

THE
WHOLESALE
SYSTEM

HOW TO TURN \$10 INTO \$10,000

In 30 Days or Less!

PART 1: BUILDING YOUR BUSINESS



Dwan is your Key to Success



www.InvestorsEDGEUniversity.com

*Investors Edge University
Presents...*

How to Turn \$10 Into \$10,000 in 30 Days Or Less!

WEEK ONE: Creating the Blueprint for Success

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ABOUT THE AUTHOR

Throughout my adult life I have worked an endless string of dead-end jobs ranging anywhere from waiting tables at Denny's, to selling vitamins on the phone, to owning a tanning salon. Most of the jobs in my past paid okay, but were unrewarding and required me to work many hours. I went from job to job looking for something that I could really sink my teeth into without much success. I thought I had found it with the tanning salon. As it turned out, I was tied to the salon seven days a week. Every weekend when one of my girls called in sick, guess who had the privilege of working? Right... me. I got to the point where I hated the business because of the insane hours. I went for two years with hardly a day off. I decided to sell the business and get my life back.



Around this time I met a man, decided to get married, have babies, and be a stay-at-home mom. At 29, I had a baby on the way and life was looking pretty good. But, things happen, and a year later I found myself with an eight-month-old daughter going through a divorce. Life as a single mom had definitely not been in my game plan.

As a result of a very messy situation, I now had no money, no car, no job, and \$75 in the bank. It was a bleak situation. I had to borrow money from an aunt to buy a car so I could job hunt. I desperately needed to go back to work, but the idea of

leaving my daughter in day care, working for someone else all week, and then paying my hard-earned money to the day-care center was unacceptable. This just was not a sacrifice I was willing to make! I needed a new game plan and I needed it now!

As fate would have it, around this time I met a group of guys who seemed to be leading a pretty leisurely life... golf every day, always traveling, constantly going out and spending money. You name it; they were doing it. Turns out, they were real estate investors. I knew I had found the answer to my prayers. Being a real estate investor would allow me the freedom to work from home and raise my daughter myself. I learned as much as I could and went for it.

I bought my first dump and went to town. I became such a regular at Home Depot and asked so many questions that when the guys saw me coming, they would run the other way. They knew if they stopped to answer “just one quick question,” I would keep them for an hour asking details about my next step of rehab. I took all of the weekend classes they offered, learned what I could, and got my rehab underway. I did all the rehab on the property myself: paint, tile, plumbing; you name it, I did it. I started to see a light at the end of the tunnel. The more I worked, the better my property looked.

After the repairs were completed, I put the house on the market, sold it four days later, made over \$20,000 on my first deal and never looked back!!!!!!

When I worked my dead-end jobs, I would work all year long to make \$20,000. To make that in one deal, working from home, and having my daughter by my side was a dream come true. I decided at that moment that real estate investing was for me. I never dreamed it would turn into such an amazing career!

As I began making a dent in the real estate market in South Florida, folks started asking me to teach them the secrets of my success. One thing led to another and soon I was teaching nationwide.

Several years ago, I was teaching at a three-day convention in Colorado when I met a great guy. We struck up a conversation, went on a date a few weeks later, and then married! The funny thing is that I swore I would never date an investor. I figured I already “eat, sleep, and drink” real estate and didn’t want to spend all my free time talking about it as well. God has a funny way of bringing you exactly what you need even if it’s not what you think you want.



Since Bill is also a successful investor, he makes his own schedule and is able to travel with me. Along with Bill came two bonus kids, so now we are a family of

five. We spend our time teaching, doing deals, and spoiling the kids. Folks, you never know what can happen by getting involved in real estate. I now have money and a man ... I can't help you with men, but I can certainly help you make money 😊.

After all these years in the business, I still love it. I love to do deals and I love to teach new investors how to become successful. Honestly, nothing gives me greater joy than to receive letters from students who have just closed their first deal and earned a huge check. I get tears reading the letters I receive. I am humbled that I have been placed in your life today so that you can change your financial future.

Keep your eyes and ears open and always be prepared for opportunity. There are deals around every corner!

Wishing you the best of luck!

Dwan Bent-Twyford

SOCIAL SITE WITH ME:

www.facebook.com/dwanbenttwyford

www.twitter.com/dwantwyford

www.youtube.com/dwanbenttwyford

and – read my blog...

www.InvestorsEdgeUniversity.com/blog

WHY WORKING WITH ME WILL CHANGE YOUR LIFE

Investors, the only person who is going to change your financial future is you. I can teach you everything I know about real estate investing, but if you don't use and practice it, nothing in your life will change.

It's important to determine what financial freedom means to you. It means many things to many people:

- ✓ Not having a boss
- ✓ Living in your dream home
- ✓ Being out of debt
- ✓ Paying the bills on time
- ✓ Driving a nice car
- ✓ Not having to use public transportation
- ✓ Taking your kids to wonderful places
- ✓ Taking care of your retired parents
- ✓ Moving to a better neighborhood
- ✓ Sending your kids to college
- ✓ Taking a vacation several times a year
- ✓ Taking your entire family on a dream vacation
- ✓ Having someone else clean your house (one of my personal favorites)

When I first began investing, I had nothing. Folks, I really mean nothing. I had \$75 in the bank, no car, no job, an eight-month-old child, and was completely freaked out. My Mom gave me money for food and my aunt loaned me money to buy a car. I was in a desperate situation, but being the fighter that I am, I knew it would be temporary.

**“Determine what financial freedom means to
you.”**

I was in the same situation many of you are facing now. Many of you have been downsized or lost a business because of 9/11, others may be going through a divorce; or involved in other unfortunate situations. The great thing about working with me and following my formula is that I have been there. Many gurus teach folks how to become a successful real estate investor, but they have never *not* been successful themselves. It is easy to teach people how to make money if you have money to start with. Anyone can buy a property with money...anyone. Where the challenge lies is to be down and out, get back up on your feet, and teach others how to do the same.

**“You are the only one who can change your
financial future!”**

Rehabber: A person who buys distressed properties below market, fixes them up, and then sells them retail for a profit.

Many of you may not be in a bad situation at all. You may have a great job and are just looking to make extra cash so you can retire early, buy a second home, or simply travel more often. Regardless of your situation, I am going to make you rich. Make me rich? Sounds like a bold statement, Dwan. How are you going to do that?

Folks, if you will follow my instructions, you will have all the money you can spend. I have been involved in every aspect of real estate investing. I began as a **rehabber** and progressed to **wholesaler**. I began as a rehabber only because I didn't know anything else existed. I bought, repaired, and sold properties. After being in this business for several years, I discovered wholesaling and my life changed dramatically.

Wholesaler: What you are soon to become. A person who finds a distressed property owner, gets the property under contract, and then sells the contract to a rehabber for a profit. Basically, a middleman in a real estate transaction.

In my first three years as an investor, a typical day consisted of going to the courthouse, researching the new foreclosures, and knocking on the doors of homeowners in **foreclosure**. I would take over the payments, **rehab the property**, and then sell it for a profit. Since money was a major issue, I had to move into each property and do all the work myself. I could not afford to live over here and rehab over there. I moved a lot during the first few years. One day I saw a free coupon in the paper to attend a real estate investors association meeting and things changed forever.

Foreclosure: When homeowners buy a property, they borrow money from a bank and have an agreement with the bank to make payments on the property until the loan is paid in full. When homeowners fall behind on their payments, the bank institutes a “foreclosure action” in an attempt to gain control of the property. A house is in foreclosure once the bank takes action and files what is called a “Lis Pendens,” which means a lawsuit. Until that point, it is a distressed property because the payments are simply late. You will be working with homeowners in distress as well as in foreclosure.

A REIA (**real estate investors association**) is a group that meets on a monthly basis and is designed to help investors become more successful. They feature classes, national speakers, books to read, and more. Suddenly I had contacts, was going to seminars, and realized there is a whole world of investing out there. I had just tipped the iceberg by rehabbing. Many of the investors in attendance were wholesaling and making a lot more money than I was. I had to find out about wholesaling. How was everyone making money on houses they never owned? I knew I was on to something.

Rehabbing was great in the sense it taught me a lot about houses, what repairs cost, how long it takes to do a specific repair job, and so much more. The problem with rehabbing is that I could only afford to rehab one house at a time and it can't be done without money. I borrowed money to repair my first property and since I sold it for a \$20,000 profit, I had cash to do the next deal. I got very lucky on my first deal. Had I done a poor rehab job and the property sat on the market for six months, I might have been out of business before I started.

I don't suggest any new investor start with rehabbing; it is too risky. I want to show you how to make money without using any and with no risk. In a nutshell, wholesaling is making money on property you don't own. You put a distressed seller and a rehabber together and make money by being the middleman. It is amazing and truly takes no money! We will talk more about wholesaling in just a few minutes, so hang on. Let's cover a few more things first.

“Your idea of financial freedom will change as you make more money.”

Folks, as I asked earlier, what does financial freedom mean to you? When I first started, financial freedom meant having enough money to pay the monthly bills and still eat. As I became more and more successful, my idea of financial freedom

changed. Yours will, too. My idea of financial freedom now is to do as many things as I can with my family.

In the past few years, our kids have been in every state and to almost 20 countries. We are having so much fun. I am not sharing this to brag, I am showing you what you have to look forward to. Again, determine what financial freedom means to you and go get it. My kids now want to take over the business. They are so cute. They think they are going to do deals, teach my classes, and take care of me. I admire their determination, but they don't realize that I love it and don't want them to take care of me. I do want them to join me in this business, but I am not ready to hang up my hat just yet.

Write down five things that will make you feel as if you are on the right track toward financial freedom. Remember, it means many things to many people so don't judge yourself by the standards of others.

It's okay if you list paying the electric and phone bill on time this month instead of owning a house on a mountaintop in Hawaii.

We all have to start somewhere. Later in the program, you'll have the opportunity to write goals. List a few things that will make you feel more financially free today.

What does financial freedom mean to me today?

1. _____
2. _____
3. _____
4. _____
5. _____

Now that you have determined what financial freedom means to you, let's determine how you're going to get there. One of the first steps is to get out of your box.

We are all stuck in ruts even though we don't often realize it. Let's see what we can do to shake things up a little.

GETTING OUT OF YOUR BOX

What do I mean by getting out of your box? It's simple, folks, if you always do what you've always done; you'll always get what you've always gotten. In other words, it's time to change the way you think so you can get different results.

I want you to pay attention to the way you do things for the next few days. When you get out of the shower, I'll bet you dry off the same way every day. You start with the same place on your body and work your way around the same way. For you guys, I'll bet you shave the same side of your face first. Girls, you shave your legs and blow-dry your hair the same way each time. We all do. Once this was brought to my attention, I realized I did do things the same way all the time. We're going to work on changing your daily routine. It will take some effort on your part, but it will be well worth it. I want you to begin with baby steps and work your way up.

Let's start by changing your morning routine.

- ☞ Shave a different way.
- ☞ Wear a new color of lipstick (optional for men).
- ☞ Get dressed differently.
- ☞ Wear a bright shirt.
- ☞ Try a new hairstyle (hard to do for those of you still wearing 80's hair).
- ☞ Buy a tie that is out of character.
- ☞ Eat something different for breakfast.
- ☞ Drive to work using an alternate route.
- ☞ Buy your morning coffee some place new.
- ☞ Get gas at a different station.
- ☞ Listen to motivational radio today.
- ☞ Change your lunch habits.
- ☞ If you work in a situation with coworkers, sit with someone new today at lunch. You aren't in high school anymore so it is okay to sit at a different table.
- ☞ Make a new friend.

Check out
www.nationalreia.com
for a group near you.

Let's break up your evening routine:

- ☞ Start attending REIA meetings.
- ☞ Talk to people in the elevator. (“Talk to people in the elevator? No way! You can’t expect me to do that. Everyone knows you just stand there in silence.”) Folks, it’s all about getting out of your comfort zone. How do you expect to talk to homeowners in distress if you can’t talk to someone in an elevator for 30 seconds?
- ☞ Make conversation with total strangers.
- ☞ Ask folks how their day is going.
- ☞ Open the door for others. (Girls, this means you, too.)
- ☞ Pay for a bottle of soda for the person in line behind you.
- ☞ Pay the toll on the freeway for the car behind you.
- ☞ Carry groceries to the car for an older person. (But Dwan, I hate to carry my own groceries.)
- ☞ Start by doing random acts of kindness.

You’ll be surprised how much more fun life will be. I am always looking for a new victim to be nice to. People just stare and say thanks. They walk away shaking their heads wondering what just happened.

