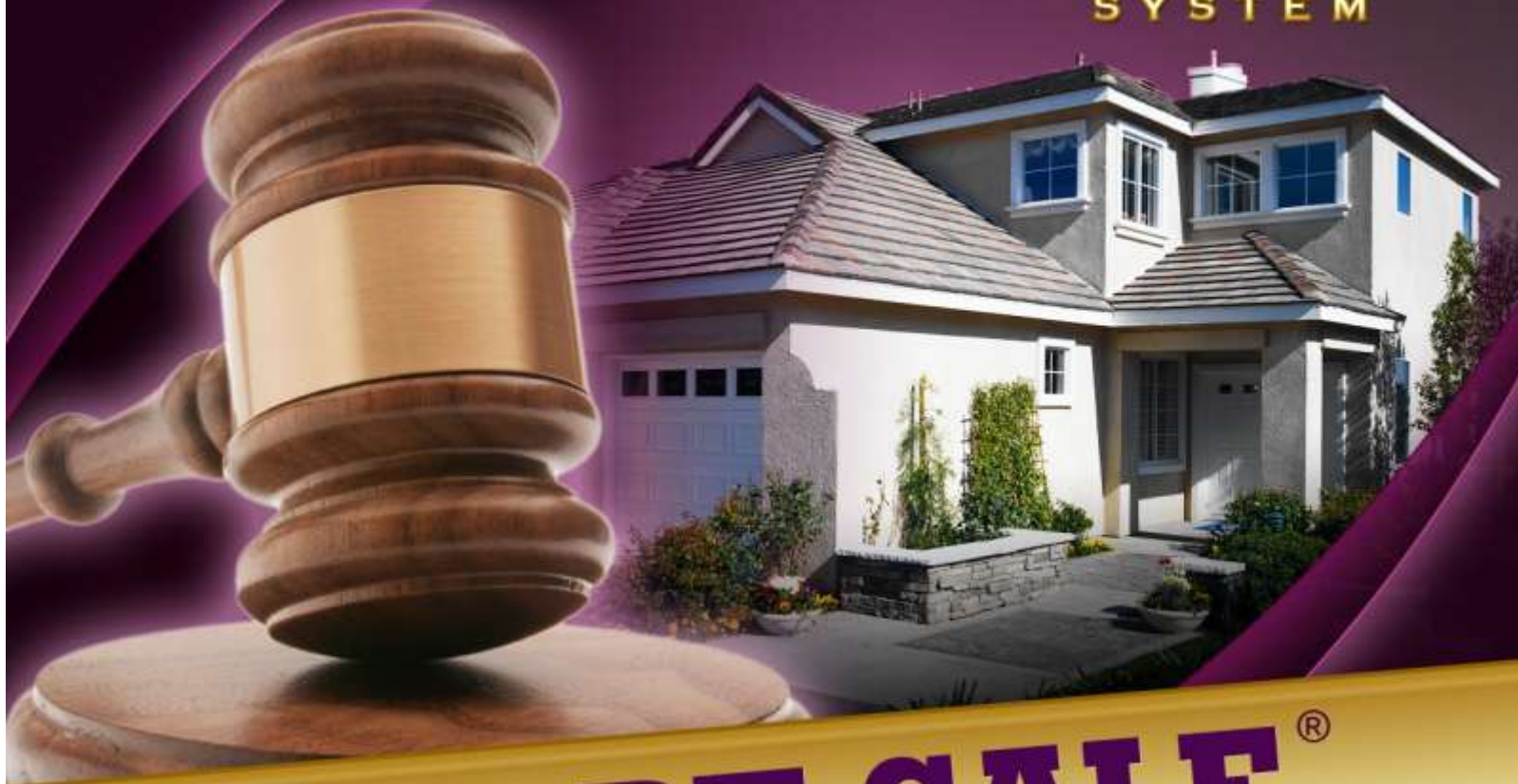


THE
SHORT SALE[®]
SYSTEM



SHORT SALE[®] **SECRETS**

Closing Arguments

This program teaches you to handle any offer the the bank throws at you. We have given you a second and even a third counter-offer to submit to the bank. Each offer gets increasingly tough. These tried and true methods will get your deals closed, and make you a HERO in the eyes of the homeowner!!

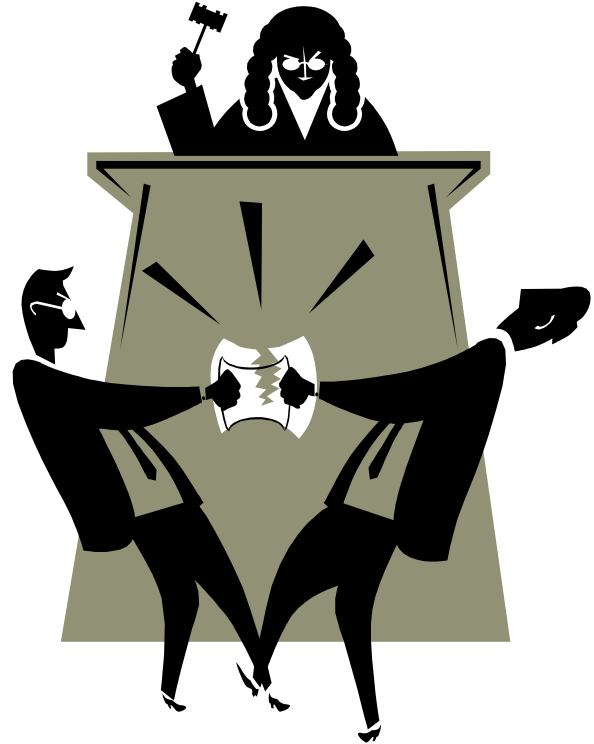


by: Dwan Bent-Twyford



**Investors Edge University
Presents ...**

**Short
Sale®
Secrets**



Closing Arguments

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UNDERSTANDING WHY HOMEOWNERS WANT TO WORK WITH YOU

You have submitted your first offer. Do you have any idea why a homeowner wants to work with you? Take a moment to think about it as you move forward with your deal.

Word of mouth goes a long way when trying to build your business. If you create **win/win solutions**, you will certainly be the person that is referred to friends, family and even strangers as deals arise. It takes understanding the mind-set of the homeowner, good ethical practice, and willingness to go above and beyond for the homeowner. Many investors have given this business a bad reputation due to their “unethical” practices. Don’t become one of those investors! It feels good to know that you made a difference in the homeowner’s life, and have given them a chance that they may not have otherwise had.

Understanding what motivates sellers will help you determine your process for meeting their need(s). You cannot convince someone to be motivated. First, you have to find out what their motivation is for selling their property and what they want out of the deal. We teach our students to ask, “What are you seeking as a result of my help?” If the homeowners need money, or a car, or want to move closer to their relatives...they will tell you. They may simply need help repairing their credit. Listening to your homeowners will not only show them that you

care, but it will help you understand their motivation behind their situation.

Consider this scenario: The homeowners say they need \$10,000. We ask them why they need that specific amount. They then say that they need a car. We network with many people, including car dealers, and if we can get them a car for \$4,000 instead of \$10,000, we have just met their need and saved ourselves \$6,000! They have the car they need, and we have the property deed.

When homeowners ask you, “What will you give me for my house?” ... our answer is always the same...”What is it that you are looking for that we might be able to help provide?” Then we can work towards a win/win situation for all of us.

Homeowners in distress need real help from someone who is not there to take advantage of them. If you sincerely help people while you are doing this business, you will find that good comes back to you ten-fold.

We also enjoy knowing that we have made a difference in our students’ lives. We strive to teach ethics and accountability to each investor and teach them the right way to do this business (having made years of mistakes ourselves and learned from them). It is a great reward to receive letters from our students with copies of checks

for \$40,000, \$60,000 or even more - because they took what they learned and applied it to their business.

Take a look at what this amazing business has done for Valerie S., from Baltimore:

Dear Dwan:

When I purchased your course in late 2002, I had already been investing in real estate for several years. I thought I was doing quite well and had no idea the impact your material would have on my life and investing career.

After glancing through the materials, I put them in a box in the basement to collect dust with my many other real estate books and materials. Then in March 2003, a friend who knew I was an investor approached me about purchasing her property. The property was a pre-foreclosure. I contacted her bank and they suggested I do a short sale. I panicked. We were in the middle of a snow storm and I was unable to contact the few people who I thought could help me. I located the short sale course among several boxes of books in my basement and quickly browsed through them. I immediately noticed it provided precise instructions which would guide me through the short sale process. I followed the steps listed, using the scripts, letters and examples as a step-by-step guide. I was able to negotiate a

discounted payoff with the bank, locate a buyer, settle the property using a double closing and make \$25,000 on my very first short sale deal.

Now, approximately five years later, I am successfully doing short sales in several states. My daughter, Daniela Jones, joined the company two years ago. Prior to her working with me, I had purchased Dwan latest “Short Sale Secrets” system as a gift for her. The information and education she obtained from this material greatly shortened her learning curve for mastering the short sale process. The “Short Sale Secrets” system is now permanently located on my bookshelf in my office. We continuously utilize it as a reference.

Our best short sale in 2007 was a four-unit apartment building located in Washington, DC. It was a referral from one of our local real estate investment associations. The property was owned by an investor, whose real estate agent had unsuccessfully attempted to do a short sale.

The loan information is listed below:

	Principal Balance	Arrears	Total Outstanding Balance	Short Sale Amount Accepted
1st Mortgage	\$655,479.79	\$57,074.72	\$712,554.51	\$525,000.00
2nd Mortgage	\$164,302.72	\$16,193.81	\$180,496.53	\$10,000.00
Total	\$819,782.51	\$73,268.53	\$893,051.04	\$535,000.00

Mortgage Balance Reduced by \$358,051.04!

This deal proved to be quite challenging. Our biggest hurdle was convincing the mortgage companies that the value had drastically decreased since the seller had owned the property for a short period of time. Also, there were very few comps in the immediate area that supported our offer. As discussed in your materials, Daniela was able to overcome this obstacle by focusing on the condition of the property as compared to other properties sold and presenting local newspaper articles about the declining market conditions in the DC area. She also discussed how the property had previously been listed for market value, but the real estate agent was unable to sell it.

Short Sale Secrets – Closing Arguments

Other major issues were holding the buyer until the short sale was completed and title seasoning. Daniela continuously kept in touch with the buyer's agent. She provided an estimated short sale timeline and frequent statuses. Also, although we received multiple contracts on this property, we selected our buyer according to the seasoning requirements of the buyer's lender.

After two BPO's, one appraisal, the buyer changing lenders twice, and using the "Short Sale Secrets", "ONE MORE CALL TO THE LENDER" technique, Daniela was able to negotiate \$358,051.04 off the outstanding balance owed to the seller's lender, thus making the short sale purchase price \$535,000. We sold the property to the end buyer for \$800,000 via a double closing. After all expenses, our net proceeds from this deal were **\$210,269.94!** We purchased building materials for \$10,000 from the seller which they had previously brought to rehab the property. The seller was very thankful for our assistance and stated that prior to our involvement; this had been a trying and frustrating situation –see his email letter thanking me below.

We attribute our success to educating ourselves about pre-foreclosures and the short sale process which enables us to better serve our clients and community. We treat each homeowner with respect, care and compassion. It is part of our mission to be a blessing to others as you have been a blessing to us. Thank you for

providing us with the knowledge and tools needed to create financial wealth for our family and future generations.

Valarie Scott and Daniela Jones,
Mortgage Debt Solutions LLC

UPDATE: As of 2013 Valerie has closed OVER 1,000 deals and now teaches in her local market and is kicking-butt and taking names!

Is that a great letter or what! Did you notice the paycheck:

\$210,269.94!

Folks, if that doesn't get your attention, we don't know what will. The greatest part of this deal is that Valerie and Daniela helped a very distressed homeowner. In fact, the seller wrote them a thank you letter, which they graciously allowed us to use. Read on...

Dear Valerie and Daniela,

I just wanted to take the time to say thank you for helping me sell my 4 unit building in DC. This was a very trying experience for me. By the time we met I was very frustrated. My property had been on the market for 6 months.

I was working with a Realtor who claimed she knew how to work a short sale but at the same time was relying upon me (someone who knew nothing about short sales) for advice. After calling the local REIA groups John P., put me in touch with you. That call was the best thing that ever happened to me. It was clear from the first conversation that Valerie understood my situation and knew how to proceed. Unlike the other Realtors I met who knew nothing about short sales, Daniela was well informed and in turn kept me informed. I never felt like I was in the dark on the sale. Each document was explained to me until I understood what I was signing. Calls were always returned promptly. It took a few months to close, as you said, it's over. The building has been sold and I can go about repairing my credit. Thank you for saving me from having a foreclosure on my credit report. Negative comments go away. Foreclosures can live for up to 7 years on the credit report. I can't say thank you enough from saving me from that. I appreciate all that you've done for me and would tell anyone facing the same situation to give you a call.

Thank you,

Stacey, A very distressed seller!

Wow! What a great thank-you letter. If you ever wonder that you might be taking advantage of distressed sellers, keep this letter in mind. As you can plainly see, we are a true blessing and offer a solid

solution to a problem that sellers have no idea how to get out of. Are you beginning to see why we love this business so much?

If you would like daily, access to me and Bill personally, then you must join our Coaching Community for just \$1!

I promise you that this will be the greatest decision of your real estate investing career!

www.InvestorsEdgeUniversity.com/realestateprofits

Dear Dwan,

It is with great pleasure that I am writing this letter as a testimonial to the expertise and prowess of Dwan Bent-Twyford and her foreclosure and short sale programs.

My wife, Pamela Thomas and I studied Real Estate investing for four whole years before buying our first investment property in August of 2004. We would probably still be studying if we had not come across the materials offered by Dwan. As a direct result of purchasing and implementing her materials we were able to generate wealth *and* regain our health. Let me explain.

In the Spring of 2005 I was selected to appear on NBC's hit reality show The Biggest Loser. But to go on the show I would have to drop everything and travel to California and live in seclusion on the Biggest Loser Ranch. I would receive no pay for my participation on the show and contestants would have to make it financially the best way that they could. My wife Pamela and I knew that we would make through our newly acquired knowledge of foreclosures.

Through lots and lots of hard work I was able to succeed with my weight loss goals as I lost 185 lbs in 9 months in 2005. We were

also able to succeed financially through the knowledge we gained from Dwan's programs.

You see, while I was away working out 4 hours each day on the Biggest Loser Ranch in California, Dwan was having a Foreclosure Boot Camp in downtown Detroit. My wife was there.

And not only were we in attendance every time she came to town but we also bought and tried to apply everything of hers that we could put our hands on. Two of our favorites programs include:

Foreclosure Fortunes in Your Own Back Yard
Short Sale Secrets Case Studies

www.InvestorsEdgeUniversity.com

Many of the bound books we purchased have been torn apart and taped back together as we would make copies of certain pages for the specific files we were working on.

We heavily invested in Dwan's materials and received our investment back several times over.

Her method of doing foreclosures ‘The Old Fashion Way’ through door knocking is what directly lead to us being in a financial position to basically be able to take off a year and regain our health.

Here are a couple of deals that we directly ascribe to Dwan’s ‘Old Fashion’ methods.

Annapolis - Our first short sale in 2005 – An FHA property (when others told us you could not short sale an FHA property) where we purchased it at 10:00 am and sold it 2:00 pm the same day. For a tidy 20,000 dollar profit.

Fernwood – Ann Arbor – 2 Bed Room Condo Appraised Value \$140,000. Purchase Price \$35,000. Still own and rent out today.

Ailsa Craig – Ann Arbor – 4 Bed Room Home – Appraised Value \$240,000. Purchase price \$140,000. Still own and rent out today.

And there are others as well.

The single best way for us to thrive in the unique real estate market of Michigan is by purchasing properties at steep discounts. This has meant that we have had to purchase these properties for as little as possible through personal interaction

with the homeowners. These methods are what we learned from Dwan's programs.

Last year we started our own business doing short sales for Realtors and other real estate investors and this spring, May 2008, we are scheduled to teach a class on Foreclosures at Washtenaw Community College here in Ann Arbor, MI.

It is with great vigor that I highly recommend the foreclosure programs and strategies of Dwan Bent-Twyford

Sincerely,

Pete & Pamela Thomas

Gideon Investment Group LLC

info@gideoncompanies.com

PS – Here is a before and after picture.



UPDATE: In January of 2013, Pete was featured on 20/20. He shared his recipes, how he has kept his weight off, and how he runs the largest short sale company in his area!

Great Job Baby!

WOW! We don't think Pete is the Biggest Loser, we think he is the Biggest Winner. What a story. He is such an inspiration.

Pete is running a hugely successful short sale company now as well as writing cookbooks! You never know where real estate will lead you.

Years ago he never thought he would be a successful real estate superstar investor as well as an inspiration to millions of overweight people!

Here is just one of the many deals Pete his wife, Pam, have done. This property had a mortgage balance of approximately \$119,000. They were able to get the bank to accept \$72,000. They rehabbed it and sold it for \$139,000. This was a win/win for everyone. Pete even included before and after pictures of his rehab. This was a fun and profitable deal for Pete and Pam...congratulations to you both!

MY OFFER IS SUBMITTED, NOW WHAT?

Just look at the success that is around the corner. OK - once you have submitted your offer to the bank, it is just a matter of time. Be sure to follow-up with the bank every few days. You can leave phone messages, as well as faxing or emailing.

There is nothing more frustrating than waiting on loss mitigation to call you back with a yes, no, or counter-offer. We like to pin-down the rep as to when we can expect an answer.

☞ Here are a few “first conversation” tips for getting a quicker response:

YOU: Do you make the decision?

THEM: No.

YOU: Who does?

THEM: My boss.

YOU: May I present my offer to your boss

THEM: Our company doesn't allow it.

YOU: **How often do you meet with your boss?**

THEM: Every two weeks.

YOU: Great, when did you meet last?

THEM: We met last week.

YOU: So you won't be meeting with your boss for another week, correct?

THEM: That's right.

YOU: So if I have a completed package to you and the BPO is done before next week, is there any reason you can't give me an answer next week when you meet with your boss?

THEM: I don't see why not.

YOU: Let me ask you another quick question. **Let's say you meet with your boss next week and he counter-offers. Do I have to wait another two weeks for another answer or, at that point, can you present another offer immediately?**

THEM: I can only present offers every two weeks.

YOU: Okay then, I'm going to get you everything you need. When I do, will you really go to bat for me? Bob and Sally are so depressed and I really need you to help me to help them. Can I really count on you?

THEM: Absolutely, I want to get this deal off my desk as much as you want to get the short sale accepted. I'll do whatever I can to get the deal done.

YOU: Great, you'll have everything you need tomorrow.

We want to know going in, when we can expect an answer. The key is to pin down the rep. With this conversation, we know it may take as long as four weeks to get an answer. This being the case, we're going to be working on several deals at a time. We don't want to wait four weeks only to receive a no and have no other deals in the works.

It's important for you to understand that Loss Mitigation reps have different ways they present their offers to the bosses. Unfortunately, there is no method set in stone. Some banks have an open door policy, which means your rep can present an offer at any time. Other reps meet with a board or panel on a weekly, monthly, or bimonthly basis. Other reps may have a specific time set aside daily, weekly, or

even monthly. Whatever the way, ask questions so you know what to expect.

We've had people tell us they spent three months on one short sale. Our question is always ... why? The problem is that the investor did not pin down the rep as to when the rep meets with the boss and when they could expect an answer. Once you have this information, your deals will happen much faster. If they do take longer, you'll know going in.

☞ One of several things will happen as a result of your offer: The bank may say yes right off the bat; the bank may counter-offer; or the bank may say no without further explanation.

When the bank says no without explanation, we try to pry the reason out of the rep.

☞ In many cases, our offer was just too low and the bank could not entertain it because it was not in the "range."

For example, we offered \$142,500 and our offer needed to be in the \$150's for the bank to entertain it. When this happens, we offer the minimum amount that the bank suggested, i.e., \$150,000, and wait for the bank to counter or accept.

➤ ***One key piece of information you need to know is when the sheriff's sale is. If the homeowners are set to lose their property in two weeks and the rep just informed you that a decision can't be made for three weeks, the house will sell before a decision can be reached.***

SHORT SALE PACKAGE #2 OVERVIEW

When the bank says no or counter-offers too high, we are going to get to work to turn that answer into a yes. In addition to challenging the BPO, we send a second short sale package.

- ☞ In the first package we built a case around the homeowners. We talked about their sad situation, showed proof of hardship, and got the bank rep emotionally involved.

