \$19,600

(or \$51,600 loan amount – \$32,000 purchase price = \$19,600.)

My next step was to bid out the property and make sure I stayed in my budget. I always use this type of format; you can just grab a notepad and divide it into categories just like I did below. This is how I determine what to repair and how much my repairs will cost. Also, this is what I use to make estimates on the amount of money the work will cost.

CATEGORY	ITEM	EST. COST
<b>Roof:</b>	Repair leaks	\$0
	Replace singles	\$0
	Total re-roof	\$0
	Flashing	\$0
	Decking (the wood under the singles)	\$0
<b>Paint:</b>	Interior	\$1500
	Doors and trim	\$500
	Ceiling	\$450
	Drywall repair	\$350
	Tap and bed	\$150
	Scrap	\$0
<b>Flooring:</b>	Carpet clean	\$0
	Carpet replace	\$2500
	Vinyl	\$250
	Wood refinish	\$0
	Tile repair	\$0
	Tile replace	\$0
	Sub floor repair	\$0
	Sub floor replace	\$0
	Other	\$0
<b>Windows:</b>	Repair	\$150
	Replace	\$0
	Screens	\$0
<b>Plumbing:</b>	Toilet	\$250
	Sink	\$150
	Tub faucet	\$450
	Tub	\$450
	Faucet (Kitchen sink)	\$150
	Kitchen sink	\$150
<b>Heat and A/C:</b>	Condenser	\$0

	Furnace	\$0
	Thermostat	\$50
	Duct work	\$0
	Grills	\$0
	Filter	\$0
	Service call	\$50
<b>Appliances:</b>	Range	\$0
	Oven	\$0
	Vent hood	\$0
	Cook top	\$0
	Disposal	\$0
	Dishwasher	\$0
	Water heater	\$0

**\*Note:** I never supply appliances; if there are none, the future buyer is responsible. I discovered that appliances are not a factor when selling a house. They're nice to the future buyer, but not a deciding factor.

**\*Note:** Only supply a dishwasher if the cabinets are set up for one. In other words, don't put in a dishwasher unless there is an open space in the cabinets where one belongs.

<b>Electrical:</b>	Wiring repair	\$0
	Breaker	\$0
	Outlet switches	\$0
	Light switches	\$0
	Switch plate	\$50
	Fixtures	\$200
<b>Carpentry:</b>	Interior door	\$200
	Locks and handles	\$100
	Exterior door	\$0
	Interior trim	\$100
	Exterior trim	\$0
	Kitchen cabinets	\$1000
	Bathroom cabinets	\$500
	Medicine chest	\$100
	Garage door	\$0
	Fence	\$0

That leaves me with about \$7900 in repairs. Keep in mind that nine out of ten times your estimate is going to be on the low side, because you'll never know for sure exactly how much it will cost before you start getting into the repairs.

As you can see from the previous page, I have a repair escrow of \$19,600; so I won't have to

worry about going over budget.

So I'll add an extra two thousand dollars to the repair costs just in case I am missing something that needs to be done to complete the home. It's better to over-estimate than to under-estimate.

Purchase price = \$32,000

After repair value = \$86,000

Repair amount \$7900 + \$2100 miscellaneous costs, for a total of \$10,000 in repairs.

This means I will want my loan amount to be **\$42,000** to cover the purchase and repairs to the home.

You're probably wondering how in the heck I found such a good deal with over \$40,000 waiting for me in equity. It's simple—my realtor found it for me in the multiple listing service. Nothing fancy! Anyone could have bought this house. I guarantee you'll be more than surprised when you start looking at these types of properties and start realizing there was a goldmine sitting right under your nose the whole time!

That's what this course is totally about—simplifying the real estate game and maximizing your profit the first 30 days you start. I'm not into fancy contracts and complicated deals that usually never get accepted anyway. If you're looking for that, you won't find it here. I know my way is not the most glamorous type, but so what? If you're like most people, the only reason people get involved in real estate in the first place is to make lots of money. That's what this type of investing teaches you. My favorite part about the "buy low, sell high" real estate is you don't have to wait years to see any money. And not to mention, you don't have much responsibility. You're actually free to do what you want most of the time. I can't see even putting in 25 hours a week to do this business!

But I have to admit, deals with a profit potential of \$40,000 are pretty rare, depending where you live. My usual ones are between \$20,000 and \$30,000 per house.

The realtor that listed this property didn't do his homework, because I would have paid up to \$45,000 for this property. This happens all the time so remember to start developing your contacts right away!

---

## [CHAPTER 8: Selling your property at record speed!](#)

Before I start his chapter, I want to remind you to pay very close attention to every detail I'm going to tell you. Paying attention is the most important part of this course. That could be the difference between getting two paydays a year or twelve or more, depending on how much effort you put into getting your real estate business together.

I know probably very few readers have ever even heard of this technique before, so it's important not to get frustrated if you don't understand it right away. If you have any questions at anytime, just drop me an email and I'll answer it right away!

You've read all the steps so far, and you know how to:

Find an undervalued property; determine on how much the property will be worth in the future; how to come up with the money; how to determine how much work is needed and how much it's going to cost; how to find someone to do the repairs.

Now you need to know how to sell the property fast! Let's use an example of a previous house to see exactly how to do this and exactly how it works.

**I'm going to show you step-by-step how to do this.** It may seem a bit confusing at first, but after you look at it a couple times you'll see it's not hard at all! Follow the numbers from above and see exactly how it works:

1. **1154 Indiana Street** (the undervalued property)

2. After repair value of property = \$58,000

(Remember I found 3 comps within one mile; preferably ½ mile.)

3. I purchased the house all cash for \$14,000. **Remember you could and should use a hard money lender for this type of loan.** I just had quite a bit of money at the time and was being pretty lazy, so I bought it all cash. The important thing to remember is that you have a choice.

4. The amount of work need to bring the property to full market value was about \$17,000 of materials and labor, which put me right at about \$31,000 total invested with a house worth \$58,000. In other words, a \$27,000 potential profit.

5. I had my own personal crew to do the repairs with the help of a temp service I hired out a few workers from.

6. I sold the house 11 days after repairs for \$58,000. I sold the house 8 times faster than any real estate company could by using a technique called an **owner financed note and mortgage**. What I did is was originate my own mortgage and sold it to a mortgage note investor in about 5 days! This is how the technique worked:

I placed classified ads in the newspaper that read as follows:

**City, State**

Newly remodeled 3 bedroom 1 bath, full basement, great area. For sale on contract; good or bad credit accepted; no banks involved.

Open house Sun-Wed.

Call today before it's gone! (212)-333-4444

**City, State**

Own your own remodeled home for as little as \$568 a month! Contract terms by owner, no banks.

Open house Sun-Wed.

Hurry before it's gone! (212)-333-4444

Some investors I know will put "rent to own" as the title to their ad to get more prospects. I really don't agree with this, because it's kind of deceiving to the people. Stick to the ads I show you in this chapter and you'll have plenty of prospects that will be interested in looking at your home.