Let's look at your drive-time routine:

☞ When in your car, change what you listen to on the radio. Your car should be a university on wheels.

This one was a challenge for me. I like to listen to very loud music in the car. When I realized how much time I spend in my car, I realized I could change my life just by changing what I listen to. I listen to Spanish tapes, motivational CD's, Christian music, talk shows and more. I have expanded my horizons dramatically by changing my listening habits.

☞ You should listen to nothing else but CD's that come from Investors Edge University.

Once you understand wholesaling and have done it successfully, then learn another aspect of real estate investing - Read my **Rental Road To Riches** program. Wholesaling is a great way to make money, but you also have to consider long-term wealth. The best way to accumulate long-term wealth is to keep rentals. Start thinking about your future now.

**“Your car should be a
university on wheels.”**

Let’s examine your weekend routine? How many of you slouch around all weekend wearing baggy clothes, don’t shave or wear makeup, eat junk food, watch TV all day, and basically waste the weekend away? Come on... be honest. You know you do. Do something different this weekend. Go to a movie, go rollerblading, take an art class, take dance lessons, read a book, call a friend you lost touch with, or anything that would be different.

You might be one of those people who can’t relax and run around all weekend like a crazy person. You need to get a massage, sleep in, read the entire paper, or whatever is different for you.

**“Do something different
this weekend.”**

When I teach classes, I notice that folks will sit in the same seats each day. In my training classes, I make everyone move on every break. You should hear the moaning and groaning when I make everyone change seats. In just one day, people are in their “comfort zone.” They have laid claim to their “seat” and it’s theirs for the week. Come on folks ... it’s time to move the boundaries of your comfort zone. By the second day, people just move automatically. The fear of sitting next to someone new and having to talk is gone.

Folks, what can you do to get out of your box? I want you to think for a few minutes and pick the top five things you can change about yourself starting today. Write them down and keep track. Once you have changed these five things, pick five more and so on. Soon, you won’t have a box to get out of.

You’ll be more open to new opportunities, make friends everywhere you go, and you’ll enjoy life even more than you do today.

Five things I can do to get out of my box:

1. _____
2. _____
3. _____
4. _____
5. _____

Place this list where you will read it every day. Again, these are not goals, but simply ways to get your mind working in a different direction. We are going to discuss goals soon. This is where you will really need to put on your thinking cap. Goals are important. You cannot reach financial freedom without them. As you continue to read, begin thinking about goals and what you hope to achieve from this program.

WHAT IS WHOLESALING?

Wholesaling is, by far, the easiest way to make quick cash in real estate investing. You simply find homeowners in distress, tie up their property using a sales contract, and then sell the contract to another for a profit. In this section, I will discuss the concept of wholesaling so you will have a general understanding of what you are about to learn in detail.

I'm going to break it down by steps. These steps will give you a basic overview and understanding of wholesaling, how to do it, and how easy it is. As you get into the program, each phase will be broken down into step-by-step instructions. Don't worry if these basic steps seem scary or over your head, it will get easier as you go along and gain more knowledge.

How to earn \$10,000 this month:

Step One: Find a **distressed homeowner** with sufficient equity and get busy. In this session I will teach you this simple step in detail.

You then negotiate with the homeowner to come to an acceptable buying price. Also covered later.

Let's use the example of a property worth \$100,000 that you negotiate down to a buying price of \$50,000 (easy to do when someone is facing foreclosure). You fill out your sales contract with the homeowner as the seller and you as the buyer. I

like to use contracts from the Board of Realtors. They are easy to use and homeowners are familiar with them. Call your local BOR (Board of Realtors) office to see if they sell contracts to the public. If not, most office supply stores sell them and you can get anything online.

On the sales contract, there is a place for the buyer's name.

☞ Put your name followed by the words **“and/or Assigns.”**

This will allow you to assign the contract to the rehabber. To make the contract binding, you have to leave a deposit with the homeowner at the time of signing. I leave a \$10 deposit. This way, if I am unable to wholesale the property, I am only out \$10.

Who would take \$10? Everyone!

Step Two: Start building your buyers' list. This is a list of rehabbers you can wholesale your properties to. Run an ad in the paper that says something like:



When investors begin calling, get the following information:

- ✓ Name
- ✓ Number
- ✓ Fax
- ✓ Email
- ✓ Address
- ✓ Work numbers

Put that information in a database. When you find another deal, you have a list of buyers. Run your ads for 60 to 90 days. Even if you sell the property the next day, keep the ads running.

Building a buyers' list is crucial to your success. The more buyers you have, the more deals you can wholesale.

☞ If you wholesale 50 properties a year and average \$10,000 per deal, how much is that?

I'm going out on a limb here, but I'd venture to guess, it is more than most of you are making today. Folks, with the average person making \$30,000 a year, \$500,000 is a pretty good jump in income, don't you agree? Is it possible in the

first year? You bet it is. If you'll use my knowledge and your motivation, the money will come.

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 house is worth \$100,000 in good condition. The homeowners are distressed because they are behind in their payments, or facing foreclosure. They have to move quickly.
- ☞ You negotiate the property to \$45,000, plus \$5,000 to move and pay deposits for their new place.
- ☞ You offer them \$50,000, and they accept.
- ☞ The house is worth \$100,000 in good condition; you figure it will take approximately \$15,000 in repairs to get it to market condition.
- ☞ You have a rehabber lined up and you know the rehabber will pay 65% of the retail value, which is \$65,000.
- ☞ You decide to sell it to the rehabber for \$60,000 making \$10,000 as your assignment fee. You sell it to the rehabber for \$60K instead of the \$65K you know rehabbers will pay so that the rehabber will buy from you again because of the good deal this time.

- ☞ The new sales price is \$60,000 (\$50,000 to the homeowner and \$10,000 to you for putting the deal together).
- ☞ The rehabber will repair the property and make the difference between the \$60,000 and the \$100,000 that the property sells for.
- ☞ If the rehabber did a good job on the property, kept the rehab costs low, there is a potential profit of \$15,000 to \$25,000. Not too bad!

Step Four: Prepare for closing. Using your investor-friendly title company or attorney move toward the closing.

- ☞ The beauty about title companies is that they do all the work for you.

All you have to do is find the deal, wholesale it to your rehabber, and go to closing. The title company will do the rest.

Folks, it's that simple! Wholesaling is fun and the money is quick. Can you see why I love it as much as I do?

STUDENT TESTIMONIAL

Thanks to Dwan's courses and boot camps, we have been able to make money wholesaling. Shortly after taking her boot camp we were able to acquire an "ugly" house for well under its market value. We then decided to try to wholesale it since Dwan make it sound so easy. We figured we would see for ourselves. Using our buyer's list, we found a buyer. The home we had acquired was a bit run down outside, but in decent condition inside. We figured a minor-repair rehabber would be the perfect buyer. Within a week, we sold the house and made just under \$10,000 profit! The original owners, the new owners, and I all made out in this win-win-win situation. Thanks, Aaron V., Ohio

STUDENT TESTIMONIAL

Dwan, you are WONDERFUL! We purchased your books and tapes and it was a fabulous investment. Please keep in mind we have attended many seminars and purchased other books and tapes and in our opinion yours are THE BEST!

We were in the middle of taking over a deed. The owner was giving us the home and was walking...no matter what. After reading your material, we decided to wholesale the property. We bought the home for \$67,250 and wholesaled it the same day for \$75,000 making a profit of \$7,750 IN ONE DAY!!! Thank you, thank you!!! Mike and Janet

CAN I REALLY DO THIS WITH NO EXPERIENCE?

Not only can you do this with no experience, you can do it **with no money**. There are other “no money down programs” that brag that you can pull money out at closing, buy no money down, use no money or credit, and so on. What this really means is that you have to qualify for a mortgage and at the closing, you get cash back. Folks, I don’t know about you, but I couldn’t qualify for a pack of gum when I started, let alone close on a real estate transaction.

With my program, you seriously need \$10 to get started. You don’t need to borrow against your car, pull money off credit cards, take a home equity loan, borrow from your parents, or anything else along those lines. You need \$10, motivation, and the steps to do it. I’m going to give you the steps and the motivation; you need to round up \$10 yourself.

Investors, I know I sound like a broken record already, but I really had ZERO experience when I started. I had waited tables, did telemarketing, and worked in a factory. I had never bought a house and had no friends who were Realtors. I knew nothing.

When I began, I took advice from other investors and went about it blindly. I had no idea what I was doing and still did remarkably well. It was great! Believe me, I made a lot of mistakes, but overall I did well. With my guidance, you’ll do great straight out of the gate and with no trial and error phase. The learning curve will be much easier.

Here are a few tips for success:

- ☑ Treat this like a business.
- ☑ Work smart.
- ☑ Take one of my boot camps.
- ☑ Read everything you can get your hands on that is real estate related.
- ☑ Join a REIA group.
- ☑ Set realistic goals.
- ☑ Reach your goals.
- ☑ Put your dreams in writing. Dreams are bigger than goals.
- ☑ Do not let others talk you out of this.
- ☑ Donate money to charity.
- ☑ Keep a good attitude no matter what happens.
- ☑ Take every mistake and turn it into a learning experience.
- ☑ Do nice things for others. Remember, you reap what you sow.

What do some of these things have to do with real estate investing? Nothing; they have to do with your attitude. If your attitude is poor, you will not be successful or happy.

**“Money will not change you.
It will only enhance who
you already are.”**

Will more money make you happy? No, I do not believe it will. If you are a miserable person now, you’ll be a rich, miserable person later. Money will give you choices and the choices will make you happy. Soon you’ll be making choices like:

☞ Next month should I go to Hawaii or Europe?

Wouldn’t that be a great decision to make? I think so!

**“I will give you all the
tools you need to become a superstar investor.”**

Folks, I believe life is all about choices. Poor choices have a way of haunting us. Just as good choices have a way of rewarding us. You have made a smart choice

by deciding to become a real estate investor. As you learn more and make more money, keep making good choices. Your life will be blessed.

So the bottom line is this: Can you do this with no experience? Yes, I will give you all the tools you need to become a superstar investor.

AM I AN ACTIVE OR PASSIVE INVESTOR?

What is the difference? Active investors go and get deals while passive investors wait for deals to come to them.

For example:

- ☞ Active investors will knock on doors or cold call homeowners in distress.
- ☞ Passive investors will mail postcards or run ads in the newspaper and wait for calls to come in.

Your personality type will determine which one you are. I actually tend to be both. I love to knock on doors, but I don't like to call people. Go figure. Knocking on doors takes a lot more courage than calling. You're face-to-face; you don't know if the homeowners will scream at you or be nice. On the phone, the homeowners can simply hang up and they never see your face. Because I started by knocking on doors, I believe that is why I am so comfortable with it.

I now knock on doors, mail postcards, cold call, run ads in the paper, and put out signs. So I am 50/50 ... active/passive.

ACTIVE INVESTOR DESCRIPTION

I'm going to list a few traits an active investor might have. If you see yourself here, you are more active than passive. Remember, it's okay to be both. If you can do all the things active and passive investors do, you'll make that much more money.

Active investors have many of these traits:

- No fear of cold calling homeowners
- No fear of knocking on the door of a complete stranger
- Wouldn't think about mailing a postcard
- Very outgoing personality
- Not afraid of rejection
- Not easily intimidated
- Not easily influenced by others
- Has vision
- Can see themselves making \$1,000,000 every year
- Can think very fast on their feet
- Is a problem solver
- May be bad listeners
- May talk over others
- Likes to take control of situations
- Likes to use scripts
- Loves to handle objections

PASSIVE INVESTOR DESCRIPTION

I'm going to list a few traits a passive investor might have. If you see yourself here, you are more passive than active. Again, it's okay to be both. If you can do all the things both types of investors do, you'll make that much more money.

Passive investors have many of these traits:

- Get sweaty palms when faced with confrontation
- Can't think fast on their feet
- Feel anxiety at the thought of cold calling a homeowner
- Attends hundreds of real estate seminars and have yet to do a deal
- Easily influenced by others
- Have a major fear of rejection
- Overanalyze everything including real estate transactions
- Prefer the security of a weekly paycheck
- Prefer that homeowners call them
- Feel anxiety in social situations
- Have a hard time imagining making \$1,000,000 a year, but willing to try
- Can't see themselves owning a house in Hawaii just for the fun of it
- Like to plan everything
- Over empathizes with distressed homeowners and may move them in
- Take rejection personally
- Likes to have others make decisions for them
- The thought of knocking on a door makes them nauseous

SELF-TEST

Again, many of you will be a little of both. That's okay; I am, too. I tend to be more active overall, but I do some passive stuff, too. In my personal life, I am very active and in control, but I like the feeling of homeowners calling me.

