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Control the Deal on All Sides to Get Paid in More Ways

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Control the Deal on All Sides

To Get Paid In More Ways



One of my favorite things to do each month is our CEO Fireside Chats. We get to talk about all the cool things that are going on in the real estate and private money industries. Today we're talking about our Filthy Rich 50 and how to control the deal on all sides to get paid in more ways than one.

Supreme Controller of the Deal

So do you want to get paid more, more often? The answer is obvious, yes, of course! So let me ask you it this way. Are you ready to do what's hard now in order to make life easier later and to make more money more often? Is the answer still yes? Hopefully.

Here is the key to success. Rich people do what's hard now, which makes life easier later, and poor people do what's easier now, which makes life harder.



What is the CEO Fireside

These monthly success-building, all content trainings help you overcome common obstacles and enhance your business acumen for further growth and development. That being the case, we only want 200 of the most serious, involved entrepreneurs on the call.

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To put this into perspective, some people go to college and they get master's degrees, and because of all of that education and background, they're able to go out and get jobs that pay six figures while those that skipped college and went straight into the working world often have to work harder and longer simply because they don't have the college background, so they end up in jobs that don't yield or pay nearly as much.

I'm on the flip side of this, as you may know, as a college drop-out and former grocery store bag boy making \$3.90, and I worked really hard to get where I am today and the rewards are great! If you're willing to work hard now, then you can do what's easier later. I predict a time 10, 15, 20 years from now, when those of us who put in the hard work now will be wiling our time away playing golf or sitting on the beach somewhere and I'm looking forward to it!

So which camp are you in? The rich people, like our Filthy Rich 50 who are working smarter and faster now so they can retire and enjoy life later or the poor people who stay in the status quo and do what's easy now. I'm going to show you how you can be a part of the Filthy Rich 50 today.

Who Are the Filthy Rich 50?

The Filthy Rich 50, is an Inner Circle group who works with me to close on 10 or more deals in their first year or less. Being a lender of private money, we have found several things over the years. One of those things is that we can dramatically reduce our foreclosure rate through education. The reason we put on events throughout the country is so we can show you how to run comps, pull value, determine your fix up and rehab costs, and manage contractors. The better investor we can make you, the less risk we have as a lender. We have also found that the more volume we can do with less people, the more capital we can deploy with less risk. If the risk goes down, the price of money goes down too.

When you have done five deals with our company, I can lend you more money at a cheaper rate and when you've done 10 deals with our company, I can lend you even more money for cheaper because now I'm selling you to our investors based on your own reputational capital. However, when you come in and do one deal with us, I'm selling you based on my reputational capital because my lenders know that we know what we're doing. So in many ways, for those of you that come to our trainings and then want to borrow funding, you're leveraging my reputational capital in the lender community to gain access to funds.

I want to transfer that to you so that they're lending money to you because of YOUR reputational capital. Right now, we have a handful of borrowers that have done enough volume with us that we have lenders calling and asking specifically for their loans. They've borrowed money and paid it back and borrowed money and paid it back and have done so with consistent frequency. Our lenders see their loans on Heather's Lender Webinars and they're now asking for loans from these borrowers specifically. I would like to see more of you joining this group, which is why we've put together the Filthy Rich 50. I want to separate the wheat from the chaff, if you will. I want to identify the folks that want to take their business to the next level and really do something with all the opportunity that is available in the real estate market

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Pros of Being Licensed

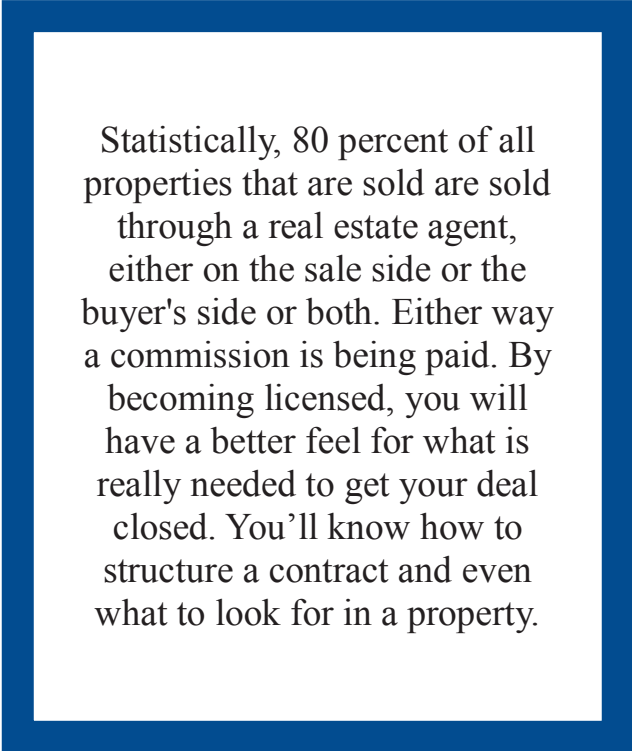
Pro #1: Education.