**Note:** In all my ads I address these important issues:

1. Newly remodeled. (Everyone likes new stuff!)
2. If the house has a basement I always mention this. I found in the target area I invest in the typical buyer is usually looking for a basement. I really can't figure out why, but that's a very important selling factor. I noticed that in the first few houses I would sell, the typical buyer would almost always spend more time in the basement than in the main level of the home! The house with the ugliest looking basements always took a little longer to sell. So now I always paint the basement walls and floor to give a nice clean look.
3. I always mention, "For sale by contract, no banks involved." I do this because the average homebuyer usually thinks you need A-1 perfect credit to buy a home, which isn't true. There are thousands of loan programs for people with fair to bad credit out there. Also, when you start originating your mortgages you'll find out that a lot of mortgage investors will buy the mortgage from you even if your buyer has a credit score as low as 550.
4. I always have an open house in my ads. You don't want to try to schedule 50 different appointments. That's just a waste of time. You don't even have to be a good salesman to hold an open house. Just be polite and let them look around, and let the house and the terms sell them.
5. I always close the ad with "hurry" or "call now" to get the person to act now. We want them to call and ask questions about the house. After they call and hear about the house there's a good chance they'll show up to the open house. When I place ads in the paper some people get so excited that they can possibly own their own home instead of renting that they ask to make a private appointment.

**The next step is to have the open house.**

Your job here is to show them the house and get them to apply. Trust the fact if your house is done up nice and priced with all the other houses, chances are you're going to have a great response.

As we've learned before, you should already be signed up with a credit reporting service so you can run your own credit reports online to see if they can qualify for the mortgage you're going to originate. You have to make sure they provide you with their FICO score. That's the score most lenders look for and it's absolutely necessary for you to have this. Again, the place I use is called Factual Data. You can sign up for their service at [www.factualdata.com](http://www.factualdata.com).

First, you have to have the potential buyer sign an authorization to pull their credit report form. **This is a *must*, so do not skip this part!** The form I use can be found in the back of

this book. Also have them fill out their employment information and how much money they make per year.

Let's assume you had the open house and have five qualified prospects. And they look as follows.

Name:	Credit Score:	Years on Job:	Annual Salary:
1. John Doe	611	2 years	\$32,000
2. Jane Smith	645	5 years	\$43,000
3. Joe Jones	550	10 years	\$28,000
4. Jim Johnson	695	2 years	\$31,000
5. Jason Miller	512	18 years	\$52,000

Once you've narrowed it down to five prospects, now you have to pick the best one that will yield you the most money at closing. Generally, mortgage investors are mostly concerned with credit scores, even more than time on the job or annual salary. I really don't know why, but that's the way it goes.

So what I do is pick the person with the highest credit score to submit to my mortgage investor (which, in the above example, would be #4, Jim Johnson) so they can give me a quote. Generally the mortgage investor will provide you with a quote request form to submit to them.

**Note:** I know I'm going kind of fast, so let me explain again exactly what I'm doing. The mortgage investor is not loaning any money. What they are doing is buying a mortgage that was already originated by you. I'll show you how to do this in a few pages. They are essentially buying the piece of paper that holds the lien on the property.

So let's refer to the above example:

## 1154 Indiana Street

Value = \$58,000

Amount I have invested = \$31,000

So Jim Johnson says he wants the house and only has 10% of his own money to put down, which would be \$5800. (10% of appraised value, which is \$58,000.)

This would mean we would have to originate a mortgage for \$52,200, which is 90% of \$58,000—the difference between the purchase price and down payment.

So let's say the mortgage investor would purchase that type of mortgage with that type of credit for 91% of face value. Remember, the investor will never give you the full face value of the mortgage; they will always buy it at a discount. So my deal would look like this:

Purchase price = \$58,000

Down payment from future buyer = \$5800

Amount of mortgage I'm going to originate and sell = \$52,200

Amount the mortgage investor will pay = \$47,500

Total cash to me = \$53,300

Amount invested = \$31,000

**Profit for the deal = \$22,300**

### Step 8 FAQ's

Now I'm going to backtrack and explain some frequently asked questions most people want to know when I first introduce this to them:

#### **1. What is originating a mortgage?**

Basically the definition of a mortgage is a conditional transfer or pledge of real estate as security for the payment of a debt. It's also the document that gets recorded at the county courthouse that creates a mortgage lien. What you're doing is creating this document in which you have a lien on the property. This means the future buyer cannot sell the house without first paying off the lien (mortgage) on the property. You realistically could hold the mortgage for the whole term, which is usually 30 years, and collect monthly payments the whole time or you can sell it for upfront cash—it's your choice. A mortgage also gives you or the mortgage investor the right to foreclose (take back the house) if the buyer doesn't make the payments as agreed. This lien is what you are creating and selling off to the mortgage investor.

#### **2. How do you originate a mortgage?**

When you own a house you can originate a mortgage for the future buyer of your home without any sort of license. Basically you're acting like the bank in this type of deal. The forms you'll need to do this are in the back of the book. All you'll do is basically fill out the name of the buyer and your name. It's just a matter of filling in the blanks. When you find some mortgage investors (which are listed in the back of this book) they will also walk you through the additional steps you need to do before they will purchase from you. The hard money sources in the back of this book also purchase these types of mortgage. Don't worry if you don't understand this right away. I'm here to help you, and so are the mortgage investors. It's still a fairly new industry and most people don't know exactly what to do, so they are more than helpful to you.

#### **3. What if I have a loan on my house—can I still originate a mortgage?**

Absolutely! As long as the mortgage you originate is higher than the amount you owe on the property, which will not be a problem if you follow the directions in this book. What would happen is there would be a **simultaneous closing**. What this means is the mortgage you have on the property will be paid off at the same time the investor will buy the mortgage from you. This looks like this:

#### Property X

You owe \$20,000

Mortgage you originate is \$50,000

Amount the investor will pay is \$40,000

So at the closing company the mortgage investor will wire the \$40,000 for the mortgage you originated. The closing company will then pay off the \$20,000 you owe on the property, and you will net \$20,000 at the closing. Again, the investors will help you structure the deal so this can work. I really can't get into all the little details, because every investor does things a little bit differently.

## 4. Aren't you losing money selling the mortgage?

Yes, I guess you can say that, but I look at it as I'm probably only losing 3-5 thousand dollars a deal and at least gaining a month by selling the mortgage instead of listing the house with a real estate company. Remember, a mortgage investor can close in as little as 48 hours after receiving the paper work from you. It also frees up several weeks, because a mortgage investor is about five times as liberal as a conventional lender, which means you can find a buyer twice as fast, which means more money in your pocket! Look at it as though you're paying 3-5 thousand dollars to make \$20,000-\$35,000. Not a bad deal, don't you think? In this business, always look at the equity as Monopoly money. Don't get attached to the property and demand 100% of the equity you have in the house. Heck, if you can make \$20,000 in as little as three weeks, who cares if you pay three thousand to do that?