Answer yes or no to the following questions and let's see how you do.

1. Are you comfortable going to parties where you know no one and have to socialize?
2. Can you think on your feet and negotiate a deal with a homeowner with no time to research?
3. If a homeowner gives you a hard time or is not motivated, will you walk away from the deal?
4. Do you do your current job as if you own the company ... be honest here?
5. Do you like change?
6. If you plan to knock on doors all day and it rains, will you still go?
7. You have plans at 6:00 p.m. that fall through...are you okay with it?

8. When someone calls you upset, do you listen to their story and offer advice?
9. If an attorney tries to overcharge you, will you stand your ground, even if it is over a \$25 fee?
10. Can you really see yourself making over \$1,000,000 every year from now on?

If you answered yes to most of the questions, you are active. If you answered no to most, you are passive. Do the math: seven yes's mean 70% active; six no's mean 60% passive.

There is no right or wrong way to be. Passive investors make great money. I believe; however, that you will make more money if you are an active investor. Homeowners in distress are embarrassed to call. When you pursue them, they are grateful and eager to work with you.

Homeowners in distress feel out of control. They need an assertive person to come in and take over. If you come in with confidence, they will love and trust you. This is why calling and door knocking work so well; homeowners feel that you are in control.

On the other hand, some homeowners are so distraught that if you showed up unannounced, they would die from embarrassment. Therefore, in this case a passive investor would do great.

Folks, I'm not trying to sound wishy-washy, be who you are. If you can't imagine being a little more active, is that an excuse to quit now? Absolutely not! Remember what I said earlier: Get out of your box. Make an effort to become more active. If you are overly active, do a few things to become more passive. Very active investors can be overbearing. It is best to be a little of both leaning toward active.

The bottom line is to give homeowners that overwhelming sense of security from working with you.

GETTING STARTED

Let's start with the basics:

Get motivated! Motivation is the key to getting started.

☞ Many people *talk* about doing something with their lives.

☞ I want you to *do* something with yours.

Starting something new is difficult for all of us. I understand this because I was once where you are now. Believe me, once you complete your first deal, the rest will be easier. All you need is the desire. Don't be like some people who put this training program on a shelf or in the bottom of a closet. I have spies who come to your house unannounced and check for training programs in the bottom of closets. So, watch out! I might even come myself.

Facing rejection is one of the hardest obstacles to overcome. You might have to make many offers before the first one is accepted, but that "one" will be worth it all. With more experience, you will get more offers accepted. There have been times when I have received rejections for days, but then I knock on the door of someone who really needed my help and treated me like a long, lost friend. This makes it all worthwhile. It is great to know that you are helping people in distress and making a profit doing it, providing a win-win situation for everyone. This is a very rewarding and exciting business. All I can say is "go for it!"

STUDENT TESTIMONIAL

I live in a little cornfield county of 48,000 people. There are so many houses here sitting abandoned and vandalized, it's just a shame. We are averaging 25 foreclosures a month.

Before I found my first house, I ran an ad in the local paper saying, "Local investor interested in [My] County properties. Will pay cash." I received five calls from that ad. All five were in pre-foreclosure.

I picked a deal and went to work. It was easy to negotiate with the homeowners to get the property under contract. They called me and really wanted my help. Their family had some serious illnesses and they had many personal problems on top of it. They just wanted out from the financial bind.

I agreed to pay \$65,000. I ran a small ad in the paper and found a woman who was recently widowed. Her husband had been killed in a head-on collision and her kids wanted to get her into a nice house. I sold it to her for \$75,000 and netted \$6,612 on my first deal. The whole process only took 43 days. I saved the bank from having to foreclose and the homeowners felt blessed to be able to walk away and not have a foreclosure on their credit. Everybody won.

Dwan taught us in her boot camp and tapes that when you do this business the right way, you are not just making money, but you're making a difference in the community. That has become my mission, too.

Thanks so much! Marty Joe, Ohio

ACTION PLAN

Now that you have decided to wholesale, determine your game plan and set it in motion.

- How many properties do you plan to work on in your first year?
- How do you intend to find these properties?
- How much time each week are you prepared to devote to building your new career?
- If you have a partner, have you formed a corporation/partnership?
- When are you going to start?
- How much extra income would you like to make from real estate this year?
- Are you planning to do this full-time?

It is important to be realistic when determining how to start.

Think seriously about your current situation and how much time it allows.

- Do you have kids?
- Are they in extracurricular activities that require time from you?
- Do you work two jobs?
- Do you work six or seven days a week?
- Are you prepared to put in the time it takes to find properties?

SETTING UP YOUR BUSINESS

As you get going in this business, you'll need to develop a team of people to do things for you. They are not necessary today, but keep your eyes and ears open.

For example:

- ✓ Find a title company or an attorney to do your closings for you.
- ✓ Find a real estate broker to list houses for you.
- ✓ Find an accountant to give you tax advice.

Team players are very easy to find. They attend REIA groups; they run ads in papers, on the Internet, facebook, craigslist, and so on. They also use word of mouth references.

Before you begin building your team, it's time to think about how you intend to structure your new business. Are you going to do business in your own name or are you planning to form a corporation?

Let's discuss some of the various ways you can structure your business. Keep in mind that when you can afford it, you need to meet with a corporate attorney and an accountant.

When I first started, I did deals in my personal name. I opened a separate bank account so I could keep my money straight. I also used QuickBooks, a bookkeeping program, to help me because bookkeeping is not my strong suit. As things grew, I hired a part-time and eventually a full-time bookkeeper. She is great and relieves a lot of my stress.

If money is an issue, simply open a bank account and do your first few deals in your personal name. As your business grows, open a business entity. My corporate attorney says that most investors currently use an LLC - Limited Liability Company.

A LLC is an entity formed by filing documents with your state. It can be easily formed and in most states you can get the papers from the Department of Revenue and file them yourself. I recommend you don't open an LLC or business entity until you can afford to hire an attorney.

A benefit of using any entity is that you have additional personal protection in the event of a lawsuit. There will be little reason for you to be sued as a wholesaler; however, things happen. As you make more money, people figure out new things to sue over. Remember the McDonald's incident? Hello, ... if you have scalding coffee on your lap, you'll get burned. Use caution and you should be fine.

Start now; don't wait until you can afford to form a corporation.

ATTITUDE

Check your attitude. Starting anything new is difficult, whether it's going on a diet, trying to quit smoking, beginning a new career, ending a bad relationship, or the many other things we can change about ourselves. Your attitude is the most important asset you possess. Outsiders will try to discourage you from making positive changes in your life. It makes some people uncomfortable to watch others reach their goals and pursue their dreams. This is when you have to be your strongest.

“Your attitude is the most important asset you possess.”

You may have to knock on 75 doors or put in 150 offers before one is accepted. Then again, you may get lucky and buy the first house you go after. However it works out, be persistent; it will be worth it. Being able to work for yourself in a career you love is one of the greatest gifts you can receive.

To help you stay positive:

- ☞ Read motivational and self-improvement books.
- ☞ Attend every real estate seminar that comes your way.
- ☞ Make friends with people who have an interest in this business and bounce ideas around.
- ☞ Join investment clubs.
- ☞ Go for a short walk every day.
- ☞ Do not let negativity suck the wind out of your sails.

It is important to develop a positive philosophy as well. Remember the golden rule, "...Do to others what you would have them do to you..." Matthew 7:12.



I live my life with this way of thinking and have been very blessed in my personal life as well as my career. I want the same for you.

APPEARANCE

Your age, weight, height, or race have nothing to do with your success. It's all about how approachable and sincere you appear. Appear professional but not intimidating. For example, wearing a suit when speaking with homeowners in foreclosure might seem intimidating to them, making it more difficult for you to gain their trust; however, the same suit would be appropriate when speaking with bank representatives regarding their **REOs**. I find it is best to wear casual clothing and lose the jewelry. People who can't pay their bills and are facing foreclosure don't want to look at you dripping in gold or diamonds.

On the other hand, don't dress too casually, either. If you are too casual, they may not take you seriously. Find a happy medium. For example, nice pants or jeans, maybe a pullover shirt, nice shorts, a casual dress, something along those lines. Most importantly, always wear a smile!

REO: Real estate owned. A property becomes a REO once the bank takes the property at the foreclosure sale.

EQUIPMENT

Whether you plan to submit offers or receive foreclosure lists, a fax machine can be your best friend. It becomes costly as well as time consuming to run to the local office supply store to send and receive faxes. I recommend having a separate phone line. Many investors will not fax information to you if they have to call first and have you turn on your fax machine. Make life easier on them and yourself and invest in a separate fax line. You would assume that is 2013 this would not even need to be said, but you would be wrong.

**“Get a separate fax line as soon
as you can afford it.”**

Get a cell phone so that you can be easily reached. Time is of the essence when a deal is "on the table." This allows you to keep your home phone number private, if you choose. Also, check with your phone company to see if they offer a service that allows you to receive calls on your main phone line with a distinctive ring and its own number. This will alert you that it is a "business" call. If you will not be home, refer callers to your cell phone via your answering machine. Both the cell

and the distinctive ring phone number are inexpensive and can be printed on your business card.

It is worth the investment to purchase quality business cards. It is important to leave a business card with every person to whom you speak. Don't be a tightwad when it comes to the quality of business cards you choose. Personally, I hate those cards you make at home. When you separate them, the edges are rough and they look cheap. You can get real cards online that are free.

Okay, you now have the proper equipment:

- A dedicated fax line
- Cell phone
- Briefcase full of contracts
- Business cards
- Blue pens
- Flea spray
- A flashlight

Yes, I said flea spray. Many houses you will tour will be boarded-up or abandoned. I cannot tell you how many times I have gone into a house and came out covered with fleas. I now spray myself down before going into most properties.

This is how I learned my flea spray lesson:

I went into a vacant house one day that smelled like animal urine. I knew the former homeowners had a cat or a dog. As I'm walking around, I begin to notice fleas jumping on my pant legs. I go outside and shake off as many as I can. I need to leave, but I don't want my car full of fleas and I don't want to bring them into my own house. I see a neighbor with an outside dog and knock on his door. I proceeded to explain my dilemma and ask if he has flea spray and will he spray me before I get in my car. I can only imagine what he must be thinking..."I've seen porn movies that start like this"...hahaha. Still confused, he sprays me down; I thank him profusely, and head out. I am now on my way to an insurance office. As I am sitting with my agent and her colleagues, a flea jumps on the table, then another, and another. They all fell over laughing and I was mortified. Then I began to laugh as well and chalked it up to another fun day in the life of an investor. I now keep flea spray in my car and have used it many times.

Many properties are boarded-up and very dark; a flashlight is a must. Every investor I know, including myself, has a screwdriver, flashlight, flea spray, and contracts in his or her trunk. You should be no exception. I also carry Mace. Although I have never had any problems, it is best to be prepared. You never know what you might find when you go into a boarded-up house alone.

Your car needs to be your mobile office. Sometimes deals fall out of the sky and being prepared is what sets you apart from everyone else.

Again, it is important to understand that you do not need these things to start. If you can't afford them, start anyway. All you need is \$10. These are all in the "nice to have" category. Do not let anything stop you from starting.

GOALS

Take a few minutes to write down your goals. Don't limit yourself to what you hope to accomplish with Financial Freedom Through Foreclosures. Include everything that is important to you:

- ✓ Family
- ✓ Friends
- ✓ Money
- ✓ Lifestyle
- ✓ Weight
- ✓ Work habits
- ✓ Travel
- ✓ Time off

In order for you to achieve your goals, you have to have some and you have to write them down. Writing down goals is a big obstacle for some people. If this is the case for you, just ask yourself, "What's the worst that could happen?" The worst that could happen is that they will come true!

Did you know that only 2% of people in the United States write down their goals? Only 2%! I find that shocking. Folks, without written goals, you will not succeed! You want to be successful, don't you? I want you to be a superstar. I am a firm

believer in writing down goals. As you become more successful, you can always change or modify them.

Include in your goals, specific steps that you are going to take to achieve them.

For example, if your goal is to lose 15 pounds, how do you plan to do it? Write down the necessary steps:

- ✓ Go to the gym three times a week
- ✓ Cut calories
- ✓ Don't drink alcohol
- ✓ Walk for ten minutes a day
- ✓ Replace one meal with a weight-loss shake
- ✓ Cut carbs
- ✓ Commit to doing it for 60 days

These steps make it more realistic and attainable.