The more you know about the business, the greater the chance of you becoming successful. Almost every investment deal you get involved in will have some contact with a real estate agent. In fact, statistically, 80 percent of all properties that are sold are sold through a real estate agent, either on the sale side or the buyer's side or both. Either way a commission is being paid. By becoming licensed, you will have a better feel for what is really needed to get your deal closed. You'll know how to structure a contract and even what to look for in a property.

I believe that one of the challenges many real estate investors face is that they are being fed the wrong information. They are told that they can quit their jobs and get rich working part time. If you've listened to me for any amount of time, you'll know that I'm not a proponent of you quitting your job until you have proof or validation that you can actually succeed in this arena. I believe that you should build the infrastructure of your business while maintaining the current salary or income that you're getting from your employer.

I have been a licensed real estate broker for 16 years. I just recently reactivated my license because I was doing so much volume on the real estate side that I was on the verge of paying my realtor six figures and I would rather pay myself that money. Here's an example of what I mean: What if we bought four houses for \$100,000 each. If we get the 3 percent commission on the acquisition, that's an additional \$12,000. Now let's say that we turn around and we relist them to sell for \$200,000 each, that's another \$24,000 in commissions on the sell side. By just being an agent on those four deals, we increase our income by \$36,000 annually. That's a 36 percent increase on the same volume that you'd be doing anyway!!!

This may be hard for you to swallow since it has been ingrained in your head for a very long time that the worst thing you can do as a real estate investor is go out and get your real estate license. One of the things I like about being a licensed agent is there's nothing you can do as an unlicensed investor that I can't do as a licensed agent, however, being an agent means you have to do everything legal, compliant, and 100 percent above board. That's how I do business, and that's how I want you to do business too. I don't think making a short sum of money in a short period of time is worth erring on the side of gray or barely legal. I like to run a clean, easy, efficient, tight ship because I want it to be alive and well 5, 10, and 20 years from now. I want to do anything and everything we can to legitimize you as an entrepreneur, as a business owner, and as an investor and help give you the tools and the infrastructure necessary so that you can really launch this thing.



Statistically, 80 percent of all properties that are sold are sold through a real estate agent, either on the sale side or the buyer's side or both. Either way a commission is being paid. By becoming licensed, you will have a better feel for what is really needed to get your deal closed. You'll know how to structure a contract and even what to look for in a property.

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Most find me and my company because they were looking for capital. We have, for many years, been one of the top capital providers to real estate investors across the country who are buying, fixing, and selling real estate. The reason we got into the funding business in the first place is during my travels as a speaker and trainer, everybody I talked to wasn't buying real estate because they didn't have any money. Well, now I've taken care of the money side. We have millions of dollars available to lend you. What we are now lacking in is deals. So we have an entirely new challenge to help you through and one of those challenges is infrastructure. Many of you are trying to do this business out of your basement. You don't have a professional space where you can meet with clients or where you can conduct trainings. We need to fix that. You need infrastructure and a professional working environment. My purpose, my vision, my plan for my company and for those of you who choose to get involved is I'm going to help you build and set up infrastructure so that you are running a multimillion dollar enterprise with systems, controls, key performance indicators, and base lines. That way you'll know if your marketing pieces, phone calls, offers written are actually working. I want to help you set up and legitimately run a foreclosure, fixing, flipping, rehabbing, and licensed machine.

Pro #2: Access to the Largest Buyers' and Sellers' List, the Local MLS

You will no longer have to rely on friends and associates to access the MLS. You can run the search queries and find candidate properties on your own with your own license. You can also access the wealth of historical data that the MLS provides, and you can easily determine which areas, types of houses, and buyers to focus on.