## 5. I still don't understand how I can originate a mortgage with little or no real estate experience.

I think the idea of originating a mortgage scares some people because it sounds so complicated. It's really not at all, once you get used to the terms and the paper work. Look at it as just filling out a contract, because that's essentially what it is. Look over the mortgage forms in the back of the book and get familiar with them.

## 6. What interest rate do I put the mortgage for?

Actually it's up to you, the mortgage investor and the future buyer of the house. The higher interest rate you can get the buyer to take means more money in your pocket. You have to check with your mortgage investors to see how they will pay for different interest rates. If the person buying the house has pretty bad credit and can't get qualified for a conventional mortgage, they are usually more likely to take a high interest rate. They think it's better than continuing to rent, and they are right.

## 7. Why would a mortgage investor want to buy a mortgage off of me, anyway?

First of all, the investor doesn't have to have a license to lend, which means they don't have to follow all the guidelines and rules that a regular bank or mortgage company would have to follow. The next reason is money. Example:

You have a \$100,000 mortgage where you're charging the buyer 10% interest for 30 years. You want to sell it for upfront cash now. The investor offers you \$90,000 upfront and assumes all the risk of the loan. Whether they stop paying or not, it's no longer your problem,

because they bought you out for \$90,000.

Now, the mortgage investor has a \$100,000 mortgage at 10% for thirty years. The payment on this would be \$878 per month for 30 years! ***This amounts to \$262,400 paid over thirty years!***

That's a \$172,400 profit the investor makes off of this one little loan if he kept it for thirty years.

They basically paid \$90,000 and got **\$262,400** back in thirty years. That is the main reason they want to buy these mortgages. Also, if the buyer stopped paying, the investor could take the house back.

## **Example Deal**

Let's now go over a hypothetical deal from start to finish, so you get the exact understanding on how this **unreal** system works!!

### 125 Forest Lane

Let's say you already bought the house, fixed it up and now you're ready to sell it to make that killer profit!

You paid **\$40,000**

Repairs (you paid) **\$17,000**

House new approved value **\$93,000**

Equity: **\$36,000** waiting for you!

(assuming you followed all the steps in this book!!)

- 1.) The first thing you want to do is run an ad in your local newspaper. Refer back to that section of this book. Preferably you'll want to have an open house.
- 2.) When you meet people that are interested in the house, have them fill out the Application form that is included in this book. (You can print it out and then make copies, or just print a bunch of them.)
- 3.) Run the credit of your future buyers. Talk to your mortgage investor and see what he or she is looking for (probably the highest credit score.)
- 4.) Sign a purchase agreement. (That form is *not* included in this book because each state has a different form.) Go to your local office supply store and buy a purchase agreement--it shouldn't cost more than a few dollars. In it you will state the terms you will need for the sale to go through. For example:

- a. Purchase price = \$90,000

- b. Down payment = 10%, or \$9,000
- c. Amount of mortgage you're going to create

= \$81,000 (Ask your mortgage investor how much interest rate to charge and the terms of the mortgage.)

5.) Create the mortgage. The form to do that is included in this book for you.

**\*NOTE:** You will notice on the forms I've included for you that directly after the lines you need to fill out I've written in **red font** in parenthesis; when you are given copies of these forms then you will know exactly what to fill in and where to put it.

Here are some hints to make filling out the forms easier:

- The first form you're going to fill out after you talk to your mortgage investor will be the **promissory note**. The promissory note is basically a promise for the borrower to pay the lender (you) to the terms you set up in the contract. The promissory note will have the monthly payments and principle amount of the mortgage on it.

**\*NOTE:** If this is getting confusing, please don't worry. Your mortgage investor **will** walk you through this process. That's how they get paid! Don't think that you need to have everything down to a science, because you don't. Just let the mortgage investor walk you through what needs to be done, and you'll be just fine. One of the best things I've learned in the real estate industry is to **let each person involved in the transaction do their own job**. *You* are the president of your new real estate company! **You have no boss or anyone else to answer to**. The mortgage investor is not above you, and if they want your business they'll do everything in their power to help you create these mortgages. Always keep this in mind!! It's impossible to be an expert in all aspects of real estate. And anyway, who in the hell would really **want** to be? Take a look at my Real Estate blueprint. This is what you always need to follow; keep that in mind.

- Once you fill out the promissory note, your next step is to fill out the mortgage. I know some states use a trust-deed instead of a mortgage; if you're in one of those states your mortgage investor will let you know what you need to do and where to get the forms you'll need.
- In your last step you're going to want the mortgage investor and title company to set up a simultaneous closing. This means once you create the mortgage or trust-deed it will be sold to the mortgage investor at the same time so you can get your money up front. So what's happening is you're selling your house to "John Doe" by creating the mortgage (acting like the lender) and your mortgage investor is purchasing the mortgage off of you at the same time.

It may sound complicated but it's really not hard at all. In the beginning your mortgage investor and title company will be setting most of this up for you. So my advice is to call some of the mortgage investors in this book and get familiar with what they are looking for. Get the forms they need from them before you even buy a single property. After talking with them a few times you'll really start to pick up on how this works!

---

## *Closing Comments:*

I hope you enjoyed this book as much as I enjoyed telling you the truth about real estate. Right now you probably don't realize that between the pages of this book you have the potential to make a good six figure income your first year in real estate, if you follow each step and take my advice. Each step I put in this book is very important and should not be skipped. This book showed you how to skip all the nonsense that most books are about and enable you to make money right away in real estate.

After asking hundreds of new real estate investors what they want out of a real estate course, the main answer I heard was, "Give me something I can use to make money right away! No theories that look good on paper and don't work in the real world, just something that tells me what to do today, tomorrow," and so on. No guesswork, just facts.

And that's what I gave you in this book! I kept this book short and to the point on purpose. I want you to read it in one night and start applying the principles tomorrow morning!

Well, it's time for me to go and time for you to get to work and start building your own real estate empire. If you have any questions, please don't hesitate to drop me an email or call me and I'll answer any question you have right away. I'm very sincere when I say I want you to make a fortune from reading this book, so don't be shy—if you have any questions at all, please ask.

Bill Steiger

President

ForeclosureSchool.com

---

**Copyright 2001 ForeclosureSchool.com All rights reserved. No part of this book may be reproduced or transmitted in any form, by any means (electronic, photocopying, recording or otherwise) without the prior written permission of the author.**

---

# APPENDIX I: TERMS

**appraisal:** an estimate of the quantity, quality or value of something. The process through which conclusions of property value are obtained; also refers to the report that sets forth the process of estimation and conclusion of value.

**broker:** one who acts as an intermediary on behalf of others for a fee or commission.

**buyer's agent:** a residential real estate broker or salesperson who represents the prospective purchaser in a transaction. The buyer's agent owes the buyer/principal the common-law or statutory agency duties.

**buyer's broker:** a residential real estate broker who represents prospective buyers exclusively. As the buyer's agent, the broker owes the buyer/principal the common-law or statutory agency duties.

**capital gain:** profit earned from the sale of an asset.

**certificate of title:** a statement of opinion on the status of the title to a parcel of real property based on an examination of specified public records.

**closing statement:** a detailed cash accounting of a real estate transaction

showing all cash received, all charges and credits made and all cash paid out in the transaction.