Make sure your goals include the five equities of life:

- 👉 Family
- 👉 Spiritual
- 👉 Physical
- 👉 Mental
- 👉 Financial

The five equities of life are what make us who we are. It's important to have balance. If your spiritual life is great, but your physical life is a mess, you will find it more difficult to reach goals. If your family life is a mess, but your financial life is great, you will not enjoy the money.

Strive to keep all areas of your life balanced.

- 👉 It's important to have a great family life.
- 👉 If you have old baggage hanging around, get rid of it today.
- 👉 If you're overweight and sluggish, get busy and lose weight.
- 👉 If you haven't been to church since you were a kid, go this weekend.
- 👉 If you are depressed over a lack of money, change your mind-set now.

☞ If your financial life needs help, read this program and change it.

I realize this sounds easier than it actually is; however, you can do it. You have to make the effort to have balance. It doesn't just happen. I have to plan my balance. I schedule time for the gym, kids, church, my sexy husband and so on.

Run your life like a business:

☞ Make a schedule.

☞ Start with a week at a time.

☞ Monday – walk for fifteen minutes, listen to my CD's.

☞ Tuesday- attend a short moneymaking seminar, listen to CD's on the way.

☞ Wednesday- call your parents/family, read my wholesale training program.

☞ Thursday- spend one hour reading a self-improvement book, keep listening to the CD's.

☞ Friday- take your kids to a movie, listen to CD's with kids in car.

☞ Saturday- walk half an hour, listen to CD's and read my program.

☞ Sunday- go to church.

You don't have to do everything at once; that is why people fail. They decide to join the gym, quit smoking, diet, and spend time with family all at the same time. You set yourself up for failure that way. Just make a small change each day. After 21 days, that small change will become a habit. After another 21 days, it will become a lifestyle. We all have the same excuses why we fail: "I'm too busy, I

work too many hours, I can't make it fit my lifestyle, or if only I had a better boss or spouse ... then I could do it."

**"After 21 days, it will
become a habit."**

Folks, you are the only person holding yourself back. Trust me, balance is tough when you are married, have kids, travel to teach, do real estate deals, have dinner with friends, go to the gym, church, and seminars. I have become a master at balance. I actually use schedules for everything from time with family and friends to time off. It's easier to do it that way. Most of you schedule your day at work, but at night, it's a free-for-all. Keep organized and the balance will come.

I recently asked the students in my boot camp how many of them want to make \$100,000 this year. Every hand went up. Then I asked how many have written goals and a plan to get there, and all the hands went down.

☞ If you're going to wholesale real estate, you'll be more successful if you have a written plan.

For example, if you want to make \$100,000 this year, you must plan to speak to x number of homeowners a month. Out of those, you must plan to put together x number of deals. Out of this many deals, you must plan to make x amount per deal. If you'll put this in writing and stick to it, you'll be able to achieve all your goals. Why settle for a \$100,000 per year. There is no reason you can't make a million dollars a year.

If your plan is to make \$100,000 this year and your minimum profit on each wholesale deal is \$10,000, you'll only need to do ten deals this year. If you can make \$25,000 per deal, you only need to do four.

Write down your top ten life goals in order of importance. Put them on yellow stickies and place them on the bathroom mirror. Read them every day and own them. Each day, do the steps necessary to reach these goals. I think you will be surprised at your success.

Putting a goal in writing is the first step to achieving it!

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

You've determined your top ten goals. Next, let's write down how to achieve those goals. Write down what you hope to accomplish in the next few weeks, months, and years, and how it will help you accomplish the main goals.

The key to reaching a goal is having a way to get there. In addition to reaching the top ten goals, there are mini goals along the way. You can't just say, "I want to be financially independent." How do you plan to become financially independent? That is what goal setting is all about, having a method to follow to reach the goal. Take time and put some thought into goal setting. By reading your goals and repeating them aloud every day, they will become a reality. What the mind can conceive, it can achieve.

One-week goals:

Steps to achieve one-week goals:

One-month goals:

Steps to achieve one-month goals:

Three-month goals:

Steps to achieve three-month goals:

Six-month goals:

Steps to achieve six-month goals:

One-year goals:

Steps to achieve one-year goals:

Two-year goals:

Steps to achieve two-year goals:

Five-year goals:

Steps to achieve five-year goals:

Again, place these goals where you can look at them daily. Don't get discouraged if you fall behind on reaching your goals. It happens to everyone. Just modify the goal and keep moving forward.

I am expecting big things from you this year. Make your goals realistic, but challenging, and you'll do fine.

CAN I REALLY DO THIS IN 30 DAYS OR LESS?

The wonderful thing about wholesaling is that you actually can do this in 30 days. The key to success is to be organized. If you will read this entire program today, you can start the moneymaking process tomorrow.

- ☞ Read today
- ☞ Run ads tomorrow
- ☞ Start taking calls the next day
- ☞ Knock on doors this weekend
- ☞ Get a property under contract over the weekend
- ☞ Find a rehabber early next week
- ☞ Find a title company
- ☞ Set a closing date

It really is that simple. If you are a multitasker, you will find this process especially easy. The ads need to be running at the same time you are knocking on doors.

Once you get a property under contact, you need to be working on the closing while working on other deals. You'll be going to a closing during the day while meeting homeowners at night.

As I have said before, write down goals to help you stay organized. Until you get your first deal closed, work on several deals at a time. As soon as you close your first deal, get busy and close another as soon as possible.

Wholesaling is like any other business, the more you learn about it, the easier it will become.

If you will make one of your goals to knock on 20 doors this weekend, I believe you will have a property under contract by Sunday. When I knock on doors, I average one deal out of every ten houses. Since this is your first time, I'll give you some leeway.

The programs you are about to read have scripts that will guide you through what to say. It's okay to be nervous. I was scared all the time when I was new. As soon as I realized how much these distressed homeowners actually needed me, I became more relaxed and really enjoyed what I was doing.

You will too. You are about to embark on a great journey. Have fun and make a bunch of money along the way.

Now that you have a general understanding of wholesaling, let's move into what I expect from you in Week Two!

WEEK TWO:

The Foundation For Financial Freedom

WEEK TWO

The Foundation for Financial Freedom

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CAN I REALLY INVEST IN REAL ESTATE WITH JUST 10?

It's funny; I teach classes all over the United States and Canada. Every place I go folks keep asking me the same question. The answer is ...YES! You can invest with just \$10 because you are going to wholesale property. When you wholesale, you never own the property. Because of this, you only need the money necessary to make the contract legal.

“You can invest with just \$10.”

If you want to be technical about it, you only need to give homeowners \$1 to make the contract legal. I give 10x more than the legal amount. There actually is a reason I choose to give \$10:

- ☞ If you take a minute and think about legal documents such as Warranty Deeds, Contracts, and Promissory Notes, in the deposit section they all state:

- ☞ “\$10 and other good and valuable consideration.”

This is the dollar amount contracts use to make them legally binding. Even though I could give just \$1, I give \$10 because way-back in homeowners' minds, in

their subconscious, they have seen “\$10 and other good and valuable consideration” and it seems familiar to them. As you read further along in the programs, you will notice that I use scripts that make me seem familiar to homeowners as well. Whatever you can do to make homeowners like you and feel comfortable will be a major asset.

With wholesaling, you are binding a property with the use of a sales contract and then selling your contract to a rehabber. You will give a \$10 deposit to the homeowners, but get a \$2,000 - \$3,000 deposit when you sell your contract to your rehabber. Rehabbers expect to give a substantial deposit.

If you are unable to close on the transaction with your homeowner, you will lose your \$10 deposit. On the other hand, if the rehabbers do not close on the deal with you, they lose their \$2,000 - \$3,000 deposit. Your only risk is your deposit.



The main reason you collect a large deposit from your rehabbers is to keep them in the deal. If your rehabbers know they will lose a \$3,000 deposit, they are unlikely to bail out on the deal. I will talk a lot more about rehabber deposits soon.

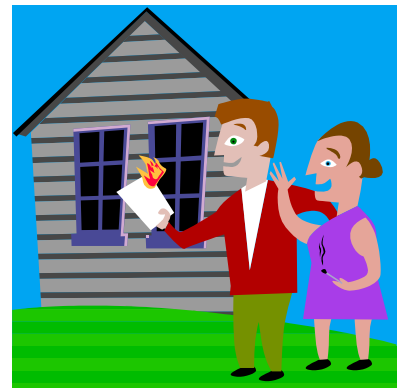
All you need to know right now is that you can do this business with \$10. So please keep reading....

DO I NEED A REAL ESTATE LICENSE?

This question has been the topic of many a discussion and has plagued investors for years.

☞ You **DO NOT** need a real estate license to be a real estate investor.

Folks, I do not have a license and have done almost 2,000 transactions. How can you do it without a license, Dwan? Easy, you are selling your interest.



Realtors take buyers and show them properties. They then put the buyer and the seller together and are paid a commission for doing it. The reason they need a license is that they are brokering the deal. The real estate agent is neither the buyer nor the seller.

As a wholesaler, you are actually the buyer on a signed sales contract with the homeowner. You are then selling your “right to buy” to another person, in this case a rehabber. Because you have a signed sales contract, you have what is considered an “interest” in the property. In all 50 states, it is legal to sell your interest to another. Therefore, you are not brokering a deal like a real estate agent, you are selling an actual interest in real property like an owner.

The main reason you will eventually work with an **investor-friendly** title company is that they understand what we do and how to do it within the limits of the law. Investor friendly title companies understand wholesaling in great detail and will handle the details for you.

Investor-Friendly: You will see this term used often. It is a business that specifically works with real estate investors in every aspect of our business. As an investor, you will be doing many creative things and you need investor-friendly folks to keep you legal and above board.

If you do not have a license, I suggest you do not get one. As a wholesaler, there is absolutely no benefit to you. In fact, it can be a detriment. If you have one, I'll talk later about how you can use it to your advantage.

The main drawback to having a license is that homeowners always think you are there to list their house. Even when you make it clear that you are an investor and are not interested in listing their property, they constantly wait for the ball to drop and for you to say, "Let's get this property listed."

"You do not need a real estate license to be an investor."

When homeowners in distress hear that you are an investor, they seem to have a sense that you are actually there to help them, not to get a listing for yourself.

BAD CREDIT, GOOD CREDIT – MAKES NO DIFFERENCE

People have a hard time absorbing the concept that they can actually buy real estate with no money and no credit. I have read all the other “no money down” programs on the market today and they all require either money or credit.

Other programs break down like this:

☞ You find a distressed homeowner with a property worth \$100,000. You negotiate to buy the property for \$60,000. How do you actually buy the house? You have to qualify for a loan. Because you are buying the property for 60% of its value and you have good credit, you are able to secure a loan for \$80,000 (80% of the value). At the closing, you leave with a check for \$20,000 minus closing costs.

This is great if you have good credit. If you are like I was, and like most people are today, you either have no credit or bad credit. There is no possible way for you to do the above deal unless you borrow money from a family member or a friend.

In essence, the above deal is a “no money down deal,” *with conditions*. Another way gurus teach no money down is this:

☞ You find a property worth \$100,000. You are able to buy it for the same \$60,000 as before. You call a **hard moneylender**, who will lend 65% of the retail value even if you have some minor credit issues. You are able to borrow \$65,000, pulling out \$5,000 at closing.

In either situation, how do you plan to make mortgage payments? What happens if you can't find a buyer or renter immediately? You could go into foreclosure yourself trying to buy a "no money down deal."

The only true way I have found to buy no money down is to wholesale. Again, with wholesaling, you never actually own the property, so you don't need any money. You are making money being a middleman. You are not the buyer or the seller. You are the person putting the deal together.

Hard Moneylender: A person who lends money to investors based on the value of the property regardless of the repairs needed. The guidelines are lenient as long as you are paying the right price for the property. Hard moneylenders typically will lend up to 65% of the repaired value of a property. So on a \$100,000 property in good condition, the most a lender would give you would be \$65,000. If you have credit issues, he or she might only lend \$50,000. You would then have to come up with \$15,000 to buy the investment property.

At some point, you will want to keep some of these properties for long-term rentals. When that time comes, you will need credit. If you have credit issues

now, start working to improve them. There are several things you can do to begin the credit repair process:

- ✓ Pay all your bills on time.
- ✓ If you have credit card debt, consolidate it onto one card, if possible.
- ✓ If you have any liens or judgments, call to begin a repayment plan or discount them and pay them off.
- ✓ If you have no credit, get a credit card or a secured credit card, charge a small amount each month, and then pay it off in full every month.
- ✓ If you have bad credit, get a secured credit card and do the same thing... charge a little each month, and then pay it off in full every month.
- ✓ Put car payments or mortgage payments on automatic payment so that they are not late.