When I'm working with clients, I need data. One of the key data points that I look for before I go out into a market is what is the available month's supply. What this means is: if no new properties were to be activated or listed for sale or purchase, how long would it take for the demand of those who want to buy a piece of property be filled? What we're finding is that in a lot of markets, it's actually less than 30 days.

I was out with Sam Gerber in Atlanta and we went to the Gwinnett county auction. It was a mad house. The only other auction I've been to that had that many raving, crazy people is the Norwalk auction in L.A. County a few years ago. Properties were being bid up to 90, 95, 100 cents on the dollar. As I was sitting with the managing broker, I asked the question, "What is the available month's supply in this market?" She asked, "What price range?" I said, "The one that's moving the fastest." She said, "\$200,000 is less than 15 days." This told me why people are buying at a hundred cents on the dollar at a foreclosure auction—the month's supply is just 15 days. This also told me that shopping at the auction was not going to be the best strategy for us because people were paying retail there. Why? Because it's much easier to go to the auction than it is to research other deals. With



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MLS access, we can find and target buyers who will sell at a cheaper rate. With a license, you can quickly and easily retool your strategy for any market.

Once you know how to do it, it becomes very easy to execute. One of the things I want you to re-search as a licensed agent is the available months of supply and what are the key price point triggers? At what price point does the months of supply begin to get longer? If \$200,000 and less is 15 days, is \$250,000 25 days, \$300,000, 60 days, and 500,000, 90 days? You need to know this to know how long you'll be holding any particular property.

Pro #3: Make More Money

Every time you sell a house through another agent, you're spending about 6 percent of the sales price on commission, and when you buy a property, your agent is also collecting up to 3 percent for facilitating the transaction. With a license, you have access to about 78 percent of the total sale price of the property in extra profit. Now you may be saying, "Wait a minute, Lee. You're making assumptions that every property I buy I'm going to buy on the MLS and every property I sell I'm going to sell through the MLS." For those of you that are not licensed, you're absolutely not going to buy and sell everything through the MLS. However, I am licensed, and I can tell you that whether I buy it on the MLS or not, I'm still paying myself a commission. And, yes, my commission goes through the broker, so I do have to give away 30 percent of it, but by the time it flows back to me, that's a completely separate income stream.

I was talking earlier about infrastructure and helping you build a stabilized company that has predictable and reliable income, which makes you more bankable. This is what I'm doing. I want to be more attractive to conventional banks, which means I need to draw a salary. I need to have profits from my real estate fix and flips and an income stream from my commissions. Just from commissions alone, my income will exceed six figures. So, when I go to the bank and say, "I want to borrow money for a project," they're going to say, "Well, tell us about your income." I can show them that I have multiple streams of predictable and sustainable income which is very attractive to banks. This may sound funny coming from a guy who makes his living lending to private investors so they can specifically avoid banks, but know this, bank money is always going to be cheaper than private money. That's why we want to do everything we can to make ourselves attractive to banks.

My goal for each and every one of you is to take you from where you are, lend you as much money as you need to buy as many properties as you want to where you've generated enough income that you can become a lender through this platform. I ultimately want you to make enough money that you can meet the qualifications of the SEC as an accredited investor. As an accredited investor, you can participate in my high-yield funds, and you can start earning double-digit returns with a lot less work. This is my path, my plan, my purpose, my strategy for each and every one of you should you choose to engage.

The thing is, my business doesn't work without you. You are my business. I train and educate you and you pay me for that. I lend you money and you pay me for that. When you've made enough money and you start lending, I also get paid for that and when you put money into my fund and I manage

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it, I get paid for that too. But the great thing is, all along the way, you're making money too. So it behooves me to get you to profitability as quickly and as rapidly as I can and help you take full advantage of all of the additional, ancillary income streams that this business produces and creates when you run it the way I teach you to run it.

So let me make this easier. If you just simply do everything I say, you're going to be fine. It doesn't benefit me at all to run you down a road where you're going to lose money. My goal is to get you to accredited investor status. To be an accredited investor you need to be: A single individual who makes over \$250,000 in income annually and it's reflected on your tax returns; if you are married, you and your spouse file and earn over \$350,000 per year annually; or whether you are single or married does not matter; you have over a million dollars in investable assets or net worth that excludes your primary residence or equity in primary residence. That is the goal.

Now, if that is not your goal, if you just want to flip a couple of houses every three to six months, that's fine. I'm a money lender and I'm happy to lend you money. But please know, that whenever you're ready, I have big plans for you—probably bigger than the plans you have for yourself and I'm ready to help you implement them!