With that, the bank either said no or counter-offered too high. Many investors give up at this point. Folks, the fun has just begun. We are now going to show the bank how bad the area is and why they don't want to get stuck with this awful property.

- ☞ Some of you are already thinking, “If I show the bank how terrible the neighborhood is, the bank will wonder why I want it.”

This is a very valid concern. When the banks says:

- ☞ “If the property is in such poor condition/bad area/or whatever, why do you want it?”

Your answer is:

☞ “I agree with you, the property is in poor condition/bad area. However, it does fit my criteria (bed/baths/size/location, etc.). Even though it fits my criteria, I am only interested in it if I can buy it for X amount of dollars. If I can’t buy it for that, I don’t want it either. You can have it and you can lose money. I’m not interested in losing money.”

This will answer the objection as well as plant the thought that maybe this isn’t such a good deal for the bank after all.

Remember, most of the bank reps with whom you speak are in a different state. For example, the rep is in California and you are in Texas. When you explain the problems in the area, the rep has no idea what is happening there. This is why newspaper articles are such as asset.

Since our second offer is geared around questioning the area. You’re going to send:

- ✓ A new cover letter raising your offer
- ✓ Letter from real estate agent challenging the BPO
- ✓ Newspaper articles
- ✓ Police reports

Short Sale Secrets – Closing Arguments

- ✓ A list of sex offenders
- ✓ Pictures of boarded up properties or new construction
- ✓ A mold kit – if there is a possible mold issue
- ✓ Information on whether the property is stigmatized
- ✓ Information on whether the property is sitting on an old cemetery, gas station, toxic waste, etc.

We clip articles from the paper and keep copies for several months at a time. We find scary stuff online. We also keep copies of the police information as well. This way, our second offer is ready to go at a moments notice.

RAISING YOUR OFFER

How much to raise your offer can be a concern. Unfortunately, there is no correct answer. Since you determined your exit strategy before you began, you know what your final offer will be. Take your first offer and your final offer and go somewhere in between.

If we offer \$40,000 knowing we were going to stop at \$55,000, we might offer \$47,500 on our second offer. This allows one final offer of \$55,000 before we pass on the deal.

Here are a few sample letters when raising your offer:

SAMPLE SECOND OFFER #1

(Based on an \$80,000 original offer)

Dear Loss Mitigation Rep,

As per our conversation yesterday, I am adjusting my offer to buy the property located at 123 Elm Street. You said your appraisal/BPO came in at \$120,000. I have run the comps and assessed the property several times, and am dumbfounded by that appraisal/BPO. However, it is what it is.

We have both agreed that the property needs major work to bring it to current market standards. However, I want to be as flexible as possible. Therefore, I am raising my offer to \$90,000 based on the following:

- Newspaper articles
- Agent Letter
- Discredit the neighborhood
- Mold kit results

(whatever is in your package needs to be listed here)

Based on these VERY realistic issues, I feel my new offer of \$90,000 is very generous.

Bob and Sally are prepared to file bankruptcy, but don't really want to. They are tired of fighting the legal system.

At this point, **I am sure you are wondering why I would want a property with so many negative things** going on in the neighborhood. Like you, I am in the business of making money. I am willing to buy this property, even in its poor condition, but only if I can buy it right. If not, your bank can lose the money.

I will close within 30 days. Please let me know ASAP if this is acceptable.

Sincerely,

YOU the Investor

SAMPLE SECOND OFFER #2

Dear Loss Mit Rep:

As per our conversation yesterday, I am adjusting my offer to buy the property located at 1825 Smith Street that is owned by Bob and Sally.

You said your appraisal came in at \$695,000. **I have run the comps and assessed the property several times and am dumbfounded by that appraisal.** However, it is what it is. My new offer is \$550,000 based on the following:

You will be unable to gain possession of the property until at least December (of next year) as the foreclosure is not scheduled until June; the homeowners will file bankruptcy which will add at least another few months...maybe even a year or more to the timeline.

I have also included some new information, which will shed light on the area:

- Real estate agent letter
- Crime reports
- Sex offender list
- Major job layoffs

- Natural disasters
- Stigmatized property information

Based on these VERY realistic issues, I feel my offer of \$550,000 is very generous. I will close on May 9 or 10. This figure is NET to your bank. I will step in and pay Bob and Sally's closing costs.

Please let me know ASAP if this is acceptable. **In addition, please waive any deficiency judgment you seek.**

Sincerely,

You

The Investor

As you can see, these letters are different from the first. They point out what is happening in the neighborhood and why the bank does not want to get stuck with this property.

☞ Why don't we send this letter first?

You need to have a back-up plan in the event of a no. If you use your strongest letter in the beginning, you won't have any ammunition for later.

Remember, offer number one is about the homeowners. The second offer is about the property and the area.

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www.facebook.com/Billtwyford

www.InvestorsEdgeUniversity.com/blog

GET INVOLVED WITH US!!!!

CHALLENGING THE BPO

Next, we are going to challenge the BPO. There have been many times when a bank came back with a no based on its BPO or appraisal. Recently, we had a situation where the bank came back with a BPO that was much too high to make the deal work. We challenged it and were able to get our deal accepted.

☞ We wrote a letter to the bank challenging the BPO and made a new offer.

Our original offer was \$199,000. This property was realistically worth \$415,000. The bank sent an appraiser who gave the property a value of \$295,000 based on its poor condition. The property needed a lot of work and we felt \$295,000 was too much to pay. Upon reading our letter, they sent a different agent to the property who gave it a value of \$215,000. With an appraisal of \$295,000 and a new BPO of \$215,000, the bank decided to accept the offer of \$250,000. It was a great deal for us, we saved the homeowner from foreclosure, and the bank removed the bad loan from its books.

The point is folks, when a bank says no, don't give up. If you feel they are asking an unrealistic number, challenge it. The worst they'll do is say no again.

- ☞ In addition to raising our offer, we are going to challenge the BPO.
- ☞ A great tactic is to say that you have a business associate who is a real estate agent and you told your associate about the high BPO. Your associate was stunned and says the real estate agent who did the BPO is crazy, must not work the neighborhood, and that the bank will lose a lot of money.

Have your agent write a letter to the bank stating the BPO is way off-base and suggest the bank send another person who actually works the neighborhood. Many times they will. Banks don't want to lose money any more than they want to own property.

If the bank feels there is a chance the first BPO was off-base, it may send a different appraiser or real estate agent. Be certain to meet the new agent or appraiser at the property to point out every single thing that is wrong with the property.

As we mentioned earlier, most agents or appraisers tend to have “end-user” mentality; this is definitely in your favor. Anyone with end-user mentality will be shocked with most of the properties you find.

Have your agent volunteer to do the BPO at no charge.

- ☞ If you have two agents, get two letters; the more the better.

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We are trying to make the bank question its current BPO. In you letter, make sure your agent points out that he/she is not interested in the listing and will do another BPO at no charge.

Remember, the loss mitigation rep is usually out of town and the person the bank sends to do the BPO is often looking for the listing.

Challenging the BPO is very effective and can make a huge difference on the final price.

SAMPLE AGENT LETTER

Dear Loss Mitigation Rep,

My name is Sally Johnson and I am a real estate agent for XYZ Agency. I have reviewed the BPO for the property located at 1825 Smith Street. I must say I was quite shocked.

Your agent states the property is worth \$295,000. **I work this neighborhood and know, beyond a shadow of a doubt, that this property is not worth anything near your BPO.**

I have enclosed two comparable sales and there are many more to back these up:

354 Smith Street	\$199,000
777 Elm Street	\$215,000

I strongly suggest you send another agent who works this area to review the property. **As I am sure you know, many agents tell you what you want to hear so that they can secure the listing.**

I am not interested in this listing and I will be happy to give you an accurate BPO at no charge. As an agent, I hate to see you lose money because you were ill informed.

Please call if I can be of service to you.

Sincerely,

Sally Johnson

XYZ Realty

CHALLENGING THE NEIGHBORHOOD

Start by clipping things out of the newspaper.

Things like:

- ✓ The job market is down
- ✓ Foreclosures are up
- ✓ We had a fire, flood, tornado, etc.
- ✓ Bankruptcies are at an all-time high
- ✓ **Mold** is being found in houses
- ✓ Drive-by shootings
- ✓ Crime rates are up
- ✓ Gang related crimes
- ✓ Realtor robbed in house
- ✓ Serial killers on the loose
- ✓ Police brutality
- ✓ So and so's company went out of business



Why do we discredit the neighborhood? As we said, more often than not, you will be dealing with loss mitigation reps that are in other states. They only know what is owed against the property and what the agent or appraiser said the property is worth. If you can make the bank question the actual neighborhood, the bank may begin to worry

about its ability to resell the property. If the bank thinks it might get stuck with a property, it may look at your offer a little closer.

- ✓ Find anything you can in the paper that makes the area seem as if it is going downhill or having problems. Make copies and send these articles with your second package.

Get online and get a copy of the police reports.

What is the biggest crime in most neighborhoods:

Breaking and Entering

Even in the nicest neighborhoods, there is plenty of crime. When you send a copy of crime reports for a five (or so) mile radius, the banks are floored.

- ☞ Again, it makes the bank think, “Wow, maybe this isn’t such a good deal after all.”

Another item we send is a list of registered sex offenders. We know this seems extreme, but it freaks the bank rep out. If you call your local police department or get online and ask for a list of registered sex offenders in a five-mile radius, we think you’ll be floored. The first time we did this, we got a 50 page list. We were as stunned as the rep.

Again, this is public information and works in your favor. If there is anything else you can think of, send it. Remember, we are trying to discredit the neighborhood in our second attempt.

- ☞ Don't forget to take pictures of boarded up houses nearby. The bank hates to see boarded up houses as it makes the neighborhood seem unstable and unsafe.

- ☞ Take pictures of new construction as well. The bank sees new construction as a detriment as well. Most homeowners, given the choice, will choose a new property over an older one any day.

MOLD

Often you will find a property with some major problems. The property may have **mold**, may be **stigmatized**, or may be sitting on an **old cemetery**. Although these issues do not stop us from buying the property, they may stop a potential end-user from buying it. These are great negotiating tools! Let's talk about mold first.

You can go to the local home improvement store and buy a mold testing kit for under \$10. We recently had two students who bought a mold testing kit from Home Depot for \$9.95. They did the test and



found mold. They then sent the test results to the bank as part of their second offer. A few days later, our students received a call from the FBI! The FBI agent said he had received a call from the loss mitigation rep stating that our students had sent toxic mold through the mail.

Once our students explained that they had sent the test results of a mold testing kit, the students and the FBI agent had a good laugh. The FBI agent informed our students that the bank rep was “freaking out” over getting mold in the mail and that the bank was willing to dump the house for basically nothing.

Short Sale Secrets - Closing Arguments

Our students then received a call from the bank rep asking the students to make **any offer** and that the bank had no interest in owning this property.

Our students are currently in the process of buying this property for ten cents on the dollar. A simple \$10 kit saved them thousands of dollars!

STIGMATIZED PROPERTIES

If a property has been labeled as a stigmatized property, it means that something violent happened in the property. For example, a murder, rape, robbery at gun point, suicide, or something along those lines. A sweet, little old lady who dies in her sleep from old age does not stigmatize the property.

In the old days, if a property was stigmatized, that information had to be disclosed to each potential buyer and the bank wanted nothing to do with the property. That is not the case today. The information no longer needs to be disclosed. Since the information does not to be disclosed to the new buyers, some banks don't care if something happened in the property.

We still use this information to our benefit. Although the bank does not have to disclose the stigmatized information to a potential buyer, guess who will? That's right ... all the neighbors. There are so many people who would never live in a property if they knew something violent had happened in it. We always let the bank know that our distressed homeowners will be happy to share this information with any potential new buyers and that that information may delay the sale if the bank does not short sale the property to us.

Short Sale Secrets - Closing Arguments

Even though the disclosure laws have changed, this information still weighs heavy on your short sale. The bank is well aware that any new buyer will find out and that the property will be hard to sell.

TOXIC WASTE

This is vital information that the average investor would never think to research. You'd be surprised how many properties sit on old gas stations or cemeteries.

Again, although this information would not prevent us from buying it, it might prevent the average person from doing so.



You may be concerned as to whom you would sell a property to if it had any of these issues. Investors, do not worry about it. Like we have said several times ... **price dictates everything**. If the property is priced right, there is a rehabber or end-user for everything.

We sold a house that had murder/suicide in it, another where the homeowners tried to burn the property to the ground, another owned by people in jail for major drug dealing, others where people tried to sell us crack right in the front yard, and more.

Again, price dictates everything. Do not be afraid of any of these issues. The key to success is to buy the property between 10 and 30 cents on the dollar.

Short Sale Secrets – Closing Arguments

For example, if a property is worth \$100,000 in mint condition, had a murder/suicide in it, you would hope to buy it for 30 cents on the dollars (or less) which means you would pay \$30,000 for it. Can you pay more for a property like this? Absolutely! You might find a house that is in beautiful condition and needs nothing, but sits on an old cemetery. Most people would not care, but the bank would still hate it and be willing to deal.

Everything is a potential deal.

SECOND OFFER CHECK LIST

When you submit the second package, be certain to pin-down the rep as to when you can expect an answer. We don't want you to place a second offer and then wait three months for an answer.

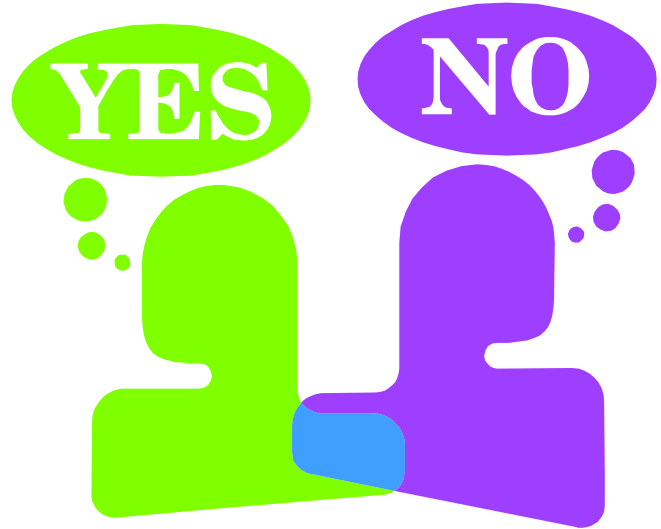
This second package should only take a few minutes to prepare. You should have photo copies of newspaper articles, crime reports, and an agent who is ready to roll.

Review the checklist to be certain you haven't forgotten anything:

- Investor letter raising your offer and challenging the BPO
- Real estate agent letter challenging the BPO
- Copy of police reports
- Copy of registered sex offenders
- Newspaper articles showing how the neighborhood is under duress
- Sufficient evidence that the bank will lose money if it takes this house in foreclosure
- Mention of the homeowners filing bankruptcy
- Proof of mold
- Proof of stigmatization
- Proof of toxic issues

Once this is submitted, it's a waiting game. If the bank still says no after your second attempt, push the rep to find out exactly why.

- Are you out of the price range?
- Is the bank planning to list the property?
- Is the bank planning to rehab the property?
- If you raised your offer, will they look at it one more time?
- If the homeowners file bankruptcy and drag this one for the next year and a half, will the bank talk to you later?
- Is there any other information you can send to build a better case?



THIRD AND FINAL ATTEMPT

You have made two offers and are still a few thousand dollars apart. Do you keep trying? We say, “Yes, give it one more try.”

We use this “time line letter” as a final ditch effort. We love this letter because it really lays-out, in detail, the exact numbers, how long it will take to foreclose, and how much the bank will actually lose.

We send a copy of this letter, along with the entire short sale packages to the reps boss. At this point, we are looking to make a deal, not a friend. Some loss mitigation reps find this letter threatening. We find that it works.

If, after this letter, you are still unable to make the deal work, move on. Again, this entire process should be just a few weeks. We don’t want you to invest six months trying to get your deal accepted. On one of the first phone calls, pin the rep down as to when you can expect an answer and then push the rep to stick to the time-frame.

Before you send the letter, take a minute and review the numbers so you will be prepared for your final conversation with the rep before you send the time-line letter.

WORKING THE DEAL BACKWARDS WITH THE BANK

Property Value minus the following - _____

- **Lost Interest** _____
- **Real Estate Taxes** _____
- **Forced Insurance** _____
- **Eviction Expenses** _____
- **Rehab Expenses** _____
- **R/E Commission** _____
- **Attorney's Fees** _____
- **Days On The Market** _____
- **Misc.** _____

TOTAL TO THE BANK _____

Trump Card - _____

Which is better for the bank – our offer now or the above offer in 18 months or more? This is your ammunition...

Remember, when you fill out the “working the deal backwards” form to use the current numbers. For example if the homeowners have missed

18 payments and their payment is \$2,000 the bank has lost \$36,000 in lost interest payments.

If the taxes are \$4,000 a year and they have not paid taxes for 18 months the bank has lost \$6,000 in taxes. Here is an example of a worksheet with 18 months of expenses:

Property Value minus the following - \$200,000 property value minus:

➤ Lost Interest (\$2,000 x 18 months)	\$36,000
➤ Real Estate Taxes (\$4,000 and 18 months)	\$ 6,000
➤ Forced Insurance (3 times the cost of regular insurance)	\$ 4,500
➤ Eviction Expenses	\$ 1,000
➤ Rehab Expenses (cosmetic clean up)	\$15,000
➤ R/E Commission (6% on \$200,000)	\$12,000
➤ Attorney's Fees (national average \$5,000 for a foreclosure)	\$ 5,000
➤ Days On The Market (average 180 days) so u have to add an additional 6 months to lost interest and taxes	\$14,000

TOTAL TO BANK AFTER FORECLOSURE AND SALE: \$106,500

Is the bank better off to take your offer of 50% of the retail value - \$100,000 – right now or wait 18 months for \$106,500? The answer is obvious, but just in case you are still unsure, YOUR OFFER is best!

It gets the property off the books, off of the quarterly reports, off of the year end reports, and is better over-all business for the bank.

Short Sale Secrets – Closing Arguments

Remember if the homeowners file a Chapter 13 Bankruptcy, the bank will lose another 24 months in expenses. If you add 24 more months to the already lost income, the bank will need to pay you to take the property...lol!

When presenting the third and final offer to the bank we use the “Time Line Letter” to lay it out in an easy-to-understand format for the bank.

TIME LINE LETTER

Dear Loss Mitigation Rep,

As you know I am working on Bob and Sally's property located at 123 Elm Street. We have both agreed the property is worth \$200,000 in a perfect world. However, we both know it needs work.

I offered you \$80,000 cash closing in 30 days and you countered at \$150,000. I raised my offer to \$93,500 and we are still off on our figures. I can appreciate your wanting to get as much money as possible for your company, but let's look at the numbers a little closer. I think you will agree with me that my offer is more than fair.

First of all, Bob and Sally are going to sale January 7th. It is now January 3rd. Their attorney said they could live free for one to two years and has given them the following scenario:

He said, "First of all, let's **file a Chapter 13** bankruptcy January 6th. This will stop the sale. The bankruptcy trustee

will set a 341 hearing in approximately 45-days which will buy you until February 15th. At that point, we'll ask for one extension which will buy you until April 1st. At that point, the bankruptcy trustee will put you on a payment plan that will start May 1st. We both know you don't have the money to make the payments. So, you'll miss May's payment.

The bankruptcy trustee will give you until June 1st to make-up May's payment and to make June's. When you miss that payment, the trustee will write you a nasty letter giving you one more month to make-up both payments, which puts us at July 1st. **At this point the bank will seek a “stay of relief” which we will bypass by rolling your Chapter 13 into a Chapter 7.**

The bankruptcy trustee will set a 341 hearing which will take us to August 15th. We will ask for one extension, which will buy us 45 more days taking us to October 1st. Bankruptcy takes a few months and we'll ask for the final dismissal after the first of the year as to not stress you out over the holidays. This will buy you until January of next year.

Wow, is that some plan or what. Now let's take a minute to review the financial side of this to your bank:

During this 24-month time-period while Bob and Sally are in foreclosure, you will lose \$48,000 (\$2,000 per month payment) in interest payments because they will not be making their mortgage payments. The property also needs \$30,000 in rehab (which will increase over the next year). You will have taxes of \$5,000. Once you gain possession of the property and list it, you'll have to pay real estate commission of 6%. You'll also have closing costs of approximately \$3,000. Not to mention the eight months of payments you'll lose while evicting Bob and Sally and while the property is being rehabbed and on the market.