**consideration:** (1) that received by the grantor in exchange for his or her deed. (2) something of value that induces a person to enter a contract.

**conveyance:** a term used to refer to any document that transfers title to real property. The term is also used in describing the act of transferring.

**counteroffer:** a new offer made in response to an offer received. It has the effect of rejecting the original offer, which cannot be accepted thereafter unless revived by the offeror.

**deed:** a written instrument that, when executed and delivered, conveys title to or an interest in real estate.

**deed in trust:** an instrument that grants a trustee under a land trust full power to sell, mortgage and subdivide a parcel of real estate. The beneficiary controls the trustee's use of these powers under the provisions of the trust agreement.

**deed restrictions:** Clauses in a deed limiting the future uses of the property. Deed restrictions may impose a vast variety of limitations and conditions; for example, they may limit the density of buildings, dictate the types of structures that can be erected or prevent buildings from being used for specific purposes or even from being used at all.

**discount point:** a unit of measurement used for various loan charges; one point equals one percent of the amount of the loan.

**earnest money:** money deposited by a buyer under the terms of the contract, to be forfeited if the buyer defaults but applied to the purchase price if the sale is closed.

**escrow:** the closing of a transaction through a third party called an escrow agent, or escrowee, who receives certain funds and documents to be delivered upon the performance of certain conditions outlined in the escrow instructions.

**estoppel certificate:** a document in which a borrower certifies the amount owed on a mortgage loan and the rate of interest.

**executed contract:** a contract in which all parties have fulfilled their promises and thus performed the contract.

**foreclosure:** a legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of default in payment of the mortgage note or default of other terms in the mortgage document. The foreclosure procedure brings the rights of all parties to a conclusion and passes the title in the mortgaged property to either the holder of the mortgage or a third party who may purchase the realty at the foreclosure sale, free of all encumbrances affecting the property subsequent to the mortgage.

**lease purchase:** the purchase of real property, the consummation of which is preceded by a lease, usually long term. Typically done for tax or

financing purposes.

**legal description:** a description of a specific parcel of real estate complete enough for an independent surveyor to locate and identify it.

**lien:** a right given by law to certain creditors to have their debts paid out of the property of a defaulting debtor, usually by means of a court sale.

**listing broker:** the broker in a multiple-listing situation from whose office a listing agreement is initiated, as opposed to the cooperating broker, from whose office negotiations leading up to a sale are initiated. The listing broker and the cooperating broker may be the same person.

**loan origination fee:** a fee charged to the borrower by the lender for making a mortgage loan. The fee is usually computed as a percentage of the loan amount.

**loan-to-value ratio:** the relationship between the amount of the mortgage loan and the value of the real estate being pledged as collateral.

**market value:** the most probable price property would bring in an arm's-length transaction under normal conditions on the open market.

**mortgage:** a conditional transfer or pledge of real estate as security for the payment of a debt. Also, the document creating a mortgage lien.

**mortgage broker:** an agent of a lender who brings the lender and borrower together. The broker receives a fee for this service.

**mortgagee:** a lender in a mortgage loan transaction.

**mortgage lien:** a lien or charge on the property of a mortgagor that secures the underlying debt obligations.

**mortgagor:** a borrower in a mortgage loan transaction.

**multiple-listing service (MLS):** a marketing organization composed of member brokers who agree to share their listing agreements with one another in the hope of procuring ready, willing and able buyers for their properties more quickly than they could on their own. Most multiple-listing services accept exclusive-right-to-sell or exclusive agency listings from their member brokers.

**prepayment penalty:** a charge imposed on a borrower who pays off the loan principal early. This penalty compensates the lender for interest and other charges that would otherwise be lost.

**promissory note:** a financing instrument that states the terms of the underlying obligation, is signed by its maker and is negotiable (transferable to a third party).

**quitclaim deed:** a conveyance by which the grantor transfers whatever

interest he or she has in the real estate, without warranties or obligations.

**Realtor ®:** a registered trademark term reserved for the sole use of active members of the local Realtor ® boards affiliated with the National Association of Realtors ®.

**recording:** the act of entering or recording documents affecting or conveying interests in real estate in the recorder's office established in each county. Until it is recorded, a deed or mortgage ordinarily is not effective against subsequent purchasers or mortgagees.

**survey:** the process by which boundaries are measured and land areas are determined; the onsite measurement of lot lines, dimensions and position of a house on a lot, including the determination of any existing encroachments or easements.

**title:** (1) the right to or ownership of land. (2) The evidence of ownership of land.

**title insurance:** a policy insuring the owner or mortgagee against loss by reason of defects in the title to a parcel of real estate, other than encumbrances, defects and matters specifically excluded by the policy.

**title search:** the examination of public records relating to real estate to determine the current state of the ownership.

**trust deed:** an instrument used to create a mortgage lien by which the

borrower conveys title to a trustee, who holds it as security for the benefit of the note holder (the lender); also called a deed of trust.

**trust deed lien:** a lien on the property of a trustor that secures a deed of trust loan.

**trustee:** the holder of bare legal title in a deed of trust loan transaction.

**trustee's deed:** a deed executed by a trustee conveying land held in trust.

**trustor:** a borrower in a deed of trust loan transaction.

# MORTGAGE

The mortgagor, \_\_\_\_\_ (*name of borrower*), makes this mortgage to the mortgagee, \_\_\_\_\_ (*you the lender*) on the \_\_\_\_ day of \_\_\_\_\_ (*month*), 200\_\_ to secure the following:

1. Payment of the principal of \$\_\_\_\_\_ (*amount of mortgage*) payable in installments, the last of which is due 240 months from the date of this agreement, in accordance with the terms of a promissory note issued by the mortgagor on this date;
2. The performance of the obligations under this mortgage and the payment of the mortgagee's expenses for the performance of the obligations;
3. The mortgage debt and the mortgagor's obligations under any other loan documents associated with this mortgage or the note;

The mortgagor mortgages and warrants to the mortgage and its successors and assigns the property in \_\_\_\_\_ County, \_\_\_\_\_ (*your state*), described as:

*(Property address)*

*(Put legal description of property here)*

To the mortgagee and its successors and assigns along with the following:

1. All easements, rights-of-way, licenses, and privileges pertaining to the mortgaged premises, including all the mortgagor's rights and interests in those easements, rights-of-ways, licenses, and privileges
2. All buildings and improvements now or later on any part of the mortgaged premises
3. Any tenements, hereditaments, and appurtenances pertaining to the mortgaged premises and any reversions or remainders and also all the mortgagor's rights and interests in them
4. All the rent and issues from present or future leases of the mortgaged premises that are specifically assigned and transferred to the mortgagee
5. All the mortgagor's rights and interests in the land lying in the bed of any street, whether opened, proposed, or vacated, or in any strip or gore adjoining the mortgaged premises
6. All equipment, fixtures, and personal property, other than consumable goods, now or later

on any part of the mortgaged premises and usable in any present or future operation of the mortgaged premises or any buildings now or later on the mortgaged premises and now or later acquired by the mortgagor, including all fixtures and equipment for lighting, heating, cooling, ventilating, air-conditioning, incinerating, refrigerating, plumbing, sprinkling, communicating, and electrical systems, and all the mortgagor's rights and interests in any equipment that might be subject to any title retention or security agreement superior in lien to the lien of this mortgage (the parties agree that all such equipment and property is part of the mortgaged premises subject to this mortgage unless the mortgagee deems otherwise)

