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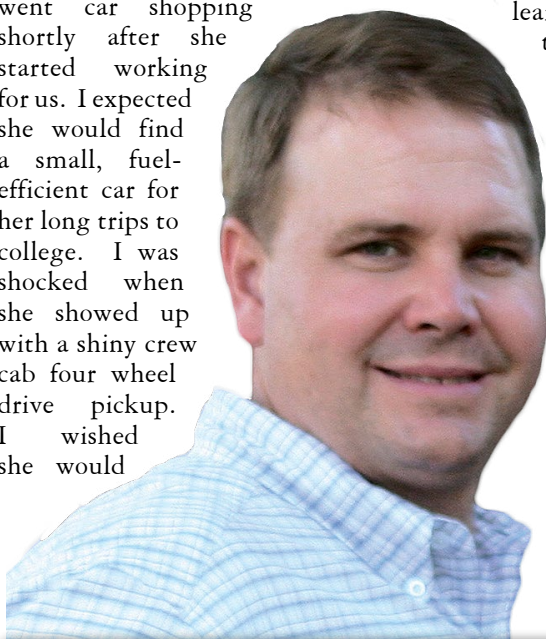
# #PROFIT

## Your Journey Towards Financial Freedom

BY GARY JOHNSTON

Last summer, we hired a college-bound student to help with things on our farm. She is a great young lady who wants to be a veterinarian. It will be a financial challenge for her to find a way to pay for the first four years, let alone the graduate program. But she is doing everything she can to figure out a way to obtain her dream. She even joined the National Guard to help pay for college.

She didn't have a car, so she went car shopping shortly after she started working for us. I expected she would find a small, fuel-efficient car for her long trips to college. I was shocked when she showed up with a shiny crew cab four wheel drive pickup. I wished she would



have asked for some advice on good vehicles that would have met her needs and provided cheap, reliable transportation. She just didn't know. That is true for all of us. There are usually things that we don't know that can hurt us financially. We just don't know what we don't know.

If we want to achieve the financial future we desire, we should pay attention to the habits of the folks that have achieved financial success. They leave clues we can learn from. We can learn a lot from them if we are willing to watch and learn. Growing up, I was greatly influenced by a man named Norbert Volny. I started working for Volny at about age thirteen and while we worked on the various projects, he would pour words of wisdom into my life. One of his favorite sayings was, "You will never get rich on a W-2."

One of the key things Volny taught me was the importance of building assets that generate cash flow. I believe one of the keys to financial freedom is to consistently build small streams of passive income. A lot of people prefer to chase flipping

*continued on page 6* ▶

### MAIN MEETING

Thursday, October 9th  
6:00pm – 9:00pm  
DoubleTree Tampa Bay  
3050 N. Rocky Point Dr. West, Tampa, FL

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On October 9, 2014 at the Tampa REIA Main Meeting, Gary Johnston will present "The 5 Keys to Financial Freedom." Come join us and learn the critical keys that will help you obtain the financial freedom that you deserve. See page 2 or <http://tampareia.com> for more information.

# Main Monthly Meeting

**October 9, 2014 @ 5pm**

Doubletree Suites Tampa Bay  
3050 North Rocky Point Dr West  
Tampa, FL

## The 5 Keys to Financial Freedom with Special Guest, Gary Johnston

On **October 9, 2014**, at the **Tampa REIA Main Meeting**, Gary Johnston will present *"The 5 Keys to Financial Freedom."* Come join us and learn the critical keys that will help you obtain the financial freedom that you deserve.

Gary has been an active investor in real estate and notes for over 25 years. He was with Hewlett-Packard for 16 years as director of research and development in the LaserJet business unit before leaving the rat race at age 38. One of Gary's early mentors, Norbert Volny, taught him that no one gets rich on a W-2; you have to make your money work harder than you do.

You won't want to miss Gary's presentation. Quit making excuses and take responsibility for your financial life. Attend the upcoming meeting and take steps toward being financial free!

Come join Gary and the rest of us at the **Tampa REIA Meeting** on **Thursday, October 9th at 5PM** at the **Doubletree Suites Tampa Bay** located at **3050 North Rocky Point Dr West in Tampa, FL** and learn how to become truly financially free!

*"You opened my eyes to a lot more possibilities and made Financial Freedom seem like a real thing that I can attain. You gave me hope when I was beginning to feel a little hopeless. Thank you so much!!!"* – Cindy L.

*"You are awesome teacher. I hope you know you really are making a difference in people's lives."* – Joey E.

*"The information you taught & shared was great and I'm already putting it to use."* – Zaid R.

*"Gary's message is straightforward, honest, and if you follow it you will experience positive difference in your life!"* – Tom B.

*"Gary was very interesting and knowledgeable! I enjoyed listening to him and he had good knowledge to share with the group."* - Holly M.

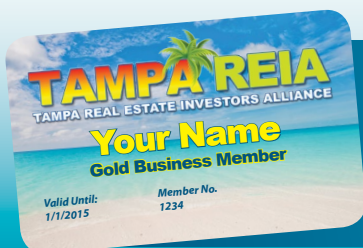


Gary Johnston

### MEETING AGENDA\*

- 6:00 pm: Meet & Greet, Networking
- 6:15 pm: Introductions, Haves & Wants, Announcements
- 7:30 pm: The 5 Keys to Financial Freedom with Gary Johnston**
- 9:30 pm: Late Nite Networking at Whiskey Joes

*\*Please Note: Meeting agenda is subject to change.*



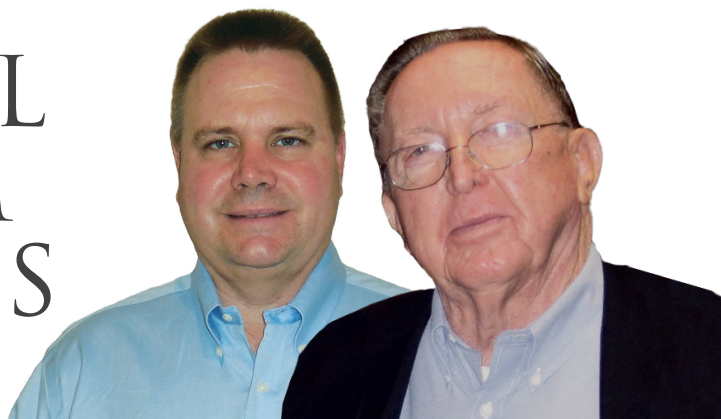
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# FINANCIAL FREEDOM PRINCIPLES

By Gary Johnston and Clyde Wilson



**H**OW DO WEALTHY PEOPLE get – and stay – that way? By knowing how to make financial decisions that **increase their cash flow** while simultaneously **reducing taxes and liability**. How do they do it?

**In just three days**, you can become proficient in the concepts, tools and strategies necessary to build lasting wealth. Learn how to design and develop a **personal plan for financial freedom** – one that will help you escape both the rat race and the daily drudgery of money worries. **Gain complete confidence** in your ability to make financial and investment decisions. Has one weekend ever thoroughly **transformed your life** for the better? This one will.

Financial Freedom Principles will be held **November 7 – 9, 2014 at the Holiday Inn Tampa Westshore, 700 North Westshore Blvd., Tampa, Florida**. The three-day weekend session is just ~~\$547~~ **\$497**, or ~~\$947~~ **\$897** for two attending together. (**Special Tampa REIA discount. Use coupon code TAMPAREIA when registering online.**) Class **includes an HP 10Bii financial calculator** — a \$40 value.

**"Made my money back** within the first two hours of class!" – *Calvis H, FL*

...

**"This class is the golden key** to unlock the door/doors of **prosperity.**" – *Joseph Z., FL*

...

**"This is a must take class for any investor."** – *Nick B., FL*

...

**"I gave up a beautiful holiday weekend** to attend this class. A short sacrifice for a long term investment. **The weekend paid for itself by the second day!**"

– *Bryan Thomas, Georgia*

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FOR MORE INFORMATION: [www.garyjohnston.com](http://www.garyjohnston.com) • Email: [Info@Garyjohnston.com](mailto:Info@Garyjohnston.com)

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# Membership Has Its Privileges

## **Punta Caña Dominican Republic Island REIA Jan 18-24 2015\***

*"How I wish that somewhere there existed an island for those who are wise and of good will." – Albert Einstein*

Be part of the first ever Island REIA Retreat in January 2015 in Punta Cana, Dominican Republic. There will be 7 Days of Luxury Accommodations and Advanced Real Estate Investor Training you won't get any where else on the planet from experts like Russ Hiner, Rock Shukoor, Linda Dana, Dustin Griffin, Chris Littleton, Donna Littleton, Duncan Wierman, Gordan Catts, Leslie Mathis, Don DeRosa and many others!



Russ Hiner    Rock Shukoor    Linda Dana    Dustin Griffin    Chris Littleton    Donna Littleton    Duncan Wierman    Gordan Catts    Leslie Mathis    Don DeRosa

Punta Cana is situated on a perfect 30 mile stretch of palm lined coastline and is famous for its stunning beaches that rank among the world's very best. This is the perfect setting for our first retreat.

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*Secure your room now. Space is very limited. Final resort details will be released soon.*

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# TAMPA REIA

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◀ *continued from page 1*

opportunities that generate \$5,000 to \$25,000 jackpots and can't get excited about a deal that generates \$250 every month.

I love the deals that consistently add to my monthly cash flow. While the \$5,000 check looks great, it seems to quickly disappear. The rental or note investment that generates \$250 a month in cash flow compounds very quickly. If you did one of those deals every quarter for five years, you would have \$5,000 a month coming in. I would much rather have \$5,000 a month coming in than chasing a onetime check of \$5,000.