So being an agent makes sense. If you buy a property for \$50,000 and sell it for \$100,000, that's \$7,500 in additional profit, assuming your buyer didn't have his own agent, but you could have it if you were your own agent on the purchase and sale of the deal. Doing just four deals per year having your real estate license could earn you an extra \$30,000.

Pro Number 4. It's Another Income Stream

Even if you don't intend to make a career out of being a real estate agent, it can provide you with supplemental income. Your first rehab or wholesale deal may take months. The license will help supplement your income during that time. Listing one house every few months or completing one broker price opinion will generate a little income here and there. Additionally, it is a great way to learn the business from another perspective.

The other reason that I am building this nationwide group of 50 agents is, as a lender, I occasionally have to foreclose. I would love to tell you that all of our borrowers pay us on time and they're never late, but

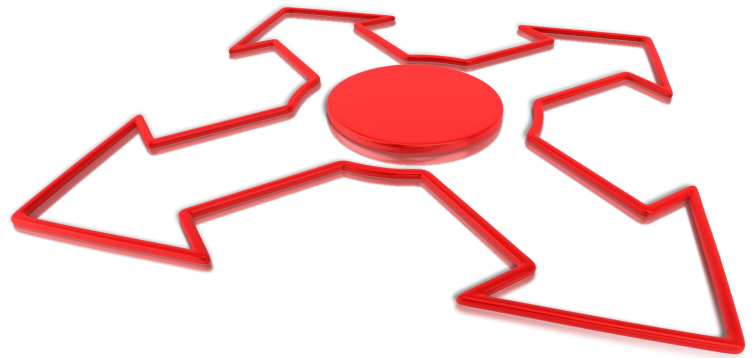


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we have about a 15 percent default rate on our portfolios, which means that every hundred loans we write, 15 people are going to decide they don't want to pay. Wherever those properties are, I need trained, intelligent individuals that we can call and ask to go look at the property, give us a feedback, and tell us what it needs to get it to a sale environment. We pay people to do this. We then go through the pains of foreclosure to regain possession of the property, which we then fix for sale. We then always list these with local agents in those markets. Unfortunately, we have found that the local agents don't do things the way that I would like them to, which is a really nice way of saying they don't have a clue what they're doing. I need agents that are going to do it my way because my way works and it's easier. I want to list these properties with one of our agents—which can be YOU!

Pro Number 5: Control the Deal on all Sides

When you're licensed, you can submit offers to and negotiate directly with listing agents. You deal directly with the lenders, the appraisers, the inspectors, the closing attorneys, and all other parties involved on the closing of both the buy and the sell sides, and you control the marketing, sales, and the showings of your properties to prospective buyers.



Why is control important? Let me ask you this, will your agent drive to your property before every showing, turn on the lights, open the windows, and put out fresh cookies? Will your agent follow up with everyone who has viewed your property to get feedback and recommendations? Will your agent send marketing materials to renters in the neighborhood who might be looking for a house to buy? Will your agent make sure to be at the house with the appraiser to ensure a favorable viewing of the property? The answer? Most likely not. One of my favorite quotes is, “Do not leave your success in the hands of others.” I want to be in control of all major revenue streams going in and out of my business, and you should too.

I was working with one of my one on one clients who just recently found an agent. She was really excited because the agent had been in the business for over 20 years. I wanted to test this agent's chops so I said, “Have your agent set up an auto hot sheet for you with the following criteria, and then forward me every auto hot sheet deal that she sends your way so I can see if it is indeed what we're looking for. Every deal that she sent was the wrong type of deal. If I'm new to the investment business, I'm going to be frustrated attempting to write offers on all of them, and being rejected and not making any money. Make sure that the data that you're getting fed is the right data. Finally I said, you know what? This agent doesn't get it. I want you to set up a conference call and I'll show the agent exactly what we're looking for and how to build the auto hot sheet my way. It was about a two and a half hour call, but we finally got the right auto hot sheet data set up. At the end of the call, the agent said to me, “You know, that was great. I don't know why I didn't do that sooner.”