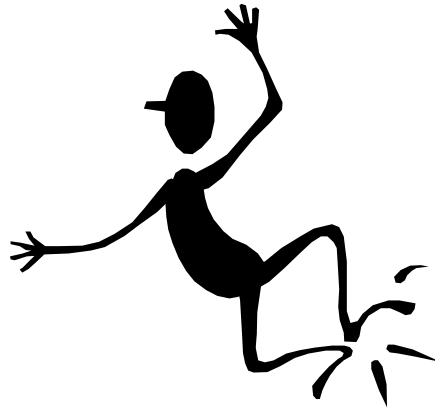
If your credit is bad, know that in two years from today, if you pay everything on time, you can have great credit again and buy whatever you want. In the meantime, wholesale to your heart's content, and do not worry about becoming a landlord for two or more years.

Subject To: When motivated homeowners deed you their house and you take the deed “subject to” the existing mortgages. Meaning, if they have 15 years left on the mortgage, you take over the mortgage and make the payments for the next 15 years. Remember, the person on the deed is the actual owner. If Bob and Sally Smith sign a mortgage and then deed you the house, you are the owner even though they are on the mortgage. This is how I accumulate most of my rentals. This way I have no mortgages in my name or on my credit report. Accordingly, if you fail to make the payments on time, it will affect Bob and Sally's credit. Therefore, you are morally obligated to make all the payments on time.

I invested for eight years before becoming a landlord. I did not want the headache of tenants plus my credit was bad when I started.

Eventually, I repaired my credit and was able to buy long-term properties. In my program, The **Rental Road to Riches**, I cover several ways to accumulate rentals without having to qualify for them. It is called a “**subject to.**”

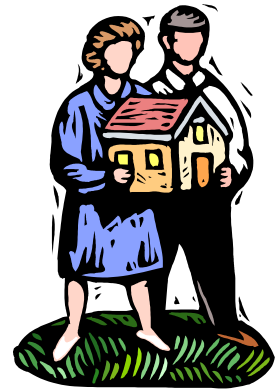
For today, just focus on wholesaling and worry about more advanced techniques later.



WHAT IS A FORECLOSURE?

When homeowners buy a house, they borrow money from a bank or lending institution. The agreement is:

- ☞ The homeowners pay on time and they get to keep the house.



The homeowners may pay on time for years and suddenly something happens and they can no longer afford the property.

- ✓ They fall behind on their payments.
- ✓ The bank begins sending nasty letters.
- ✓ The homeowners begin to feel extreme stress.
- ✓ The bank files paperwork to begin the foreclosure process.
- ✓ The homeowners eventually lose their property.

There is no set number of payments to miss before the bank begins the foreclosure process. When homeowners are one payment late, they are officially in **default**. Since banks are in the business

Default: If your payment is due on the 1st of this month and you pay it on the 20th of next month, it is officially in default. Once a payment is 30 days late, it is considered a default situation.

of lending money and not owning property, banks don't usually pursue a foreclosure after just one missed payment.

Typically, I see homeowners who are 6 to 12 months behind before the bank begins foreclosure proceedings. This means the homeowners have missed many payments before the bank does anything about it, other than send nasty letters.

Once the bank decides to pursue the foreclosure, it files a "Lis Pendens." This means lawsuit. A Lis Pendens is a public lawsuit and lets the world know that the bank is now going to foreclosure on the homeowners and take the house away from them via the legal process.

Why do homeowners get into trouble?

- ☞ Job layoffs
- ☞ Downsizing
- ☞ Terrorists
- ☞ Stock market drops
- ☞ Enron
- ☞ Martha Stewart
- ☞ WorldCom
- ☞ Dot com companies going bust
- ☞ Folks aren't spending like they used to
- ☞ Wars

- ☞ Car manufacturers closing factories
- ☞ Cheaper labor in other countries causing American companies to close shop here and move there
- ☞ Illnesses
- ☞ Accidents

There are so many reason homeowners get into trouble. Our job is to help them and save them from foreclosure by purchasing their property and putting together a fair deal.

THE FORECLOSURE PROCESS

The actual foreclosure process varies state by state. The speed in which it can be done depends on whether you live in a Mortgage State or Deed of Trust State. Most mortgage states use the judicial process, while most deed of trust states use the power of sale process.



The difficult thing is that some states use both - the foreclosing bank has the choice of which process to use. Given the choice, most banks would opt for power of sale because it is much faster. I'm going to take a minute to explain each process; however, I strongly recommend you find out for yourself as laws change continually...literally, the laws change ALL the time!

The easiest and cheapest way to determine the laws in your state is to call the courthouse. The clerks who work in the foreclosure file room are typically very helpful.

When I first started, I would go to the county courthouse and speak to the clerks in person. They can tell you how many foreclosures are filed a week, when sale dates are, and so on. If you have the money in your budget, call a foreclosure attorney, pay for a one-hour consultation, and take a list of questions.

Here are some questions to ask:

- ✓ In this area, how many payments do you find homeowners typically miss before the banks begins foreclosure?
- ✓ How long does it take from the Lis Pendens filing until the homeowners lose their house?
- ✓ Do we have a **right of redemption**?
- ✓ Do banks use the power of sale process, judicial process, or both when pursuing foreclosure?
- ✓ Name several ways you can stall the foreclosure without using bankruptcy.
- ✓ What do you charge homeowners to help them with their foreclosure?
- ✓ Will you be able to discount rates to my homeowners if I bring you a lot of business?

Right of Redemption:

Some states have a time period in which the homeowners can pay off their house in full after the foreclosure sale.

During the redemption period, the house has been bought by the bank, but the homeowner still has the right to redeem it. At the end of redemption, the property is now bank owned.

If you cannot afford an attorney at this time, the courthouse clerks can answer many of these questions.

Let's look at the different processes.

STUDENT TESTIMONIAL

I listened to all the material and was really inspired to go out and do this business. I'm writing to say thank you for sharing your knowledge and experience so freely.

In my current position as owner of a small carpet cleaning business, the way money comes to me is through vigorous physical labor. I'm not complaining about the money, but I'm usually physically tired at the end of the day. So you can appreciate what a wonderful, miraculous experience it was for me to do a really profitable wholesale deal. I found a house not far from my home. I met the homeowner's son there and we agreed on a price. I used the Assignment of Contract that you provide in your course. It took less than a week to find a buyer. I went to the closing a few weeks later and collected a check for \$14,239.64. Not bad for a little effort! I really feel I now know a new way to get money to flow into my life.

Al B., Florida

STUDENT TESTIMONIAL

I bought a property for \$100,000. I then wholesaled it for \$180,000. The property later appraised for \$210,000.

WOW, \$80,000 on one deal!

David J., Maryland

JUDICIAL FORECLOSURE

The first step of the foreclosure process begins with the nonpayment of the mortgage by the homeowners. Once the bank decides to move forward here is what typically happens:

☑ A "Lis Pendens" is filed on behalf of the **Plaintiff**. A Lis Pendens is a notice of pending litigation. If other parties have a claim against the property, they can

Plaintiff: The person filing the lawsuit. In this case, it is the bank.

join the lawsuit at this time. Look in the classified section of your local paper or check with your county courthouse to see if they offer a publication giving real estate information. This is a good way to find properties

in the beginning stages of foreclosure.

☑ The next step is "service of process." The bank hires someone, usually a sheriff or processor, to personally serve the homeowners a copy of the Lis Pendens. Often, this is when the homeowners realize they are officially in foreclosure.

☑ If the processor is unable to personally serve the papers to the homeowners, the Plaintiff (bank) will place

Defendants: The person being sued. In this case, the homeowners.

an ad in a newspaper circulating in the county in which the property is located. By running the ad, the bank is no longer required to personally serve the papers. Many states require the bank to run this ad for a period of two to six weeks to

allow anyone who has a claim to join the lawsuit. This is called “constructive notice.”

☑ **Defendants must answer the Complaint.** An “Answer” is a response to the Complaint filed by the homeowners, which admits or denies the allegations contained in the Complaint. If the homeowners file an Answer, the Judge will set a hearing date, at which time the Defendants must defend the foreclosure.

Answer the Complaint: The complaint is the accusation of foreclosure. The homeowners must reply to the court acknowledging they are in foreclosure or that the claim is false. Homeowners typically ask for an extension of their foreclosure sale date in their answer. There is a sample answer in the forms program.

☑ If you use the answer in the Get Legal with Fa\$T Ca\$h Forms program, be sure to send a copy of the letter via certified mail, return receipt requested, to the Plaintiff’s attorney (bank’s attorney) and one to the clerk of court at the courthouse in the county where the property is located. The information necessary

to reply will be indicated on the front of the Complaint. The Defendants should keep the certified receipts as evidence that the reply was mailed.

☑ If no answer is filed within the required time, the Plaintiff may move for a default or a quick foreclosure sale date. This may accelerate the foreclosure process in that the Plaintiff can move for a **Summary Final Judgment.**

Summary Final Judgment: The final amount, including late fees, the bank is seeking. For example, the mortgage is \$100,000; plus \$10,000 in late fees; plus \$5,000 in attorney’s fees. The bank seeks a summary final judgment of \$115,000.

- ☑ At the hearing, a summary final judgment is entered and a sale date is set. The summary final judgment indicates the sale date and the judgment amount.

- ☑ In most states, the property is set for sale at the courthouse approximately 30 days from the hearing entering the final judgment or at a time set by statute.

- ☑ The property is sold for cash to the highest bidder on the sale date at the courthouse auction. If you are the highest bidder, you must leave the required deposit in cash or cashier's check at that time and pay the balance by a specified time the same day. If the bank is the highest bidder, it now owns the property and will evict the homeowners as soon as the legal amount of time has passed. Homeowners typically have ten days or so to move out.

- ☑ At this point, a foreclosure is now on the homeowners' credit report and they no longer have any claim to the property. In the event of a redemption period, the homeowners can stay in the house until the last day of redemption. At that point, they have to pay the bank the entire loan in full or move out.

- ☑ The clerk of court will issue a **Certificate of Title** to the new owner of the property approximately ten days or so following the sale.

Certificate of Title:
A deed issued by the court making the highest bidder the new owner.

POWER OF SALE

In a mortgage state, the homeowner is typically paying a bank. Although the homeowner holds the deed, the bank has the right to foreclose and take the property and the deed in the event of default.

In most deed of trust states, although the bank is the lender and is being paid by the homeowner, the deed is held by a trustee who has the right to sell the property in the event of a default.

Typically, the trustee can run an ad in the paper for two weeks, serve papers, and then sell the property. As I said, the process is very short.

☑ When the property owner is delinquent on one mortgage payment, the lender can instruct the trustee to file a default.

☑ The trustee must then write a letter to the borrower confirming that a payment has not been made.

☑ Once confirmed, the trustee sends another letter informing the borrower that the loan has been **accelerated** and demands payment. A reinstatement clause is usually included in language in the mortgage and may differ from state to state. This clause gives the homeowner the right to reinstate or bring all the late payments current, putting a stop to the foreclosure.

Accelerated: If you have a 30-year loan, once it is accelerated, it is due in full ...today.

☑ If no payment is made by the borrower, the trustee must wait a set amount of time (generally two to four weeks) during which the trustee will advertise the property. At the end of the waiting period, the property is sold at public auction to the highest bidder.

☑ Again, the homeowners are given a specific amount of time to move out, and if there is a redemption period, it is now in effect.

Because of the simplicity of this method of foreclosure, it is much less expensive.

Many times homeowners will call you one or two days before their foreclosure sale. Get an attorney on board as soon as possible to meet with the homeowners to stop the sale. This will give you time to get the property wholesaled.

As I mentioned, I learned the foreclosure process by speaking to the clerks who work in the foreclosure file room, taking foreclosure attorneys to lunch, getting on the internet, and by attending auctions. The internet is a wealth of information.

☞ If you happen to live near a state line, do business in both states. Be certain of the laws first.

TYPES OF LIENS

There are many types of liens, but not all are foreclosable. In this next section, I will familiarize you with some of the liens that are out there.

Before you buy any property, your title company will research liens to be certain the property has clear title. You do not want to buy a property with liens against it. If you do, you assume those liens, which could change the numbers on the deal.

Below are the most common types of liens:

- JUDGMENT - The decision of the court that allows a judgment to become a lien against the individual being sued. For example, you run over the neighbors' cat, they sue you, and win. They sue you for \$10,000. They can now get a judgment against you for \$10,000. This can attach to your name.