It looks like this:

- \$200,000 value
- \$48,000 in lost mortgage payments
- \$30,000 in rehab costs
- \$12,000 in real estate commission
- \$5,000 in unpaid real estate taxes
- \$3,000 in closing costs

- \$16,000 another 8 months of lost interest while the property sells

TOTAL TO YOU IN OVER 24 MONTHS IS ONLY \$86,000.

In addition to only making \$6,000 over my **original offer**, you'll have to carry this bad debt on your books for two more years. I know you have quarterly reports due and I am certain this will look bad on those reports. **I'm curious, how will your supervisor feel when he sees you kept a bad debt on the books when you had a valid offer on the table.**

You are a bank, you are in the business of lending money, not sitting on a bad debt for two years.

This doesn't even cover what you have already lost. The homeowners **missed nine payments** before you filed foreclosure. The foreclosure process in this area adds another six months to that. All in all, you'll be carrying this bad debt for almost three years! What will the property be worth in this declining market in another 24 to 36 months?

I am making one final offer of \$100,000. This is just a few thousand dollars less than you countered and thousands MORE than you'll receive in 24 to 36 **more** months.

Let's do the right thing, and settle this deal now. I will close quickly and will help you look great in the eyes of your boss. I'm sure you don't want to deal with this for the next two years and I know Bob and Sally don't either.

I will be happy to send your boss a letter of recommendation letting him know how lucky he is to have such a savvy employee working for him. Let's get this deal done, together.

Sincerely,

Investor

As you can see, this letter lays out a bleak scenario for the bank. We use this as a last ditch effort. Again, if the bank still says no after this letter, there is no hope.

If you have done your job, your short sale should take no more than a few weeks from beginning to end. Submit the first offer, pin the rep

down for an answer, submit the second offer and again, pin down the rep, submit the third offer to everyone (rep, the reps boss, and the bosses boss), and wait for an answer.

Read the following student testimonial to see how one student got a no, offered less, and then got a yes.

Dear Dwan,

Thank you, thank you, and thank you - Your Financial Freedom Through Foreclosures course saved us!

In April, my husband and I attended one of your seminars. At that time we were in the middle of putting together a “short sale” deal with a bank in Texas. The homeowners were in a pre-foreclosure state. The homeowners owed approximately \$68,999 on their mortgage and were six months behind on payments. The bank agreed to entertain a short sale.

We did a drive-by and peeked in the windows. We estimated that the home needed \$15,000 in repairs so we made a short sale offer to the bank of \$50,000. While the bank was considering the offer, we had the opportunity to access the property. Once inside, we discovered that the home was infested with mold and was not even inhabitable.

We brought in a mold remediation company. They estimated that it would cost \$20,000 to remediate the mold!

Every night I would go to bed wondering how I was going to get out of this mess. I knew the bank was looking at our offer and thinking, “Suckers, you are paying way too much and we are taking you to the cleaners!”

A few days later, the call from the bank came in... they declined our offer! The bank claimed that they had had the home appraised for \$63,000 and that if we wanted the property we had to come UP on our price! I could not believe my ears! I was thrilled, but at the same time, I was saying, “Huh?”

I sat down and started reading your manuals. I knew that somewhere I would uncover what went wrong with this deal. After reading a few chapters, my husband said, “Why don’t we resubmit the offer.”

I sat down, opened your manual and prepared a written offer exactly as your program explains. However, when I resubmitted the offer, I lowered the offering price to \$38,000 allowing for the mold remediation, added the rest of the information to back-up my offer, and faxed it to the bank.

Short Sale Secrets – Closing Arguments

You won't believe what happened next ... The bank called within 48 hours and accepted the offer, "as is." I was floored!

The house was rehabbed (on a part-time basis because my husband and I both worked full-time jobs). We spent a total of \$23,000 on rehab and holding costs. The house went on the market and sold eight days later for a retail price of \$88,200! We netted approximately \$25,000! Not too bad for our first rehab.

In addition, we owe it all to your program!

Sincerely,

Danita

Cincinnati, Ohio

Okay, students, isn't this an impressive testimonial letter? This is a perfect example of what to do when the bank says no.... keep trying! By the way, Danita has done three successful short sales since this one and has made over \$60,000 in her first year in business. It can be done!

WHEN THE BANK SAYS YES

When the bank says yes, they will send you an acceptance letter. Get your YES in writing as soon as possible.

There have been several cases where we got a yes; the loss mitigation rep quit or was fired before we got the yes in writing; a new rep stepped in; and our deal fell apart.

Another time, we got a yes in writing, the bank sold the note while we were waiting for our closing, and the new bank didn't want to honor the agreement. We had to get an attorney involved. Bottom line – the deal closed as scheduled.

- **The minute the rep says yes, get it in writing. We can't stress this point enough!**

Here are some samples of actual acceptance letters:

BANK ACCEPTANCE LETTER #1

This is a student acceptance letter. The homeowners owed \$67,000 and the property was worth \$72,000. The offer was \$25,000...

Dear Mr. Investor:

Litton Loan Servicing has agreed to participate in the assisted short sale of the above referenced property. The following terms must be satisfied prior to the closing of this transaction:

1. The purchaser is agreeing to pay \$29,000.
2. The net proceeds to Litton Loan Servicing must not be less than \$27,290 in the form of a cashier's check or certified funds payable to LLS.
3. The closing proceeds must be in our office on or before October 30.
4. LLS will provide a satisfaction of debt.
5. **The current mortgagor is not to receive any proceeds from the sale of this property.**
6. LLS is entitled to all reimbursements of escrow or other funds not reflected on the HUD closing statement.
7. Closing agent must provide a copy of the HUD closing statement to LLS at least 24 hours prior to closing.

Short Sale Secrets – Closing Arguments

Closing agent MUST express deliver (by overnight carrier) proceeds check along with copy of final executed HUD settlement statement immediately following closing.

Upon receipt of funds and documentation previously specified, LLS agrees to release the mortgage pertaining to the above referenced property.

Sincerely,

Jane Doe

Loss Mitigation Department

BANK ACCEPTANCE LETTER #2

This is a student acceptance letter. The homeowners owed \$170,000, the value of the property. The property needed no work at all. The student offered \$99,460....

Nations Credit

Nations Credit

Dear Mr. Investor:

Please be advised that management has reviewed the request for a short payoff on the above referenced property. We are COUNTERING your offer of \$99,460 with our amount of \$103,000 as a FINAL NET to Nations Credit. **The mortgagor is to receive no funds from this transaction.** Upon receipt of the funds, we will release our lien. All fees including attorney's fees are incorporated in this amount.

This offer is good until 09/15. THIS LETTER MUST BE ATTACHED TO OUR CHECK.

Should you have any questions, please call me at 555-5555.

Sincerely,

Bob Doe

Short Sale Specialist

Short Sale Secrets - Closing Arguments

Notice on this deal the student was given 15 days to close. The bank agreed to the short sale if the student was able to beat the sale date. The bank was not willing to postpone the sheriff's sale.

Typically, the banks will give you 30 to 60 days to close your short sales. Once in a while, the bank will take the short sale if you can beat the sale date. The shortest time-frame we have ever been given was three days. It was a major rush, but we closed the deal.

BANK ACCEPTANCE LETTER #3

This was our deal. The homeowners owed \$64,000 and the property was worth \$90,000. We had it under contract for the balance owed and were planning to rehab the property. The deal was fine as it was, but we did what we always do: Made “one more phone call” and here is the result....

Advanta Mortgage

March 3

Advanta Mortgage

RE: #09845673

Dear Mrs. Investor:

Advanta Mortgage Corp. will accept a minimum of \$48,000 to release the lien on the above referenced property.

This acceptance is conditioned upon receipt of certified funds on or before March 16 as **we will not postpone the sheriff's sale**. This agreement will be reported to the credit bureau as “settled” and we **will waive any deficiency judgment** against the mortgagor.

Short Sale Secrets - Closing Arguments

This offer is null and void if certified funds are not received by March 16 at 5:00 p.m. eastern time.

Please call with any questions.

Sincerely,

Barb Doe

Loss Mitigation Specialist

Notice our time-frame to close this transaction ... 13 days! We actually wholesaled this deal to one of our rehabbers for \$64,000, our original price. The rehabber closed in a few days and we made a great, and unexpected, assignment fee on a deal we were originally going to rehab.

BANK ACCEPTANCE LETTER #4

This is a student acceptance letter. The homeowners owed \$61,000. The property was worth \$85,000 and needed work. Our student offer \$30,000....

Conti Mortgage

Dear Mr. Investor:

This is to inform you that Conti Mortgage agrees to release its security interest in the above captioned property upon receipt of certified funds in the amount of \$35,363.

This offer will remain open until December 30 at 5:00 p.m. Pacific Time. The funds must be wired and received before that date and time.

The current payoff on the note is \$61,575.75. The closing agent is required to contact our office on the settlement date to confirm how and when the funds are to be forwarded to our office.

THE HUD-1 MUST BE INCLUDED WITH THE PAYOFF. IF FUNDS ARE WIRE TRANSFERRED, A COPY OF THE CHECK AND THE HUD-1 MUST BE FAXED AT THE SAME TIME TO 555-5555.

Short Sale Secrets – Closing Arguments

Please note this addendum must be attached with the final closing statement or this agreement is null and void.

Sincerely,

John Doe

Loss Mitigation Division

As you can see, these letters are pretty straightforward. The bank says yes, sets a deadline, names the terms, and the rest is up to you.

Student Testimonial

Ray's Story...

Dear Dwan,

My name is Ray and I am writing you both to inform you of my success with your method. I first heard of “short sales” from you when I attended the GaREIA meeting where you were presenting. I purchased the material and was, I must admit, a bit skeptical. But I am a risk taker and decided to give it a try.

I had the opportunity to put what I read to work when a distressed client called about a month ago with a deal that sounded like the perfect opportunity to use this new method. She faxed me all the necessary information on the property which was:

PROPERTY SUMMARY:

<i>Property Value:</i>	<i>\$72,000</i>
<i>Balance on Loan:</i>	<i>\$87,000</i>
<i>Repairs:</i>	<i>\$ 3,500</i>

Distressed family with personal issues.

Short Sale Secrets – Closing Arguments

I began communicating with the bank and made an offer of \$27,000. The bank called me and said, “We accept.” I must say that I almost fell out of my seat. I am now in the process of deciding whether to rehab it or keep it myself and lease it.

Whatever I do, it will be profitable thanks to your method. Thank you for your knowledge, for speaking with me throughout this ordeal, and for the encouragement.

Sincerely,

Ray from Atlanta

CLOSING A SHORT SALE TRANSACTION

The bank will give you a deadline in which it must receive the short sale payoff. Arrange the closing to take place prior to the stated date. Always use **your** title company or attorney whenever possible.

- ☞ It's a bad idea to wait until your last day to close in case something happens and you need a few more days.

Should you need a few extra days, have the title company/attorney call the bank and ask for the extension. Typically, if the title company/attorney asks for it, it won't cost you anything. If you ask for it, you'll have to pay the daily **per diem**, which could run into the thousands.

- When the bank agrees to accept your offer, ask what their "per diem" rate is just in case you can't close on time.

Be sure all the necessary people are present at the closing and that the money is there. Once the property is closed, you can rehab and retail it, keep it for long-term rental, or do what we do ... **wholesale it quickly.**

Per diem: The daily interest charged when an extension is needed. Let's say your closing needs to be extended thirty days at a daily rate of \$45 per day. Your per diem penalty would be \$1350.

☞ We make most of our money by combining two techniques: We **short sale** the deal and then **wholesale** it to a rehabber.

Please note that if you want to wholesale your short sale property at closing, you must coordinate a “double or simultaneous closing” with your closing agent and buyer.

This is perfectly legal and requires no cash or loan from you. **Please read our wholesale system, “How to Turn \$10 into \$10,000 in 30 Days or Less” for details on how to wholesale and coordinate a double closing.**

In a nutshell, the rehabber comes to the closing with cash, you buy the property from the homeowner and immediately sell it to the rehabber.

The rehabbers funds pay for both transactions. When interviewing title companies or attorneys ask them if they do double closings. If they say no, they are not investor friendly so keep looking.

One of the easiest ways to find an investor friendly title company/attorney is to attend your local REIA group. These type of people are members and are actively seeking your business.

www.nationalreia.com

As times and rules change you may have to come up with a more creative way to close your deals. Let your title company help you with this.

People are now putting properties into an LLC and then selling the LLC, which owns the property. In essence, you are selling a business NOT a property.

The bank may ask you to hold the property for 30 days. In this case we do a “lease with the option to buy” and have the rehabber put up the initial money to pay the bank its price. Once the 30 days have passed the rehabber pays us our balance and we deed the house to them.

Bottom line: there are a million ways to creatively close a deal so use your title company for what they are for – to close your deals!

GIVING THE HOMEOWNERS THEIR MOVING MONEY

Remember, the bank is not selling you the property, the homeowner is. The bank is simply accepting a reduced payoff and paying the seller's side of the closing statement. The bank will review the closing statement prior to the final acceptance of the short sale.

- ☞ As you can see from the acceptance letters, the bank WILL NOT allow the homeowners to walk away with any money.
- ☞ The bank will not accept thousands less than what is owed and watch the seller, who has not paid for months, walk away with a profit!
- ☞ Likewise, the bank will not allow an assignment fee to show up on the closing statement. This is why you have to do a double closing when wholesaling your short sale. The bank cannot accept thousands less than what is owed and then allow you to make a huge profit on the closing statement.

In many cases, you have to sign an affidavit that states that you are not “giving the sellers any sale proceeds”.

We have a hard time with this as we feel it is unfair for us to make \$50,000 on a deal and then not give the poor sellers moving money.

Several years ago, we sat with our attorney to see if there was a way to give the homeowners moving money without jeopardizing our deal. It turns out, there is.

- We use a bill of sale and buy something from them.

Technically, we are not giving them anything, we are **buying** something. The bank said we could not **give** them any of the sale proceeds.

We buy appliances, furniture, art, baseball cards, antiques, and things like that. We like to buy items that have a perceived value.

- For example, we buy baseball cards, art, or an antique for \$5,000. Who is to say the items are worth \$5,000. If we are avid collectors, we may think the items are worth more than someone who knows nothing about them.
- Likewise, if we give them \$5,000 for an old stove, unless it is gold plated, it is most likely not worth \$5,000.

Be certain that what you purchase has the value to match the dollar amount and don't forget to take the item. Many investors buy appliances from the homeowners and then leave them in the house.

Since you are BUYING something, you must take it. If you are buying something that you don't want, give it to charity.

We want to clarify something here:

- It is **not illegal** to give the homeowners money. It is a condition of the bank in order to close. If your acceptance letter says nothing about giving the sellers money, don't worry about it. If it does, then this is the way around it.

SAMPLE BILL OF SALE

Known all men by these presents that _____
(Buyer), in the county of _____, in the state of _____,
for TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION, paid _____
(Seller) in the county of _____, in the state of _____. The receipt of which is hereby acknowledged, has bargained and sold the following property and/or goods:

For a value of: _____

Buyer Date

Seller Date

In witness whereof, the Seller has executed this Bill of Sale this _____
day of _____, in the year _____.

Notary Public: _____ Commission expires: _____

HOW DO I BUY MORE TIME?

There are several reasons you'd need to buy time in a short sale:

- ☞ The sheriff's sale is so close there is no time to negotiate a short sale.
- ☞ You were unable to secure a buyer to wholesale the property to.
- ☞ You need more time to secure your financing.

Often homeowners will call you three days (or closer) to their sale date. Don't walk away! Call the bank and see if they will agree to postpone or cancel the foreclosure sale in order for short sale negotiations to be completed.

- ☞ When an extension is granted, you **MUST** get it in writing and fax it to the bank's attorney so that the sale will be cancelled.

Banks often forget to notify the attorneys that they are postponing or canceling the sale to accommodate short sale negotiations. The attorney shows up at the sale and the property is sold to the highest bidder. When this happens, you just lost your deal.

We fax the extension letter ourselves because we never assume someone else has done their job. We have had several extensions granted only to find the property sold anyway. Someone in the chain

did not fax an extension letter to the court or the attorney and the property went to the highest bidder.

If you haven't secured a buyer yet, have the title company/attorney call the bank and ask for an extension.

☞ Have your closing agent request the extension stating title problems or trouble meeting requirements, which is typically the case.

Ninety percent of the time, the closing agent can get an extension from the bank much easier than you. To avoid needing an extension, plan to close prior to the bank's deadline to allow a little leeway.

If you still need time to secure financing, again, have the title company make the call. If the closing agent cannot buy time, you'll have to pay the daily per diem. Don't forget to call the bank the day before the closing and short sale the per diem.

You can usually get the bank to accept 50% or so of the per diem. Remember, **“one more phone call”** is your new motto in life!

There will be times you will need a twenty or thirty day extension. The bank will not typically give a long extension without a charge so know that figure going in.

Short Sale Secrets – Closing Arguments

- ALWAYS get the extension and the per diem charge in writing from the bank.
- Bottom line: Be sure you take control of every aspect of your deal. You notify the attorney or the bank of any change in the sale date.

Your paycheck depends on it!

SHOULD I TRY TO SHORT SALE AN FHA, VA, OR A LOAN WITH PMI INSURANCE?

You bet! FHA short sales work the same. The only difference is that the loan is HUD insured. The insurance will pay the bank 82% of the property's as-is, current appraised value as long as it is not less than 63% of the loan amount. If that number works for you, then you have a deal.

For example, let's assume we have a property worth \$100,000 in good, retail condition. The bank orders the FHA appraisal and you meet the appraiser at the property. Now, let's assume the appraisal comes in at \$90,000. HUD will pay the bank \$78,300 or 82% of the appraisal after the sheriff's sale. If \$78,300 is acceptable, you can pay the bank the same amount and purchase the property.

Another example, you find an FHA property. It is worth \$100,000 and the mortgage balance is \$100,000. The property appraises for \$70,000. Instead of accepting 82% of \$70,000, FHA will accept \$63,000, which is 63% of the \$100,000 original mortgage balance.

VA short sales work exactly the same as an FHA short sale with one exception. VA guarantees the loan for 82% to 91% of as-is, current appraisal. You will meet a VA appraiser (hired by the bank) at the

property, and you will be able to purchase the property somewhere between 82% and 91% of the appraised amount.

For example, let's assume we have a property worth \$100,000 in good, retail condition. The bank orders the VA appraisal, and you meet the appraiser at the property. Now, let's assume the appraisal comes in at \$90,000. VA will pay the bank between \$73,800 and \$81,900 after the sheriff's sale. If that number works for you, then you can pay the same amount and purchase the property.

The figures above are subject to change with FHA and VA regulations. Research your area as to FHA insurance and VA guarantee benefits.

- ✓ Several years ago FHA would not short sale. Soon they began accepting 91% of the appraisal. Next they were accepting 88%. Then it lowered yet again to 82% of the appraisal.
- ✓ VA was like FHA in the fact they would not short sale either. They now range between 82% and 91%. Once VA begins accepting discounts in one state, it soon becomes nationwide. Keep your eyes and ears open and we may soon see VA following in the footsteps of FHA.

Note: Please note that if FHA borrowers do not make their first mortgage payment “a first-payment default” kicks in and the loan loses

its FHA insurance. This is great to know because in many cases you can short sale to an amount below the 82% mark.

When you are attempting to short sale an FHA, the bank will send an FHA approved appraiser. Your best shot at a successful short sale is to meet the appraiser at the property.

- ✓ Tell the appraiser that you are the contact person and have the only key.

Walk through the property with the appraiser and point out every nasty detail: roof leaks, bad plumbing, outdated kitchens, outdated baths, bad wood, mold, or whatever you can find. The more items you can point out, the better your chances of a low appraisal.

- ✓ We give the FHA appraiser a copy of the entire hardship package: comps, hardship letter, bad pictures, and more.
- ✓ We make sure the appraiser knows that the appraisal will make or break this deal.
- ☞ We even tell the appraiser the exact number we need the appraisal to be, so that our numbers will work.

The appraiser knows before leaving the house that if the appraisal is too high, the poor homeowner is out of luck and out on the street. Do whatever you need to do, within the limits of the law, to get the numbers low!

When banks foreclose on FHA loans, they get the Certificate of Title at the foreclosure sale. They receive their insurance money and then deed the property to HUD, who then disposes of the property via the HUD homes list.

Likewise, when banks foreclose and take possession of a home that is VA guaranteed, they turn the property over to the VA, who has guaranteed a portion of that loan. VA pays the bank's guarantee and then disposes of the property via the VA foreclosure list.