Another important lesson Volny taught me to do was take action. Something I try to remember is that there is a difference between being clear and gaining clarity. It might seem kind of dumb to worry about the nuances between these two phrases, but I find the distinction important. It is very difficult to be 100 percent clear on goals, strategies, or the best tactical approach. We live in an imperfect world, and we seldom have all the information we need to make decisions. Yet it is easy to fall into the trap of waiting for things to get perfectly clear before we take action.

I have found it better instead to seek clarity. Work through things to get in that 70-80 percent range and then move forward. It is good enough for now. As you take action and move forward, you will gain more clarity and be able to make adjustments. Like driving in the fog; if you keep moving forward as far as you can see, more road will become visible. Sure, there will be flaws; things may be a little fuzzy. It will be okay.

As you start (or continue) your journey towards financial freedom, I wish three things for you:

- 1) You will seek ongoing cash flow opportunities from assets, not just paychecks (from employers or flipping).
- 2) You will write down goals and take action. Seek clarity not certainty.
- 3) You believe that a better financial future is possible, no matter where you are starting from. ☀

*Comment on this article online at <http://tampareia.com/?p=4730>*



## Tampa REIA Member Benefits

- TampaREIA.com Website, Blog and Member Only Area
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- Learn From Home on Our Monthly Webcast Series
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- Community Outreach Programs
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- **Nu-Set** – Save on Locksets, door hardware, security & lock boxes
- **Build-A-Sign** – Save 15% on Signs, Banners, and Magnetics and other products and get Free Delivery on all orders
- *And much, much more!*

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PEARLS OF WISDOM

# “Dude... You Need Help!” *Part 1*

BY TONY PEARL



**S**o there you are - a proud real estate investor or business owner! You're doing some marketing, talking to sellers, driving out to meet them, making offers, following up, raising private money, selling your houses, and a million other things.

Meanwhile, you're (maybe) still working a job, being a husband, a father, a friend, a family member, a neighbor, and a member of your community! You don't even know the *meaning* of the word "sleep!"

You've got a lot of balls... In the air, and everything is going great with your juggling act. UNTIL... IT happens. *What is it?* "It" could be anything, like... you could get sick. Or someone in your family gets sick & needs you to take care of them. Or a deal goes sideways & winds up taking way more time than you had budgeted (inconceivable!). Or a vehicle breaks down. Or some technology doesn't work the way it should (what? that never happens!). Or... shoot, just fill in the blank. IT doesn't really matter what "it" is.

Suddenly, your whole world gets turned upside down, and all your balls fall to the floor. The next few weeks find you frantically trying to put the pieces of the puzzle back in place again, only to find that the picture will never quite look the same no matter how hard you try to shove



the pieces back together to where you had them.

Has this ever happened to you? Or someone you know? Let's not kid ourselves here - if you've been alive and doing things long enough on this planet, you probably know exactly what I'm talking about!

So what do you do to fix this issue? How do you make it better? If you're like most people, you'll keep repeating this tragic cycle until you finally get it through your thick skull that... Dude, you need some serious help!

Yes, I'm talking about *Professional* help. No, not the kind where you lay on a couch & share your innermost thoughts & feelings while a bearded, pipe-smoking guy with elbow patches on his jacket writes everything down and nods his head a lot. I'm talking about hiring someone to do as much of the crap you need done FOR you!

What if... You didn't have to call all those sellers who think they have a

house for sale, only to find out that they'll only possibly entertain the thought of you buying their house IF you pay full retail price, all cash, pay all the closing costs, and close by tomorrow afternoon. And only if they like you. And your feet don't stink.

What if... You didn't have to go out and market and sell those houses you have in your inventory. And you didn't have to talk to all those time-wasting potential "buyers" who couldn't qualify to buy your house if you paid *them* to take it from you. They just lost their minimum-wage job, but they still want at least 3 bedrooms, 2 bathrooms, a basement & a garage. Oh, and a maid, too!

Yes! What if you had *someone else* waste their *time talking* to all those time-sucking wonderful people instead of you! What if anyone you talked to was properly prescreened, sufficiently qualified AND motivated to do business with you? How sweet would THAT be? (Answer: Pretty sweet indeed)

What else is on your list? Well, how about all the stuff you DON'T WANT to do? I'll let you sort that part out, but some common things on most peoples' list are: Running ads (after you get them to work), doing the mailings (ex. Yellow Letters), Putting up signs (ugh), holding open houses (shoot me), running people's credit ▶

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◀ (you're kidding, right?), going to the courthouse (I won't even go there), and on and on. You get the idea, right?

Now, imagine the feeling... You have all that crap taken care of, so you can do better things with your time. What *would* you do with all that time? I'll leave that to you.

Next question: HOW the heck do you find someone to help you out and take all that crap off your hands? Well, the answer is simpler than you think, and because this is MY article, I can come up with some patented, fancy title to make you think that I stayed up all night to think of it. The answer is...

**...Going to Be Revealed in Next Month's Article!**

So sorry, but we seem to have run out of space here! But don't worry, we'll pick it up right where we left off... Next month!

So be sure to come back to this publication next month, where I'll reveal the answer on how to get the help you need. You won't want to miss this, so see you then!

Respectfully

Tony Pearl ☀

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Tony Pearl is an entrepreneur, copywriter, proud father, mentor, marketing consultant and talented teacher who resides in the Washington, DC area. He has traveled to over 26 countries, speaks 4 languages, and continues to travel extensively. He has been a professional Ballroom and Latin dance instructor, competitor, and exhibitor for over 19 years. As a Real Estate Investor, Tony has bought and sold over Ten Million dollars worth of real estate, and has been educated by and associates with the best.



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THERE'S AN APP FOR THAT

# Places Count: Your Healthy Office

BY DON DEROSA



*“If it weren't for the fact that the TV set and the refrigerator are so far apart, some of us wouldn't get any exercise at all.” ~ Joey Adams*

As autumn arrives and the summer heat evaporates, it's a great time to “reset” your fitness routine. Last month, I talked about the importance of taking care of yourself, and why you should do it now. I also told you about one of my favorite apps, MyFitnessPal.com, which is a great tool for building and executing your good-health plan.

But there's a lot more to getting healthy than just downloading an app onto your smartphone. There's eating right, and exercising, and yearly physicals, and – well, all the stuff your mother told you to do. And she was right!

But I'm not your mother, so let's just stick to the workplace. You probably spend more waking hours in your office than anywhere else. Hopefully, you've done your best to create an office that's efficient and comfortable. You've got a desk and a comfortable modern chair. Maybe you have a couch. And while you might move around a little bit while you're working, you probably spend most of the day sitting. For hours and hours at a time.

But hey, you go to the gym after work, so it's okay, right?

I'm afraid I've got some bad news for you. Recent medical research has identified something called “sitting disease.” Sounds strange, I know, but if you don't believe

me, just Google it. The idea of sitting disease is gimmicky, but it conveys a serious message: people who sit for long periods of time at work are more likely to die of heart disease than those who move around more during the day. And that's true even for people who exercise.

In other words, it turns out going to the gym isn't enough. Doesn't seem quite fair, does it?

So what can you do to work healthier? Here are some ideas to get you moving: How about a standing desk? Yes, there is such a thing, and some people really do work standing up. It's not for everyone, so you might want to improvise a standing desk with a couple milk crates and a board to see if you like it before you invest in the real thing. The work surface should be just a little below elbow-height. Even if you decide you like having a standing desk, keep a conventional desk and chair around, for those times when you want to sit. You may want to keep the couch, too. You know, just for guests.

If a standing desk doesn't appeal to you, look for other ways to get moving. Get up and walk around the building once an hour, just to get your blood flowing. Or do some light calisthenics, or go up and down a flight of stairs. Of course, you should get the all-clear from your doctor before you start an exercise program.

How do you know if you're active enough? According to some experts, you should take 10,000 steps every day. Now, I don't know about you, but I'd rather be looking for houses than counting steps. If you agree, you might want to get some kind of activity monitor to do the counting for you. These range from very cheap pedometers to sophisticated gadgets like Fitbit that can sync with your computer. Take some time to compare and look at ratings. Once you decide on a device, give yourself some time to learn how to use it – those things can be mystifying if you don't read the directions.

So as autumn sets in, and the holidays grow nearer, prepare for a healthy holiday season. Get active. Eat right. Go to the dentist. Be happy.

Oh, and call your mother, too, if you can, and thank her for all the good advice. ☀

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Don DeRosa was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller *The Millionaire Real Estate Investor*. Don, who is a full-time investor, trainer, and mentor, is the first to offer his complete investing system on a mobile platform. Don teaches investors how to Make More and Work Less by being more efficient, productive and competitive, leveraging mobile technology and apps on the iPad, iPhone, Android and other mobile devices.

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 Every Wednesday at Noon  
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QUICK FLIP FOR FAST CASH

# Should I Start Out Wholesaling As a Real Estate Investor?

BY MATT LARSEN



**M**any people present wholesaling as a great way to gain capital for investing in real estate. One of the toughest things about getting started investing in real estate is saving enough money to invest. There are ways to invest with little money down, but you are still going to need some money to buy properties. Wholesaling may be a way to get started investing in real estate without much money. Wholesaling may not make you super rich, but it will teach you a lot about real estate investing and I think is a great place to start. For one, because that's how I started, and two, I'm still doing it.

## What is wholesaling real estate?

Wholesaling real estate involves an investor ("wholesaler") buying a property or getting a property under contract and then selling the house or assigning the contract as quickly as possible. The investor may wholesale the property to another investor who will then fix up the property and rent it or flip it. The key to a successful wholesale deal is finding properties cheap enough where there is still room for a profit for the end buyer.