As you may know, I recently hung my license with Keller Williams. I chose Keller Williams because first, it has over 1300 market centers in the United States. This means no matter where you are, there

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is a Keller Williams office within a 10 to 20-mile radius of where you live, assuming you don't live in the middle of nowhere. Secondly, Keller Williams has what's called a rev share or participation program, which means for every agent that I bring into the company, no matter if you're in my market or in your market, I'm going to get paid as your sponsoring broker or agent. I get paid 10 percent of every commission you earn for the rest of your career. Now just so you and I are both clear on this, I could care less about the 10 percent. I just care about their centralized system that is the same all across America. You are also allowed to bring in other agents under you and you can get 10 percent of all of the deals that they do. This is why Keller Williams is one of the largest and fastest growing real estate brokerages across the world—their agents are the ones doing all the recruiting. When I sit down to train my agents, we work within the Keller William's technology. We utilize their CRM and auto responder mechanisms. I can show you how to use the MLS, auto hot sheets, and contracts, which are boilerplate across the country and systematized by Keller Williams. So, when I open up my back office, it looks exactly like yours, which means that I now can teach you on those systems how to do exactly what I'm doing. I can show you how to input listings the way I input listings. I can show you how to set up auto hot sheets the way that I set them up. I can show you how to write offers quickly the way I write offers quickly. I can show you how to gain access to some of the best deals on the MLS that most agents don't know how to identify. I do this because my goal is to be a multi-billion dollar lender. That's what I'm building. But in order to build this, I'm going to need a pretty sizeable army of people who know what they're doing. So rather than wait, I'm proactively coming to you now, knowing that it's going to take me a couple years to ramp up to those levels, but it's also going to take you a couple years to get to a place where you're a pro at this and making six, seven figures a year. This means that I'm not looking for people who want to retire or people who are just looking to work two or three hours a day. I'm looking for people who love and are passionate about real estate and who want to do this as a career.

Let me put in a caveat here: Becoming an agent does not mean that you're going to be driving people around in your car on a Saturday or Sunday afternoon. I don't do that and I don't expect you to do that either. I don't even show my own listings, let alone show anybody else's. This is not about you representing buyers to earn 3 percent commission. This is about you getting paid to represent your own interest as an investor and getting paid to represent my interest as a lender when I have a trouble property in your area.

What's the life span of this thing? Well, I'm 39 years old and I don't see myself retiring any time soon. At minimum, I've got another 25 years at this, God willing. I'm a pretty motivated guy, and I have big plans, and I'd like for you to join me in those plans.

This is not about you representing buyers to earn 3 percent commission. This is about you getting paid to represent your own interest as an investor and getting paid to represent my interest as a lender when I have a trouble property in your area.

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Pro Number 6: Strategic Relationships

An agent's license can help open doors at banks, which can give you the inside track on bank-owned properties. The more people you can meet, the more strategic relationships you make, the greater the chance that you will have to close more deals. A license can open doors to more people and more deals.

When I had my own brokerage, one of the things I encouraged my agents to do was to register with every BPO service provider. BPO stands for broker price opinion. This is where a bank or private lender like myself will pay a realtor a sum of \$35 to \$150 to do what's called a broker price opinion where they drive to a property, take photos of the exterior and interior, look at the condition, and then upload the photos with their best opinion of value based on the MLS and the surrounding comparables. It's not a whole lot of money, but it does give you access to banks. Most BPOs are ordered by banks because they need to know where to set the opening bid for the foreclosure sale. They don't want to set it too low and they don't want to set it too high and eliminate interested third-party bidders, and they end up having to take it back as an REO. They need to know the value of the asset, but they don't want to drop the \$450 to \$650 to get a full-blown appraisal.

Because of this, getting BPOs for banks is a great way for you to supplement income as an agent, as well as gain access to pending foreclosure sale opportunities. Having access to this data will be really important because according to the Wall Street Journal, and the U.S. Today money section, analysts expect the Dow to hit over 20,000 points sometime toward the end of the year and once that happens, they expect a big drop. When the big drop occurs, we're going to see very scared real estate and consumer markets, because when we have concerns about what's happening in the market, people stop buying, the market slows, jobs become scarce, and foreclosures rise again. This is another reason to get licensed sooner than later. I predict the market will turn in about 24 months from now, and we'll see more and more foreclosures come on line. As an agent investor a foreclosure market is a great place to live and play. We can pursue homeowners who are losing their property, we can list it, get 3 percent, and represent the buyer, and in many cases get 3 percent there too. In some instances, you can even buy the asset as an investor if you choose to. Now, this is especially exciting for those of you that are private money brokers. You not only get paid as the licensee, but you also get paid for brokering the money to the end buyer. That's why I love this business! You can build in multiple streams of incomes and paydays in all aspects of the deal!