7. Any awards or payments, including interest, and the right to receive them, that might be made with respect to the mortgaged premises as a result of (a) the exercise of the right of eminent domain; (b) the alteration of the grade of any street; (c) any damage to any improvement on the mortgaged premises; (d) any other injury to or decrease in the value of the mortgaged premises; or (e) any refund of real estate taxes, assessments, or other charges levied on the mortgaged premises, to the extent of all amounts secured by this mortgage when the mortgagee receives the award or payment and of the reasonable counsel fees, costs, and disbursements incurred by the mortgagee to collect such an award or payment (the mortgagor agrees to sign and give any documents that the mortgagee requests to confirm this assignment)

The mortgagor also warrants as follows:

1. The payment of the mortgage indebtedness and the performance of agreements. The mortgagor shall pay the principal and interest of the mortgage debt according to the provisions of the mortgage and perform all its obligations under (a) the note or any other promissory notes later issued for the mortgage debt, (b) this mortgage, and (c) any other loan documents.
2. Promises regarding title. The mortgagor has good title to the entire mortgaged premises in fee simple with the right to sell, mortgage, and convey the mortgaged premises. The mortgaged premises will remain free of all easements, restrictions, liens, leases, and encumbrances except those that this mortgage specifies. The mortgagor will defend the mortgaged premises against all lawful claims and demands. The mortgagee may take any action it thinks is necessary to defend its lien, to enforce its rights, and to secure the performance of the borrower's obligation under this mortgage, including the lender's right to institute appropriate legal proceedings.
3. The payment of taxes, assessments, and charges. The mortgagor shall pay when due, and before any interest, collection fees, or penalties accrue, all real estate taxes, special assessments, water and sewer charges, and other governmental charges levied on any part of the mortgaged premises. If the mortgagor fails to pay any governmental charges, the mortgagee may pay them.
4. Reserves for taxes and insurance premiums. If the mortgagee requests, the mortgagor shall pay, with the installments of principal and interest, installments for taxes and assessments on

the mortgaged premises and for insurance premiums. The tax and insurance installments shall be substantially equal and be sufficient to pay the taxes and premiums at least 30 days before they become due. These amounts need not be kept separate from other payments to the mortgagee, and no interest shall be payable on these amounts. The mortgagee shall hold these amounts as additional security for the mortgage debt and shall use them to pay taxes and premiums when the taxes and premiums become due. However, the mortgagee shall have no liability for any failure to apply the amounts. Nothing in this mortgage shall limit the obligation of the mortgagor to pay taxes. If the mortgagor defaults, the mortgagee may apply the tax and premium amounts to the taxes and premiums or toward any part of the mortgage debt, whether or not they are due.

If the mortgagee assigns this mortgage, the mortgagee may pay the balance of the tax and premium deposits to the assignee and be released from all liability for these deposits. This provision shall apply to every transfer of these deposits to a new assignee. If the mortgage debt is fully paid or the mortgagee chooses, the balance of the deposits shall be paid to the record owner of the mortgaged premises, and no other party shall have any right or claim to them. The mortgagor agrees, at the mortgagee's request, to pay these deposits to the servicer or financial institution that the mortgagee chooses.

5. The payment of other debts. The mortgagor shall also pay any other debts that may become encumbrances on the mortgaged premises, including debts for current or future repairs or improvements and for merchandise, services, and utilities for the mortgaged premises. The mortgagor shall not permit any encumbrance securing the repayment of borrowed funds (including the deferred purchase price for the property) to accrue and remain outstanding against any part of the mortgaged premises or any improvements.

6. Maintenance, repair, and inspection. The mortgagor will keep the mortgaged premises and all the improvements in good repair. The mortgagor will not permit waste on the mortgaged premises or do anything that would decrease the value of the mortgaged premises or impair the lien on the mortgaged premises. If the mortgagor does not make necessary repairs, the mortgagee may make such repairs for the mortgagor. The mortgagee or anyone authorized by the mortgagee may enter and inspect the mortgaged premises at all reasonable times.

7. Insurance.

a. The mortgagor shall keep the buildings and other improvements now or later on the mortgaged premises constantly insured for the benefit of the mortgagee until the mortgage debt, all interest on the debt, and all amounts due under this mortgage are fully paid. The insurance coverage must include fire and other risk customarily covered by the standard form of extended endorsement available in Indiana, including risks of vandalism and malicious mischief; flood insurance if the mortgaged premises are in an area that the U.S. Department of Housing and Urban Development considers a flood risk area or that is subject to 42 USC 4001 et seq.; rent insurance; war risk insurance (if available); and other appropriate insurance that the mortgagee requires, in amount, forms, and with companies that are satisfactory to the mortgagee. The mortgagor shall give the mortgagee, at its principal office or at another place that the holder of the mortgage designates, the insurance policies with premiums fully paid and

with standard mortgagee clauses or other mortgagee clauses that are satisfactory to the mortgagee attached and the mortgagor shall continue to give the mortgagee renewals of the policies at least 15 days before they expire.

b. All such policies shall include standard loss payable clauses in favor of the mortgagee and shall provide that the policy may not be canceled without 30 days' written notice to the mortgagee.

c. If the mortgagor fails to insure the premises, fails to pay the premiums, or fails to give the policies or renewals to the mortgagee, the mortgagor may obtain or renew the insurance and pay the premiums for the mortgagor.

d. In the event of loss or damage, the proceeds of the insurance shall be paid only to the mortgagee. No such loss or damage shall reduce the mortgage debt. The mortgagee is authorized to adjust any loss without consent from the mortgagor, to receive payments for losses in the name of the mortgagee and the mortgagor, and to endorse the mortgagor's name on any check in payment for losses. The mortgagee may apply such proceeds first to its expenses for collecting the proceeds and then to the mortgage debt or to repair or rebuild the mortgaged premises. No application of proceeds to the mortgage debt shall reduce the amount of the installment payments under the note.

e. In the event of a foreclosure of this mortgage, the purchaser of the mortgaged premises shall have all of the rights of the mortgagor under the insurance policies, including the right to unearned premiums and the right to receive the proceeds of any insurance payable because of loss.

8. Eminent domain. Notwithstanding any taking under the power of eminent domain, alteration of the grade of any street, or other decrease in value of the mortgaged premises by public or quasi-public authority, the mortgagor shall continue to pay the mortgage debt under the note. The mortgagor assigns the entire proceeds of any such award or payment to the mortgagee. The mortgagee may apply such proceeds first to its expenses for collecting the proceeds and then to the mortgage debt or to the alteration, restoration, or rebuilding of the mortgaged premises. No application of proceeds to the mortgage debt shall reduce the amount of the installment payments under the note. Any reduction in the principal that results from such proceeds shall take effect only when the mortgagee receives the proceeds.