## How can you find properties to wholesale?

I think a wholesaler's biggest opportunity is to find off market properties. I call it the "Direct to Seller" method (no banks, no Realtors). Off market properties are houses that are not listed for sale, but are still for sale. The owners may be too far away, too busy, or too beat down to list the homes. The owners still want to sell the home, they just need the right person to find them and make an offer.

The only way to make money in wholesaling is to find properties that people will sell to you for WAY below market value – that is the only way to create a spread where you can make money and sell it to somebody and they can still make money on it too.

Here are a few possibilities for finding off market properties.

### Attend REIA meetings

You may find investors or wholesalers with off market properties at REIA meetings. Meeting other wholesalers at the meetings is a great start because you may be able to partner on a deal. Investors looking to get

rid of homes at the meetings may be a fantastic opportunity. You can also find buyers at REIA meetings, which is also very important to a wholesaler.

### Send direct mailings

I personally send out direct mailings and have done most of my deals thru sending letters to home owners. I create my own lists of who to send to by driving for dollars, but you can also buy lists of the following home owner types: absentee owners, pre-foreclosure owners, eviction notices, divorce, probate, inheritance, free and clear, etc. Your letter should say "I want to buy your house" and include your phone#.

### Advertising for off market properties

Many investors also advertise that they buy houses on websites, on bandit signs, newspapers and billboards. At minimum you should have a website with a capture page – that way you can put your website address on your business cards, on flyers, in newspaper ads, and on Craigslist. Be sure to put your phone# there also and either always answer your phone or have a voice mail service set up for sellers to leave a message. Go to my website to see who we use.

It is not easy to become a successful wholesaler. It takes time and a lot of effort to buy homes off market. If it was easy, all investors would use these tactics, but it is difficult and very few investors try to market "Direct to Seller". If you want to be serious about investing in real estate and think wholesaling is your way in, market to sellers; you will get the best deals and you will learn how to find and negotiate great deals for other investors and eventually for yourself when you get enough

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◀ money to start buying properties to hold or flip. That's the goal I hope.

### Getting a contract on a house to wholesale

As a wholesaler you have two options; get under contract on a house and flip (assign) the contract, or buy the house and sell it right away (double closing). Many MLS listings will require proof of funds or a prequalification letter. This is a reason why it may be tough for wholesalers to buy off the MLS. Most REOs and HUD homes will not let you assign a contract; you will have to buy the home (or double close). If you are wholesaling because you don't have money to buy an investment property, it may be tough to buy a home to wholesale.

If you are wondering what it means to assign a contract it is pretty simple. You make an offer; the offer is accepted by the seller and the contract has a clause that allows it to be assigned. That means another person can step in and become the buyer. A wholesaler can actually sell the contract to another investor before they ever have to buy the home. It's an Assignment of Contract. At closing, you get your Assignment Fee.

### How to use a double close to wholesale a house

When a wholesaler does need to close on a property to re-sell immediately, there are ways to buy the home without using their own money. The first thing you need is a great title company that will do a double close. The seller sells the home to the wholesaler. The wholesaler then immediately sells the home to the end buyer and the title company uses the end buyer's money to pay the original seller. The wholesaler gets paid the difference

in between. Please check your state laws to make sure this strategy is legal in your area.

### How does a wholesaler find buyers?

Once a wholesaler finds a house to sell or assign – and has it under contract, they need to find a buyer! Usually the margins are very tight on wholesale deals and there is not room to pay real estate commissions. The wholesaler must find their own buyers to make the most money on wholesale deals.

As I mentioned earlier a REIA meeting is a great way to find investor buyers. You can also check recent sales to find who bought houses for cash as they are most likely investors. I just received a letter from a wholesaler who found me because I bought a house for cash. Try to hang out wherever investors who buy houses hang out. Investor meetings, Trustee sales, auctions, tax sales are all great places to find investors. Also – post your property on websites, bandit signs, online classified, and even direct mail to buyers.

### Practicing real estate without a license

As a wholesaler you must have the property under contract to sell your interest in the property. You cannot bring a buyer and seller together and take a commission or any other type of fee. This would be considered brokering a real estate deal and you must have a license to do this. It is against the law to practice real estate without a license. So what makes Wholesaling legal is that you are a principal in the deal because you are on contract with the buyer and have beneficial interest. Always keep yourself covered. Either get on the purchase contract or get on the As-

ignment contract. You don't get paid a commission – it's either an assignment fee, or it's profit from a double close.

### Conclusion

It takes hard work and time to become a successful wholesaler. It is not a get rich quick business, but it can be a way to get started if you have no capital and really want to invest in real estate. I think the biggest benefit to learning to wholesale, is it teaches you how to find and negotiate great deals. If you can find great deals, there will always be buyers willing to invest in them. And once you are buying for yourself, now you know how to find and negotiate great deals which is a skill that will pay you over and over for life. If you are new and have little funds, credit, or experience – then wholesaling is a great place to start. Be sure to visit – [www.HowToWholesaling.com](http://www.HowToWholesaling.com) – for FREE information on how to get started.

Matt Larsen ☀

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Matt Larsen started buying and selling real estate in October 2012. In the last few months, he and his wife Courtney have done over 25 wholesale deals with no prior real estate investing experience, very little cash and none of their own credit. Now they are both full time real estate investors, work on their own schedule and report only to each other.

REAL WORLD REAL ESTATE INVESTING

# The Truth Can Run Around Naked!

BY BILL COOK



David is a real estate investor from the Northeast. Many folks don't know this, but "Northeast" is a Latin word that means: *Where'd you get that Yankee accent?* Honestly, even though I went to college up north, I only understood half of what came out of David's mouth. Don't know about you, but Yankee talk hurts my ears!

He came down to beautiful Dixie because he wanted me to watch him negotiate with sellers. The thing was, even though David has been reading our column, he wasn't having much success working out win-win deals at sellers' kitchen tables.

During our time together, we met with six sellers and made six written offers. By any measure, it was a successful day. One other important thing happened: By the time David finished making his second offer, I had discovered his problem... actually his two problems – *and boy were they doozies!* No wonder he was having trouble getting deals.

At the first seller's house, when we got to the kitchen table, David talked about himself for twenty-five minutes. On and on he went – bragging about his greatness and business conquests. This first problem could easily be fixed with a roll of duct tape – also known as Alabama chrome!

What David was telling sellers was the root of his second problem – and the problem that needed immediate attention!

He told the first seller that he'd been investing for fourteen years, he bought fifteen properties a month, and he owned over one hundred rental homes.

David told the second that he'd been investing for sixteen years, he bought twenty properties a month, and he owned fifty rentals plus three apartment buildings.

Truth was, David had only been investing for three years, was doing four deals a year, owned only one rental home, and didn't have any apartment buildings. Bottom line: When David was talking to sellers, he was lying through his teeth!

After meeting with the second seller, we took a Coke break. I asked David why he thought it was necessary to be a bald-faced liar. Amazingly, he said he was trying to build credibility! He wanted the seller to believe that he was a seasoned investor with a lot of experience so the seller would be more likely to accept his offer.

I asked David to use his iPhone to look up the word *credibility*. He did. It said: *The quality of being believable or worthy of trust.* I asked, "Do you really feel that lying is the key to being believable and trustworthy?" David hung his head. He understood the lesson.

I explained to David that we have a saying in the South: *A lie has to hide, but the truth can run around naked.*

David was straight up with the next four sellers. In addition, he barely talked about himself. Instead, he focused on asking sellers lots of questions so he could best understand their real estate problems.

Folks, the foundation of every deal you do is TRUST. This is a good lesson to always remember!

Oh, it turned out that David was the best kind of Yankee. Instead of staying in, or threatening to move to Georgia, he willingly returned to the Northeast! ☀

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Bill Cook is a full-time real estate investor, speaker and author. He specializes in single-family homes and mobile home parks. Bill believes that real estate investing, especially the act of buying and holding rental property, is the surest way to financial independence and wealth. Bill and his wife Kim run North Georgia REIA where they teach others how to successfully invest in real estate.



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FORECLOSURES GONE WILD

# Stated Income Loans Are Back For Investors!

BY KIMBERLEE FRANK



I recently had a transaction wherein the Homeowner was attempting to use a Stated Income Loan Program which requires 1) that the property be purchased in a Limited Liability Company and 2) a 35% to 40% down payment. I was very concerned, yet excited about the Loan, due to the fact that these lenders are very picky and it was a new loan product for Investors. The mortgage broker that I was working with had “NO doubt” that this Buyer would be entitled to this loan, considering that he was giving such a large down payment.

Well ... that is when it all started. After the appraisal was done, survey completed and the loan was being submitted to this Lender in St. Petersburg, Florida, all we were waiting for was the hazard insurance policy. However, the lender decided to use a program called CoreLogic which tracks if the Buyers currently have or previously had any outstanding mortgages and guess what? Yep, they did, and I was furious! This mortgage should have shown up on his credit report and when title work was pulled for a name search for the Buyer, we should have been notified that he owns another home. However, there was a HUGE lack of communication with the mortgage broker and the Buyer. The mortgage broker did not speak the native language of the Buyer. So ... when the mortgage broker asked the Buyer “do you have any outstanding mortgages on any homes,” the Buyer replied “no.” However, they did say that the old mortgage they had on their personal house was “short-saled” and since the Bank wasn’t reporting it on their credit, the mortgage broker never mentioned it to anyone! This was a big mistake and costing the Sellers, the students and I, lots of time, money and effort to get this deal to happen.