- CERTIFIED FINAL JUDGMENT – If the person who sued you gets the judgment certified, it can attach to your property.

- TAX LIEN - (1) A lien for nonpayment of property taxes. Attaches only to the property upon which the taxes are unpaid. (2) A federal income tax lien may attach to all property of the individual owing the taxes.

- ☑ LIEN - An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances, but all encumbrances are not liens.

- ☑ LIS PENDENS - A legal notice recorded to show pending litigation against a person. A foreclosure is a Lis Pendens as is a divorce suit. The Lis Pendens is the notice of action.

- ☑ MORTGAGE - To pledge a property as security for the payment of a debt. The homeowner retains possession and use of the property as long as the payments stay current.

- ☑ MECHANIC'S LIEN - A lien placed against a property because the homeowners failed to pay a contractor or supplier for work, services, or supplies.

- ☑ HOMEOWNER'S ASSOCIATION LIENS - A lien placed against a property for failure to pay such things as maintenance fees, amenity fees, special assessments, and other fees that a homeowner has agreed to pay as a condition of ownership.

- ☑ MUNICIPAL CODE VIOLATIONS – Code violations can be many things. In some neighborhoods, code violations can be given for painting your house a color that has not been approved by the association. The city can give violations for enclosing a garage without a permit, building an addition, or not repairing a structure.

STUDENT TESTIMONIAL

An investor friend, from a neighboring community, asked me what I knew about a property on “Cherry Street.” My response was that it was not a dangerous area, but not one that I would go to. He proceeded to tell me that an insurance agent had offered this property to him for \$6,000. The insurance agent had not collected any rent for three years and wanted to sell. My investor friend kept asking me to “just drive by.” He spelled out our roles in the deal. He would handle the “buy” portion and I would handle the “sell” portion of this wholesale deal. We would split the proceeds 50/50. I said “all right” and drove by the property.

The “Cherry Street” house was on a street of 1000 square foot, two car garage, ranch style, cleanly maintained lawns, EXCEPT the one the insurance agent wanted us buy. Weeds and grass three feet high, toys and junk cars everywhere, one window, a sizable hole in roof, and no gas meter (hmmm). Was the property actually occupied???

I looked at my buyer’s list and the first call that I made located our buyer. I told him \$12,000, as-is. He offered \$10,000. I said, “deal.” I called my investor friend with the happy news.

By this time, the insurance agent agreed to lower the price of the property to \$4,000. With the expenses that we had deducted from our \$6,000 gross profit, we split \$5599.50 or \$2750, each. Not too bad for this adventure.

And to think that I did not want to drive by the “Cherry St.” house.

Donna J., Colorado

FORECLOSABLE LIENS

As you can see, there are many types of liens. The only liens that are foreclosable are liens that attach to a property or liens in which the property was used for collateral.

Otherwise, the liens attach to the person's name. In order for that person to buy or sell property, the liens have to be satisfied, or paid off. Even though the liens cannot force a foreclosure, the person cannot sell the property without paying the liens in full or at a **discounted rate**.

Discounted Rate: If your homeowners have a lien for \$10,000 against them, you can call the lien holder to see if they will accept \$5,000 (or less) as payment in full. Often, companies or individuals who are not being paid will take less opposed to getting nothing if the property goes to the foreclosure sale.

When you meet with your attorney, ask him or her if these liens are foreclosable in your state. The people who work as clerks at the county courthouse should also know this information.

The following are liens that may be foreclosable in your state:

MORTGAGE - Mortgage foreclosures occur because the homeowners have failed to make the payments on their mortgage. A mortgage can also be foreclosed if the homeowners have breached any of the clauses found in the mortgage.

☞ For example, a clause may state that if the homeowners fail to keep the home in livable condition, or transfer ownership without the consent of the bank, then the bank or mortgage holder can begin a foreclosure.

Any bank or mortgage holder in any position of priority, i.e., second, or third, etc. can foreclose for any of the reasons mentioned above, provided the clauses exist in the mortgage.

☑ **MECHANIC'S LIEN** - A lien placed against a property because the homeowners failed to pay a contractor or supplier for work, services, or supplies. This lien is foreclosable when the homeowners used their property as collateral for payment of the work, services, or supplies.

☞ For example, the homeowners build a pool. They sign papers using the house as collateral against the money owed to the pool company. For some reason, the homeowners decide not to pay, and the contractors begin foreclosure. If the homeowners don't find a way to pay this bill, they will lose their house in foreclosure even though the mortgage payments may be current.

☑ HOMEOWNER'S ASSOCIATION LIENS - Many properties are regulated by a HOA – homeowner's association. These associations charge a monthly or yearly fee. If you don't pay, the association can foreclose on the property even if the mortgage is current. I have seen homeowners with an association fee as low as \$500 a year lose their house in foreclosure. The association has the right to foreclose for nonpayment of association fees.

☑ MUNICIPAL CODE VIOLATIONS - These violations against a property may be foreclosable depending on local codes.

☞ For example, the homeowners may have three cars up on blocks in the front yard. The city cites the homeowners and gives them 24 hours to correct the problem. The homeowners leave the cars, and a fine begins to accumulate at the rate of \$200 per day. In a few months' time, the fine has reached several thousand dollars. In some states, the city can foreclose to collect its fines. In most states, these fees are negotiable. When you are planning to buy a property with code violations, call the city to see if it will take a discount. Typically, if you agree to correct the problem, the city will waive the fines; it just wants the eyesore gone.

As you learn the foreclosure process in your state, check to see if there are any other foreclosable liens not mentioned here. Also, check to see what attaches to the property, such as unpaid water bills, gas bills, and so on.

**For personal access to me and Bill join
our Coaching Community today!**

**It only costs a \$1 to try us out and I
guarantee that you will be blown away!**

www.InvestorsEdgeUniversity.com/realestateprofits

FINDING DISTRESSED AND FORECLOSED PROPERTIES

Finding distressed and foreclosed properties is easy. I am going to share a few of my favorites. I like them because they are easy and don't require a large investment.

Regardless of which method you chose, get started! The more advertising you do, the more deals you'll close.

How do you determine which advertising methods are working best for you? Track your expenses. Tracking advertising costs will allow you to determine methods bring the best result for the investment.

The best way to track leads is:

☞ Use a different name on each method of advertising.

For example, your newspaper ads may say to ask for Sue. The postcards may say to ask for Barb. If you are using different newspapers, use different names in each ad.

Homeowners will typically ask for the name in the paper. You simply say that Barb or Bill are not available and that you are happy to help. Then proceed with your questions.

NEWSPAPER ADS/CRAIGSLIST/FACEBOOK

I find ads requesting distressed properties to be a great source for locating properties. I run ads in the classifieds under the “Real Estate Wanted” section.



Here are some examples of ads that have worked for me:

“Distressed? Overwhelmed by bill collectors?
Facing foreclosure?
We can help. Ask for Sue. 555-555-5555”

“WANTED!! Distressed properties.
Confidential telephone consultation.
Ask for Bill. 555-555-5555”

“Cash for your house. Any condition, any situation.No equity, no problem. Ask for Bob. 555-555-5555”

Be prepared. When you run ads like these, your phone will ring off the hook. Make sure the message on your answering machine or voice mail mentions the ad. Try to be available to take the calls. Consider using your cell phone for the phone number in your ads.

Your outgoing message should say something like:

☞ “If you’re calling about the ad, please leave your name and number. Your call is very important to me and I will get back to you soon.”

You may have one ad running for distressed sellers and another running to build your buyers’ list. Make sure your message is generic so it covers all ads you may be running.

Respond to messages as soon as you can. Time is of the essence. The people who call about your ad are likely responding to ads from other investors as well. It takes a lot of courage for distressed homeowners to reach out for help, so it is

very important for you to call them back as soon as possible. If you can, go see them and their property the day they call you and try to negotiate a deal before they get cold feet.

**“Call homeowners back as
soon as possible.”**

“CASH FOR YOUR HOUSE” STREET SIGNS

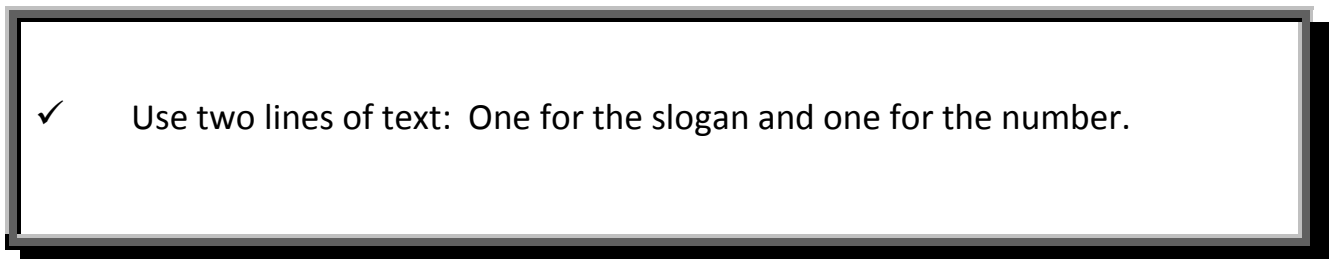
I love to use cash for your house signs. They are one of my most profitable ways to find deals. I have made an incredible amount of money from them. The first day I used signs, I received six phone calls by the time I had put out just 25 signs.

Another day, I put out only 13 signs and closed three deals as a result. I earned over \$85,000 on those three deals!

My signs are simple and easy to read. They look like this:



I see folks who put ten lines of text on their signs. Investors, keep it simple.



Use large print. Remember, most people reading your signs are driving and cannot read ten lines at 65 miles an hour.

These signs are inexpensive. They can cost as little as \$1.50 each in boxes of 100. You can find them at a marketing company listed in the phone book or on the Internet. If you're on a tight advertising budget, these reasonably priced signs might be a good place to start. Put them on wooden stakes at exit ramps, street corners, and median strips.

➤ Stay out of neighborhoods.

Nothing makes folks any madder than when an investor drives through the neighborhood and places signs in people's front yards. It's a surefire way to get Code Enforcement all over you.

You can find these sign companies on the internet.

I have used www.banditsigns.com for years. Ask for David and tell him Dwan sent you for a discount.

The next time you are sitting at an intersection, look around. Chances are, you'll notice signs that say:

- ✓ Work from home
- ✓ Lose weight now
- ✓ Home-based businesses available
- ✓ Stuff envelopes for quick cash

Folks, people use these signs to attract customers because they work. Again, I love them.

In some areas of the country, county inspectors frown upon these signs. Be certain to check with your local county to see what the sign regulations are. You may need a permit or some form of permission. I don't want to see you get a huge fine for using "Cash for Your House" signs. If you use caution placing them, you should be okay.



Another great place to put these "Cash for Your House" signs up is on your own rehabs. You can plant them right in the front yard of the property you're rehabbing. Any rehabber would love to have more houses in the same neighborhood.

NETWORKING

The best thing about networking is that it is *FREE!* Networking is a great opportunity. Every person who has ever met me knows what I do.

I leave cards:

- ✓ At the dry cleaners
- ✓ With tips... make sure you are a good tipper if you do this
- ✓ At the gym
- ✓ At local doctors'/dentists' offices
- ✓ At schools
- ✓ With bankers
- ✓ When I get my oil changed

Another great place to network is with local churches and charities. Call these places and inform them that you help folks in distress. Let these organizations know that the next time someone comes in needing help with the mortgage payment, you are available. I have gotten so many deals from charities and churches.

☞ In every neighborhood where you want to own property, there are: churches, schools, and charities.

Make sure these folks know you by name.



POSTCARDS

I am not a big fan in mailing postcards. Through the years, I have had tremendous success using them, but I find people often get lazy using this method and don't stay sharp on other ways to find deals. It's so easy just to drop postcards in the mail and I want you to be a well-rounded investor!

I mail to everyone who is in the public records:

- ✓ Newly filed foreclosures
- ✓ People who have just filed bankruptcy
- ✓ Heirs going through probate
- ✓ Folks going through a divorce
- ✓ People behind in their real estate taxes
- ✓ Landlords who have just completed evictions

Distress comes in many forms. Many times the foreclosure is the result of a distress that has been going on for quite some time.

☞ For example, a couple needed two incomes to qualify for a property. Now they are going through a divorce. One income cannot afford the property

and struggles to make the payments. After several months, the foreclosure begins. The result of the divorce was the foreclosure.