9. Waste. The failure of the mortgagor to pay taxes or assessments assessed against the mortgaged premises or insurance premiums for a policy covering the mortgaged premises shall be waste. The mortgagor consents to the appointment of a receiver if the mortgagee seeks relief under the statute.

10. Reimbursement for advances by the mortgagee. The mortgagor shall pay to the mortgagee, on demand, all sums the mortgagee spends

a. To pay taxes, assessments, water and sewer charges, other governmental charges, or insurance premiums for the mortgaged premises;

b. To maintain, repair, or improve the mortgaged premises, whether spent by the mortgagee or a receiver who is appointed at the request of the mortgagee, unless the sums are paid from the rent and profits from the mortgaged premises;

- c. To defend the lien of this mortgage against the mortgaged premises subject only to the encumbrances stated in this mortgage;
- d. To discharge any encumbrance against the mortgaged premises that is superior to the lien of this mortgage and to which this mortgage is not expressly subordinate;
- e. To cure any default of the mortgagor under any lease or other agreement for the mortgaged premises;
- f. To cure any default of the mortgagor under this mortgage or the loan documents; or
- g. To preserve the security of this mortgage or any other security for the mortgage debt or to protect any of the mortgagee's rights under this mortgage.

All such expenditures, including reasonable attorney fees, shall be payable on demand, shall be secured by this mortgage, and shall bear interest at the default rate stated in the note for the mortgaged debt, including any penalty interest.

11. Change in taxes. The mortgagor shall promptly pay any taxes for the execution and delivery or recording of this mortgage or any note or other document for the mortgage debt or the mortgagee's interest in the mortgaged premises. The mortgagor shall indemnify the mortgagee against any liability for any such tax. If any law is passed in Indiana after the date of this mortgage that deducts from the value of real property to tax a lien on it, that changes the laws now in effect to tax mortgages or debts secured by them (including interest) for state or local purposes, or that directly or indirectly changes how this mortgage or the note is taxed, the holder of this mortgage may declare the entire unpaid amount of the mortgage debt and accrued and unpaid interest to be due on a specified date not less than 30 days after the mortgagor receives written notice. However, the holder of the note may not do that if the mortgagor is permitted by law to pay the whole tax in addition to other payments required under the mortgage and the mortgagor, before the specified date, pays the tax then due and agrees to pay any such tax later assessed against the mortgaged premises, this mortgage, or the note.

12. Defaults. The following events are defaults under this mortgage that entitle the mortgagee to exercise its remedies under this mortgage and the other loan documents and remedies provided by law:

- a. The mortgagor defaults on payments for principal or interest of the mortgage debt.
- b. The mortgagor defaults on its obligations under this mortgage.
- c. The mortgagor makes any materially false warranty in this mortgage or any of the loan documents.
- d. The mortgagor defaults on its obligations under any other loan documents and does not cure the default within the grace period.
- e. Bankruptcy or similar proceedings are instituted by or against the mortgagor, or a receiver or a trustee is appointed for the mortgagor or for any part of the mortgaged premises.

13. Remedies on default. If a default occurs under this mortgage, the mortgagee may, in addition to its other rights and remedies under this mortgage or any other loan documents or provided by law, take any of the following actions:

- a. The mortgagee may declare the unpaid balance of the mortgage debt, accrued and unpaid interest, and all charges that the mortgagor must pay to the mortgagee under the loan

documents immediately due and, at the mortgagee's option,

- (1) file a suit for those amounts,
- (2) file a suit for any delinquent payment of the mortgage debt, or
- (3) take any steps and institute any other proceedings that the mortgagee thinks are necessary to enforce payment of the mortgage debt and performance of the other obligations under this mortgage and to protect the lien of this mortgage.

b. The mortgagee may commence foreclosure proceedings against the mortgaged premises through judicial proceedings or by advertisement, at the option of the mortgagee; sell the mortgaged premises or cause them to be sold at a public sale; and convey the mortgaged premises to the purchaser, in accordance with Indiana statutes, in a single parcel or in several parcels at the option of the mortgagee. The mortgagee may apply the proceeds, in this order to

- (1) the expenses for collecting the mortgage debt and for foreclosing on the mortgage, including reasonable attorney fees as permitted by law;
- (2) the mortgagee's direct or indirect expenses for complying with the note for the mortgage debt, this mortgage, and the loan documents, with interest as stated in these documents;
- (3) accrued and unpaid interest on the mortgage debt;
- (4) the unpaid principal of the mortgage debt; and
- (5) the mortgageor unless a court of competent jurisdiction decrees otherwise.

c. The mortgagee may obtain updated abstracts and tax histories for the mortgaged premises, procure title insurance or title reports, or, if necessary, obtain new abstracts and tax histories.

d. The mortgagee may obtain a receiver to manage the mortgaged premises and to collect the rent and income from them.

14. Successors in ownership. If ownership of any part of the mortgaged premises becomes vested in any parties other than the mortgagor without written approval from the mortgagee, the mortgagee may deal with such successors as the mortgagor under this mortgage and the loan documents without affecting the mortgagor's liability under this mortgage or for the mortgage debt.

15. Warranties concerning personal property. Except for equipment owned by tenants of the mortgaged premises, the mortgagor warrants that it owns all equipment and other personal property described in this mortgage free of any liens and security interests except for the lien and security interest granted by this mortgage. The mortgagor also warrants it will own all equipment and other personal property that it acquires in the future and brings onto the mortgaged premises free of any liens and security interests except for the lien and security interest granted by this mortgage and by any other security agreement delivered to the mortgagee.

16. Security interest. This mortgage grants a security interest under the Uniform Commercial Code in any equipment and other personal property covered by the mortgage. If the mortgagee requests, the mortgagor will inventory its personal property that is subject to this mortgage and sign any supplements to this mortgage, any separate security agreements, and any financing statements necessary to include all the personal property. If a default under provision 12

occurs, the mortgagee's rights include the right to require the mortgagor to assemble this personal property and make it available to the mortgagee at a location that the mortgagee designates that is reasonably convenient for both parties; the right to take possession of the personal property, with or without demand and with or without process of law; and the right to sell it and to distribute the proceeds according to law. Any requirement of reasonable notice shall be met if the mortgagee sends the notice to the mortgagor at least five days before the date of the sale or other event giving rise to the required notice. The mortgagee may apply the proceeds of any disposition of such personal property first to the reasonable expenses in connection with the disposition of the personal property, including reasonable attorney fees and legal expenses, and then to the mortgage debt.