On the day of the closing, the Stated Income Loan Lender declared that because the Buyer still has a property in his name and that there is a lawsuit for foreclosure pending, that they would not be able to fund him. In addition, the property was being purchased by a Limited Liability

Company, yet the Buyer intended to occupy the home. Yet, pursuant to Dodd Frank Laws and this Stated Income Loan, this would have to be a rental. This specific Stated Income Loan does not qualify for owner occupant homes, it only applies to investment properties. Pursuant to the FARBAR contract, should the Buyer be denied for a loan, they may reapply within 5 days for another loan. After looking at this contract, the Buyer’s Agent indicated that this is a ‘Cash Offer’ with no financing contingency. Therefore, the Buyer’s earnest money deposit should not be returned to the Buyer. It should be returned to the Seller. In addition, the Buyer already waived the inspection clause. However, here is the downfall; when there is a dispute about the earnest money deposit, it ties up the property and prohibits it from being sold to a new buyer. Since the earnest money deposit is held with a title company, it now becomes a small claims matter. The Buyer’s Realtor gave me full consent to re-list the property as active during this time. In the end, a decision will have to be made ie. fight for the \$5,000 earnest money deposit and not be able to sell the house, split the \$5,000 between Sellers, Buyer and Realtors or just give it back to them so that the Sellers can sell the house. What would you do?

The mortgage broker again reached out to many of the hard money lenders that she knew who all drove by the house and came to the same conclusion. They would not be able to fund the transaction because the Buyer planned to live in the home and it was not an investment property and they didn’t want to break any of the Dodd Frank Laws.

Dodd Frank laws were created to protect homeowners against being forced into loans on their owner occupant homes with higher points and higher interest from Lenders, when they are not savvy as Investors.

So ... what can you do to avoid this in the future? Always question the mortgage broker as to whether or not the Buyer

owns another house. Even if it is a short sale, they are still responsible for the Loan. Also, make sure that your title company is pulling a full title search on the new Buyer’s name and not just an “update,” as it would have showed up if we would have had a full title search again.

It is a great house and I look forward to closing it soon!

If you want me to write an Article on a certain subject, please email your comments or questions to [admin@selffastrealty.com](mailto:admin@selffastrealty.com). Whenever I write an Article, I am writing about a “real life” situation/deal that occurred in my office and telling you how to overcome all challenges that stand in your way! I hope that you are learning a lot and applying the wisdom to close more deals!

Happy Negotiating!

Kimberlee Frank ☀

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Kimberlee Frank is a Master Negotiator who has closed over 600 deals since 1998. She is a Mentor, Trainer, Author and Real Estate Broker teaching Investors and Realtors how to creatively purchase and sell short sales with her Step-by-Step System. She has helped Investors and Realtors earn hundreds of thousands of dollars.

CREATIVE FINANCING IS KING

# Sometimes You May Be Forced to Take a Step Backwards, But It Doesn't Mean You Have to Lose Money!

BY LARRY HARBOLT



As many of you know I have taught hundreds of students over the years and I am constantly asked what the most important things a new real estate investor needs to know. First of all I believe every new investor needs to realize that if they plan to be successful and make money from the real estate they buy, they will find that every situation will require a different strategy and structure that they will need to learn if they wish to achieve their goals and dreams.

The key to make almost every deal work is not to “Buy High and Sell Low”, it’s how you structure the deal. Actually this has happened to me a few times over my 35 years as an investor, this IS NOT a good strategy to adopt but it shouldn’t mean you need to lose money. Over the years I have done two deals where I bought a property and because of circumstances beyond my control I was forced to sell those properties for less than what I paid for them. Even though I paid too much for those properties “over time” I made a nice profit on both of those deals.

Each of those properties I bought with seller financing terms and then sold each with seller financing terms. Even though I sold each property for less than what I paid for them I received a higher interest rate when selling than the interest rate I was paying to buy each property. I was able to make a nice profit on each.

Let me give you an example of one of the deals. I bought a property for \$150,000 @ 6% interest for 20 years with a monthly payment of \$1,074.65. I then was forced to sell that property for \$140,000 @ 8% interest for 30 years with a monthly payment of \$1,027.27. Because I was forced to sell the property for \$10,000 less than what

I paid for the property that \$10,000 loss gave me a write-off against other income I had that year. This loss could be a benefit for any seller who is in a high tax bracket.

I now have a payment going out of \$1,074.65 each month for the next 20 years at which time I will have paid off what I owed the seller. I am receiving \$1,027.27 each month for the next 30 years which is ten years longer than the period of time I have to pay off the property to the seller. After 20 years I will have no payments going out so then I get to keep the entire payment of \$1,027.27 coming in. Let’s take a closer look at the numbers of this deal.

I bought the property for \$150,000 @ 6% interest for 20 years with a payment of \$1,074.65. I sold the property for \$140,000 @ 8% interest for 30 years with a payment of \$1,027.27.

When you are paying out \$1,074.65 and you are only taking in \$1,027.27 you have a monthly loss of \$47.38, for the next 20 years. You will have over 20 years a loss of \$47.38 per month X 240 months = \$11,371.00, or \$47.38 X 12 months = \$568.58 as a yearly loss. This loss is less than one Starbucks coffee per day over one year.

After 240 months I will then get to keep the entire payment of \$1,027.27 each month for the next 120 months (ten years). \$1,027.27 X 120 months = \$123,272.40 and if you deduct the \$11,371 loss over the previous 20 years I will end up with a total profit of \$111,901.20 net before taxes.

Yes I know I lost \$47.38 per month for 20 years, but look what I made over the

next 10 years. This works out to average a profit to me of \$310.84 per month or, \$3,730.04 average per year for 30 years. Not a bad return for being forced to sell a property for less than what I paid for it. Time was the key to make this profit.

Let me ask you, would you be willing to give up \$568.56 per year or one Starbucks coffee each day for a year for the next 20 years to make a profit of \$111,901.20 over the following 10 years? I don’t know about you but I don’t think this deal will be too detrimental to my financial future. What do you think? Time was the key that makes this deal work for me.

Happy Investing

Larry ☀

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Larry Harbolt is the nation’s leading creative Seller Financing expert as well as a popular national real estate speaker and teacher whose time-tested strategies and nuts and bolts teaching style has helped thousands of aspiring real estate entrepreneurs realize their financial dreams with little or no money and without the need for credit. Larry has been successful creatively buying and selling real estate for over 30 years and has written numerous popular articles and real estate courses. Larry also has been running a meetup group in St Petersburg, FL for real estate investors for over 13 years.



# A Few Horror Stories

BY BILL HAM



To maintain the spirit of the season (Halloween) I thought I would tell you about a few of the mistakes that I have made in the real estate business and share the lessons with you.

### Know the value of something before you buy it!

My first mistake was to pay way too much for my first deal. It was a duplex. The numbers worked as far as cash flow was concerned but I never researched my comparable sales in the area. I paid twice what everyone else had bought duplexes for. It cash flowed so I was able to operate but that killed any exit strategy of selling or refinancing. Cash flow is great but you must always have an exit strategy before you buy. Make that a part of your deal analysis.

### If something is cheap... there is probably a reason.

I have bought some tough properties in some tough areas. I have been successful with them but I also managed them myself. Learning the art of management has been great but it has also been a tough road and has kept me from buying more deals sometimes. What I have learned is that if you want to a reposition a deal you need to make sure it is in a good area. Most of the repositions I have done were in areas of town that were not so great. When you see an apartment complex that is selling for a good price you need to analyze the deal with your eyes wide open. Sometimes properties are selling at a discount because they need physical repair and sometimes they are selling cheap because they need repair and are in bad area. When looking at reposition deals pay close attention to the demographics of the area the deal is in. Look at the median income of the

area. Is there job growth? What is the vacancy of the other properties in the area that are like yours? Look at the rent roll in the delinquency column. Are they actually collecting rent? You don't want to do reposition deals in marginal areas even if you can buy them cheap. Your property is only as strong as the tenants you can rent to. No matter how much work you do to the property...if you can't collect the rent it's not a good deal.

### Money first or deal first?

I remember when I first started to raise private money for my deals I always felt like I was jumping from foot to foot. I would find a deal and have no money. Then I would raise some money but have no deal. After a while I realized this is just how it works. If you keep at it, it will come together all at once. It does come together if you stay at it. I recommend looking for money and deals at the same time. What I have found is that most people are confident about looking for a deal or raising money but not usually both so they make an excuse for themselves by saying "I will find a deal first then raise money" or "Once I have a great deal I will start talking to investors". You do need a great deal to raise money but people rarely invest with strangers just because they have a deal. People do business with people they like and trust. Sometimes that takes time to build that relationship. Start networking now so when you do find the deal the money relationship will be there. If you wait until you put a deal under contract you will not likely have time to build enough relationships to get the money in time and then you have to back out of the contract or lose earnest money...and that is scary anytime of the year!



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◀ **There is no such thing as “bad management”.**

I truly believe there is no such thing as bad management only bad owners. This next mistake was not mine but an owner that I know. I did make a bunch of money from his mistake though so I guess it has a happy ending!

I took over a property from an owner with a master lease option. The manager had been paying themselves first each month when the rent was collected. They would then begin to pay the bills for the property. Once the money ran out they would put the remaining invoices in a drawer. After a few months of not paying some of the invoices the total amount really started to add up. \$50,000 to be exact! The manager called the owner and told him to send them a check so they could pay all of the back debt to the various contractors.

Needless to say the owner flipped out! Not only was he not cash flowing, he just found out he was in the hole \$50K! The reason I tell you this is that the owner should have been more involved with this property

and managers. No one will run your company for you. Property management is an extension of you. They will only run your property as well as you manage them. Some management is certainly better than others but you must be involved. They just do the heavy lifting but the strategic plan comes from you.

Good luck! ☀

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THE MILLIONAIRE MAKER

# Follow Up and Close the Sale of a Lease Option or Owner Financing Deal

BY RON LEGRAND



Okay, we're almost at the end of our series of articles on how to get through the entire process of buying and selling on a lease purchase, ACTS or owner financing deal. The last two steps in our process are to follow up with your buyer to get them to the closing table, and set up the closing so you can actually get it down and collect the final check.