☞ The reason a short sale is more difficult when FHA or VA is involved is simple: The bank will obtain an appraisal on the property, and depending on the insurance or guarantee that FHA or VA issued, they will receive that amount of money.

The banks are basically protected against major loss in the event of a foreclosure.

When one of these properties is in bad condition, there is a better chance for a short sale because the appraisal will come in low. When

you attempt to short sale FHA or VA loans and get a no, consider taking over the property and reinstating the mortgage and keeping it for a rental.

- ☞ You can then offer “owner financing” or keep the property as a lease option or rental.

There are many other great strategies to use instead of a short sale when FHA or VA loaned homes are in good shape.

- ☞ A benefit of doing an FHA short sale is that FHA will pay the homeowners \$1,000 to \$3,000 to move as well as waive the deficiency judgment.

PMI insurance is also found in many cases. This is “private mortgage insurance.” It is paid for by the borrowers and made part of their monthly payment. Many homeowners believe that this insurance is a benefit to them in case one of the owners dies during the loan repayment period.

- ☞ PMI insurance is protection for the lender.

When a mortgage goes into default that is insured with PMI, don’t walk away. Follow the same short sale procedure as FHA and VA and see what happens. Unlike FHA and VA, the percentage amount of the PMI

insurance paid against the current value can be negotiated, therefore creating a great short sale.

- ☞ PMI only covers the top 20% of the loan. For example, if a property has a \$100,000 mortgage balance and it has PMI insurance, in the event of a default, PMI pays the bank just \$20,000, the top 20%. If you can get the PMI company to work with you, they don't have to pay the claim. The claim kicks in at the sheriff's sale or the final point of default.

PMI can be very helpful when faced with a way out of paying a claim.

- ☞ **When a property is vacant it is more difficult to get FHA or VA (or any bank for that matter) to accept a short sale. Your defense is to have the homeowner's explain in their hardship letter that they could not afford the house, could not afford the repairs, did not realize another alternative existed, thought that when they were served the foreclosure papers it meant the bank already owned the property, etc., and that is why they moved. In many cases, this will solve the problem.**

CAN I STOP THE FORECLOSURE SALE?

It's surprising how many homeowners will call the day before the sheriff's sale asking for help. There is not much you can do with such short notice. The most successful strategy we have found is bankruptcy. We are not advocates of bankruptcy; however, due to time restraints, it may be the homeowners' only option.

Have your homeowners speak to an attorney about filing a Chapter 13.

✓ Chapter 13 is the reorganization of debt.

Homeowners can go to the courthouse in person and file the bankruptcy papers themselves. Bankruptcy court may not be at the same courthouse where the foreclosure files are. Typically, bankruptcy court is in the Federal Courthouse and the foreclosures are in the County Courthouse. In some of the smaller areas, both share a building.

Homeowners can get the “do it yourself” forms online and take them to the courthouse and file them themselves. This will stop the sale and give the homeowners an opportunity to reorganize their debt and you time to complete a short sale.

When advising a homeowner to consider bankruptcy, you have to be very careful. There is a fine line between giving an opinion and giving legal advice. This is the exact conversation we have with homeowners about bankruptcy:

We say, “Since your sale date is so close I want to share with you what I have seen other distressed homeowners do to buy time. Obviously, you realize that you should call an attorney to file bankruptcy for you. Since you said you have no money to pay an attorney and your sale date is around the corner, this is what I have seen others successfully do ... they have gone to a website www.uscourts.gov and downloaded the Chapter 13 papers. Then they go to the courthouse and file the papers themselves. All they have to pay is a small filing fee, usually under \$200. Once the papers are filed the clerk gives them a certified copy of the bankruptcy papers. Then these homeowners take the certified copy to the foreclosure department of the County Courthouse and submit the papers to that clerk. Once the foreclosure clerk gets the papers, the sale will be stopped. From my understanding, all the foreclosure clerk is looking for is a case number showing that a bankruptcy has been filed. I don’t think they care if the papers are filled out correctly. If you decide this is something you want to do, call me after the papers are filed and the sale is stopped and I’ll see what I can do to help you.”

It is important for you to understand that if you download the papers, drive them to the courthouse, pay the filing fees, or anything along those lines, you could be held accountable for practicing law. Although the homeowner loves you today, if this deal goes south, suddenly you will be the biggest jerk in the world tomorrow.

We have given this suggestion to many homeowners who have called late in the game.

☞ We always call the bank first and ask for a postponement of the foreclosure sale.

If the bank will not postpone the sale, bankruptcy is the only way to stall the foreclosure sale. The bottom line is that without a case number, the sale will happen. If you live in a state with a short foreclosure period, like Texas or Georgia, you need to learn as much as possible about bankruptcy. With a short time-frame you'll find it more difficult to do short sales without basic bankruptcy knowledge.

Once the Chapter 13 papers are filed the court will set a hearing.

☞ The **341 hearing** will be set in approximately 30 to 45 days and is for the benefit of the creditors.

The property can't be sold at the sheriff's sale until there has been a hearing. The purpose of the 341 hearing is to give the creditors a chance to present their cases and the homeowners a chance to show the bankruptcy judge that they have figured out a solution. Selling the property to you would be an acceptable solution for the judge.

Hopefully, this will be enough time for you to work out a short sale and help your homeowners. If you have solved the problem in this time-frame, the homeowners can drop the case and get out of the bankruptcy.



Always have the homeowners **drop** the case, not **miss** the hearing.

If they miss the hearing they will be “kicked out” of bankruptcy and will not be able to file again. If they drop the bankruptcy, or ask for a dismissal, they can re-file immediately if needed.

If you are still negotiating with the bank or trying to obtain financing, the homeowners' bankruptcy attorney can petition the court for an extension just before the 341 court date.

Forbearance Agreement: A financial agreement with the bank to make up the late mortgage payments. For example, the homeowners owe \$5,000 in late payments. They save \$3,000 and agree to pay the bank \$2,000 over 10 months, adding \$200 a month to their current mortgage payment. If their original payment was \$500, it is now \$700 for the ten months. Once the final forbearance payment has been made the property is officially out of foreclosure. If the homeowners fall behind again, the bank has to start the foreclosure process over. If they miss a forbearance payment, the bank can pick up the foreclosure process exactly where it left off.

- ☞ The judge will usually grant at least one 341 extension, which gives you another 30 to 45 days to help your homeowners.

If you still haven't finished the deal, the homeowners' bankruptcy attorney can begin the bankruptcy process. At the hearing, the judge will put the homeowners on a repayment plan. As long as they make the scheduled payments, their property is safe from the sheriff's sale.

From the banks point of view, the repayment plan is a forced **forbearance agreement**. When your short sale is accepted, the bankruptcy trustee can take the sales contract and approval letter to the judge and have the property released from the bankruptcy, so that you can close.

- ☞ In a Chapter 13, if the homeowner does not keep up with the agreed upon payments, the bankruptcy will be discharged and the foreclosure process will continue.
- ☞ The beauty about filing a Chapter 13 first is that after several months the homeowners' bankruptcy attorney can "roll it over" to a Chapter 7 and buy more time.

- ✓ Chapter 7 bankruptcy absolves debt.

As with a Chapter 13, a Chapter 7 also postpones the foreclosure sale. When the homeowners get close to the end of the Chapter 7, the foreclosure process picks up where it left off. The banks are notified of the pending discharge. Since most banks can't keep up with their paperwork, more time will pass before the bank continues its foreclosure process.

Again, this will give you a few more months for time to negotiate. During this process, your homeowners can dismiss the bankruptcy at any time and save what is left of their credit.

- ☞ Can see why banks hate it when you threaten bankruptcy? They know the homeowners can start with a Chapter 13, fall out of the 13, and then roll it to a Chapter 7, stalling the foreclosure sale for months and even years.

As we said earlier, we don't advocate bankruptcy. We don't want to make a bad situation worse. Sometimes bankruptcy is the ONLY way to stop the foreclosure sale. The bottom line is to help the

homeowners any way possible. If bankruptcy is the only choice, then use it to your advantage.

Remember, you are not an attorney (and neither are we), so be very cautious when giving homeowners advice about bankruptcy. You don't want to get sued for practicing law.

☞ In most states, a homeowner can file bankruptcy one hour before the sale and stop it.

Check with your county courthouse or local bankruptcy attorney to see if this is true in your area. It's not a bad idea to take a bankruptcy attorney to lunch to familiarize yourself with the laws and how they affect the sheriff's sale in your state.

Bankruptcy court is federal and the laws are the same nationwide. What varies from state to state is how bankruptcy can be used to the homeowners' advantage in the foreclosure process.

☞ One extra bankruptcy tip: Have the husband and the wife file separately. After the first bankruptcy is discharged, the other spouse can file and start the entire process over.

- ☞ This is how homeowners can buy two years or more. The first spouse files and buys a year, then the second files and buys another year.

See why the banks hate bankruptcy?

- At this point you are probably wondering how the **new bankruptcy laws** affect short sales. The new laws really have no bearing on what we do. The only reason we would use bankruptcy as a tool is to buy time when the sale date is too close. The new laws are designed to make it difficult for people with a lot of unsecured debt (like credit cards) to wipe away debt. Too many people are running up \$200,000 in credit card debt, buying everything, even opening businesses, and then wiping it all away. The court system is putting a stop to it.

We found the following information on this government website – www.uscourts.gov to be helpful. Check out the site yourself for more information...

United States Bankruptcy Courts

Each of the 94 federal judicial districts handles bankruptcy matters, and in almost all districts, bankruptcy cases are filed in the bankruptcy court – the Federal Courthouse. Bankruptcy cases cannot be filed in state or county court. Bankruptcy laws help people who can no longer pay their creditors get a fresh start by liquidating their assets to pay their debts, or by creating a repayment plan.

Bankruptcy laws also protect troubled businesses and provide for fair distributions to business creditors through reorganization or liquidation. These procedures are covered under Title 11 of the United States Code.

Filing for Bankruptcy

When you file bankruptcy your creditors, court personnel, the media, and general public are notified. An official notice will be placed in the legal section of your newspaper stating that you filed and giving other

creditors a chance to join in. The court will set a 341 hearing and the process will begin.

In 2005, the Bankruptcy Code was amended to require that anyone filing bankruptcy complete an **approved** credit counseling program before they file bankruptcy. Most people can now do the class online. Again, go to the website to find a list of approved agencies and complete the course before you file. It only takes a few hours.

Filing for Bankruptcy without an Attorney

Corporations and partnerships must have an attorney to file a bankruptcy case. Individuals, however, may represent themselves in bankruptcy court. While individuals can file bankruptcy without an attorney. To represent yourself means to file “pro se.” To buy additional time, many homeowners will file bankruptcy themselves, hire an attorney afterwards, the attorney will ask for a dismissal of the case and then re-file, often buying 90 days or more before the individual must appear in court. Bankruptcy is not something to toy with. If you do file yourself, hire an attorney as soon as possible.

Bankruptcy has long-term financial and legal consequences - hiring a competent attorney is strongly

recommended.

Debtors must list all property and debts in their bankruptcy paperwork. If a debt is not listed, it is possible the debt will not be discharged. The judge can also deny the discharge of all debts if a debtor does something dishonest in connection with the bankruptcy case, such as destroying or hiding property, falsifying records, or lying. Individual bankruptcy cases are randomly audited to determine the accuracy, truthfulness, and completeness of the information that the debtor is required to provide. **Please be aware that bankruptcy fraud is a crime.**

Credit Counseling

Individual debtors are generally required to obtain credit counseling from an approved provider within 180 days before filing a case, and to file a statement of compliance and a certificate of credit counseling furnished by the provider. Failure to do so may result in dismissal of the case, however; in most cases, if you file bankruptcy without completing the credit counseling, the court will require completion of the counseling before your first hearing giving you time to stay within the guidelines.

Finding an Attorney, including Free Legal Services

Debtors are strongly encouraged to obtain the services of

competent legal counsel. Even if you cannot afford to pay an attorney, you may be able to qualify for free legal services. For information about hiring an attorney, or about free (also known as "pro bono") legal services, contact your state or local bar association. Many law schools have legal clinics that offer free legal services. Court web sites often have contact information for bar associations and pro bono legal service programs, as well as important procedural information.

For information about such legal resources, check the American Bar Association's [Legal Help](#) page, the [Legal Services Corporation](#), or the web site of the [bankruptcy court](#) where you intend to file.

If you are filing or involved in a bankruptcy case and do not have an attorney, the web site of the [bankruptcy court](#) where the case has been or will be filed may be of assistance. The [Bankruptcy Resources](#) page may be of help as well.

DOES THE HOMEOWNER STILL OWE THE BANK MONEY AFTER THE SHORT SALE®?

That is a good question. When you negotiate a successful short sale, keep in mind that the agreed upon price is payment in full.

- ☞ However, the homeowners may still owe the difference between the mortgage balance and the discounted amount via a **“deficiency judgment.”**

If granted, this judgment will affect the homeowners and their credit report just as any other judgment. You must get the bank to agree to accept **“payment in full without pursuit of any deficiency judgment.”**

- ☞ In addition, you need to explain to the homeowners that the discounted amount (the difference between the mortgage balance and the short sale) may be **declared as income** on their income tax return by means of a **“1099.”**

The homeowners can speak with their accountant for advice. Since the homeowners have been in such duress and probably haven't made much income, a 1099 may not adversely affect them.

1099

Banks issue 1099's as another way to write off losses. Using the same example as above the bank suffered a \$60,000 loss. It sends you a 1099 which shows you **earned** \$60,000 in income. Since you did not actually earn the \$60,000 you have no extra money to pay extra taxes with. You're already in foreclosure and now you owe income taxes on an extra \$60,000 dollars which you did not earn. Having a potential IRS issue can add to your current stress.

Let's say that you received a 1099 for the \$60,000 dollars. That might put you in the 30 percent tax bracket this year. Now you might owe the IRS \$18,000 dollars in income taxes. If you have ever dealt with the IRS, you know that if you don't pay the taxes on time, penalties begin to accrue – fast. In no time, you owe double that amount - \$36,000 - and now the IRS investigates you. It can spiral out of control so fast.

The best way to deal with a 1099 is to consult a tax accountant and see what can be worked out. In many cases, you might not owe anything. An accountant may be able to file “insolvency” or get a “one-time homeowners exemption” or use your “adjusted basis” for write offs. If you qualified for any of these, you would be off the hook.

If you suffered loss of income, are going through a divorce, had a mortgage payment that reset to an unaffordable payment, or anything along those lines you may qualify for insolvency. You are considered insolvent when your total liabilities exceed your total assets. It is not that difficult to qualify for insolvency when you have had a foreclosure and may be a perfect solution to your problem. Remember, we are always going to ask the bank to waive the 1099, this is worst-case-scenario stuff.

If you lost your property in foreclosure or short sale, and you did \$40,000 dollars worth of work on it (and had receipts to prove it) the IRS would take the \$40,000 dollars off your taxes against the \$60,000 you owe and you'd owe taxes on just \$20,000 – this is a sample of what “adjusted basis” means.

As you can see, there are many options when receiving a 1099. This is why you **must** use a tax accountant to file your taxes the first year after losing a property in distress. If you simply sell your house for a profit, then you would owe taxes on the profit earned. It is still a good idea to work with an accountant as you may have adjusted basis write-offs that you are not aware of.

DEFICIENCY JUDGMENT

A deficiency judgment can be sought by the bank for the shortage on the actual amount received versus the amount that was due.

- ☞ Using the example above, the judgment would be recorded against the homeowner for \$35,000.00.

Likewise, the same judgment can be sought when the property sells at the courthouse for less than what is owed or after the REO department sells the property for less than the full amount.

When negotiating the short sale, you can require that the bank waive its right to a deficiency judgment.

- ☞ More often than not, the bank will waive its right to a deficiency judgment because we have proven such a desperate hardship.

Again, we explain this to the homeowners and leave it up to them to decide whether to pursue the short sale. Keep in mind, that if their property does go to the foreclosure sale, the same result may occur. Why wouldn't they be inclined to work with you now, receive some money, and not have the foreclosure on their credit report?

If the bank does pursue a deficiency judgment, the homeowners may have to file bankruptcy to remove the judgment. Another option is to short sale the judgment and pay it off.

☞ We find that 99% of homeowners don't care about the 1099 or deficiency judgment. They are not thinking about tomorrow, their main concern is what to do "today" to move on.

Many times we give the homeowners enough cash to cover any tax implication (using a bill of sale) they may incur. Do the homeowners save that money for taxes? Probably not, but we give it to them, help them start over, and we can sleep soundly at night.

☞ It's important for you to know that the lender cannot pursue a deficiency judgment *and* issue a 1099.

They can only do one or the other. If the deficiency is waived as a condition to the short sale, the homeowners will receive a 1099. If the judgment is not waived, we leave the decision up to the homeowners as to whether to pursue the deal. If given the choice, the lender will opt for the judgment over the 1099 because of the chance to possibly collect something at a later date.

☞ Once the bank agrees to waive deficiency, get it in writing. If the loss mitigation rep verbally agrees and then forgets to send a

“waiver of deficiency” with the closing papers, guess what? The bank could still pursue deficiency. **IT MUST BE IN WRITING.**

It is important to remember, as stated earlier, if there is no equity and the property goes to the sheriff’s sale, and the bank receives less than what was owed, the bank can pursue a judgment.

☞ For example, the homeowners owe \$350,000 and their property is worth \$350,000. The bank takes the house at the sale, rehabs it, lists it with a real estate agent, and sells it. It’s now nine months later and the property finally closes. After all the expenses, the bank nets \$275,000. The homeowners assume that since they lost their house at the sale, they are not responsible for any further debt. Suddenly, they are served papers from an attorney informing them that they owe the bank \$75,000. The attorney will pursue a deficiency judgment that will follow the homeowners for years. They will be unable to buy anything because the judgment will attach to it. They will either have to file bankruptcy or short sale and pay the judgment

Likewise, if the lender gets the property at the sheriff’s sale and sells it at a loss, they can issue a 1099. As you can see, the best option for the homeowners is to deal directly with you because you can help to avoid at least one of these consequences, help them start over, and possibly help them financially.

MORTGAGE FORGIVENESS DEBT RELIEF ACT

In the next section, we are going to discuss some of the new government acts in place. Again, check with a tax accountant to see what your homeowner might qualify for.

In order to see what exemptions you qualify for, if any, check out the following sites:

- ✓ www.irs.gov
- ✓ www.whitehouse.gov
- ✓ www.govtrack.us
- ✓ www.sccgov.org

We found the following information on the www.irs.gov website very helpful:

President Bush signed a bill on December 20, 2007. The purpose of the bill is to help homeowners who are caught in the housing crisis. This bill is not permanent and will be reviewed every three years. If the housing crisis is under control, the bill will be taken off the books. If not, it may change or stay on the books on a year-by-year basis.

Obama extended the bill for only one year so it is on the books

until December 2013...I will update if it changes!

We hope this helps you to understand what the government is doing to try to help. What was meant to boost our economy turned into a complete disaster – creative loans. The government stepped fairly quickly to help. It would be nice if these laws became permanent as distressed homeowners could walk away and truly get a fresh start. Financial hardship is so stressful to begin with – adding possible tax issues makes it much worse.

NEGOTIATING WITH A SECOND OR THIRD MORTGAGE

When there are second, third, or further mortgages against the property, you must negotiate with each of them separately for a short sale.

Keep in mind that sometimes you will negotiate only with inferior lienholders because the first mortgage is in a good “loan-to-value” position and will not accept a short sale. Your deal then hinges on the second accepting a short sale since the first is low to begin with.

- ☞ One of the best short sale strategies to use with inferior lienholders is to let them know that the first will not entertain a short sale offer unless the second receives zero!

This is true with many first mortgage holders. Seconds are aware of this policy and will usually take deep discounts.

The same short sale steps will apply with only a few important differences. The differences are as follows:

- ✓ Ask for the decision maker.
- ✓ Send the same short sale package, **WITHOUT** the sales contract and net sheet.
- ✓ Send a letter of intent in place of the sales contract.

Short Sale Secrets – Closing Arguments

- ✓ Write a different cover letter stating the fact that they will be wiped out at the sale.
- ✓ Have the homeowners write a separate hardship letter stating the fact that the second will be wiped out.
- ✓ Deal with each lienholder separately.
- ✓ The inferior lienholders do not need a net sheet because what you offer is exactly what they get.

Before we get into the conversation with the second, let's look at the adjusted letters you'll need to submit.

SAMPLE LETTER TO JUNIOR LIENHOLDER #1

Dear Mr. Bank Rep:

This letter serves as our offer of \$1,000 as payment in full for the above-referenced loan on property located at 1962 Brown Street.