By mailing to folks going through divorce, you may be able to help them before the foreclosure happens. I get a huge response this way and am able to help many homeowners.

This information is available at your local courthouse and in the legal paper. When I first started, I could not afford to subscribe to a service that could provide this information to me. I went to the courthouse once a week and gathered the information, and then went knocking on doors. If money is an issue, go to the courthouse in person

and copy the information in the foreclosure file onto the **courthouse worksheet.**

Then either call or knock on doors of homeowners.

As soon as you can afford it, subscribe to a

Courthouse Worksheet: This form is available at the Coaching Community for just \$1.

www.investorsedgeuniversity.com/realestateprofits -

Simply copy the information from the file onto the sheet and you will have all the information you need to proceed with the deal.

service; it saves a lot of time. I subscribe to a service that sends this information in label form directly to my house. It makes it extremely easy to use. If you call

your local courthouse, the foreclosure clerk should be able to tell you who publishes this information.

Below is an example of a postcard I use. I keep the theme of offering solutions to problems instead of just offering cash for houses.

☞ Often, homeowners are looking for solutions before they come to the realization they have to sell.

Offer solutions or friendly advice and the deals will roll in. Remember, it's all about win-win.

Quick Solutions For Your Property Problems!

Facing foreclosure? Divorce? Rental Nightmare? Behind in payments? Death in the family? Need to sell quickly? We have the solution! Our company specializes in solving real estate related problems. Your search is over! Stop waiting & worrying and call us for a free, confidential, telephone consultation. We're here to help.

Our goal is to offer win-win solutions. Pick up the phone right now and get control of your life again.
We are here to help!

**WE ARE THE
SOLUTION TO YOUR
PROBLEM!**

**Call Today and Ask for
Karen. 555-555-5555**

MAGNETIC CAR SIGNS

The great thing about magnetic car signs is you're always working. When you're driving your kids to school, or going to church, the grocery store or the mall, people will see your signs no matter what you're doing. Think about the signs that you see.

You'll notice:

- ✓ Lawn maintenance
- ✓ Snow removal
- ✓ Day-care centers
- ✓ Catering Companies

I also get my magnetic car signs at:

www.banditsigns.com

Call today and order "Cash for Your House" street signs and they'll send you a set of magnetic car signs **FREE!**

Why do people use them? Because they work!

- ☞ I recently got a deal because I was sitting at a bank's drive-up window. A man came up and said, "Hey, I just inherited a property and I can't take care of it. I tried to start rehabbing it, and I can't afford to continue doing that. It's an hour away from where I live. I have been coming down here to work on it every night, and it's turning into a real burden. Can you help me?"

Imagine sitting at a bank's drive-up window and getting a deal with \$80,000 potential profit! Business is everywhere, folks. People even come up to me at stoplights.

☞ One of my students got his first deal from a car sign. He went to a restaurant, parked his car in the parking lot, and went in to meet a friend. A man saw his sign, followed him to the parking lot and into the restaurant to get his card. He had three houses he was losing in foreclosure and he needed the student's help. The student got all three properties.

My signs are simple. They say, "CASH FOR HOUSES" with a large phone number. I've actually had investors say to me, "Oh, no, those signs are so tacky."

☞ If you're worried about tacky car signs, you need to change your attitude.

Once you get a check for \$25,000, the "tacky factor" gets lower.

- ☞ The bigger the signs, the better.
- ☞ The tackier your car, the more covered it is in signs, the more phone calls you will get.

Do whatever it takes to get noticed!

WHAT TO SAY TO DISTRESSED HOMEOWNERS

In the “finding deals” section I did not mention knocking on doors. That is because I want to discuss it here. Knocking on doors is by far the fastest and easiest way to find deals. Whether you are an active or passive investor, I want



you to knock on doors. To this day, I still knock on doors. If you will knock on 20 doors of distressed homeowners this weekend, I truly believe you will have a property under contract by Sunday night or by Monday at the latest.

If you don't see yourself as an active investor, or this is out of your comfort zone, use the methods we discussed earlier. I use all the ways I have taught you; however, this is still my favorite.

When I first started, I'd say:

☞ “I understand you are in foreclosure and I'm here to buy your house.”

Even with that tacky approach, I got deals. I have since fine-tuned my presentation and do much better. Whether you knock on doors, or wait for homeowners to call you, the script is the same.

It's funny how many investors don't think they use scripts. Each time you speak to a homeowner, you likely say the same thing and ask the same questions. Whether you realize it, this is a script. Distressed homeowners use scripts, too.

To successfully lead the conversation, you'll need to do three things:

- ✓ **Repeat**
- ✓ **Approve**
- ✓ **Respond**



It sounds like this:

YOU: Mr. Smith?

THEM: Yes.

YOU: Hello, my name is _____. I was doing some research and I see you have a **pending problem** (never use the "F" word...foreclosure) with your property. My company specializes in helping folks just like you to solve their problems and I was wondering... what can I do to help you?

THEM: I took care of it.

YOU: You took care of it? (repeat) Great! (approve) What did you do?
(respond)

THEM: I hired an attorney.

YOU: You hired an attorney? (repeat) Smart move. (approve) What is your
attorney going to do? (respond)

THEM: I'm not sure. He mentioned filing bankruptcy.

YOU: He wants you to file bankruptcy? (repeat) Hmmmm, interesting.
(approve) Do you realize that filing bankruptcy will not stop the foreclosure; it
will only delay it for a few months? (respond)

THEM: No, I didn't realize that. My attorney said I could live for free.

YOU: Your attorney said you could live free? (repeat) That's interesting.
(approve) Unfortunately, in just a few months you'll be right back where you are
today. As I said, my company specializes in helping folks like you. Let me ask you
this: If you were to move, where would you go? (respond)

THEM: Well, I'd probably move in with my sister for a while while I get back on
my feet.

YOU: Move in with your sister? (repeat) Great! (approve) If I can help you without hurting your credit any further, put some money in your pocket, and help you get a fresh start, would you be interested in listening to what I have to say? (respond)

THEM: I suppose I would.

YOU: You would! (repeat) Great! (approve) Would it be best to meet tonight at 5:00 or is 7:00 better? (respond)

THEM: 7:00 is best.

YOU: Great, I'll see you then. (Get directions and confirm before you go.)

This is a very simple form of Neuro Linguistic Programming – NLP. NLP teaches you how to use language patterns so you can communicate better.

☞ **By repeating their answers,** you sound familiar. People like other people who are like themselves. Have you ever listened to yourself on tape? When you played it back, were you shocked at the sound of your voice? Everyone is. This is why repeating is so important. We don't hear how we sound or what we say. All the homeowners know is that you seem familiar. You seem familiar because you just repeated what they said and it seems as if they have heard it before. They have...two seconds ago.

Investors always ask me if the homeowners realize that I am copying them. They never do. Most people are not aware of language patterns; therefore, they will never realize you are repeating what they say. However, they will like you in a very short time. We are going for instant rapport here. You have a very short time to build trust and confidence. Use every tool you can.

☞ **By approving,** you are making them feel as if you think they make smart decisions. When you approve their decisions, subconsciously they like you because you make them feel good about themselves. Homeowners are bombarded with banks and creditors calling and the reinforcement of good decision-making is a much needed relief.

There are other things you can say that sound approving besides - great and good. Try: Interesting, hmmm, very interesting, good decision, curious, clever, and good choice.

☞ **By responding,** you are asking questions and moving the conversation in your direction. Basically, you are taking control. Who is in control of the conversation? The person asking the questions. It is very easy for homeowners to take over the conversation. As long as you keep asking questions, you can control the outcome of the conversation.

When speaking to homeowners, you'll find that you hear the same five or six objections. Write them down as they happen and have your rebuttals ready. It

usually takes three to five “no’s or objections” to get to the homeowners’ bottom line. Having your rebuttals memorized will help you secure more deals, make more money, and help more homeowners.

Let’s look at a typical conversation when homeowners call you. It’s important to remember, they are calling you. They are seeking your help. In order for you to help them, you have to ask questions. I find it helpful if I ask them to share a little

about their situation before I begin asking financial questions. A typical telephone conversation goes like this:



INITIAL CONVERSATION

THEM: Hi, I'm calling about your postcard.

YOU: My postcard. (repeat) Great! (approve) Who am I speaking with? (respond)



THEM: Bob Jones.

YOU: Bob Jones. (repeat) Very nice to meet you. (approve) My name is _____ . Bob, what can I do for you? (respond)

THEM: As I said, I was calling about your postcard and I want to see if you can help me.

YOU: I'll certainly try, Bob. Will you tell me a little about your situation?

THEM: Well, last year I was downsized. My wife, Mary, and I have been trying to get back on track for almost a year and just can't seem to pull it together. Our mortgage payments are \$1,000 a month and we are ten months behind.

YOU: Go on....

THEM: The bank is now trying to foreclose on us; we are so stressed out, we can't sleep at night. We have both been working part-time jobs and are looking for full-

time work. At this point, we just want to move into something that we can better afford and start over. We just can't make the \$1,000 monthly payments any longer. Our perfect credit is in ruins and we just can't deal with this any longer.

YOU: Wow, downsized and ten months late on mortgage payments. (repeat)
Sounds tough. (approve) Sometimes it is not appropriate to say... great.

☞ Example: THEM: My grandmother died. YOU: Your Grandmother died?
Great.

A positive answer would be a terrible insult and, as you can see, is not always possible. Approving is acknowledging their answer. Sounds tough or ouch or bad situation is appropriate in this situation.

What are you seeking as a result of my help? (respond)

☞ What are you seeking as a result of my help is a key question to ask. I never ask how much cash they need to move. They may not want any cash, but once you mention it - they now want cash. Nine times out of ten, when you ask, "What are you seeking as a result of my help?" They say, "I just want to move and start over. I can't take the stress any longer."

THEM: I just need enough money to move with and I want to stop the foreclosure process. If I lose my house in foreclosure, it will take many years to recuperate financially. My wife and I are so stressed; we can't even sleep at night. If you'll just stop the sale and help me move, I'm out of here.

YOU: Money to move with. (repeat) Great, I think I can help. (approve) Bob, I need to ask you some questions and then we'll see what can be done. How much do you owe on your property? (respond)

- At some point, you have to stop repeating answers. Otherwise, you will drive them crazy. Use NLP for the first five to ten questions. Once you feel rapport has been established, continue in a normal conversation.

THEM: \$50,000

YOU: Great, how much is it worth?

THEM: \$100,000



YOU: Okay, good, you have some equity for me to work with. What condition is your property in?

THEM: Good condition. **(They always say their house is in good condition, even when it is not. Keep this in mind as you will need this information when you tour the property.)**

YOU: Good condition? So there are no repairs necessary at this time?

THEM: Not really. I mean, it could use a coat of paint, but overall, it is in good shape.

YOU: Okay, great. Bob, when is your house going to the sheriff's sale?

THEM: I lose it in 40 days.

YOU: Forty days? Wow, we don't have much time. Are there any other mortgages or liens against the property?

THEM: No, just the first mortgage for \$50,000.

YOU: Great, what sales price are you seeking?

THEM: \$100,000.

YOU: Bob, \$100,000? I thought you said you just wanted to get out from under the foreclosure and move. Now you're asking me to buy your house at full retail. Wow, I don't see how I could possibly do that. Will you consider taking less?



THEM: Well... maybe.

YOU: Great, let me inspect the property and if you're open to negotiating, we'll work something out. Now, Bob, it's important for you to understand that I help folks for a living. In order for me to help you, I also have to make a living. If you don't think we can negotiate the price to leave some room in the deal for me, then I'd rather not come over. Are we going to be able to work something out?

☞ We are preparing them for what is to come. There is no way I am going to waste my time going to the homeowners' property if they are unwilling to take less for their property. I am in this business to make money and they need to understand that up-front.



THEM: How low do you expect me to go on my price?

YOU: Let me come over and let's see what we can do. My goal is to create a win-win situation for both of us. I only want to be part of this deal if we are both happy. Is tonight at 7:00 good? Great, see you then.

I have had thousands of conversation with distressed homeowners and they always sound like this. As you can see, the conversation is easy and it flows. It is nothing for you to feel intimidated about. Remember, the only person who knows this is your first deal, or that you are nervous is you. Keep it to yourself.

Before you spend your valuable time going to their house, be certain the homeowners are negotiable and ready to deal. If you find the homeowners difficult to work with in the initial conversation, don't waste your time going.

* Investors, you can't make someone become motivated.

Unless they are ready, willing, and able, don't waste your time. Spend your time with homeowners who want and need you.