Alright, so let's assume that to this point you have been out into the market place and attracted prospects to call you and have found one or more that have enough money to get your attention. Now, you're ready to move forward. In our case, we try to find 2-3 prospects, and, of course, the ones with the most money rise to the top quickly. Unless they get screened out from something we discover about them, they usually win the battle.

Once they are located and they have seen the house, now it's time to get an oral commitment from them that they want it. Then, it's time to do your due diligence prior to setting a meeting. When we put a lease option tenant buyer in a house or sell it with owner financing, there are a few things we want to see in the form of a report. That list is a credit report, a Megan's law report for sex offenders, a background check, a criminal check, a debt-ratio report, and proof of income.

Fortunately for you, I've made an arrangement with a gentleman in the credit repair business to do all of this for you for a measly \$50 and send you the entire package. One of the things he does that I like so well is compute the debt-to-income ratio for you so you don't have to try and figure it out on your own. Sometimes, that process is a little daunting for new students. His name is Paul Ritter and you can find him at ScreenTheTenant.com. He's also in the

credit repair business, and charges your customer \$99 a month for 6 months to repair their credit. I've seen him raise credit scores as high as 100 points over that time, so you might want to strike up a relationship with Mr. Ritter.

Of course, I expect you to ask who pays the \$50, and, in my case we pay it. If we don't like the tenant we don't try and get it back, we just eat it. It's the cost of doing business. To me, it's more of pain in the neck to collect it than it is to just pay it.

Once you have all these reports in your possession, usually it's a rather easy decision as to whether you want to accept the tenant buyer or not. Sometimes we find something that really stands out that upsets us, but honestly most of the time we don't. Yes, we put people in houses that have been foreclosed on and have even had evictions in the past, but please remember nobody gets in one of my houses unless they have several thousand dollars to put up for a non-refundable option deposit or a rather large down payment. To me, this overrides a lot of past sins. I set myself up to a position to where I can't lose. If they pay as agreed, great, everybody's happy. If they don't, I'll have to pull them out of the house, keep their money and move on to the next one. In my case, I'm not opposed to doing that, so how much screening you do will depend on the position you setup for yourself to remove risk and your own personal tolerance level.

Sometimes, debt-ratio will kill the deal because we do not want to set a buyer up for failure knowing full well they can't afford the payment. For example, if you have a buyer who's trying to obligate themselves to pay \$1,500 a month and they only make \$3,000 a month, you should know you have a problem and put the brakes on immediately, or try and put them in a less expensive house.

The standard debt ratio approved by the government (not that it matters here) is 28% for their payment. That's 28% of their total gross income for the family and 43% for a total debt which includes the new payment you're putting on them with the house. Yes, I have exceeded 43% many times and even 28%, but now it comes down to common sense. Do you feel like they have enough income leftover to get by and live comfortably without having to struggle to make the monthly payment?

My favorite target is a tenant buyer with poor credit, lots of money and high income. I'd like to tell you that's what we get every time, but again, I'd rather turn someone down than set them up to fail.

Okay, you've done your due diligence, and now it's time set the meeting. Setting the meeting means you think you want them, they sound okay, your reports look alright, now it's time to come face to face and discuss a few things before you're ready to send it to the attorney to prepare and execute the closing documents.

Do not tell them you have accepted them prior to the meeting. Tell them they look good, but it will take a final meeting before we can approve them. If they feel like they have been accepted before they arrive, you have lost all your leverage.

Don't forget to tell them to bring their check book because, if they're accepted, they will need a sizeable deposit. In our case, when they ask how much I always say "we get it all" because, by this time, we have agreed upon a down payment. However, we will not accept less than \$2,500 at the meeting. If you're prospect can't come up with the deposit then you immediately know they don't have the rest of the down payment either, so it's time to start asking some questions ▶

◀ about whether they have the money or don't have the money.

The meeting can take place at your office, at a McDonalds or at the house. Obviously if you have an office, it wins. Here's a list of things we discuss at the meeting:

1. **The down payment.** We always try to get more from them. If there's any way they can come up with more, we want to know it right here.
2. **A monthly payment.** Yes, we've had these discussions before the meeting, but this is the time to try and get more per month. My general question would be, "If we accepted you into this house, is \_\_\_\_ the most you can pay per month?" Again, they are trying to prove to you that they can qualify for the house and you're the committee to decide. Now's the time to get whatever you can get out of them.
3. **Repairs.** My discussion is very simple: we're not doing any! However, for the first 30 days if any of the systems fail, we'll gladly replace them as per my lease option agreement, which you can find on the Gold Club. However, after that it is crystal clear that all repairs are at their cost, and I mean all of them.
4. **Late fee.** I charge 10% after 5 days late, but make sure you check about laws in your state. I charge a pretty hefty fee and explain to them that it doesn't matter why the rent is late, if it's in on the 6th, make sure the late penalty is with it, otherwise it will be returned to you. We're not mad at you, but we have a system; if the system says you're late, you will owe the penalty.
5. **Attorney fee.** Anytime I put someone in a house on a lease purchase or owner financing, they pay the attorney fees. Our attorney is currently charging \$400 for most deals, and they are responsible for bringing that \$400 to the closing along with the balance of their down payment.

If it's an ACTS deal, this is the time to explain the assignment process, and that we have a contract on the house and will

be assigning it to them. Frankly, up to this point, we don't even disclose that it is an ACTS deal in most cases. We save that for the meeting.

Then, we talk about the process to close. We're going to call the attorney right now to set up a time to close if you've accepted them at this point, and you give them the attorney's address and remind them of how much money they need to take. Put them in touch with the attorney and put the attorney in touch with them so they can communicate before the meet to sign the documentation.

The only agreement we get signed at the meeting is the Application and Receipt Agreement. This is a document on the Gold Club and in your courses which is nothing more than a receipt for your deposit. I love this agreement because it does not take the house off the market. It simply gives them the receipt for their deposit and gives us the right to keep marketing their house, so if someone comes along with a lot more down, we have the option of taking it and telling the buyer "Sorry, we'll try to find you something else." This agreement does say that if you do not accept them, you must give them the money back. If you do accept them, it applies, and if you accept but they back out, it gives you the right to keep their deposit. That choice is entirely up to you.

That brings us down to the closing process which is actually pretty simple. We pull the Lease Option Agreement off the Gold Club site and fill in the blanks, because it's just as easy for you to do that as it is to send the attorney the information and have them complete it. If it's not a lease purchase, then you will have to do a Purchase and Sales Agreement and get it to your attorney, because your attorney can not prepare owner financing documents without the Purchase and Sales Agreement to determine what to put in the documents.

So at the meeting, I'm willing to sign a Purchase and Sales Agreement, but I might point out to you that when I sell with owner financing I get a substantial down payment, usually at least 20% and a great big chunk of it at the meeting so I'm not too concerned about taking it off the market. Especially since I know the closing is 1-2 days after the meeting. That's the beautiful thing about selling

houses on terms, there's nothing stopping the closing from taking place except the time the attorney needs to do the documentation.

So we send all the documentation that we fill out to the attorney and ask them to send us back the complete package by email either the day before or the morning of the closing. Next, you take a look at it and check for mistakes. Then, there's nothing left to do then but attend the closing and bring back the check. In our case, our attorney actually sets up the closing at our office because his office is in our same area.

Well, that's it. That is the exact same process we use week-in and week-out to do 6-12 deals per month. If you still have questions, make sure to sign up as a **Gold Club Member** so you can submit your questions directly to me in our weekly "Ask Ron" segment. On Friday of each week, you'll get an email with all your answers. ☀

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Ron LeGrand is the world's leading expert in residential quick turn real estate and a prominent commercial property developer. Ron has bought and sold over 2,000 single family homes over the past 30 years, and currently owns commercial developments in nine states ranging from retail, office, warehouse, residential subdivisions and resorts.

# How Land Trusts Can Benefit You

BY DYCHES BODDIFORD



The land trust is an agreement that allows real property to be held privately for a beneficiary. That way, the beneficiary, whether it be you or your entity, does not show up on the title in the public records.

It's true that we have checks written to us in exchange for services of buying and selling houses, so it's understandable to think we're in the business of real estate.

Follow me here. Say you have \$1 million insurance coverage for liability. You hit an attorney in the cross-walk with your car. Will he settle for the insurance limits or will he sue for more? Or what if your insurance company denies your claim for some reason? How much will the suit be? Well, that usually depends on how deep he thinks your pockets are. If you own property in your own name, the lawyer suing you will easily find your house and any other properties you own

in the public records. This could easily become a \$3 million suit.

Before you even know you will be sued, the opposing attorney could have the sheriff park in front of your house, knock on your door while you are eating dinner and hand you your lawsuit in front of all your family and the neighbors!

But, if you have your property in a land trust, beneficial ownership is hidden. Your land trust is not filed in the public records. Your ownership stays private. No one knows who the beneficiary is but you.

### Elements of a Land Trust

The land trust has four elements:

1. Settlor – This is the person, usually you, who creates the trust.
2. Trustee – The Trustee's control is limited by the terms of the trust. This

can be a trusted friend, sister, an in-law or other family member. It is best to choose someone without your last name to increase your privacy.

3. Beneficiary – This is who receives the benefits of the trust. This could be you or someone else. One of your companies would make an excellent beneficiary. There can even be more than one beneficiary if desired. The beneficiary has all of the control. The beneficiary can direct when property is bought and sold. The beneficiary is the one who can refinance the property or can collect the rental income from investment properties.

4. Trust corpus – This is the real property held by the trust.

### Taxation

Properly structured, the trust is transparent for tax reporting. So there is no loss of benefits or additional

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◀ accounting. What you have achieved is privacy of ownership.