As you are aware, Bob and Sally are facing foreclosure and the sale date is coming up soon. I'm sure you've been notified of the foreclosure and **that your lien of \$19,000.00 will be wiped out at the sale.**

Due to the extreme hardship Bob and Sally are under as well as the condition of the property, we not only urge you to accept our offer, but **we request that you also waive any deficiency judgment against the homeowner's.**

Also attached, please find my authorization to release, hardship letter, comparable sales in the area, photos, and contractor's estimate of repairs.

We are trying to close by the last day of the month and need your assistance to make this deal work.

The homeowners are contemplating bankruptcy, but don't want to go down that path unless they are forced to. They just want to move on with their lives. Their attorney said they could free for two years if they file, but they really don't want to.

Upon your review of the attachments, please contact us as soon as possible at the letterhead number to discuss your approval.

Thank you for your consideration and prompt attention to this matter.

Sincerely,

Mrs. Investor

As you can see, this letter is similar to the letter to the first. The only real difference is that we are letting the second know that we know that they will be wiped out at the sale.

SAMPLE LETTER TO JUNIOR LIENHOLDER #2

Dear Second Mortgage:

My name is Mr. Investor. I buy notes and defaulting loans all over the US. I am willing to make an offer on loan # 30078470 owned by Bob and Betty on the property located at 1962 Brown Street. **Based on current market, the poor condition of the property, and the extensive repairs needed, I am willing to offer \$1,000 for your second mortgage.**

As I'm sure you know, **your lien of \$19,000.00 will be wiped out at the sheriff's sale.** I can close on or before February 28.

I also ask that you waive any deficiency judgment against Bob and Betty. Their attorney wants them to file **Chapter 13** and stall the foreclosure sale. They would rather move on.

Please get back to me ASAP so I can proceed.

Sincerely,

Mr. Investor

SAMPLE LETTER TO JUNIOR LIENHOLDER #3

Dear Second or Third or Fourth:

My name is Ms. Investor. I am working with John and Susan on their property located at 1102 Hitchrack Rd.

I understand your outstanding loan is \$45,000 and will be wiped out at the upcoming sheriff's sale. Based on current market, the poor condition of the property, the code violations, and the extensive repairs needed, the property is worth far less than the mortgage balances. Therefore, I am willing to buy your mortgage for \$1,000 as payment in full.

I will close within 20 days of your acceptance of this offer. I feel this is a very fair offer based on the poor condition of the property. I hope we can work together. **I am also asking that you waive any deficiency judgment against the homeowners.**

Please get back to me ASAP so I can proceed. Thanks!

Sincerely,

Ms. Investor

As we mentioned earlier, seconds are usually very willing to short sale. As part of the short sale with the first mortgage, you will include a hardship letter. We also include a different hardship letter to the second as well.

☞ You don't have to do this step, but we believe it helps.

If you want to use the same hardship letter that you gave to the first, feel free. We like to deal with each lender independently and use a different letter for each.

Here is a sample of a second's hardship letter....

Sample Hardship Letter to the Second or Third

Dear Second:

September 1

I am writing this letter to share some of the hardships I have endured over the past year. My property located at 1725 Blue Spruce Drive is currently facing foreclosure. **In fact, the sale date is set for Thursday, September 13.** I have absolutely no way to pay the back payments owed on the first or the second. **I have had the property listed for months and have gotten only one serious offer because of the condition of the property.**

Based on the offer I have, I can only **pay you \$1,000 as payment in full.** Please accept this as payment in full; otherwise, I have no other choice but to let the property go to the courthouse sale Thursday. **From my understanding, the sale will wipe out your \$50,000 second completely,** leaving the first with the property and me with a foreclosure on my credit report. I hope we can somehow avoid this.

I am enclosing my bank statement from August, late notices on my car, and anything else I can find that will help you to see the financial trouble I am facing. I have also enclosed my tax returns.

I am in the used car business and things have been VERY slow over the summer. I am currently looking for another field in which to work. So far, I haven't had much success. I am two months behind on my car, electric, phone, and many, many months behind on the mortgage.

My attorney wants me to **file bankruptcy and said I could live free for 18 months.** I really don't want to do this. I hate to ruin my credit more than it already is.

Please waive any deficiency judgments against me. I have enough problems in my life without owing more money down the road. If there is any other information you need, please feel free to call me.

Sincerely,

Distressed Homeowner

The second lienholder is also a banking institution. This is why we try to bring some emotion into the situation.

- ☞ We back up our offer the same way we do with a first.
- ☞ Mention bankruptcy in your cover letter as well as the hardship letter.

As you now know, bankruptcy will drag on the foreclosure process for months or even years. In the end, junior lienholders get wiped out unless there is sufficient equity in the property due to a low first. In that case, then the second would receive any funds received over and above the judgment amount of the first.

Before we get into the conversation with the second, take a look at this amazing short sale. The second lienholder took a HUGE discount. After that, we'll look at the adjusted letters you'll need to submit.

Hi Dwan,

I wanted to share our story of the best short sale we've completed. It started in around August of '2006 and closed in May of '2007. We resold it within 3 weeks of the purchase. I was on the road down in Fort Lauderdale and my wife called me insisting that I had to drive over and meet a client at her bank. She told me she had just met them on the phone as a referral and they wanted to quit-claim deed their house to us! I'm not that smart, but when someone wants to give me a house, the least I can do is listen to what they have to say! So off I went to my local bank branch to meet the homeowner.

Turns out that Margaret, the homeowner, had allowed a friend to buy a house using her name in February 2005. It was a really nice looking waterfront 4 bedroom, 2 bathroom home in a gated community.

Her friend told her that if she would buy the house for her, she and her husband would move in and make all the payments for her. Unfortunately, Margaret agreed. Margaret is a 32 year old housekeeper earning \$2,000 per month who rents a spare bedroom to live in. She had given power-of-attorney to her friend and had no idea she was being qualified for a \$400K SISA (stated income, stated assets) loan.

Well, the marriage fell apart less than six months later; hubby moved out, and without hubby's income, the friend abandoned the house, without telling Margaret I might add. So Margaret needed help in a big way. She found out about the situation when she was served with foreclosure papers. In any event, Margaret agreed to work with us and signed a purchase agreement, Authorization to Release forms for both the first and second mortgage holders, and Quit-claim deed to the property. All she wanted was her credit salvaged.

Well two weeks later, Margaret, myself and my wife decided to take a road trip together and go see the house. It took about 2 1/2 hours (and 2 speeding tickets) to get there but it was well worth it. As we pulled up to the house, Margaret started crying. The place was beautiful. Then we went in. By the time we got there, the house had been vacant for at least eight months. The wood floors had buckled because of the high humidity, and mold was everywhere. The kitchen and bathroom cabinets were destroyed, one kitchen wall and two

bedroom walls were fuzzed with mold. The pool was a beautiful dark green. It smelled like money! We took lots of photos, did a property inspection report, installed a lock box, and drove back to Boca Raton.

We used Dwan's hardship letter examples to help Margaret write her hardship letter, obtained comparable sales of the property, and started to put our first offer to the lenders together. Fort Myers, as it turns out, was one of the fastest appreciating markets in the country. But since the hurricane hit, values started to slide and it became one of the fastest areas to depreciate. The property was purchased in 2005 for \$400,000 and by September, 2006, homes were selling for \$350,000, and values were falling at over 2% per month. We also called several mold specialists for remediation estimates. Some wanted over \$1000 to do an air quality report and remediation estimate! We settled on a firm who gave us a fair price and their remediation estimate came in at over \$110,000! That was exactly what we needed as support for our photos.

Following the plan in the Advanced Short Sale course, our first offer focused on the homeowner's situation and the condition of the house. We offered \$30,000 (\$29,000 to the 1st mortgage and \$1,000 to the 2nd mortgage – just like the course teaches). We flooded both lenders with information and supporting documentation, insisting they take our offers seriously.

They ordered interior BPO's and when the BPO agent called, we told them the house was full of mold and the remediation co. did repair estimates wearing space suits. They said, "Thanks but no thanks; we'll tell the lender that we'll pass on this one." This happened several times over the next few months and for some reason, the foreclosure case hadn't progressed.

So by February '07, we decided to have the mold guy take another look at the property to confirm that his estimate was still good. We sent a 2nd offer to the first mortgage for \$140,000. But this time, at the suggestion of a very helpful loss mitigation representative at GMAC, we had an appraisal done on the property and included the same repair estimate that justified our \$140,000 offer. We also sent in several copies of newspaper articles printed off the internet showing the condition of the Ft. Meyers housing market (per the course) and a spreadsheet outlining GMAC's expected holding costs if they took the property back (also per the course).

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Fortunately at this point, GMAC was hamstrung. A foreclosure sale date had been set for May 2nd and it was now the beginning of April. They countered our offer at \$155,000. We countered back at \$145,750 with only \$750 going to the second mortgage. Finally GMAC agreed to the short sale. They had discounted a \$320,000 first mortgage to a net of \$145,000. They also agreed to waive the deficiency judgment.

Now it was on to the second mortgage. They had been ignoring us for all these months, but now there was a foreclosure sale date. The first thing their loss mitigation representative told me was, "Don't think for a moment that we're gonna discount this loan down to \$1,500 or \$2,500. It's gonna take at least \$25,000 for us to settle." So using the communication skills I learned from Bill Twyford, I said, "I absolutely understood." Then I explained the property situation to him and said that there was an agreed settlement from the first mortgage for only \$145,750. Needless to say, he was not very happy. He told me to re-submit everything to him, photographs, appraisal, etc. A week later the second mortgage loss mitigation representative called me back and asked if I thought I could get him at least \$1000! Instead of saying yes right away, I told him that the decision wasn't my call, but I'd check and get back to him. He then approved the \$750 offer on a principal mortgage balance of \$80,000! We couldn't have accomplished this without the scripts and lessons in the course on negotiating with inferior lienholders.

I had hard money financing lined up to close and the lender gave me \$200k based on a \$320,000 value. Margaret was ecstatic. The foreclosure sale date was right around the corner and the closing was set two days before that sale date. After paying closing costs, delinquent real estate taxes and HOA fees, we walked away from the closing table with just over \$34,000 in our pocket because we borrowed more than we paid.

In the meantime, my wife discovered that there was a REIA group in Ft. Meyers that had an on-line forum. She was writing back and forth with several rehabbers who were interested in the home and within less than a week of ownership, I drove over to meet one of them.

Fully expecting that I was going to end up renting an apartment and start a remodeling project on the other side of the state, I told the buyer that he had to pay me \$230,000 cash. After a day or so, he sent a full price offer and closed a week and a half later.

We netted nearly \$65,000 on that deal and didn't have to make even one mortgage payment. Margaret is in the process of a credit clean up and is extremely thankful.

Thanks for everything,

David & Elieth Ginsburg

UPDATE: They are still going strong in 2013 and running a very successful full-time real estate investing business.

YOUR CONVERSATION WITH THE JUNIOR LIEN HOLDERS

Our goal is always to get the second lienholder (or third, etc.) to give us the number they will accept first. If we can't get a figure from them we move forward with our offer. As we said earlier, we offer \$1,000 as a starting offer regardless of the amount of the second. Whether the second is \$10,000 or \$85,000 we start at \$1,000. Remember, you can always go up, never down.

We find that when the second mortgage is large, over \$50,000, they usually accept around 10% of the mortgage balance. The smaller seconds usually take \$1,000 or so. We've had many \$25,000 seconds accept \$1,000 and so have our students.

Seconds know that they will be wiped out at the sheriff's sale; therefore, they usually negotiate. Typically, the second will give you a figure, if not a decision, on the first or second call.

Your call with the second will go something like this...

YOU: Hi, bank rep, my name is John and I am working with Bob & Betty Brown to help them with their situation. Can I have your fax number so I can send you my authorization to release information?

SECOND: Sure, my fax is 555-456-7890

YOU: Hold on, I'll send it right now. *(Fax it while you have the rep on the phone.)*

SECOND: Ok, I've received it, how can I help you?

YOU: As you know Bob & Betty are facing foreclosure and have been trying to sell their home for quite some time. They can no longer afford the home and the repairs are too extreme for them to fix. They told me that they owe your company \$25,000. Are you the person who makes the decision about a short sale?

SECOND: Yes, I am the person and we will entertain a short sale; fax me your offer.

YOU: Okay, rep, I will have that faxed to you as soon as possible. Can you give me an idea of what you'd be willing to accept?

SECOND: Since they owe \$25,000, I believe we would be able to accept \$10,000.

YOU: Okay, I believe **we may be able to work with that**, but I'm not certain. Could you fax that acceptance to me today so I can crunch my numbers **to see if that figure works** for me?

SECOND: I'll get it to you right away.

Are we going to accept the second's first offer? No! Let them fax you an acceptance letter for the \$10,000. You can then call back and state that upon further review you don't believe you can make the numbers work at \$10,000.

☞ You are now negotiating down from \$10,000 opposed to negotiating down from the original \$25,000.

You are now ready to call again and negotiate further. Your next call will go like this:

YOU: Hi, this is John. I have gone over the numbers several times. I really appreciate you coming down to \$10,000, however, **that number isn't going to work for me**. Upon further review, the property just needs too much work.

SECOND: We think our acceptance of \$10,000 is more than fair.

YOU: **I totally understand how you feel.** Let's review the facts ... the sale is in 30 days. Because Bob and Betty owe what their property is worth, and your second mortgage will be wiped out at the sale. I know that the way a second works is that you have to purchase the first in order to be the winning bidder at the sale. You are a bank and in the business of making money. **It does not make financial sense** to spend \$150,000 just to save your \$25,000 mortgage. Isn't it better to receive something instead of nothing?

SECOND: We realize that we will be wiped out. What are you offering?

YOU: After really crunching the numbers, **the most I can offer is \$1,000.** I have to negotiate with the first, arrange a closing, and the property needs to be rehabbed. With all that, \$1,000 is the best I can do.

SECOND: I don't think I can get that approved. I'll run it by my boss and let you know.

YOU: Great, make sure to present the complete package ... hardship letter, comps, pictures, cover letter from you, proof of hardship, etc.... to your boss. I'm sure he/she will

agree once he/she see's what a burden this property would be to your company. I can close as soon as the first gets me an approval letter. I am also sending several letters of recommendation from other banks I have worked with in the past. I want your boss to realize that I am serious and will close on time and get this nightmare off your books.

SECOND: Okay, send it over. I'll let you know in a few hours.

Wait a few hours and proceed...

YOU: This is John. How'd we do?

SECOND: Good news ... the boss said yes. I will send you an acceptance letter today. We'll coordinate our closing with the first mortgage. When will you have that date?

YOU: I am thrilled you have agreed to the short sale. The first wants to close in 30 days. If you can give me until that time, we're good. It has been such a pleasure working with you. You're such a professional. I'll be certain to **send you a letter of recommendation** for your file.

SECOND: It's been great working with you as well. I look forward to working with you again in the future.

Folks, it's that simple. We have had hundreds of phone calls just like this. As we said, seconds are easy.

If the homeowners have a third or fourth mortgage, have the same conversation. The only difference is that we never offer more than \$500. Any lienholder in that position will definitely get wiped out. In some cases, we ask a third or fourth to settle the debt for zero. They often do!

- Sometimes a second mortgage will not agree to take less, but they will agree to remove the lien from the property and attach it to the homeowners' names, unsecured. If this is the only way to put the deal together and the homeowners agree, go for it. The down side to this is that the homeowners still owe a second mortgage on a property they no longer own. Since the loan is now unsecured, the homeowners can file bankruptcy and wipe it out.

When you come across a situation where the first mortgage is low and the second is negotiable, try to **purchase the note** of the second rather than pursue a short sale.

As the new second mortgage holder, you can then take the property “subject-to.” You simply reinstate the first, get the deed from the homeowners, and the property is yours.

The sellers must agree to leave their names on the mortgage for an agreed upon amount of time in order for this to work.

We use “subject to’s” as our main way to collect rentals. The homeowners deed their property to us, we bring the payments current, we continue to make payments for several years, and then we refinance the loan taking their name off and freeing them to buy something new.

It’s a great way to start buying rentals because you don’t have to qualify for the loan. You simply take over someone else’s payment, they deed the property to you, and the loan stays in their name. Whoever is on the deed is the owner, not the person on the mortgage.

WHY DO I DEAL WITH EACH LIENHOLDER SEPARATELY?

If you send the second lienholder a copy of the sales contract, the first and second will argue over who gets what.

- ☞ For example, let's say you have a sales contract for \$75,000 and you send it to both the first lienholder and the second. The first lien is currently \$175,000 and the second lien is \$25,000. Your goal is to pay the first lienholder \$74,000 and the second lienholder \$1,000. The second will see that the first is getting more money. Suddenly, the second is insisting on \$10,000 and wants the first to receive \$65,000. The problem is that the first is adamant about receiving the agreed upon amount of \$74,000. With the two banks arguing, your deal falls apart, the sale date comes, and your homeowner is sunk.



We find that by sending a letter of intent to the second lienholder, we avoid the hassle of trying to explain what the first lienholder has agreed to.

- ☞ The second will not typically ask what the first is getting unless you make it a point to show them a sales contract.

The second may want to know that figure before it gives you its final answer. The best response is to say that you are still trying to work with the first lienholder and don't have a set number as of yet. Always push the second for an acceptance letter as soon as possible. Seconds will typically have no problem closing on the same day as the first.

WHEN THE FIRST MAKES THE SECOND TAKE ZERO

- ☞ Some first mortgage holders who will not do a short sale unless the second mortgage holder agrees to take zero.

In this case, ask the second to take zero explaining that the first will not short sale any other way. Surprisingly, many seconds will comply. Second mortgage holders know which first mortgage holders require this before lending the money to the homeowner; therefore, they may agree to the terms of zero as payment in full.

- ☞ Another situation you may run across is a first who insists the second take zero, and a second who refuses.

When this happens, we do one of several things:

- ☞ **Option 1:** Make an agreement with the second and the title company to pay the loan in full a few hours before you close with the first. The transaction closes as usual except that the second is closed first and then the first is closed secondly. You can still do this with no money if you are wholesaling the property. The rehabbers money will fund the transaction just like a regular closing.

You can do a creative closing like this as long as the second mortgage is not reflected on the closing statement. The first may ask for a letter from the second stating it is accepting zero. If you pay the second lienholder the day of the closing, it may take a few hours to get a payoff letter, which makes for a long closing day.

☞ **Option 2:** Buy the note. You make an agreement with the second to purchase the note for \$1,000. Buy purchasing the note, you are now the new bank. On the closing statement, you, the new bank, satisfy the second for zero. This can be done on the same day as the closing. Your investor friendly title company will use your buyers (assuming you are wholesaling the property to a rehabber) money, wire the funds to the second mortgage holder, and the second will send a simple “assignment of mortgage” making you the new bank.

The greatest benefit of doing it this way is that you, the new bank, get to write off the \$1,000 loss. You paid \$1,000 for the note and then accepted zero on the closing statement. It makes the deal work and you get a tax write off. It’s win/win for everyone.

Option 2 is our favorite way to deal with firsts who want seconds to take zero. It’s simple, can be done right before the closing, gives us a tax benefit, and does not require us to use our own money.

Either way you go, there is always a way around a first lender being a stickler about who gets how much.

NEGOTIATING OTHER TYPES OF LIENS

There are other types of liens that can be negotiated for a great deal:

- ☞ Code enforcement liens
- ☞ IRS liens
- ☞ Private mortgages (Ex., family members who lent money to the homeowners)

Code enforcement or city liens may not even be recorded yet, so always check in person at City Hall or county records. These liens can be for overgrown grass, unsafe structure, work done without a permit, and more. These liens are definitely negotiable for pennies on the dollar.

- ☞ In most cases, these liens can be wiped out completely when you can prove that you are buying the home and fixing the problems they are concerned with.

IRS liens are defiantly negotiable, but can be time consuming to short sale. The IRS will often release the subject property and move the lien from the property to the homeowner's name or to other property. Be sure you don't waste your time trying to discount the IRS lien only to find out the foreclosure sale beat you to the deal.

Short Sale Secrets – Closing Arguments

Homeowners often borrow money from friends or family in an attempt to keep their home. These people get wiped out every day. When family members lend money they usually do not realize they will get wiped out if the homeowners fall behind again and end up at the foreclosure sale.

They will typically take very little to satisfy the debt. We offer the same as we would any junior lienholder.