“Do not forget to repeat, approve, and respond on all initial conversations whether in person or on the phone.”

QUALIFYING CONVERSATION

When I was new, I wasted so much time going to houses simply because I got a call and figured that if I could just get my foot in the door, I could motivate them. I realized, after many wasted meetings, if they are not motivated on the phone, nothing I say is going to make a difference. I have a great objection handler for folks who do not seem motivated enough.



YOU: Mr. and Mrs. Homeowner, on a scale of one to ten, with ten being highest, where do you rate your motivation level?

THEM: I'd say we're a four.

YOU: Four? You're kidding! What will it take to make you a ten?

THEM: Well, my house goes to sale in 60 days, so I'll probably become an ten about three weeks before the sale.



YOU: Great, let's do this.... When the sale is three weeks away, call me. You see, there are so many people in foreclosure that I only want to help the folks who really need and want my help. I'll be happy to work with you when you feel more motivated. Thanks for your time.

You will be stunned how well this works. More often than not, folks say... hold on a minute...don't hang up... let's see if we can work something out. You see, homeowners try to be in control. The reality is that we must maintain control of our deals if we are to be successful. Again, don't waste time with unmotivated homeowners. There are too many people who need your help.

These phone conversations will get you to the point of setting an appointment to view a property. If you chose to knock on doors, the conversation is the same. You repeat, approve, and respond the same way, ask the same questions, and try to get in the door on the spot.

I prefer to make a deal on the spot whenever possible. That is why I tell you to have contracts in the car because you never know when homeowners are willing to sign a deal.

We will discuss scripts in more detail. The scripts are designed to teach you how to negotiate price and terms with homeowners in a face-to-face situation.

BUILDING A BUYERS' LIST

You're running ads, putting out signs, mailing postcards and the phone is ringing. You're meeting homeowners face-to-face and the ball is rolling. You now need people to sell your properties to. This is where your buyers' list comes in.

A good buyers' list is crucial to your success. A good wholesaler has many rehabbers lined up. It is important to understand that there is a rehabber for every property. If you get a call from a homeowner with a fire-damaged property, it's okay. If you find a property with black mold, it's okay. What about structural damage? It's okay, too. As you build your list, talk to the rehabbers to see how difficult a property they can repair. This way, no matter what type of property you come across, you'll have a buyer in mind.

Different papers have different sections in which to run ads. You can place ads in the "Real Estate Wanted" section, "Money to Lend" section, or simply under houses "For Sale/Rent/or Lease" or use Craigslist.



If billing is not an option because money is tight, attend the next REIA group in your area and pass out flyers. If the deal is a good one, someone will buy it. If you can't attend the REIA group, call

the group leaders on the phone and offer the deal to them. Again, as long as the numbers are good, someone will take your deal.

There is only one reason a property won't sell:

☞ It is priced too high.

Seriously, there is no other reason a property won't sell. There is someone for every stage of rehab:

- ✓ Fire damage
- ✓ Mold
- ✓ Termites
- ✓ Structural damage
- ✓ Cosmetic updates only

Price it right and it will move.

Run an ad that says something like:

Handy, investor special, great deal for rehabbers.

555-555-5555

I have a property in foreclosure, thousands below market, won't last! 555-555-

5555

When investors begin calling, get the following information:

- ☞ What is your name?
- ☞ Phone number?
- ☞ Are you confined to one area?
- ☞ Can you close with cash immediately?
- ☞ May I call you in the future with good deals?
- ☞ What is your price range?

- ☞ *Buyers' list information continued ...*
- ☞
- ☞ What level of rehab are you interested in? Find out if they do simple cosmetic changes (updating baths/ kitchens, laying tile/carpet), or if they can handle major jobs, such as foundation issues or fire damage.
- ☞ Okay, (name), this property is located at (address). I would encourage you to go look at it right away. Based on the number of calls I have received so far, it won't last long.
- ☞ If you don't purchase this particular piece of property, I will call you with the next one, okay?
- ☞ I need your fax and email so I can send you information on my next deal.
- ☞ How many rehabs are you planning to do each year?
- ☞ Are you interested in rentals?
- ☞ What is your rental criteria?
- ☞ Great! I'll be in touch!

Put that information in a database. Then, when you find another deal, you have a list of buyers. Run your ads for 60 to 90 days. Even if you sell the property the next day, keep the ads running.

- ☞ Tell the rehabbers that the property sold; however, you are working on another and will call them once the deal is finalized.

They will always say, “Yes.”

☞ My buyers’ list has close to one thousand names, but the same 10 people buy everything. In reality I have 10 solid buyers and that keeps me as busy as I can be!

I have been collecting them for years. Every time I get a deal under contract, I email my list and ...boom... the deal is gone. It’s incredible! Remember, the faster you find a buyer, the faster you get paid.

**“Run your ‘buyers list’ ad for
60 to 90 days.”**

Building a buyers’ list is crucial to your success. As I said, it’s all about numbers. If you wholesale 50 properties a year and average \$10,000 per deal, how much is that? I’m going out on a limb here, but I’d venture to guess, it is more than most of you are making today. Folks, with the average person making \$30,000 a year,

\$500,000 is a pretty good jump in income, don't you agree? Is it possible in the first year? You bet it is.

What makes it possible, besides the knowledge I am going to give you, is having a good buyers' list. Once you have a good list, run ads several times a year to replenish it. There are always new rehabbers coming into the market. Why shouldn't they buy from you?

STUDENT TESTIMONIAL

On one of my first wholesale deals, I bought a property for \$12,500. I sold it to a local rehabber and after leaving a substantial profit for him, I made over \$40,000! This property had been abandoned for years and was used as a "crack house." It had been passed over by hundreds of other investors. Thanks!

Forever a Student,
Steve D., Florida

FINDING YOUR TEAM PLAYERS

As you develop your investing career, you will need a team of folks to help you along your way; henceforth, your “team players.”

Eventually, you will work with a title company, realtor, attorney, and a mortgage broker. For now, we’ll cover finding a REIA group to join.

A benefit of belonging to a REIA group is that you have a network of other investors. As I mentioned before, you can find the group nearest you at: www.nationalreia.com.



This site lists all the groups in the United States. Even if the closest group is 100 miles from where you live, attend anyway. Networking at these monthly meetings will definitely advance your career.

I used to own a REIA group in Florida and can speak first hand of the benefits to a new investor. As a group leader, I was dedicated to making sure my members got a good, well-rounded education.

Groups offer:

- ✓ National speakers
- ✓ Weekend seminars
- ✓ Workshops
- ✓ Focus groups
- ✓ Newsletters
- ✓ Some offer free consultations
- ✓ Some offer legal advice
- ✓ Corporate members offer special discounts on their services to group members
- ✓ Some groups offer mediation services in the event of a dispute with among investors

REIA groups offer many benefits and provide a much needed service. Most of the team players you will eventually need belong to a REIA group. My group had service providers, title companies, attorneys, mortgage brokers, realtors, and more.

As a group leader, if I hear of any of these folks taking advantage of another member, he or she is removed from the group. Not every group leader is as

diligent or cares as much. Therefore, before you work with anyone from a REIA, do your own due diligence.

We'll discuss finding a title company soon. A good title company is worth its weight in gold.

Most groups offer a yearly membership, and allow visitors to attend a few meetings free. Take flyers of properties you are trying to sell and get busy.

TEST

No program is complete without a test. Let's see if you can answer some simple questions:

Are you an active or passive investor?

Which form of advertising will you use to find deals?

What is a foreclosure?

What is a Lis Pendens?

Which state are you in: deed of trust or mortgage?

How long is the foreclosure process in your area?

How many foreclosures a week are in your area?

What are the three things you say in your initial conversation with a homeowner to build rapport?

What do you ask to make sure a homeowner is motivated?

- Name three questions to ask your rehabbers when building a buyers' list.

- Name three questions to ask homeowners when trying to determine their motivation and/or the repairs their property needs.

- How much money do you need to wholesale a property?

- How can you wholesale when you don't own the property?

- What are three benefits of belonging to a REIA group?

Name three liens that are foreclosable in your state.

What is your risk if you can't close?

What do you risk if you never put this program to work?

HOMEWORK

It is possible to find and wholesale a deal in 30 days, but not if you take three weeks to complete Week One – make sure the ball is rolling!

Here is your homework for this week:

- Place an ad to find distressed homeowners.
- Pick up a copy of the legal paper in your area.
- Go to the courthouse and research files.
- Start going to home improvement stores to price home repairs, such as: paint, carpet, roofing material, and so on. This will help you next week when you meet with homeowners.
- Knock on 20 doors this week. If you work full-time and don't feel you have time to do this, knock on one door a day on the way home from work...no excuses! If you knock on just one door a day, that is well over 200 doors a year. You can't help but get a deal.
- Put out at least 50 "Cash for Your House" signs.
- Get magnetic cars signs and place them on your car.
- Mail postcards to the people we discussed.
- Attend and join a REIA meeting.
- Make sure your buyers' list ad is running. If you can't afford to run an ad, call a REIA group and speak to a leader. The numbers are listed in the website.
- Read your scripts at least ten times a day.

- ☑ Have your supplies ready and in your car...contracts, blue pen, calculator, flea spray, flashlight, and so on.
- ☑ Begin taking calls from the ads you are running.
- ☑ Open a separate “no monthly charge” bank account.
- ☑ If you have the funds, form a corporation.

I realize this seems like a lot to accomplish, but it actually isn't. Most of these tasks can be done simultaneously. Ads are running while you are taking calls. Visit a home supply company while on the way to see a homeowner. Stop by a bank on the way home from work or on a lunch hour. It is easy to coordinate these things if you use your time wisely.

Just think, the sooner you do these things, the sooner you are on your way to making \$10,000 or more!

CHECKLIST

Before you move on to Week Three, be sure you have done the following:

- Have you read the entire program?
- Have you listened to the CD's?
- Do you have ads running for distressed homeowners?
- Are you knocking on doors?
- Have you been to the courthouse to research files?
- Are you reading your scripts ten times a day? You need to do this so that you sound smooth when you take calls from homeowners as well as rehabbers.
- Are you setting appointments to meet with homeowners?
- Are you sure they are motivated before you drive to their house?
- Are you building a database of buyers?

If you have done all this, you are ready for the next week. You will sign a contract with a homeowner and then assign that contract to your rehabber.

It will then be time to set a closing date and collect your first check!

TEST ANSWERS

Okay, okay....I'm feeling sorry for you, so here are the answers:

- Are you an active or passive investor?

Truly a question only you can answer.

- Which form of advertising will you use to find deals?

I am hoping you will use all six: postcards, knocking on doors, Cash for Your House signs, magnetic car signs, ads, and networking.

- What is a foreclosure?

When homeowners fall behind on their mortgage payments, the bank begins a process to take ownership of the property; this process is called foreclosure.

- What is a Lis Pendens?

The notice of action. In other words, the lawsuit, which is filed at the county courthouse that notifies the world that the homeowners are in foreclosure.

- Which state are you in: deed of trust or mortgage?

You'll have to call the county courthouse to determine this.

- How long is the foreclosure process in your area?

Again, call the courthouse or a local real estate attorney. You need to know this information.

- How many foreclosures a week are in your area?

Ask the clerks at the county courthouse. I think you will be stunned at the high number of foreclosures. Our nation is at an all-time high in foreclosures and bankruptcies.

- What are the three things you say in your initial conversation with a homeowner to build rapport?

Repeat, approve, and respond.

- What do you ask to make sure a homeowner is motivated?

On a scale of one to ten, with ten being high, how motivated are you to work with me and solve your problem?

- Name three questions to ask your rehabbers when building a buyers' list.

Name and contact information, how many rehabs do you plan to do this year, and what is your price range? There are many more questions so learn them all.

- Name three questions to ask homeowners when trying to determine their motivation and/or the repairs their property needs.

How much do you owe, what do you believe your property is worth, and how much work does it need? Again, there are many more questions, so learn them all.

- How much money do you need to wholesale a property?

\$10

- How can you wholesale when you don't own the property?

You are selling your interest. You have an interest because you have a sales contract.

- What are three benefits of belonging to a REIA group?

Other investors, great place to find team players, seminars and workshops.

- Name three liens that are foreclosable in your state.

Check with the county courthouse or an attorney in your area.

- What is your risk if you can't close?

Only \$10. Actually no risk because every deal is a great learning experience!

- What do you risk if you never put this program to work?

There is no answer severe enough. You run the risk of NEVER having financial freedom. DO NOT let that happen to you!

**Good job... now get busy and move on to
Fortune Building!**

The clock is ticking...