**What Will your Lender Say?**

Again, properly structured, the Garn-St Germain Depository Institutions Act of 1982 specifically provides that you can place your property in a land trust without triggering the due-on-sale clause. That means you can transfer mortgaged property to a land trust without interference from the bank. This is the case as long as you as borrower remains the beneficiary, the property consists of four or fewer dwelling units, and the trust is revocable and does not convey rights of occupancy to others.

**Where Can Land Trusts Be Used?**

Land trusts have been used in all 50 states. Where state statutes do not specifically provide for a land trust (most states), the land trust is treated as a contract between the settlor, beneficiary and trustee. Be aware that a few states require additional duties of the trustee.

**A Good Example**

An attorney, Lee Horner, tells a story of a law suit where a person was bit by a

dog that was not even supposed to be on the rental property. The person hired an attorney to sue. Since the property was in a land trust, they were required to serve papers on the trustee. But the trustee could not be found since they were out of state. Of course, with no trustee to depose, they could not discover that the beneficiary was an LLC in a third state.

The plaintiff could still possibly use service by publication to get a judgment and then get the property.

But there was a loan on it by a company in a fourth state. After a while the frustrated attorney told their client to forget it and the suit was dropped.

This is just to show what can be done and your land trust does not need to be this involved...

**More Info...**

I will be teaching a course on trusts in October. We will quickly cover the basics and move to more advanced issues for land trusts and personal property trusts. You will find the information and sign up link here...

**Trust Concepts & Strategies**

Atlanta, GA

October 25 & 26

<http://Trusts.AtlantaREIA.com>

Don't miss the opportunity to get all this information in one place!

Hope to see you there! ☀

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**Dyches Boddiford** is a full time investor who speaks from experience in a variety of real estate areas. His seminars and conferences are intended for the serious real estate investor, though entrepreneurs in other businesses or investments will find his training helpful as well.

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## Familiar Web Sites Are the Worst Place to Get Values

BY MARK JACKSON

A high percentage of real estate investors and sellers begin their research on some of the popular websites like Realtor.com, Zillow, Trulia and Homes.com. Also, thousands of websites with aggregated data that provide bits and pieces of information might seem helpful.

For those of you already connected to REIAComps, the control and feeling of confidence you have over your deals is priceless. Using REIAComps to investigate the value of houses as they come to market, against other less reliable sources continues to be a no brainer.

Today almost 90 percent of investors go to the web for information at some point during research, and, quite a few will possibly connect with a real estate agent during the buying or selling process. Only investing agents can actually offer and help to interpret the abundance of data and guide an investor or seller. Unfortunately, there are very few actual investing agents.

Anyone looking to buy or sell a home these days has more than likely surfed and discovered one of the many online home valuation tools. Every investor must ask themselves, are these tools really useful? Well, are they?

In fact, the data that these tools draw on at times is marginally accurate. The amount of time, effort and money contributed to these collections of data is

staggering. They can be beneficial when evaluating or perhaps trying to understand geographic locations in which to target a house search.

However, the tools are built around an automated valuation model that cannot account for the uniqueness of a given home. For instance, when compiling the data; quality of materials, updated interiors, school zoning, air quality, and any attributes which require true valuation assessment are not factored into the house's estimated value.

The most widely known of these resources is Zillow's proprietary program, Zestimate. It's important to understand the inaccuracy of a Zestimate valuation. In fact according to disclosures on Zillow's own website, the "Zestimate" tool miscalculates homes values in most areas over 30 percent of the time. Certainly not the best resource for determining the value of a house an investor may consider buying or selling.

By comparison, at REIAComps our team invests hours analyzing house value for our clients weekly. In addition to looking at statistical data, we know it is quite important to factor in the latest market trends for the area; and specifics about comparable homes that are currently on the market or have recently sold.

Whether you are an investor buying, selling or just looking, don't put too much

stock in the automated valuation tools to determine a home's value. If you want to get closer to a true value, you need to consult the tool truly serious investors use.

Use REIAComps to determine the best acquisition and ARV for every deal you look at. Don't for one moment let some popular marketing web site designed to do "lead generation" tell you the value of a deal. Let REIAComps show you for yourself. ☀

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Mark Jackson is an appraiser, real estate investor and property valuation specialist who teaches others to get more out of their real estate investing business. In 1999, Mark founded an appraisal company and soon found his true gift was analyzing property values for real estate investors. Since 2000, has closed millions of dollars' worth of his own domestic and international real estate transactions. Mark's passions are: faith, family, golf and real estate.



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HOW TO BE A REAL ESTATE INVESTOR



# Rent is Getting Too Damn High?

BY RUSS HINER

**A**rticle ran earlier this year, “Rent is Getting Too Damn High?” that has given me pause. In it, the author complains that the rent in Tampa is becoming too high. To this, I’d like to say: Quit whining. I want to challenge people to begin looking at what is happening in the city that is positive, what has happened because a few investors had the courage to step up and put their money where their mouth is by taking a chance. Did they do so in the hopes of making money? Yes—that’s what we all do when we invest. That is what we all do at our jobs..

For years, people have wanted to see this city cleaned up, and now they’re whining that the rent is too high? Here is what I want to know: Where was the author in 2004 when the City Police couldn’t control the deadbeats, the crime, and the prostitution? When there were undesirable tenants in the City Market Building?

Let’s look at what things were like a few years ago. The area in question was a drug haven and a veritable department store of prostitution. Yes, rents were low—they always are when there is a high risk of personal and property safety. This isn’t rocket science.

In 2000, the Telephone Factory Lofts in Atlanta were a pioneer investment. They were surrounded by crack dealers and undesirables. The Federal Government, not the City of Atlanta gave tax incentives

for the developer to keep rents affordable for artists. That incentive is now gone. Are the dealers? And when rents doubled there, did people complain? The same thing is occurring in Tampa. You have investors just like the ones reading this article who are willing to invest in the area hoping and praying they will get their money out plus some!

The misunderstanding is that we are not seeing inflation; we are seeing forced appreciation. What you’re seeing is a developer taking a massive risk on an unbelievably big investment. Their payday is due to their vision. They took a huge gamble on an area that is blight in Tampa. Very few developers had the gonads to be able to take that risk. Unless you are one of them, do not

When I hear people complaining about rental increases, I have to wonder--Are they willing to take a risk and work toward making this city a better place? Given the lack of solutions in the article, I would say no.

The truth is that in order to stay up with market rents in the redevelopment areas, people will have to continue their education, participate in social organizations, take responsibility for their status in life, and participate to the fullest extent. Good luck to those individuals who have a lack mentality and function from fear. In the meantime, we need to thank the investors

who are cleaning up our city and making it a desirable place to live. Oh I forgot to mention the risk takers are providing tax revenue to the “governmental powers” to be spent on other hair brained ideas. ☀

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Russ has been investing in real estate in Atlanta Georgia since 1981. His company currently controls apartment buildings and single-family properties in Georgia and other states. His focus is on raising private capital through Hedge Equity, LLC.

Russ invests everyday. His knowledge and experience is current in the market. He is capitalizing on the needs, wants, and desires of the customer. He has a deep level of experience in building relationships with vendors, investors, tenants, sellers, and qualified buyers. He has the knowledge to negotiate contracts, manage rental properties, and make his co-investors wealthy. He enjoys taking properties which are virtually destroyed, renovating them, and creating a better community.

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# The Fast Track to Failure

BY KATHY KENNEBROOK, THE MARKETING MAGIC LADY



**T**he quickest route I have seen many investors take to failure in the real estate investing business is by quitting before they ever have the chance to see their business succeed. Some obstacle comes along that just feels overwhelming and instead of forging on, they just say “I Quit”. Think about it, it’s easier to just quit than it is to forge ahead and solve the problem even when it’s not the easiest solution at the moment. It’s also easier to blame the market, blame your lack of education, or just adopt the “it doesn’t work where I live” kind of attitude than to take responsibility for the success or failure of your real estate business. I have heard “want to be” investors come up with every excuse imaginable not to get started in this very profitable business, and I have heard every excuse as to why it “just didn’t work for me”.

Believe me when I tell you, I have heard it all, and I feel sorry for the folks who adopt these attitudes. They are missing out on a wonderful opportunity to change their lives forever. If I had listened to that kind of negativity or thought so little of my personal abilities when I got started in this business, I wouldn’t be the wealthy entrepreneur I am today.

There are two critical moments when you must have faith in yourself and in your business; when you first begin your business and when your business is

in some kind of trouble. It’s easier to be much more optimistic at the onset, it’s not so easy when you are overwhelmed, feeling like you are being pushed in several directions, or having trouble with cash flow. Sometimes quitting may look really attractive and your friends and family may suggest to you that you quit the real estate business and get a job if things aren’t going along just the way they should.

Overcoming problems in your business isn’t easy and there is no magic pill. You just have to decide whether you want it badly enough and adjust your mindset accordingly. There is no short cut; you just have to believe you will succeed and forge ahead. When you get into a difficult situation, and you consider cutting your losses and just quitting, try to think back to the beginning, when you were so excited about getting started in the real estate business. What was your motivation then?

If you have a mentor or someone you can talk to, do that before making any drastic decision you may be sorry for later. Make sure this person is qualified to help you make a decision as to your future before putting faith in their advice. Also make sure you are getting the education you need in all facets of your business so you can best avoid failure by learning how to do things right as you go. Don’t let the possibility of defeat-defeat you or your ultimate goal. Take

the time to build and surround yourself with a dream team of people who can help you achieve the goals you have set for yourself and for your business.