Also, we do Funding Tour and Rehab Certification events all over the country. For people who are a part of my Filthy Rich 50 team, I'm going to be directing the attendees of those trainings to you to



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work with as their buyer's agent. Meaning I'm doing part of your marketing for you!

The Cons of Being Licensed

Con 1. Getting the License

This often requires a several hundred dollar investment and then about a hundred hours in coursework, studying, and taking exams to qualify to get your license. Once you have your license, you need to find a broker to work under, and that may involve some additional fees and responsibilities. If you guys are moving forward in this, you need to notify my office and tell them what city and state you're in. We will then find the closest office and tell you who you need to go meet with. We're trying to make this really easy for you to connect and engage because we already have the relationships around the country. You'll probably be required to earn about a dozen hours per year in ongoing education credits to retain your license. I actually enjoy the continuing education classes.

Con #2: You Must Disclose to Buyers and Sellers That You're A Licensed Agent

Here's how I address that, "Mr. and Mrs. Seller, I'm interested in purchasing your property. I am a licensed agent, but I will not be acting in that capacity in this transaction. I am buying for personal use." Some investors feel that having to make these disclosures and being held to this higher standard hurts their business, and that is why they don't want to get their license. If this is you, maybe you should recheck how you operate. Everything you do should be transparent and ethical. With real morals, comes real money.

Con #3: Paperwork

I'm not going to lie. You will have more paperwork. You're responsible for writing your own offers, submitting forms to attorneys, agents, brokers, the MLS, et cetera. However, when your business takes off, you can hire someone else to handle this paperwork so you can focus on the deal and income generation. My executive assistant is crucial, because the work that she does allows me to generate more revenue and that revenue more than pays her salary. So you should be looking at a three to one, up to a five to one -- higher is better but realistically a minimum of three to one return on your assistant's salary. If you're paying your assistant \$25,000, then whatever they generate should produce \$75,000 in income to you, meaning a good assistant will pay their own way if you manage them properly. Dave Bianco, who I'll talk about in a moment, sent his assistant to my Lee's Inner Circle group at no cost because Dave is an existing Filthy Rich 50 member. I sent him



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back to Dave fully trained and ready to allow Dave to close more deals. And because I'm a lender, I want to do anything and everything to get more money out to better qualified investors and better qualified agents.

Pros Outweigh the Cons

For me, and many of the Filthy Rich 50 members, the pros outweigh the cons. Proof? Here are just a few of my own deals where I also got paid as an agent. This is a real estate commission for \$2,590.62. Now if I wasn't an agent, that check would have gone to somebody else. Although it may not seem like a lot of money, wouldn't it be nice to have just an extra \$2,590 coming in? This is the drug house that I acquired from the City of Spokane for \$26,416.53. We sold it for \$139,500. We spent \$47,805.56 in rehab on this deal. Agent commissions were \$2,590.62, and the net profit on this house was \$39,052.60. I didn't use a dime of my own money to rehab this house because I use Cogo Capital just like you do. My net profit was \$41,500. How many of those would you need to do to recover your entire annual income?

Here's another little house that I bought at the foreclosure auction. I put this out on Craigslist as a wholesale property for \$74,900. I accepted an offer on it for \$72,000. The expenses and closing costs were \$7,600, my commissions were \$1,300 and our net profit on this deal was \$4,932.06. This may not seem like a lot of money, but what you need to look at is the net yield. Remember, we don't invest on dollars and cents. We invest on yield and return on investment. So here's how you do the calculation. We owned the property for approximately 40 days. You take 4,932.06 and add that to the commission of 1334.37, which is \$6,266.43. Now, you divide that by 360, which is \$1,740. We owned it 40 days. 696 times 12, and we end up earning a yield on this of 81 percent annualized. Not bad!

Pros Outweigh the Cons for Rachel

Congratulations to Rachel Gilmore for closing on another deal today. The ARV is \$350,000 and we got it as a short sale for \$182,000. We picked this up when I was out with Rachel in Baltimore in January of 2016. It took us four months to negotiate the short sale with the bank. Rachel only brought \$382 to close this deal and has \$65,000 available for rehab. Rachel also recently got her real estate license which is held at Keller Williams. She is one of our Filthy Rich 50 agents. This house will be listed by Rachel when it's done in the next 45 days for \$349,900 and when it sells, she will get the profit and a commission check. I got this e-mail from Rachel on Saturday, two days ago.