17. The assignment of leases and rent. On the date of this mortgage, as security in addition to the property described in this mortgage during the term of this mortgage, the mortgagor assigns to the mortgagee all the mortgagor's rights and interests in all written and oral leases, current or future, for any part of the mortgaged premises. However, the mortgagee does not assume any of the mortgagor's liabilities under any leases by this assignment. The mortgagor also assigns to the mortgagee the rent and profits from the mortgaged premises. If a default occurs under this mortgage or the note for the mortgage debt, the mortgagee may collect the rent and profits, personally or through a receiver, as long as the default exists, during the pendency of any foreclosure proceedings, and during any redemption period. The mortgagor consents to a receivership if the mortgagee thinks it is necessary or desirable to enforce its rights under this provision. The mortgagee shall be entitled to all the rights conferred to him under the laws of Indiana. The collection of rent by the mortgagee shall not waive the mortgagee's right to foreclose this mortgage in the event of a default.

18. No other liens. The mortgagor shall not agree to any lien, mortgage, security interest, or sale and leaseback transaction for any part of the mortgaged premises, except as granted in this mortgage and any other lien or security interest granted to the mortgagee.

19. Separability. If any provision of this mortgage conflicts with any Indiana law or is otherwise unenforceable, that provision is void to the extent of the conflict or unenforceability and is severable from and does not invalidate any other provisions of this mortgage.

20. Waiver. No waiver by the mortgagee of any right or remedy granted under this mortgage or failure to insist on strict performance of the mortgagor's obligations under this mortgage shall affect any other right or remedy of the mortgagee or any subsequent exercise of the same right or remedy of the mortgagee under this mortgage. All such rights and remedies of the mortgagee are cumulative.

21. Marshaling. If the mortgagee forecloses on this mortgage or enforces any other rights and remedies under the mortgage, the mortgagor waives any right otherwise available to marshal assets that secure the mortgage debt or to require the mortgagee to pursue its remedies against any other such assets.

22. Notice and hearing on foreclosure. The mortgagor waives all rights to a hearing before a sale in connection with any foreclosure of this mortgage by advertisement and all rights to notice requirements except as stated in the Indiana statute for foreclosure by advertisement.

23. Other documents. The mortgagor shall immediately sign, acknowledge, and give any other documents and do anything else that the mortgagee reasonably requires to confirm and protect the lien of this mortgage or to accomplish the purpose of this mortgage when the mortgagee requests.

24. Notices. Any notice that the mortgagee mails under this mortgage shall be effective when they are sent registered mail, postage prepaid, to the mortgagor at the address given at the beginning of this mortgage or at another address that the mortgagor gives to the mortgagee in writing.

25. Governing law and binding effect. This mortgage shall be construed under Indiana laws and binds the mortgagor and its successors and assigns and any subsequent owners of the mortgaged premises. All of the promises in this mortgage run with the land. This mortgage benefits the mortgagee and its successors and assigns.

26. Headings. The headings in this mortgage are for convenience of reference only and shall not affect the meaning of this mortgage.

\_\_\_\_\_  
Witness

STATE OF \_\_\_\_\_ *(put your state)*  
COUNTY OF \_\_\_\_\_ *(put your county)*

Subscribed and sworn to before me on

\_\_\_\_\_  
\_\_\_\_\_

Notary Public, \_\_\_\_\_ County

My commission expires \_\_\_\_\_.

# PROMISSORY NOTE

Amount: \$

\_\_\_\_\_

Dated: \_\_\_\_\_

Principle Amount: \_\_\_\_\_ *(write out the amount here; for example, if the amount listed above was \$9000, write "nine thousand".)*

State of \_\_\_\_\_ *(write your state here)*

For the value received, the undersigned hereby jointly and severally promise to pay to the order of \_\_\_\_\_ *(your name)* and or assigns the sum of \$ \_\_\_\_\_ together with interest thereon at the rate of \_\_\_\_ % per annum on the unpaid balance. Said sum shall be paid in the matter of the following:

1. Monthly payments in the amount of \$ \_\_\_\_\_ starting on month after closing first mortgage.

2. Payments are based on \_\_\_\_\_ *(state the terms and length of your mortgage here)*

3. Property address: \_\_\_\_\_

All payments shall be first applied to interest and the balance of the principle. This note may be prepaid, at any time, in whole or in part, without penalty. All prepayments shall be applied in reverse order of maturity.

This note shall at the option of any holder hereof be immediately due and payable upon the failure to make any payment due hereunder within 90 days of its due date.

In the event this note shall be in default, and placed with an attorney for collection, then the undersigned agree to pay all reasonable attorney fees and costs of collection. Payments not made within 5 days of due date shall be subject to a late charge of 5% of said payment. All payments hereunder

shall be made to such address as may from time to time be designated by any holder hereof.

The undersigned and all parties to this note, whether as endorsers, guarantors or sureties, agree to remain fully bound hereunder until this note shall be fully paid and waive demand, presentment and protest and all notices thereto and further agree to remain bound, notwithstanding any extension, renewal, modification, waiver, or other indulgence by any holder or upon discharge or release of any obligor hereunder or to this note, or upon the exchange, substitution, or release of any collateral granted as security for this note. No modification or indulgence by any holder hereof shall be binding unless in writing; and any indulgence on any one occasion shall not be an indulgence for any other future occasion. Any modification or change of terms, hereunder granted by any holder hereof, shall be valid and binding upon each of the undersigned, notwithstanding the acknowledgment of any of the undersigned, and each of the undersigned does hereby irrevocably grant to each of the others a power of attorney to enter into any such modification on their behalf. The rights of any holder hereof shall be cumulative and not necessarily successive. This note shall take effect as a sealed instrument and shall be constructed, governed and enforced in the accordance with the laws of the State first appearing at the head of this note. The undersigned hereby execute this note as principles and not as sureties.

Signed in the presence of:

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Witness

# RELEASE OF MORTGAGE

The undersigned, \_\_\_\_\_, of hereby certifies that the mortgage, date of \_\_\_\_\_, 200\_\_, executed by \_\_\_\_\_ as mortgagor, to \_\_\_\_\_, as mortgagee, of \_\_\_\_\_ (*property address here.*) Recorded on \_\_\_\_\_ (*month, day, year*) in the office of \_\_\_\_\_ (*put your county recorder here.*) Recording number of \_\_\_\_\_. (*put the recording number here.*) Together with the debt secured by said mortgage, has been released and discharged, and that the property secured thereby has been released from lien of such mortgage.

IN WITNESS WHEREOF,

The undersigned has executed this release on \_\_\_\_\_ (*date*)

Signature \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, personally appeared \_\_\_\_\_ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he executed the same in his capacities, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument, WITNESS my hand and official seal,

Signature \_\_\_\_\_

# *Estimate of Repairs*

You can simply print this one out and write directly on it, or you can add tables to it for your individual properties. Again, this is just to help you keep your repair costs in perspective.