If you find yourself overwhelmed by various problems in your business, try to dissect them one at a time and determine the cause and the solution to each problem individually. Deal with your problems one at a time and one day at a time. This is never easy but must be done as any successful business grows. Big problems broken into smaller ones are easier to tackle and solve. One of the biggest problems that may arise for you in the real estate business may be lack of time or lack of money and there are ways to solve both of these problems, especially in the real estate business where the money to do deals is much more accessible.

Compared to the responsibilities of running a successful business, your past life of working for someone else may seem to have been a much more comfortable route to take in retrospect. But is that the outcome you’re really after? Do you really want to work for someone else the rest of your life and make money for them or do you want to be the wealthy entrepreneur you know you can be?

Everyone in this business, even those who are as experienced as I am and have been in the real estate business

*continued from page 25* ►



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FAST TRACK TO SELF-DIRECTED IRA INVESTING

# Self-Directed SEP IRAs – The No-Nonsense Retirement Plan for Real Estate Entrepreneurs

BY JIM HITT



If it's a combination of high contribution limits and downright simplicity and ease of administration you're looking for, and you have significant cash flow coming from your own business, practice as an independent contractor or other earned income from self-employment, then the SEP IRA, including the Self-Directed SEP IRA may be the way to go.

## How it Works

The SEP IRA, or Simplified Employee Pension plan, is an employer-funded, defined contribution pension plan available to businesses of any size, including single-employee corporations, independent contractors and self-employed individuals.

Entrepreneurs in each of these categories initiate a SEP IRA plan to cover all qualified employees. The plan sponsor then funds the plan on an equal basis for each covered employee. You cannot set up a plan to cover yourself alone, if you have other employees. You must contribute to the plan for all qualified employees, equally, across the board. However, this is obviously not much of a concern for independent contractors and for businesses owned and operated by a

single employee or a husband and wife team.

Contributions are tax-deductible to the business, and balances grow free of income and capital gains tax until the plan beneficiary elects to take money out. At that time, any distributions are taxed as ordinary income:

Distributions before age 59½ are generally subject to a 10 percent penalty on top of the income tax, unless hardship conditions apply.

In retirement, plan beneficiaries must begin taking distributions by April 1st of the year after the year in which they turn 70½, or face stiff tax penalties.

## Advantages

As retirement savings vehicles go, SEPs provide a great combination of high annual contribution limits and simplicity:

- The annual contribution limit per employee is 25 percent of annual compensation or \$52,000, whichever is less. This is much greater than the \$5,500 maximum deductible contribution available for IRAs (\$6,500 for those age 50 and older).

- There is no ongoing commitment to fund the plan.
- There are no ongoing filing requirements
- Fees and operating expenses are comparatively low compared to other pension plan options
- Available for the self-employed.

## Self-Direction

Yes, you can choose to self-direct your SEP IRA investments. This means that with a SEP IRA, you are not restricted to the standard investment company menu of mutual funds, stocks, bonds, annuities, CDs, GICs and money markets. Instead, you can choose to take personal charge of your investments, just as you would in your own personal, taxable account, with a few exceptions. This enables you to choose any of these asset classes:

- Rental real estate
- Commercial real estate
- Tax liens and certificates
- Closely-held businesses
- Partnerships
- LLCs
- Joint ventures
- Gold and precious metals (with some restrictions)
- Pipelines
- Oil & gas investments
- Foreign investments
- Private equity and venture capital
- Private lending
- Hard-money lending
- And much more...



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**Restrictions**

The IRS prohibits you from directing retirement plan investments into gems, jewelry, certain forms of gold and precious metals, art, collectables and alcoholic beverages. You also can't buy or sell directly from yourself, your spouse, yourx ascendants or descendants, your spouse's ascendants and descendants or any entities controlled by any of these individuals. Your SEP IRA cannot lend to or borrow from any of these prohibited counterparties either.

**Disadvantages**

SEP IRAs do not support plan loans. If you want to be able to borrow from your retirement plan, the 401(k) may be more appropriate.

SEP IRAs also don't support the Roth option under current law. If you are willing to give up the tax deduction in return for tax-free growth, again you may want to consider the 401(k).

For those able to contribute higher amounts, you may also want to consider the Solo 401(k), because in many cases, the law allows for higher total contributions when you add employee and employer contributions together.

Have questions? Call us today at 866-7500-IRA (472). Or visit us online at [www.americanira.com](http://www.americanira.com). You can be confident you'll be speaking with one of America's leading authorities on self-directed retirement investing. We look forward to hearing from you. ☀

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**Jim Hitt** is the Chief Executive Officer of American IRA, LLC and has been committed to all aspects of investing for more than 30 years, using selfdirected IRAs for his own investments since 1982. Jim's forte is the financing and acquisition of real estate, private offerings, mortgage lending, businesses, joint ventures, partnerships and limited liability companies using creative techniques.

◀ *continued from page 23*

for many years have seen our fair share of lousy tenants, cash flow problems, houses that didn't sell quickly, not enough money available and all of the

other kinds of problems that can come with this business. Believe me when I tell you, you aren't inventing any problem that we haven't all faced at one time or another. The best solution is to take a deep breath, step back and regroup. Then start taking positive steps one by one to correct whatever problem you are facing. This is all part of your learning curve. Once again, if you are getting your education along the way, you will probably be lucky enough to sidestep most of these problems. If you decide to work with a mentor along the way make sure he or she is a successful entrepreneur and is someone who can help you attain the success you are looking for in your business.

tors who share the same dream you do. This is another way to keep a positive attitude and stay focused on the goal. Overcoming your fear of failure is what will separate you from all the others who choose not to make it in this wonderful business. Only you can sidestep the fast track to failure. ☀

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**Kathy Kennebrook** is a speaker, author and has been actively investing in real estate since 1999, Kathy currently resides in Bradenton, FL and is known as the Marketing Magic Lady because she is the country's leading real estate marketing expert on finding motivated sellers using direct mail.



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To turn your thoughts away from fear of failure, ask yourself this question. Why did I get into the real estate business in the first place? Are those reasons still valid today? Ask yourself about what your original expectations were, are they still possible? Is the short-term problem worth the ultimate outcome? I know this will sound difficult, but take the time to look inside yourself and find the inner strength to pull you through whatever problem you are currently encountering. It will absolutely be worth the time and energy you expend. Surround yourself with like-minded inves-



**Pete is back on board in 2015!!**

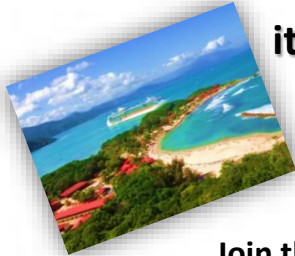
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Sun 8 March 2015	Port Canaveral, FL		4:30 PM	Boarding
Mon 9 March 2015	Cococay, Bahamas	7:00 AM	4:00 PM	Tendered
Tue 10 March 2015	Conference			At Sea
Wed 11 March 2015	Charlotte Amalie, St. Thomas	12:00 PM	7:00 PM	Docked
Thu 12 March 2015	Philipsburg, St. Maarten	8:00 AM	5:00 PM	Docked
Fri 13 March 2015	Conference			At Sea
Sat 14 March 2015	Conference			At Sea
Sun 15 March 2015	Port Canaveral, FL	6:00 AM		Departure



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# Finally, an Answer to Fraudulent Actions by the Banksters!

BY BOB MASSEY



In the last four months alone we have negotiated 28 1st mortgages and have successfully negotiated at least a 35% discount in the mortgage balance on all 28! In addition, we have eliminated all of the 2nd and 3rd mortgages. We have been saying for years that the lenders have perpetrated significant fraud in virtually every mortgage written in the last 20 years. The media has led us to believe that the foreclosure disaster is coming to an end. They have even blamed the homeowners for causing the mortgage implosion.

It was almost eight years ago that the foreclosure crisis began. More than 5 million homes were lost to foreclosure during those eight years, many of them belonging to real estate investors who are no longer in business. But things are looking up, right? According to CoreLogic the national foreclosure rate is at 1.7%, down from 2.5% last year. The rate of foreclosure starts is at 2006 levels, and the number of foreclosed homes being sold is back to 2008 levels. So why are many analysts now preparing for those numbers to shoot back up in the next year?

The answer is simple. The government created a bunch of temporary relief

programs to try to stop the onslaught of foreclosures without actually fixing the problem. Instead of focusing on principal reduction, they focused on temporarily reducing payments. Over 300,000 homeowners' HAMP payments will increase next year alone, with 2 million set to increase over the next few years. 40% of those 2 million homes are still underwater.

Another source of trouble is the fact that Home Equity Lines of Credit (HELOCs) that were taken out during the bubble years will begin to have increased payments. According to the LA Times, this increase will hurt the areas whose economies are the most affected by the housing bust because that is where the most lending took place.

The foreclosures might already be starting to hit as the foreclosure rate did increase 2% from June to July, with activity increasing by 66% in Houston and 10% in Los Angeles. Foreclosure starts in Nevada, one of the hardest hit states during the housing bust, increased by 128% year over year.

The most appalling thing about this is the fact that a huge percentage of these

loans were fraudulently created by the banks that are now stealing the homes back at foreclosure. If you've been following my articles, you are well aware of the disgusting fraud the mortgage banks pulled on the American people. Long story very short, the banks took money from their investors, lied about what they did with it, lied about who was lending the money to homeowners, and created a maze of transactions and paperwork in order to get away with foreclosing on the homes. Fortunately the courts are catching onto the fraud and are siding with homeowners.

So how can you be sure your real estate investing business survives and even thrives during whatever crises might come your way? By purchasing homes at deep discounts, keeping the ones that cash flow, rehabbing some with potential, and flipping the rest. The way to get homes at deep discounts in today's market? By negotiating with banks to dramatically reduce the outstanding balance of the mortgage.