SETTING THE CLOSING DATE AND MAKING SURE THE CLOSING GOES SMOOTHLY

The bank said yes, the contracts are signed, you have turned all your paperwork over to the closing agent and you are ready to close. The minute you get a yes from the bank, get it in writing. We have had short sales accepted and then the bank sold the note while we were waiting for the closing. If you are unfamiliar with what it means to sell the note here is a simple explanation: When anyone buys a house they borrow money from a bank. At some point, usually six months or so later, the bank sells the loan to another bank and you then make payments to someone other than who you borrowed the money from. This is called selling the note.

If you have your acceptance letter in writing and the bank sells the note, your short sales is safe. It has happened to us several times.

So, what happens next?

Actually, the closing agents take it from here. They do the title search, make any last minute calls to the bank, rehabber, rehabber's lender, or anyone else that needs to be called to complete the closing.

Unless otherwise instructed, the closing agent will set a closing date toward the end of the month.

- ✓ The closing agents can close in as little as three days, but prefer longer if possible.

Remember when you signed the sales contract with the homeowners? You gave yourself 30 to 45 days to close. You then completed your short sale, assigned the deal to a rehabber or landlord to close in your place, and gave the papers to the title company. The title company will set the closing based on the closest date or the final date the bank has granted.

How do you close with the rehabber in seven to ten days if you are closing with the homeowners in 30 to 45? You can't sell something you don't own. Easy! Call the homeowners and tell them that you are ready to close early. Remember, they are in foreclosure and will be happy to close early. The sooner they close, the sooner they can start sleeping again. We have never had a homeowner who refused to close early.

When you filled out your contract with the homeowners, you used the words, "closing on or before" such and such date. When we are ready

to close, everyone has to cooperate. As we said, this has never been an issue.

- ✓ Your homeowners are getting bombarded with collection calls, late notices in the mail, and people serving them papers at their home.

This is a very stressful time. They are grateful to close early.

Once the closing date has been established, the title company will call the rehabber and the homeowners. When everyone arrives, they are placed in separate rooms. You will go back and forth between the rooms making sure everyone is happy, and that they are signing their papers. There is no need for the distressed homeowners to meet the rehabbers. We think it makes for an awkward situation. The homeowners are embarrassed enough as it is.

If for any reason our rehabbers were to no-show, we simply give the homeowners \$100 and tell them that there is a title issue and that we will reschedule the closing as soon as possible. We give them the cash for two reasons:

- ✓ To say, “We’re sorry” for the time they wasted.
- ✓ To make up for any lost wages they may have incurred by taking time off from work to attend the closing.

It rarely happens, but it does happen. If the rehabbers no-show or cancel, they lose their deposit. Not many people are willing to walk away from a \$3,000 deposit. As we said earlier, if your rehabbers no-show, you still have plenty of time to find another buyer.

Always plan every deal as if it will fall apart so that if it does, you are prepared.

A prepared investor will find a way to make every deal work instead of losing it because the buyer bailed out.

A SUCCESSFUL CLOSING

The day of the closing is here. You are super excited to get your first check. Whether you are using an assignment of contract or doing a double closing, the results are the same. You are leaving with a check!

Because you have done your job, this day is fun and easy. The title company has prepared the paperwork, your rehabber is coming with cash, the homeowners are getting out of foreclosure and can start life over, and you are getting money.

The closing itself is simple. Everyone signs papers, the title company gives everyone copies of those papers, money is exchanged, and everyone leaves happy. There is not much to a closing. The title company does the work at this point.

Always make certain that all parties involved are happy with the results. You want the rehabber to buy again and you want the homeowners to walk away with a good feeling about investors.

The title company will handle everything. All you have to do is sign papers.

- ✓ **Always have your driver's license with you.**

The title company will need a copy for the file. It is to prove that you are who you say you are.

In some states, if you are married and doing a double closing, you and your spouse both have to sign the closing papers. Because you are taking ownership to a piece of property and you are married, it is considered joint property. Your title company will let you know if this is an issue in your state.

The same goes for a corporation. If you open a corporation with a partner, check to see if both of you have to sign closing documents. Usually just one party can sign any necessary papers. Again, this is information the title company can give you.

That's it! The closing is the easy part. Like we said, the title company does all the work for you. All you have to do is pick up your check and do it again.

Along with a little sunshine, a little rain must fall. These are a few of the rainstorms you might encounter trying to get your deals closed...

WHAT IF MY HOMEOWNER’S CHANGE THEIR MINDS?

Once in a blue moon the homeowners will change their minds. Just know that it doesn’t happen often. Unless the homeowners come into some money, there would be no reason for them not to close.

In the many years we have been investing, we have had only a handful of homeowners who wanted out of the deal. Since we have a rehabber lined up to close and a paycheck waiting in the wings, we do whatever we can to keep the deal together. In the special clauses section of the contract, it states that we must close with the homeowners before we can close with the rehabber. This protects us from a disgruntled rehabber in the unfortunate event that our deal falls apart.

Let’s assume that the rehabber gave us a \$3,000 deposit and we spent it. We do not want to return it if the homeowners bail out.

☞ Having the special clause that calls for us to close with the homeowners first, and for the rehabber to allow us time to find another deal if this one does not pan out, keeps us from having to return a deposit.

We repeat, if you plan each deal as if it will fall apart, you’ll find that most of them do not.

In the unlikely event your homeowners want out of the deal, find out why:

- ✓ Did another investor offer them more money?
- ✓ Did they come into some cash and are now able to keep their home.
- ✓ Are they trying to refinance and keep the home?

Nonperformance: Sales contracts give the buyers the opportunity to sue the homeowners and force them to close if they refuse to follow through on the contract. Likewise, the buyers have a penalty if they do not close: they lose their deposit. Another reason to leave a \$10 deposit.

The only way we will let the homeowners out of the contract is if they have figured out a way to keep their home. Ultimately, being an investor is about creating win-win

situations. Although we hate to lose a deal, we love to see homeowners keep their home and rebuild their lives.

If they want out for any other reason, we tell them no and remind them that we have the right to sue them for **nonperformance** if they do not close. Once homeowners sign a contract, they are legally bound by that agreement. You could sue them and win if you really wanted to. Would it be worth it to sue? Probably not. The threat of a suit is usually enough to keep your homeowners in the deal. Again, this rarely happens.

Most new investors worry that their homeowners will be offered more money and cut them out of the deal. We have a great speech we give the homeowners to prevent that from happening:

- ☞ Once the contract is signed and we are certain our homeowners are in the deal with us, we tell them about unethical investors and how to avoid them.

We say, “Bob and Sally, there are many unethical investors out there. Luckily, you found me and I am not one of them. Let me share with you what unethical investors do. They knock on your door, just as I did. They go over the numbers with you, just as I did. They find out you are already under contract with me and instead of walking away, they encourage you to get out of the contract with me and sell your house to them.

They promise you more money. Bob and Sally, we have gone through the numbers and you do agree with me that this offer is more than fair, don't you? Great. Let's just say you get out of the contract with me and agree to sell these unethical investors your house because of the promise of more money.

The day of the closing arrives and you are expecting a huge check. At the closing table, they tell you the numbers didn't quite work out the way they expected and, unfortunately, there is no

money for you at all. They tell you to sign the papers anyway or you will lose your house at the foreclosure sale. Because these investors have set your closing date so close to your foreclosure sale date, you will have two options:

- ✓ *Walk away with no money, but still have to sign the papers to save your credit from foreclosure.*
- ✓ *Leave the closing mad and still have no money and a foreclosure on your credit report.*

Now, Bob and Sally, you don't want that to happen, do you? Look at it this way, if someone will cut me out of a deal, why wouldn't they cut you out, too? Really, think about it... why would they follow through with you? There is no reason.

I have set your closing date several weeks before the foreclosure sale date to give us a window in case we need a few more days. Unethical investors will cut me out of the deal, and then close with you the day before the sale. This way, you have no other option but to sign the papers and walk away with no cash to start over.

I have seen this happen many times in the past. I realize when someone makes an offer of more cash and homeowners are in trouble, it sounds great. You have to trust me on this one, anyone who will cut me out, will cut you out, as well. If anyone comes to you and makes you an offer that sounds like this, promise me you'll call me right away. Okay, great... let's get this deal done!"

We have had many homeowners call us saying that this exact scenario happened. We had them so worried about being taken advantage of that they actually slammed the door in the other investors' faces. Sadly, we have had a handful of homeowners bail out on us only to hear from them a few weeks later, crying and saying this exact scenario happened to them and they were taken advantage of. It's a sad day, but they were forewarned. Greed can be a killer.

The bottom line is:

- ✓ With an open, honest, well-established relationship with the homeowners, this will be a nonissue.

Again, if your homeowners want out because they have solved their foreclosure issue, let them out and find the rehabber another deal. This is another reason we want you to have five to ten deals working

at any given time. If your homeowners want out of the deal, you can supply your rehabbers with another property and keep them happy.

The key to successful wholesaling is to build a replicatable business. The happier you keep the rehabbers, the more business you will do. We'd love to see you wholesale 50 properties your first year!

WHAT IF MY BUYER’S CHANGE THEIR MINDS?

In the unlikely event your rehabbers bail out, you simply keep their deposit and move on. We have never met a rehabber who willingly walked away from a big deposit; however, it does happen. If you collect a \$500 deposit from your rehabbers and they find a better deal, they may walk away from such a small deposit. When you take a \$3,000 or more deposit, even if they find a better deal, they are unlikely to walk away from a deposit of that size.

☞ The best way to insure that you actually get the deposit in your hands is to have the rehabbers make the deposit check out to the title company, and sign a paper stating that the deposit is nonrefundable and that they agree and allow the title company to release the deposit to you immediately.

The title company will prepare this document. Even though the sales contract states that the deposit is nonrefundable, we still want the cash in our hands. If the check is left in the title company’s escrow account and the rehabber puts a claim on it, the money might be tied up for a few months while everyone tries to decide what to do with the money.

Although the money is clearly yours, title companies do not like to get involved in disputes.

If you simply have the funds released at the beginning of the transaction, this is a nonissue. Rehabbers who do not allow their deposits to become nonrefundable are not solid buyers. There is no reason rehabbers should have a problem with this unless they are still shopping other deals. The simple fact that the contract calls for you to find them another deal if this one falls apart should be enough. Again, the only reason your end of the deal won't close is because of the homeowners. As we said earlier, most homeowners do not bail out on deals. They want to be out of foreclosure as soon as possible.

☞ If your rehabbers do bail out on the deal without a great excuse, simply take them off your list and don't do any more business with them.

There is an unspoken rule among investors: We all help each other out and when one investor screws over another, we tell as many people as we can and sort of blackball them. This helps keep the riffraff out of our industry.

☞ We'll give you a great example: Several years ago a man, whom we had never met, called an investor that we knew and tried to buy a house from him. This investor (who knew of us) told my friend that he had done business with us and that we had made \$80,000 on a deal that we had partnered. Our investor friend believed this man and put a deal together with him.

The bottom line is that this man tried to rip off our friend for thousands of dollars. When our friend called us to discuss the situation, we assured him that we had never met the man or done a deal with him. Because we owned and ran a REIA group (www.flreia.com), the man had dropped our name. We told our friend that in the future when someone says they know us, just pick up the phone and ask.

We stepped in, made a few calls, and the deal fell apart. Our friend did not lose any money and learned a good lesson. We told everyone we knew about this man and found out that he was trying to put several deals together with other investors we knew. The end result was: All the deals fell apart and this man was out of business. Had we investors not stuck together, no telling how many people might have lost money.

When someone treats you right, tell everyone; and when someone treats you poorly, tell everyone. The more we stick together, the better

our industry is. You need to look at other investors as friendly competitors. We know all of the investors in our area. We often bid on the same properties, and one of them may end up with the deal. Although we don't like it when that happens, we're happy for them. We know another deal is around the corner for us and we move on. Many times we have helped these investors wholesale the deal because we had a buyer for the property, but lost the bid.

When we are bidding against other investors, it is typically on bank-owned properties, which we will talk about later. When we are working directly with homeowners, there is no competition. One of the reasons we suggest you attend REIA meetings is to meet other investors in your area. You might get ten calls from distressed homeowners in one week and only be able to wholesale five of the properties.

☞ By having a network of other wholesalers as well as rehabbers, someone else can wholesale the deal for you and you both make an assignment fee.

We had one closing that had seven assignment fees on it. That's six other fees besides ours! We knew we should have charged more☺. It was a good day for all of us. We were all very surprised when the closing happened because each of us did not realize the deal had been assigned so many times. We had a good laugh and went to

lunch together. It was a fun afternoon and helped establish long-term business relationships.

Just remember to treat others as you want to be treated and that you reap what you sow.

DOUBLE OR SIMULTANEOUS CLOSINGS

When you do a short sale, you'll be doing a double or simultaneous closing. Instead of showing up on the closing statement as a fee, you'll actually buy and then sell the property. As we mentioned before, the only reason you would do a double closing is because you are making a huge assignment fee or buying a property from a bank or you got your short sale accepted.

When the homeowners lose their property at the sheriff's sale, it becomes bank-owned. Once the bank takes the property, it will list it with a Realtor and sell it retail. We make low offers on bank-owned properties as well as dealing directly with homeowners. We'll talk more about bank-owned properties soon.

This is where new investors get confused. They think that since they are buying and selling the property, they need money. Not true. As we have said all along, you can do this business with just \$10.

☞ Let's say you are buying a property for \$50,000 and selling it to your rehabbers for \$65,000 and you have to do a double closing. The day of the closing comes and the distressed homeowners and the rehabbers show up. The closing agent places them in separate rooms just like a regular closing.

Short Sale Secrets – Closing Arguments

The rehabbers bring a check for \$65,000 and give it to the closing agent. The representative for the closing agent takes the \$65,000 check, puts it in the escrow account, and then disburses the funds properly.

The only difference in this closing is that you are in the chain of title. The homeowners are selling their house to you and you are then selling it to the rehabbers. You sign the closing statement as the buyer for \$50,000. Then turn around and sell it to the rehabbers for \$65,000. You make \$15,000 minus closing costs. Your net check might be \$13,500 instead of \$15,000.

We want you to interview title companies, attorney's, and escrow agents regarding double closings. You must find a closing agent that will do double closings and is willing to pass most of the costs to the rehabbers. Since the rehabbers are the ultimate buyers, we see no need to pay extra closing costs.

The closing agent will charge for document preparation, deed prep, title searches, and so on. They charge each party a specific set of closing costs. There are costs associated with buying as well as selling. Since you are both people in this transaction and the rehabbers are the actual buyers, the closing agent does not need to charge two sets of everything.

Short Sale Secrets – Closing Arguments

- ☞ You must find out which fees are mandatory and which fees are negotiable.
- ☞ For example, we buy properties in Florida and Colorado. In Florida, we have to pay a fee to transfer the deed; in Colorado we do not. This fee cannot be transferred to another. The person buying must pay it. In Florida, we pay 70 cents per thousand dollars to transfer the deed. This means, if we buy a property for \$100,000, we pay \$700 to the county. If we were doing a double closing, we'd have minimum closing costs of \$700.

Whenever a deed is transferred, a title search is done. As we mentioned earlier, there is a cost for this. Many investors don't think it is worth it to pay for title insurance in a double closing because you only own the property for a moment in time. Others are cautious and pay for it although it is unlikely it will ever be needed. Based on what you know of us, which way do you think we play the game?

- ☞ Like we always say, if you handle every deal as if it will fall apart or have a problem, it never will. We **always get title insurance.**

Title insurance confirms that the title is clear and free of liens and lawsuits. We have been in this business a long time and have seen many items missed on title searches. Should something come up later and you didn't purchase title insurance, you could be liable down the road.

Worst-case scenario, you'd have to give back your profit. What if your profit was \$50,000. If it were us, the money would be spent and we wouldn't have it to give back. We'd rather spend a few hundred dollars today knowing our money is safe and spendable tomorrow.

☞ Don't forget, in a double closing there are two sales contracts.



One is between the distressed homeowners and you. The other is between you and the rehabbers. With each contract you will use the special clauses that apply to that contract.



☞ The closing will happen the exact way except you will sign two sets of papers: one as a buyer and one as a seller.

That's it! It's that simple.

BUYING BANK-OWNED PROPERTIES FOR PENNIES ON THE DOLLAR

Can you? Folks, by now you should be getting the hang of this. Yes, of course you can buy and sell bank-owned properties. Again, it goes back to a double closing.

We prefer to deal directly with distressed homeowners. Personally, we like to help people who have gotten into a bad situation. However, banks have great deals, too. One of the team players you will need is a real estate agent. This agent will play an important part in your success.

Our agent searches the MLS constantly looking for deals using key words like:

- ☞ Handy
- ☞ Fire damage
- ☞ Foreclosure
- ☞ TLC
- ☞ Bank-owned

These words usually mean there was some type of distress and the bank now owns the property. Since banks are in the business of lending money and not owning properties, they are receptive to selling these properties below market.

When we make a low offer to the bank, we like to justify it.

☞ Let's say the bank is asking \$85,000 on a property worth \$100,000. We usually offer 50% of the retail value. In this case, we'd offer \$50,000.

Will you get some of these low offers? Believe it or not, YES! We average at least one deal a month from our agent.

The agent prepares the offer and we include the following:

- ☞ Pictures of the damage to the property
- ☞ Low comps
- ☞ A cover letter stating why we are offering less
- ☞ Articles from the paper showing problems with the neighborhood
- ☞ A cash offer
- ☞ Closing in 30 days
- ☞ No inspection period

Do these items help? We think so. Banks are in the business of lending money. Having a number of defaulted properties on its books does not make the bank look good in the eyes of its shareholders. The banks are as anxious to get rid of these properties as you are to buy them.

Since you are double closing, you can make a cash offer and close in 30 days. Remember, the rehabber's money will cover the entire transaction. The bank makes you double close because it can't take thousands less and then show a huge profit on the closing statement for you.

We also make our offers with no inspection period. The bank gives you one anyway to avoid a lawsuit later should the property have a major problem. The bank typically gives seven to ten days for inspections. We make cash offers, no inspections, and closing quickly so that the bank will take our offers seriously.

If the property is in decent shape, other investors will make offers, as well. The stronger your offer, the better your chances for a yes.

Here is a sample cover letter to the bank:

LETTER OF INTENT

Dear Mr. Banker:

Upon my inspection of 123 N.W. 15 Court, I find that the property needs a lot of work to bring it up to current market standards. I called a real estate agent in the area and requested the current market values. I have based my offer on the market values as well as the necessary repairs.

I am offering \$50,000 cash, closing in 30 days, and asking for no inspection period. Based on the area comps and the amount of damage to the property, you can see that my offer is more than fair.

I have enclosed pictures as well as articles from the local papers. As you can see, the house and area are distressed. I am willing to purchase the property, but I must be able to buy it right. I don't want to lose money.

Please review the attached documents and respond at your earliest convenience. I urge you to accept my proposal and move for a quick closing on this property.

Thank you for your cooperation. I look forward to working with you.

Sincerely,

You, the superstar investor

As you can see, this is a simple letter. We want to bring it to the bank's attention that the property is distressed and that we are making a serious offer.

When you buy properties directly from the bank, you cannot use a \$10 deposit. Banks usually want at least \$1,000. Submit your offer with a \$10 deposit. The bank will give you seven to ten days for inspections. At the end of the inspection period, if you plan to stay in the deal, you'll have to give a larger deposit. During the inspection period, find a rehabber, get the property under contract, collect a large deposit from the rehabber, and then use that deposit for the bank.

If you are unable to find a rehabber during the inspection period, simply tell the bank that upon inspections, you have decided not to purchase the property. You will be off the hook and the bank will give your \$10 deposit back.

Being a new investor, you may want to complete a few deals with homeowners before you move on to bank-owned properties. The

banks are easy to deal with, but if you don't close, they will keep your deposit. That means that if you put up a \$1,000 deposit and can't find a rehabber, your deposit is history.

Likewise, if you use the rehabber's deposit and the deal doesn't close, the rehabber's deposit is history, as well. In this case, the bank keeps

the deposit, not you. If you took a \$3,000 deposit from the rehabber and then gave \$1,000 of it to the bank, you'd keep \$2,000 and the bank would keep \$1,000. Remember, the only way the bank can keep the deposit is if you don't close. If the bank can't close, everyone gets their deposits back.

Banks are great to deal with. Be sure you find a real estate agent as soon as possible.

STUDENT TESTIMONIAL

I purchased my first big deal after Dwan boot camp. I bought a property for \$14,000 and wholesaled it for \$50,000! I received a check for \$35,553. I also purchased another house from an owner and wholesaled it to make \$8,000 in profit!

Dwan changed my life!

Jami B., North Carolina

ARE DOUBLE CLOSINGS ILLEGAL?