CATEGORY	ITEM	EST. COST
<b>Roof:</b>	Repair leaks	
	Replace singles	
	Total re-roof	
	Flashing	
	Decking (the wood under the singles)	

***Total Roof:***

<b>Paint:</b>	Interior	
	Doors and trim	
	Ceiling	
	Drywall repair	
	Tap and bed	
	Scrap	

**Total Paint:** \_\_\_\_\_

<b>Flooring:</b>	Carpet clean	
	Carpet replace	
	Vinyl	
	Wood refinish	
	Tile repair	
	Tile replace	
	Sub floor repair	
	Sub floor replace	
	Other	

**Total Floor:**

---

<b>Windows:</b>	Repair	
	Replace	
	Screens	

**Total windows:**

---

<b>Plumbing:</b>	Toilet	
	Sink	
	Tub faucet	
	Tub	
	Faucet (Kitchen sink)	
	Kitchen sink	

**Total plumbing:**

---

<b><i>Heat and A/C:</i></b>	Condenser	
	Furnace	
	Thermostat	
	Duct work	
	Grills	
	Filter	
	Service call	

***Total Heat & A/C:*** \_\_\_\_\_

---

<b><i>Appliances:</i></b>	Range	
	Oven	
	Vent hood	
	Cook top	
	Disposal	
	Dishwasher	
	Water heater	

***Total Appliances:*** \_\_\_\_\_

**\*Note:** I never supply appliances; if there are none, the future buyer is responsible. I discovered that appliances are not a factor when selling a house. They're nice to the future buyer, but not a deciding factor.

**\*Note:** Only supply a dishwasher if the cabinets are set up for one. In other words, don't put in a dishwasher unless there is an open space in the cabinets where one belongs.

<b>Electrical:</b>	Wiring repair	
	Breaker	
	Outlet switches	
	Light switches	
	Switch plate	
	Fixtures	

**Total Electrical:** \_\_\_\_\_

<b>Carpentry:</b>	Interior door	
	Locks and handles	
	Exterior door	
	Interior trim	
	Exterior trim	
	Kitchen cabinets	
	Bathroom cabinets	
	Medicine chest	
	Garage door	
	Fence	

**Total carpentry:** \_\_\_\_\_

Add up all subtotals and miscellaneous expenses and list here:

**TOTAL REPAIRS: \$ \_\_\_\_\_**

# Foreclosure Auction FAQ's

---

Listed below are some of the most frequently asked questions I get involving foreclosure auctions.

## ***1. "How do I buy a house at a foreclosure auction?"***

First of all, if you're new to investing, do not buy homes at these auctions. Every state has different laws and procedures that you should be 100% aware of. Not to mention, no bank or hardmoney lender source will give you money to bid at an auction. You'll need 100% of your own cash to buy these houses.

## ***2. "I heard that you can buy houses at foreclosure auctions for 50 cents on the dollar."***

This just doesn't happen. Anywhere. Let's take a closer look at the process and you'll see why it is nearly impossible to do this.

\*If the owner of the house had 50% equity in the house, they could sell it or refinance it. Yes, a lot of lenders prey on preforeclosures because they loan low, charge high and have a great security blanket.

\*At the auction, the bank is going to bid for the amount owed on the property. 50 cents on the dollar or 110 cents on the dollar; it doesn't matter. The amount owed on the home is what the bank will bid. As we know, it is very unlikely that a house will go into foreclosure with any equity. Nine out of ten houses that foreclose have little or no equity, so if you choose to out-bid the bank, you just bought yourself a \$5000-\$10,000 or more loss.

\*Now, the 1-10 house that has equity will be the prey of every Real Estate investor or investment company in the area. Some of these people have a few hundred grand laying around and a 10% return on their cash investment is okay to them. This is why they get into bidding wars. For an independent investor, it would be downright stupid to buy a house and get a 10% return on it. Most new investors do not have the capital, the contacts or the staying power to make that work. So why fish in an empty pond? Go after the Real Estate deals that you learn about in this course. If you do that properly and eventually have the hundred grand laying around to invest, then you might want to try the auctions.

**NOTE:** You should, however, attend the monthly auctions if you can. This is not for you to buy the house, but for you to gather information.

The nine out of ten houses that are going back to the bank is a good start to build a database of up and coming properties in your area. Write down the name of the bank that got the property back and then contact them in a few months. Most will list directly with a realtor, but some will work with you personally. Give it a try; it won't cost you anything but five minutes of your time.

***3. "Why would I contact the bank if they usually pay more than the house is worth?"***

The bank is required to bid the amount they loaned on the property. Regardless of condition or LTV, this is what they do. Although when they do sell it, they will sell it for what it's worth in its current condition. Which sometimes is half of what they bid. This is why a good realtor is such an invaluable asset to your business.

---

# "How do I find the vacant home's owner?"

---

This is another question that I get asked a lot. So let's look at the ways to play "Magnum P.I." and find out who owns that vacant house! (Sorry, that show was from my era.)

1. Ask the neighbors. Believe it or not, this really works. I personally don't like knocking on the doors of people I don't know, but I will absolutely do it if I'm motivated to find out information.

2. Go to your county courthouse and look up the owner's name in the Tax Assessor's office. This is public record, so you will have no problem getting access to this information. The tax assessor is who sends out the tax bills to the current owner of the property. What you will probably find is the bills are either being sent to the property's address or to a bank. Then you will do one of the following:

\*If the bills are being sent to the property address, you will also have the name of the current owner. Then all you need to do is look up their phone number and give them a call.

\*If the bills are being sent to a bank, it could mean one of two things. One, the property owner has their taxes being paid out of their mortgage payment; or in other words, escrowed. Or two, the bank took the property back in foreclosure and are waiting to sell it. You, being the clever investor, could get the bank's name and address right off the printout, look them up in the phone book (or at [www.yellowpages.com](http://www.yellowpages.com)) and give them a call. Ask to speak to someone in the REO Department, if they don't have a clue as to who services their foreclosed properties.

---

# Mortgage Buyers/Hard Money Lenders

Since you are doing a simultaneous closing, your first question to these mortgage lenders will be, "Will you buy unseasoned notes?" *Seasoned* basically means that the note already exists and is being paid on already; however, the notes you will be selling will be **unseasoned** notes (mortgages/trust-deeds) because they are brand-new. Remember, this is a **must** for you to ask them.

You will also want to inform them that you want fast service. If they want your business they should be able to accommodate quick closings. If they can't, then find someone else. Remember, **time is money** in this game!

**\*Note:** Make sure they are investing in your specific state at this time!!

## Mortgage Buyers:

Midwest Notes LLC	(913) 482-4674
Seil A Note	(800) 822-3433
Star Note Buyers	(901) 384-8850
Riverside Mortgage	(888) 244-6161
Eastbay Mortgage	(888) 558-6615
Diversified Investment	(888) 999-7905
Private Mortgage	(518) 583-0017

## Hard Money Lenders:

Statewide Capital	(281) 332-2009
-------------------	----------------

At this time, this is the only hard money lender I'm recommending. They actually do what they say they'll do. They are really a great company. But let me add some nationwide hard money lenders below; if you still can't find one to work with you, email me right away, let me know where you are from and I'll look up some good ones for you.

## **Nationwide Hard Money Lenders:**

<b>Sunvest Corp.</b>	<b>(707) 939-9450</b>
<b>Allcity Finance</b>	<b>(972) 889-7323</b>
<b>Mortgage Bankers, LTD.</b>	<b>(410) 922-7100</b>
<b>All Real Estate Loans &amp; Investment Co.</b>	<b>(541) 471-4987</b>