By dramatically reducing the outstanding balance of the mortgage, real estate investors are able to help underwater homeowners move on from a horrible situation without having to spend tens or hundreds of thousands of dollars on expensive lawsuits. The



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◀ homeowner can walk away from a boat-anchor property, and you pick up a home at a deep discount with virtually every exit strategy available to you.

If you know of anyone who wants to leave their home and has a current market value of at least \$500,000, you need to get in contact with my office immediately at (706)-485-0162. I have spent the last three years building up a team of experienced attorneys and fraud examiners who specialize in exposing fraud committed in the mortgage process and using that fraud as leverage to negotiate the sale of notes.

In the last four months alone we have submitted 28 1st mortgages and have successfully negotiated at least a 35% discount

on all of the 28 mortgages! In addition, we have eliminated all of the 2nd and 3rd mortgages that were written in 2009 or earlier.

We have a huge opportunity to help homeowners and do some great deals with multiple exit strategies. We finally have the leverage we need to get the banks negotiating on our terms. It doesn't even matter if the homeowner has already been foreclosed on, we might be able to help. ☀

*Comment on this article online at <http://tampareia.com/?p=4701>*

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**Bob Massey**  
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 [www.Facebook.com/BobMasseyOfficial](http://www.Facebook.com/BobMasseyOfficial)



**Bob Massey** is a recovering corporate executive who is now living the dream running his own successful real estate investing business and teaching others how to do the same. In the process he has become the nation's leading educator on the foreclosure investing process.

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# Tampa Area Meetings

<http://TampaREIA.com/Meetings>

## Tampa REIA Main Meeting

2nd Thursday of Each Month  
6:00pm – 9:00pm  
DoubleTree Tampa Bay  
3050 N. Rocky Point Dr. West  
Tampa, FL 33607  
Leader: Dustin Griffin  
P: 813-358-8050  
E: [admin@tampareia.com](mailto:admin@tampareia.com)  
<http://main.tampareia.com>

Every Monday  
(Except Major Holidays)  
**Larry Harbolt's Weekly REI Meetup**  
7:00pm – 9:00pm  
Hibachi Buffet  
7610 49th St N, Pinellas Park, FL  
Leader: Larry Harbolt  
P: 727-420-4810  
E: [larryharbolt@gmail.com](mailto:larryharbolt@gmail.com)  
<http://larrysmeetup.tampareia.com>

Every Wednesday  
(Except Major Holidays)  
**Sarasota REIA Weekly Meeting**  
12:00pm – 1:30pm  
Oriental Buffet  
4458 Bee Ridge Rd, Sarasota, FL  
Leader: Jim Willig  
P: 941-927-0040  
E: [sireproperties@gmail.com](mailto:sireproperties@gmail.com)  
<http://sarasotareia.com>

Every Other Wednesday  
(See Calendar for Dates)  
**Tampa/Clearwater Real Estate Group**  
11:30am - 1:30pm  
Joe' Crab Shack  
2730 Gulf to Bay Blvd  
Clearwater, FL  
Leader: Jim Miera  
P: 727-415-6325  
E: [jim415@hotmail.com](mailto:jim415@hotmail.com)

Every Thursday  
(Except Major Holidays)  
**Creative Real Estate Exchangers Meeting**  
9:00am - 11:00am  
Denny's Restaurant  
4999 34th St N, Saint Petersburg, FL  
Leader: Wayne Arnold  
E: [wecreatedeals@gmail.com](mailto:wecreatedeals@gmail.com)  
Co-Leader: Jonathan Henrich  
E: [creeinternational@gmail.com](mailto:creeinternational@gmail.com)  
<http://cree.tampareia.com>

1st Tuesday of the Month  
**Suncoast REIA**  
6:00pm - 9:00pm  
Ramada Tampa Westshore Inn  
1200 North Westshore Blvd, Tampa, FL 33607  
Leader: Dave Marek  
P: 813-287-1515  
E: [admin@sreia.com](mailto:admin@sreia.com)  
<http://sreia.com>

1st Tuesday of the Month  
**Florida Gulf Coast REIA**  
5:30pm - 9:00pm  
Bonita Springs Elk Lodge  
3231 Coconut Road, Bonita Springs, FL  
34134  
Leader: Jon Iannotti  
P: 724-283-5021  
E: [jon@fgcreia.com](mailto:jon@fgcreia.com)  
<http://fgcreia.com>

1st Thursday of the Month  
**Sarasota REIA Monthly Meeting**  
7:00pm – 9:00pm  
Bank of America  
1237 Old Stickney Point Rd. Sarasota, FL  
Leader: Jim Willig  
P: 941-927-0040  
E: [sireproperties@gmail.com](mailto:sireproperties@gmail.com)  
<http://sarasotareia.com>

3rd Thursday of Each Month  
**Beach REIA**  
6:00pm - 9:00pm  
Gators Cafe & Saloon  
12754 Kingfish Dr, Treasure Island, FL  
Leaders: Matt & Courtney Larsen  
P: 813-838-0171  
E: [mattclarsen01@gmail.com](mailto:mattclarsen01@gmail.com)  
<http://beachreia.tampareia.com>

3rd Thursday of Each Month  
**IRC Main Meeting**  
6:00pm – 9:00pm  
Winter Park Civic Center  
1050 W. Morse Blvd, Winter Park, FL  
Leader: Chuck Burt  
P: 407-645-3540  
E: [chuck@ircflorida.com](mailto:chuck@ircflorida.com)  
<http://ircflorida.com/>

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# TAMPA REIA CALENDAR OF EVENTS

## OCTOBER 2014

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<p><b>UPCOMING EVENTS</b></p> <p><b>Nov 7 - 9:</b> Financial Freedom Principals Class with Gary Johnston &amp; Clyde Wilson in Tampa</p> <p><b>Nov 13:</b> Tampa REIA on Using the Law to Make Money with Attorney Lee Phillips</p> <p><b>Nov 14 - 16:</b> Money Not Math with Gary Johnston &amp; Clyde Wilson in Atlanta</p> <p><b>Nov 15:</b> Tampa REIA Workshop with Attorney Lee Phillips</p> <p><b>Jan 18 - 24:</b> Island REIA Retreat to Dominican Republic</p> <p><b>Mar 8 - 15:</b> Captains of the Deal Cruise with Bill Cook, Dyches Boddiford &amp; Peter Fortunato</p>			<p>1</p> <p><b>Sarasota REIA Weekly Meeting</b> (Sarasota) 12:00pm - 1:30pm</p> <p><b>Tampa/Clearwater Real Estate Group</b> (Clearwater) 11:30am - 1:30pm</p>	<p>2</p> <p><b>Sarasota REIA Monthly Meeting</b> (Sarasota) 7:00pm - 9:00pm</p> <p><b>Creative Real Estate Exchangers Meeting</b> (St Pete) 9:00am - 11:00am</p>	3	4
5	<p>6</p> <p><b>Larry Harbolt's Weekly REI Meetup</b> (Pinellas Park) 7:00pm - 9:00pm</p>	<p>7</p> <p><b>Florida Gulf Coast REIA</b> (Bonita Springs) 5:30pm - 9:00pm</p> 	<p>8</p> <p><b>Sarasota REIA Weekly Meeting</b> (Sarasota) 12:00pm - 1:30pm</p>	<p>9</p> <p><b>Creative Real Estate Exchangers Meeting</b> (St Pete) 9:00am - 11:00am <b>TAMPA REIA MAIN MEETING with GARY JOHNSTON</b> 6:00pm - 9:00pm <b>Late Nite Networking at Whiskey Joe's</b> 9:30pm - Late</p> 	10	<p>11</p> <p><b>Wholesale Workshop with Don DeRosa</b> Buford, GA 9:00am - 5:00pm</p> 
12	<p>13</p> <p><b>Larry Harbolt's Weekly REI Meetup</b> (Pinellas Park) 7:00pm - 9:00pm</p> 	<p>14</p> <p><b>Suncoast REIA</b> (Tampa) 6:00pm - 9:00pm</p>	<p>15</p> <p><b>Sarasota REIA Weekly Meeting</b> (Sarasota) 12:00pm - 1:30pm</p> <p><b>Tampa/Clearwater Real Estate Group</b> (Clearwater) 11:30am - 1:30pm</p>	<p>16</p> <p><b>Creative Real Estate Exchangers Meeting</b> (St Pete) 9:00am - 11:00am</p> <p><b>IRC Main Meeting</b> (Winter Park /Orlando) 6:00pm - 9:00pm</p> <p><b>BEACH REIA</b> (St. Pete) 6:00pm - 9:00pm</p>	17	18
19	<p>20</p> <p><b>Larry Harbolt's Weekly REI Meetup</b> (Pinellas Park) 7:00pm - 9:00pm</p>	21	<p>22</p> <p><b>Sarasota REIA Weekly Meeting</b> (Sarasota) 12:00pm - 1:30pm</p>	<p>23</p> <p><b>Creative Real Estate Exchangers Meeting</b> (St Pete) 9:00am - 11:00am</p>	24	<p>25</p> <p><b>Trust Concepts Workshop with Dyches Boddiford</b> Oct. 25-26 Atlanta, GA</p> 
26	<p>27</p> <p><b>Larry Harbolt's Weekly REI Meetup</b> (Pinellas Park) 7:00pm - 9:00pm</p>	28	<p>29</p> <p><b>Sarasota REIA Weekly Meeting</b> (Sarasota) 12:00pm - 1:30pm</p> <p><b>Tampa/Clearwater Real Estate Group</b> (Clearwater) 11:30am - 1:30pm</p>	<p>30</p> <p><b>Creative Real Estate Exchangers Meeting</b> (St Pete) 9:00am - 11:00am</p>	31	
<p><b>Trust Concepts Workshop with Dyches Boddiford</b></p>  						