We speak to real estate investors across America every week. It stuns us how many investors think or have heard that double closings are illegal. Folks, if they were illegal, why would closing agencies be doing them? They absolutely are not illegal as long as you have proper disclosure.

When you wholesale a property, who is the actual buyer? Right, the rehabber. Whether you double close or use the assignment of contract, the rehabber is still the ultimate buyer. If the rehabber is borrowing money for this transaction, the lender needs full disclosure. The title company needs to tell the lender that it is funding two transactions:

- ☞ The purchase between the homeowners and you
- ☞ The sale between you and the rehabber

The closing agent will call the lender and disclose that this is a double closing. What can make a double closing illegal is if the lender is not told that it is funding two transactions. Many lenders have guidelines that do not allow funding for two transactions.

☞ For example, if you were to call a conventional bank like Bank Of America and state that you want to do a double closing, BOA would not lend the money.

These types of banks do not allow funding for two transactions. They don't understand how you can buy a property for \$50,000 and sell it for \$65,000 ten minutes later. They are concerned with fraud and, therefore, won't fund two transactions.

Rehabbers borrow money from hard moneylenders. Hard moneylenders are in the business of lending to rehabbers and completely understand double closings and are happy to lend on them. They understand that rehabbers often purchase from wholesalers and that the wholesalers are making a fee for their service.

Another benefit of using investor-friendly closing agents is that they fully understand double closings and how to make them completely legal. We love the fact that the closing agent handles everything for us. However, it is important for you to be an educated consumer. Disclosure is only as good as the person doing the disclosing.

Make certain the title company has done its job properly. Ask if all disclosures have been made and then double-check with the rehabber's lender at the closing. Typically, the lender will attend the closing. We like to cover ourselves by making sure everyone knows what is going on. We don't want a legal issue tomorrow because disclosures were not done today.

Once you have established a good relationship with your title company, attorney, or escrow agent you won't have to watch them as closely. We have had very good luck with the title companies we have used over the years. We used to refer other investors to the title companies that we really liked. Next thing you know, they are too busy for our closings. Not that we are spoiled, but if we want to close in one day and close at 7:00 p.m., we want to be catered to. We are huge clients, bring a lot of business to the company, and are very busy. We need a company that will work around us, not expect us to work around them.

We have a great place now. They send someone to our office to do the closings. It's really great when you don't have to leave the office to collect your check. As you become a larger client, you'll find that closing agents will cater to you, as well.

INSIDER EXIT STRATEGIES REVEALED

In this chapter, we will discuss in more detail our three favorite ways to make money on our properties. It is important at this point to determine what your personal goals are:

- Do you want to be a landlord?
- Do you want to specialize in wholesales?
- Do you intend to rehab your own properties?

We do all three. We started out as full-time rehabbers, but soon discovered wholesaling. Wholesaling is a much easier way to earn a living. We also keep rentals, and although we're not crazy about being a landlord, we realize that it is a great way to build wealth and long-term paychecks. The good thing about being a landlord is that the money comes in, even when you take the day off!

Pick your exit strategy and excel in that area. For example, the bulk of our investments involve wholesaling, but we also take on a couple of rehab projects each year along with five to ten new rentals each year. If we look at a property and determine that it won't fit any of those areas we're interested in, we won't get involved. This doesn't mean that it won't be a good deal for someone else though. Keep a network of investors that you can give your unwanted leads to and make a

finder's fee. We try to make money on every call we get, even when it is not a deal we want for ourselves.

THE WHOLESALE PATH

This is truly our favorite way to make money in real estate. The great thing about wholesaling is that you don't take ownership of the property. Rather, once you have the property under contract, you assign or sell the contract to another buyer who will then close on the property in your place. There is no risk involved and you can do this with little or no money! Some people refer to this as 'flipping'. Regardless of the term you use, this is a way to make big money from a property you don't even own.

Let's look closer at this process:

STEP ONE: We have already discussed easy and inexpensive ways to find distressed properties. If you are properly advertising, your phone will be ringing off the hook. Find a property with sufficient equity and get started. If there is no equity, you will begin the short sale process.

Say you find a property that is worth \$100,000 in market condition. You have negotiated the price down to \$55,000 with the homeowner. Fill out a sales contract with the seller. (We get ours from the BOR - Board of Realtors because they are easy to use and homeowners are familiar with them). In the Buyer section, follow your name with "**and/or assigns.**" This will allow you to assign the contract to a

rehabber. In order to make this contract binding, you have to leave a deposit with the homeowner at the time of signing the contract. We typically leave a \$10 deposit. This way, if we are unable to wholesale the property, we're not out much money.

You may ask, "Who would want just ten dollars?" Everyone would. No one to this day has ever given us any grief for offering \$10 as a deposit. It is best if you say it this way, rather than asking a question:

***"We typically give \$10 as a deposit, and will close in 45 days.
That won't be a problem, will it."***

We have never had anyone not say okay to this. The only way they would reject the deposit is in how you presented it. Learn to speak with confidence and with downswings rather than upswings. (Neuro Linguistic Programming.)

STEP TWO: Start building your buyers list. This is a list of rehabbers you can wholesale your properties to. You obtain this list by running ads in the paper as previously discussed. Here are several samples of ads that you can run:

Handy investor special - great deal for rehabbers.

555-555-5555

Investor special - thousands below market!

Won't last! 555-555-5555

I have a house in foreclosure, Please help!

555-5555

When investors or buyers call in, get all the pertinent information from them such as:

1. Name, phone number, fax, email and address
2. Are you looking for a specific area?
3. Can you close immediately? (secured funds or lending)
4. What is your price range?
5. What level of rehab are you interested in? (minor, remodeling, or major repairs such as foundation/fire damage)
6. How many rehabs are you planning to do in a year?
7. Are you interested in any rentals?
8. What are your criteria for rentals?
9. Can I call you with deals that I find? I'm sure I will be able to work together to find the right property for you.

Then, put all of that information into a database. Run your buyers list ad for 60-90 days. Even if you sell the property the next day - keep the ad running. When calls come in, and the property is sold, tell them that you are working on other deals and will call them once the deal is

finalized. The buyers / rehabbers will always say okay. You will be surprised just how many names you will accumulate in a short amount of time. Keep these names handy and when you run into another deal, e-mail or fax your list of buyers. The faster you find a buyer, the faster you get paid!

STEP THREE: Negotiate a deal with your rehabber and put it in writing! This is how a wholesale transaction might look:

- Let's say the property is worth \$100,000 in market condition.
- Say the homeowners are distressed because they are behind in payments and/or facing foreclosure. They have to move quickly.
- Say the homeowners owe \$50,000 on the property and they need \$5,000 to move to pay for the deposit on their new place. (Remember that you know this because you asked them what they expected as a result of your help).
- You offer the homeowners \$55,000 and they accept.
- The house is worth \$100,000 in good condition and you figure it will take approximately \$15,000 in repairs to get it to market condition.
- You have a rehabber ready and know that they will pay 65% of the retail value.
- You wholesale the property to the rehabber for \$65,000 and make \$10,000 for your assignment fee.

- The rehabber then will handle the repair of the home and make the difference from the \$65,000 purchase price to whatever they sell the home for.
- If the rehabber planned this well and kept their costs moderate, there is a potential for them to make a profit of \$15,000 to \$20,000.
- **Not bad for everyone involved!**

The contract you use with the rehabber is called an **Assignment of Contract**. . It is a simple form that allows you to assign your contract without hassles. Your sales contract, through the board of realtors, may also be assignable - check your contract for the terminology used.

- **If it does not specifically state that is it *not* assignable, then it automatically IS assignable.**

The key to putting together a successful wholesale deal is for the seller to have some moving money, for you to make an assignment fee, and for the bulk of the profit to go to the buyer / rehabber since they are the ones taking the risk. Believe us, it is better to make a small amount and turn many houses than it is to make a larger amount and only move a few homes.

STEP FOUR: Prepare for the closing using your investor-friendly title company. The beauty of a title company is that they do all the work for

you. All you have to do is find the deal, wholesale it to a rehabber and go to the closing! The title company does the rest. It is that simple!

THE REHAB PATH

Rehabbing is an awesome and fun choice as well. The time to get started is immediately after the closing. Put a 'for sale by owner' sign in the yard that day. When the calls start to come in, ask the prospective buyers if they prefer to see the property in the construction process or after completion of necessary repairs. Some buyers are willing to buy the property for less but handle the repairs themselves. If you are lucky enough to have found a buyer right away, be sure that they are going to pay cash or that the property will pass a lender's inspection as it is currently. Keep in mind that you will be able to ask a higher price after the repairs are completed.

We find that buyers are more apt to sign a contract after the home is in beautiful condition and staged. If this is your first rehab, bear in mind that you will probably make a few mistakes. Hopefully, we will give you many great tips to avoid making costly mistakes. The biggest mistake new rehabbers make is to 'over do the remodel' of the home. The best piece of advice we can give you is to keep it simple.

- ☞ Remember, YOU are not the one who will be living there. Women tend to want to over-do the remodeling more than men. We also tend to over-spend!

Here are some tips to help you with your first rehab project:

LOCKS: Change the locks and put a lock box on the door. The front panel has a combination that can be changed at any time. You can give contractors the code during their work, and then immediately change the code.

NEIGHBORS: Introduce yourself to the neighbors in the area. They will be delighted to meet the person who will be fixing up the neighborhood eye-sore, and may also know of a potential buyer. Exchange phone numbers with them and ask if they would be willing to keep an eye on the property for you.

UTILITIES: Arrange to have the utilities (gas, electric & water) to be turned on the day of the closing and give the utility companies your mailing address. Don't have bills sent to the property address.

YARD MAINTENANCE: Arrange for major maintenance such as the lawn or cleaning a pool. If you have the time, you can cut costs by doing this yourself.

REMODELING: Be sure you have permits if needed, and plan to start the project the day after closing (in case there are any delays). Before you begin remodeling any property, take into consideration the neighborhood, your asking price, how much equity is in the property and what your budget needs to stay at for this project.

Next, assign where your remodeling dollars will go. For example, if the home needs a roof, that is a major repair and should be done first. If the home has three bedrooms and only one bath, it may be in your interest to put in a second bath or completely remodel the single bathroom. Planning ahead will keep you from going over budget. The more personal touches you put into your rehab, the more money that comes out of your pocket when the home is sold. **Keep your remodel simple, clean, and livable for anyone.**

Your home may be the closest thing to a new home most people will ever own. The newer the home looks, the faster it will sell. This means that you may need to MODERNIZE the home. Use current colors and accessories and get rid of the old things that really date the home such as the dark 70s cabinets, or blue bathroom tile or wood paneling in the basement! Put in something new and fresh, and it will make your home that much more marketable.

CURB APPEAL: Curb appeal is very important when trying to sell your property. The exterior of the home needs to be attractive to a prospective buyer so that they are enticed to enter the home. Paint the exterior of the home with neutral colors and complimentary trim colors. Here are a few combinations that work great:

- White home with dark gray or black trim
- Tan home with hunter green or maroon trim

- Light gray home with white trim
- Light yellow home with white trim
- Light yellow home with maroon trim
- Sage green home with light grey trim

Pay close attention to the area you are working in when choosing your color scheme. For example, in Florida you can get away with bright or vivid colors where in Colorado or Arizona, you would want to stick with earth tones. The best thing to do is visit the neighborhood and surrounding areas and see what people have chosen for the area. Also check with the neighborhood covenants as some areas have restrictions on color schemes. A rule of thumb is to paint the house a lighter color because it makes the home appear larger and clean. If you are wishing to enhance the charm of a historic house, the opposite can be done by painting the home a dark and warm color with a bright trim. You can also paint the doors or shutters a third complimentary color to add character to the home.

Always place new numbers on the home - large and visible from the street. Change out the outdoor lighting as well, or put a porch light in if there isn't one now. If an old mailbox exists - replace it. However, if it is in good condition, we recommend painting it the color of the trim on the home.

INTERIOR COLORS: Always use neutral colors for the interior of the home. This way, the home is not personalized to your taste, and anyone who walks in can see potential in the home. Again, the lighter the colors you choose, the larger the home will appear.

Do not use wallpaper - EVER. Keep it simple and clean by painting the walls and ceilings, and replacing cabinets or painting the cabinet doors to brighten them up. You should always choose a satin finish for walls, and a semi-gloss for trim, bathrooms and the kitchen. If there is dark paneling in the home, you don't have to remove it - paint it a white or cream color to brighten the room.

When reviewing the ceilings, decide whether painting, a new popcorn finish or texturing will offer the best results for your home, and be the most cost effective. If popcorn exists on the ceilings now, and does not need repair, just give it a fresh white coat of paint with a paint sprayer.

If walls are in disrepair, make sure they are patched and free of obvious rough spots. Another alternative is to give the walls a new knock-down texturing. It isn't difficult to do, and all the supplies you need can be purchased at a local home improvement store. You can paint directly over this texturing without having to primer the walls.

ADDING ROOMS: If your home has a room that could be converted into a bedroom, add a closet and you will increase the value of the home. The building code requirements (in some states) for a legal bedroom are that the room has heat, ventilation (window) and a closet. Check your state for the requirements before proceeding.

If the home has two bedrooms with two baths and a single car garage, consider making the garage into a third bedroom. However, before you do that, research the area (comps) and find out which is selling better - more bedrooms or homes with a garage.

You may also consider knocking a wall out to open up a room or make a larger living area. Again this is something you can do yourself and relatively inexpensively.

KITCHENS: The kitchen is a major selling point for any home as it is a major living area for most people. If the kitchen is outdated, try painting the cabinets first. If you don't like the results, then you can re-face the cabinets with a current style door. If you have old appliances - change them out! No one wants to have an olive green stove any more. However, this does not mean that you have to purchase new appliances. Some stores re-condition appliances, and others offer great savings on scratch and dent items. You may even find a great deal in the paper from someone who is moving, remodeling, or going through a divorce. Another option is to resurface your appliances,

meaning the company will refinish the enamel to match your color scheme. This can cost as little as \$75 per appliance vs. purchasing an appliance for \$200-500.

BATHROOMS: This is another major selling point in a home. Keep the bathroom as clean and fresh as possible with bright, neutral colors. If your home is older, replace everything from the toilet to the tile to mirrors and towel holders etc. Paint the entire bathroom white or cream and in a semi-gloss finish. If you need to resurface the tub, that will save you money rather than replacing it.

FLOORING: It is worth the expense to replace linoleum or vinyl tile with ceramic tile, especially in the kitchen and bathrooms. Also consider ceramic tile in smaller living rooms or offices as it will make the room appear larger than if you put in carpet. If you do re-carpet the home, use a medium grade carpet with a good padding. The better the pad...the more expensive the carpet will feel when prospective buyers view the home. Just make sure that the carpet you chose is FHA approved in case your buyer gets FHA financing. Carpet displays will state on the back if they are FHA approved.

AIR CONDITIONING & HEATING: This may be a non-existent item in older homes, but it is a necessity no matter where you live in the United States. Everyone wants to be warm in the winter and cool in the summer. Allow your budget to ensure these items are in your

home before you sell the property. There are many companies that rebuild air conditioning units for a fraction of the cost and will guarantee the units.

WINDOWS: Often the windows in your homes will be out-dated, or older single pane windows. This loss of air/heat results in higher utility bills in your home. It also makes it easier for burglars to break in because of the poor construction. Unless other homes in the neighborhood are selling with this type of window, plan on changing them out. It may be costly, but the alternative is to reduce your asking price. If your windows are an odd size, use smaller ones instead of custom-ordered sizes. It is easy for a handyman to enclose the opening to fit a newer, smaller window.

ROOF: Most roofs are either shingle or tile. Both can be pressure-cleaned by a professional, however, the results are better on tile. Tile roofs cost more to replace, but can be painted with a coat of specialty paint that seals the cracks. Tile roofs also can be spot repaired. Shingle roofs don't cost as much new or in replacing tiles, but it doesn't last as long as tile does. With age, shingles peel up and leak. Occasionally, if a shingle roof is peeling but not leaking, I will replace the shingles. Buyers love to know they are getting a new roof. From their point of view, a new roof is costly. Make sure you get a warranty with a new roof that can be transferred to the new owners. This is a good selling point.

CLEANING: Once repairs are complete, bring in the cleaning crew. My crew cleans the home from top to bottom including the windows and screens and gives the home a real sparkle. I feel that a spotless home makes the best first impression. Everyone loves a home that smells clean with that new carpet and paint smell.

AS-IS: Once we have completed our remodeling and repairs, we sell our homes as-is. Buyers are still entitled to inspections, but it is your decision whether to repair or change out any items. Keep in mind that ***your decision could make or break your deal.***

Overall, the home needs to appeal to all five senses:

- It must have visual appeal, starting with the exterior of the home.
- It must smell nice from new paint and carpet.
- The buyers must feel like they are at home and want this house so badly they can taste it.
- They need to hear how wonderful the neighborhood is, how many new items are in the home, and how reasonable the price is.
- It doesn't hurt to have a sense of humor when you are showing the house, either! The better the potential buyers feel about being in the house, the more likely they will want to purchase it.

If you want a tip on how to modernize the home without a huge expense, visit new communities and look at the model homes. You will find that many of them tile or vinyl tile the foyers, baths and kitchen and put medium grade carpet elsewhere.

Homes will always appear larger when they are empty. This also gives the potential buyer a chance to visualize their belongings in the home. It is more difficult to sell an occupied home, especially if the occupants are messy or have animals or smoke. We suggest you keep a light or two on the inside of the home as well as outdoor lighting. This will enable prospective buyers to view the home at night.

SELLING THE HOME

Congratulations! Your home is finished and ready to sell!! Here are some sample ads to run once you are to this point:

***Newly remodeled 3/2. New everything!
Seller will pay closing costs. Below Market!
555-5555***

***Beautiful 3/1. Newly remodeled - like new!
Must see to believe! Won't last!
555-5555 Sellers will help.***

We use the words “Sellers will help” in all of our ads because this helps our properties move faster. Most buyers have a difficult time saving 5-10% to put down on the home. If you can help with any of that, your home will move faster. This is where your investor-friendly mortgage brokers come in, as they can assist you in finding the right buying program for each buyer.

There are many creative buyer's programs available where the seller is allowed to:

- Give gift money
- Pay a portion of the closing costs

Short Sale Secrets – Closing Arguments

- Hold back a small second mortgage
- Give a 3% repair credit

Take time to learn about these programs. Once you are ready to close, your title company will again do the rest for you.

THE RENTAL PATH

You want to be a landlord. WOW - you are brave! Just kidding. We are also landlords and keep rentals as back up income for our business. If you don't wholesale or rehab for six months, guess how much income is coming in? Right - none. Therefore, having rentals is our way to long-term wealth.

Making a rental plan will help you make wise decisions for your long-term goals. One of the biggest mistakes we see new landlords make is buying more properties than they can afford. **Here is an example:**

Say you buy three rentals. The mortgage payment is \$500 on each of them, and you rent each out for \$700. You are excited because you are bringing a positive income of \$600 per month. Suddenly, though, they all become vacant at the same time and five months passes and they aren't rented again. What are you going to do? Can you afford to make the mortgage payments on all three properties for five months? If not - don't become a landlord until you have liquid cash.

We love to use the Section 8 program, which is a government program that helps lower income people with a place to live. Many landlords don't like government programs because they don't like the tenants who rent through the government program. However, as you may have noticed, we like to create win/win situations for everyone and if

we can help a tenant on subsidized rent have a better place to live than a small, cramped apartment, we do so. We have had great luck with my tenants through this program, as well. The key to successful renting is to SCREEN your tenants. You can use the best rental application in the world, but if your potential tenants live like pigs, your place will be trashed in no time. Therefore, one of us shows up at the prospective tenant's current residence unannounced. We tell the tenants that we are here for an inspection of their property. If they do not let us in, we won't rent to them. We want to actually SEE how they live. If they know you are coming, they will clean their home and have the kids on their best behavior. If you arrive unannounced, you get to see the truth about their life-style.

If the potential tenants try to make excuses for why you cannot enter their home, let them know that you understand they are packing (etc), but that if they don't let you in now, their application will be discarded. Believe us, there is a big difference between "packing" and living like pigs. Look at the kitchen floors, the dishes in the sink, the bathtubs and toilets. Condition of these items will give you a good idea of how your rental will look when they vacate later on. We are not interested in replacing or remodeling each time a new tenant moves in, as it can take up all of my profit for the year to do so.

SO WHY DO IT? The great thing about owning rentals is that the mortgage balance is paid down by someone else. You get to build

wealth over a length of time and you get to take the deductions and depreciation on your taxes, potentially reducing your taxable income substantially.

If real estate investing is your passion, you want to make sure you do not fall into the trap of spending so much time managing your rental properties that you have no time to go out and invest in more properties. We accumulate most of our rentals from homeowners in distress. We tell the owners that we will make the mortgage payments on time for the balance of the loan if they will stay on the mortgage. We take their deed “**Subject-to**” the existing mortgage. You simply put the property in a **land trust** to protect yourself.

Your title company will prepare a land trust for you, which is a simple form that hides the ownership of a property. The great thing about subject-to properties, is that you don't have to qualify for the loan yourself.

When you purchase a home, there is a name on the mortgage and a name on the deed. The person who's name is on the deed is the actual owner of the home. Therefore, if a distressed homeowner deeds their home to us, we are the new owners of their home, as we explained earlier. We bring the back payments current and keep the property long-term. Be sure to make the payments on time, as you don't want to adversely affect the credit of the person who deeded you

their property. You are supposed to be helping them - not hurting them. **We love subject-to rentals.** When we come across a property that is in great shape and not far behind in payments, we keep it.

WHEN THE SHORT SALE DOESN'T WORK

You've done everything possible ... made three offers, sent the short sale package to the loss mitigation reps boss, called everyone under the sun, and the bank still said no. Are you finished? Absolutely not!

You are going to **buy the note** and close the transaction or **buy the note** and finish the foreclosure.

Just remember, you won't get all your deals so don't get discouraged if you get a no. We had students get 10 no's in a row, start to believe that short sales don't work, and suddenly every deal they work closes. Next thing you know, they are closing 90% of their deals. It's a numbers game. You'll close more deals with more experience.



As you gain experience, you build relationships. At some point you can call a loss mitigation rep you have closed several deals with and simply make a verbal offer. The business gets really easy then. Remember to send each rep a letter of recommendation after each deal as well as a gift basket. The rep will remember you and look forward to working with you again.

The easier you are to work with, the more deals you will close.

Student Testimonial ...

Carol's Story...

I purchased Dwan's course and then did exactly what she taught. I searched the foreclosure records at the courthouse and then I went to the homes in foreclosure and knocked on the doors to talk to the homeowners.

One of the houses I went to was owned by a deaf and mute couple. They were losing their home to foreclosure and it was in pretty poor condition. I negotiated with them by writing on paper back and forth and put a deal together that would only work if I could get their bank to accept a short sale.

The property was worth \$160,000 to \$170,000 in retail condition. The couple owed their bank approximately \$130,000. After using the exact short sale package and techniques in this program, the bank agreed to accept \$70,000 as payment in full!

I then used the **wholesale program** and sold the home to a cash investor for \$115,000. I made approximately \$40,000 CASH and the investor will fix up the house and resell it for his huge profit.

All this on a property with very little equity!!! Thanks!

FINAL THOUGHTS

Folks, don't just read this program and then put it on the shelf. There is a world of opportunity in front of you.

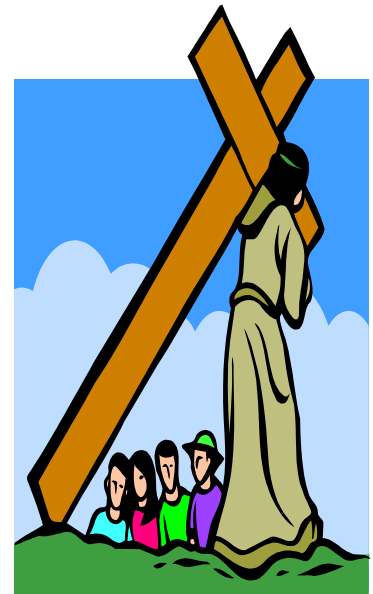
- ☞ No more jobs
- ☞ No more bosses telling you what to do
- ☞ No more spending nights worrying about how to pay the bills
- ☞ No more stress

Your new stress will be where to vacation next. Now that's a stress most of you can handle!

Maintain a balance, **keep the homeowners needs first**, make money for yourself, be generous, and life will be great! Go for it! We'll see you at the top!

**Make sure you love what you do.
Every day that you go to work, you give up one
day of your life for it.
You can never get this day back
so make it count.**

May God Bless and Reward You!



GOING TO THE NEXT LEVEL

We have done over 2,000 transactions to date. Because of my love of real estate, I branched out and began teaching. Believe it or not, teaching is a lot of work! I love helping homeowners as much as I love changing student's lives. The more I began to teach and still do deals, the busier I became. Luckily, God brought me the perfect partner.....a very successful real estate investor.

My husband, Bill Twyford, began his career as a painting contractor. When required to take a respirator test for a huge job, he failed. His doctor told him he had lost 30% of his lung capacity and he needed to find new career. He decided to try his hand at real estate, got his license, and started making money. As an agent he met his mentor, Mike Ferry. Mike teaches that the key to success is active marketing and communication skills.



Bill took this to heart, learned marketing and NLP (neuro linguistic programming), and became one of the top real estate agents in the country as well as a coach for the Ferry organization. During this time period, he discovered foreclosures and was hooked. He had done over 800 deals when I met him and believes his success is because of

his NLP skills and his assertive marketing techniques. Bill took his vast experience and applied it to investing.

We teamed up and began, “The Investors Edge University.” Our university is designed to teach you every aspect of real estate investing.

For example:

The Fast Track – This program is not for the weak of heart. It is a working program. The **Fast Track** runs in quarterly cycles. This is a one year program designed to take you from beginning investor to millionaire investor. You’ll learn to set up your business, set goals, learn the ins and outs of wholesaling, short sales, forbearance agreements, loan modifications, note buying, scripts, objections, bankruptcy, and much more. When you register, you’ll be given everything you need to participate: Written material as well as CD’s. You’ll have a weekly call with your team. You are assigned homework and a role play partner. This is an amazing class and will guarantee your success. The average student has 12 – 15 deals under contract in the first quarter. Think about it... what would you do with the profits of 15 deals in just three months?

One-On-One Coaching – You will be personally coached by Bill Twyford. This is a one-on-one program. Bill only takes 50 students at

a time. You are not coached by a student, you are coached by him. Bill has over 800 deals under his belt and can make a huge difference in your career. He will walk you through deals, conference call banks with you if needed, speak to homeowners with you, and more. The best part is ... he takes no part of your deal. He simply coaches you. Call today to get your name on the waiting list.

Telebootcamps – These classes are amazing and I love teaching them. They are taught over the phone for convenience. I find having personal instruction motivates you and helps you to be more successful. The telebootcamps are four weeks in length. The goal is for you to complete a deal in class. I want you to turn \$10 into \$10,000 (or more) in thirty days. Each week you are given homework. The investors who do their homework close deals during the class.

There are so many benefits of this class:

- You can learn from home.
- No expensive hotels or airfare.
- You don't have to take time off from work.
- You can listen to each class as many times as you'd like.
- If you have a crazy schedule, you can take the class when it's convenient for you. If 3:00 a.m. is your study time, the class is available.

- Once you've completed the entire bootcamp, you can retake the entire class free as many times as you'd like.
- You're given homework each week to ensure your success.
- You'll make as much money as you want to make.

Here is a sample of the schedule:

Week One: We'll cover what a short sale is and why banks do them. You'll learn how to determine your exit strategy, interview title companies, marketing ideas, build your buyer's list, exactly what to say to homeowners, what to say to the bank, getting the contract signed, and more. No class is complete without homework. You'll be meeting homeowners, signing contracts, finding real estate agents, calling banks, and more. You'll be expected to have several short sale and wholesale deals in the works during class. A few superstars will actually close a deal before the end of the class. Why not you!

Week Two: We'll walk you through the first short sale package in detail. We'll go through the second and third offers as well. We'll discuss additional information the bank may require. Some banks actually have their own hardship package and want you to use theirs. We'll cover how to handle that. Time for the banks inspection! What do you do now? Not to worry, we cover that in detail as well. The banks will require an inspection and with the

proper training you'll have inspectors eating out of your hand. We'll also cover going to contract with your rehabber. Again, you'll have homework. The homework is easier the second week because you already have the ball rolling.

Week Three: When a homeowner is just days away from the sheriff's sale, can you still do a short sale? You bet! We'll teach you how to postpone the sheriff's sale allowing the necessary time to negotiate the short sale; when and why to use bankruptcy; how to avoid a deficiency judgment on the homeowners' credit; and more. You'll also learn how to avoid seasoning issues should you decide to keep the property. Once more, you'll have homework. If you have been doing your homework, you should have several deals going. You're getting closer to the big day ... payday!

Week Four: The bank said, "YES", now what? We'll discuss double closings, assignments of contract, and how you get paid. What happens when you can't close on time? Not to worry, we cover that, too! How to negotiate and what to offer second or third lienholders. We also cover the top five exit strategies used by superstar investors: **wholesaling, rentals, lease-backs, selling to end users, and rehabbing**. If you have been doing your homework, some of you will be bragging about your huge checks!

So what are you waiting for? Call today and register for the next telebootcamp. It's an amazing class and will change the way you do business. You'll hear personal stories and see exactly how I started and how my career progressed. I'll share the steps I took to financial freedom.

Short Sale Bootcamp – This is a live two-day class that Bill and I teach. We cover many of the things covered in the telebootcamps, with a few exceptions ... there is a lot of role playing. You get the chance to put actual deals together, practice your scripts and objections, and more. You'll overcome all your fears about dealing with banks. This class is a lot of fun and very fast paced.

Wholesale Bootcamp - This is a live two-day class that Bill and I teach. We cover every aspect of wholesaling in detail. As with the short sale bootcamp, you get the chance to put deals together in class as well as role play and practice objections. You'll have homeowners eating out of your hand by the end of this class. You'll overcome all your fears about dealing with homeowners. This class is fast paced as well and a lot of fun.

Negotiate Like a Pro Bootcamp – This is a live three-day class that Bill and I teach. The focus of this class is communication skills. You'll be writing sentences, practicing scripts, giving and overcoming objections, learning how to deal with banks and homeowners, and

more. This is a very interactive class. You'll get the chance to work and practice with everyone in class. Ninety percent of the student's who take this class, sign up for it again. You can never be too polished your at communication skills. The better you communicate, the more money you make!

☞ Why do I have to spend money for a class? It is a proven fact that people who take a class produce 500% more income than those that don't. **500%!** That is an incredible number. With 500% more income on the line, I believe you should take a class and get the 500% that's waiting for you instead of letting it go to other investors. Take advantage of every opportunity you can to become as successful as you can possibly be. The sky is the limit with real estate investing. If you can see it in your mind, you can do it! I look forward to the opportunity to personally teach you.

Whether you take a bootcamp or are interested in more education, we offer something for everyone. Take a look at some of our complete home study courses:

Additional training available to you:

We offer several other programs and classes. I'd like to take a minute and share some of our other programs with you ...

Short Sale System – The short sale system comes with four programs that teach you advanced short sales:

Short Sale System – Building Your Case – Learn how to find deals, put together your packages with the banks, have the crucial conversation that will make or break your deal, how to pin down loss mitigation, how to handle the banks inspection, getting the deed, and more.

Short Sale System – Closing Arguments – When the bank says no, there is still work to do. I cover how to place your second and third offer, how to delay the foreclosure, how to give the homeowners money, bankruptcy, 1099 and deficiency judgments, when the first makes the second take zero, and so much more.

Homework? Yes, I like to give homework. It helps you to be more successful seeing what others have done.

The Communication System – This system comes with two programs and is written by my husband, Bill. It is geared around improving your communication skills. We find that one of the biggest downfalls new investors have is their lack of communication skills. You speak to a homeowner in foreclosure, they say they took care of

it, you say ok and walk away. These are preprogrammed no's. Let me give you an example of a preprogrammed no:

- You walk into the clothing store. The clerk asks if she can help you. What do you say? You automatically say, "No, I'm just looking." That is a preprogrammed no. You may be in the store specifically to buy something, but you say no without thinking and then look around on your own.

It's the same with a homeowner in distress. You knock on the door offering help and they say they took care of it. Did they? Usually not. Our communication programs teach the how and what to say.

The Secrets of Closing the Deal – This program teaches you how to mirror people, change your rate of speech to build rapport, how to use hand movements and body language to establish rapport, how to build rapport on the phone, how to get banks eating out of your hand, how to get past preprogrammed no's, and more.

Shut Up! and Stick to the Script – This program gives you all the words to make your deals happen. It has over 40 bank and homeowner objections with the answers. Once you learn what to say, the rest is easy.

The Foreclosure System – This system includes three programs that will teach you everything you need to know about the foreclosure business:

Get Legal with Fa\$t Ca\$h Forms – This program is full of legal forms and contracts that you'll use throughout your investing career. Why spend thousands on attorneys when you can simply use my forms and save thousands. This program offers a power of attorney contract, assignment of contract, an eviction letter, a lease, a first mortgage, a second mortgage, a land trust, and many, many more.

Foreclosure Fortunes in Your Own Back Yard – This covers every way I know of to find distressed sellers, how to find team members, and more. With over 50 methods of finding sellers, you'll have more deals than you know what to do with.

Rehab Riches and Marketing Madness – This program gives you all the insider tips for rehabbing and marketing your properties. The key to a successful rehab is curb appeal. Learn how to make a house as cute as can be for just a few hundred dollars. Getting your property sold is key to your success. The faster it sells, the faster you get paid.

The Wholesale System – This system comes with four programs and is covered in week-by-week steps designed to make you a wholesale superstar.

Getting Out Of Your Box – This program will help you feel more comfortable; speaking with strangers, determining your personality type, change your daily habits, setting goals, setting up your business, and more.

Foundation for Financial Freedom – In week one I'll take you through your first steps to success. You'll learn how to build a buyers list, find distressed homeowners, how to qualify your potential deals, and more.

Building Blocks of Financial Freedom – In week two we'll cover putting your offer in writing, filling out the assignment of contract, working with the rehabber, preparing for the closing, choosing a title company, and more.

Raising the Roof on Financial Freedom – In week three you get ready to get your first check! We'll also cover double closings, bankruptcy, what to do when you can't close on time, wholesaling bank-owned properties, and much more.

Controlling the Outcome System – This system comes with three programs. A major key to your success is controlling your deals. Once a homeowner gets control, you might as well kiss your deal goodbye.

Bankruptcy, the Banks Worst Nightmare – This program teaches you how to utilize bankruptcy as a tool in your short sales. Many times sellers call so late in the game that bankruptcy is the only way to buy time for you to negotiate the deal. All the state and federal laws are included in this program

Equity Agreement, Controlling Your Homeowners – This program is an agreement that gives you total control over your deals. It puts every aspect of the deal in writing so that there are no misunderstandings with your deals. Having this control sets you apart from all other investors.

If I Do This I'll Have to Quit My Job, Business Plan – You can't get wealthy without a plan. You'll learn how to set goals, build a business, how to actively chase the business, changing your mindset, attitude, and more.

Rental Road to Riches – Learn the in's and out's of landlording. Rentals are the way to long term wealth and something you need to do. Being a landlord can be challenging. If you do it right, it's a blast.

Mastering Your Phone Skills – This program walks you through building rapport on the phone. It is very difficult for many people to talk over the phone. Most people prefer face-to-face communication. Read and listen to this program and watch your income soar. You can reach more sellers over the phone thus increasing your income.

We have other programs and classes in the works. Check out our website for what's happening now.

HEAR WHAT OTHERS ARE SAYING

You've read testimonials throughout the entire program. See what more successful students have to say:

- "I thank you for the opportunity of getting so much information and help in such a short amount of time. I will tell all my friends and acquaintances about it."

G.R. , Orlando, Florida

- My partner, Dan, and I took Dwan's bootcamp a little over a year ago. Since that time, we have successfully completed 5 short sales while still working full time jobs. We typically rehab our houses and sell them retail. After the class, we decided to try wholesaling. We wholesaled one to another investor and made \$10,000 without putting any money into it. With each of our short sales we average \$30,000 per deal PROFIT after expenses. We learned everything necessary to complete these deals through the classes with Dwan. We had a lot of fun at the training classes and it has really paid off. Thanks a million.

Ed Nowland, Ohio

- My husband and I are both now full time investors thanks to Dwan. We have made an extraordinary income after all the various tips and strategies we have learned from her course.

We have made in the range of **\$20,000 to \$30,000 EACH** on about 18-20 wholesale deals. We have rehabbed countless houses with profits ranging from **\$10,000 - \$50,000** per house. We also own 3 rental properties thru strategies from the course that have not only given us back all the money we originally put down and used to update the property, but also excess of that and still provide a positive income per month. We do not like to boast about what we have achieved because it is by the Grace of God foremost. However, we need to let people know that this course is proven and if you even use one strategy, you will see results.

Sandy and James- Florida

- I learned how to create a short sale at your boot camp and have found my niche. That strategy alone has made thousands for me. The boot camp **tuition is a small price to pay** for the extensive education I received, not to mention the extra income I now earn.

Marlena, Delray Beach

- Dear Dwan,
I have no words to express my gratitude for all the things that I have learned from you. I have your course, which has helped me a lot in negotiations with the Loss Mitigation departments. Now I'm very successful with Short Sales and making a lot of

money thanks to the many things I have learned from you. The first time I saw you was at a convention. You gave us one simple tip that I applied as soon as I got back home and it made **\$8,000 extra dollars** on a deal that I had already agreed to with the Loss Mitigator. You are very friendly and helpful and always willing to answer all my questions. I really appreciate that!

Ruban Alvarado- Florida

➤ "Very good. Well **organized** and thought out."

R.N., Orlando, Florida

➤ I must admit I was a bit skeptical at first. I believed that only a very few people made money in the foreclosure business. My husband went to a foreclosure seminar (without me because I was skeptical) and after hearing Dwan talk he got the Short Sale Secrets CD set. We listened to it together and I must admit I was excited. We told ourselves that we would try for 3 months and if nothing happened all we lost was time and a little money. Our other business was taking a lot of my husband's time so I did our first deal myself. Using the techniques provided on the CD's I went out and found my first family in need to help. 2 ½ months later I bought and sold the property in the same day and made over **\$14,000** (not bad for a few phone calls and faxes)! Not to mention I helped a family that hit hard times....Nothings better than helping others and making \$\$ for our family too! I am

grateful for the knowledge that I have found and for the ability to help others with that knowledge. Thanks Dwan and My Husband!!

Ginni Gancev- Colorado

- "This course was **excellent**- more than I expected."

K.C., Pembroke Pines, Florida

- "A lot of attention was given, very friendly small group was great. I like the fact that I can call on you later."

D.S., Margate, Florida

- Dwan, after taking your five-day Foreclosure Boot Camp we were so motivated. We were driving for dollars and we ran across a home in the foreclosure process which had been abandoned by the couple that was in the process of getting a divorce. We contacted the couple and they said they would be willing to look at an offer. The fair market value of the house was around \$225,000 we faxed them a bid of \$150,000 and agreed to take over their mortgage of \$142,000. **THEY ACCEPTED.** We put an ad in the paper and sold the property in just 2 weeks for \$210,000. Making a profit, after closing costs, of about \$42,000. That was just the first deal after taking Dwan's Foreclosure Boot Camp, we have done many more since.

Dwan's course started us on the road to Financial Freedom.
Thanks!

Ronald and Linda Wiringer- Florida

- After completing the class, we immediately signed up for a foreclosure service. Started visiting the properties and made contact with the "stressed out" homeowners. It was their 3rd time they were being foreclosed upon, we negotiated a fair price (home needed more work), and closed 3 weeks later. The sale price of the house was 100,000. We gave the homeowner \$10,000 cash. We sold the house after advertising a "fixer upper" for 169,900.00. We made \$42,000 in 7 weeks-Start to Finish! Want to hear more? What we learned was incredible. We could never have attempted it without the knowledge from Dwan!

Gayle Etre- Florida

- You made learning fun and the accountability program has already **saved me from making expensive mistakes**. Getting started is the main obstacle most people must overcome and I thank you for helping me with that.

Steve, Tennessee

- I found a homeowner in foreclosure. He had a property worth \$135,000 and owed \$135,000. I have been an investor for many

years and had never heard of a short sale. After taking Dwan and Bill's boot camp, I realized I had been **missing out** of a lot of money. I called Freddie MAC and was able to get them to accept \$98,515. The best part is the house only needed a new garage door.

Mark from New York

Aren't these testimonials great? We have hundreds of them. When you work our system, you will have the same great success.

**MAKE ME PROUD AND DON'T FORGET
TO SHARE YOUR SUCCESS WITH ME SO
THAT I CAN BRAG ON YOU!**