From: rgilmore@itm-entersinc.com [mailto:rgilmore@itm-entersinc.com]

Sent: Saturday, May 07, 2016 6:49 AM

To: Lee Arnold <lee@secureinvestmentcorp.com>

Subject: RE: [FWD: 1406 Lincoln Wood Dr Project Contract and Doc]

Since you're responding to email, you must be bored at the Funding tour...the news in brief:

- 1) Lincoln Woods demo will start this week (finally)
- 2) Fenor Rd has to close by Thursday - waiting for signed lease from Mindi
- 3) Got my hairdresser a house under contract as of Thursday night at 11:30 PM - Happy Cinco de Mayo!
- 4) Alter St (second auction property) has been sent to the judge for ratification
- 5) Cree Ct (Jay property) had an inspection done by the bank this week. Jay thinks they are going to come back with a counter net week.

Oh...and I still have a full time JOB!

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Way to go Rachel! You're doing great things. I want to highlight item number three. Rachel got her license because I told her to. When she was getting her hair done a few weeks ago, her hairdresser mentioned she wanted to buy a condo? So Rachel showed her a bunch of properties and they got a townhouse under contract for \$224, 900, which means a 3 percent commission will be around \$5,000. Why not make an extra \$5,000 while you're getting your hair done, right? I think that's wise.

The Five Ways the Filthy Rich 50 are Successful

#1: Create Direction by Doing What You Love

Rick Warren wrote a book called "The Purpose Driven Life." The main point of the book is that every person on this earth was created to do something significant, and you'll know what you were created to do when you are doing it. So write down what you feel your purpose in this life is. Here's mine. To create financial freedom for myself and my family by helping others get out of their own way to create their own financial freedom for themselves and for their own family. What do you feel your purpose is?

So how do you figure it out? Here are some questions you can answer to help you figure it out. If money were no object, what would you like to do as your vocation? What is something that energizes you when you do it, cranks your tractor, revs your engine, gets you going? I love real estate and lending. I love what I do. What are some jobs you've had in the past that you loved and what did you love about them? And, lastly, what do other people say that you are good at? We tend to de-emphasize things we are good at because they come easy to us. What are you good at?

#2: Get out your punching gloves

Are you willing to fight? Business is not for the faint of heart. If you're passive and hate confrontation, you may just need to stay at your 9:00 to 5:00 job and take direction from others. Here's what I'm willing to fight for: Financial and professional liberty and freedom for me, my family, my clients, entrepreneurship, financial security, spiritual and biblical truth, and the right to call the shots in my life and business. That's what I'm willing to fight for. What are you willing to fight for?

#3: Plan It

Knowing what your business will be and how you will sell your products or services are not enough to keep it running. You need to have a business plan written out, including but not limited to the following: your short and long term goals; the business finances for labor, marketing, et cetera; your target markets; who is it you want to attract to your business; and then lastly, your marketing strate-



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gy. Nobody plans to fail, but everybody fails to plan. Quickly outline your short and long term goals, your target market, and possible marketing channels.

#4: Just Do It

Start calling your leads, start writing blog posts, start cutting videos, start running some Facebook ads. It may be hard at first. It may be downright ugly but you'll be getting the word out, which is what is really important. Good is good enough. Something done poorly is better than something not done at all. So just go out there and do it. Also, understand that when you send letters, make phone calls, and write lowball offers, people are going to get angry at you. You're going to get some nasty phone calls and e-mails. You need to toughen up. Business is not about caring what everybody thinks. They are not rejecting you, they're rejecting your offer, your plan, or your proposal. Don't take it so personally. Move on. If I had a dollar for every time somebody sent me a four-letter explosive nasty e-mail, I'd have a million bucks already. That's business, guys. You cannot please everybody. So only worry about pleasing the one that matters and that's Jesus Christ himself. Other than that, I don't care what anybody else thinks.

You've got to begin doing something at some point to ever accomplish something meaningful or to become an expert. That's the goal here—I want each and every one of you that's getting involved with me at this level to become an expert so I can refer people to you. I need to know with some confidence that they're going to get the same messaging from you as they would from me. I'm teaching you, training you, and bringing you to the level where we see eye to eye.

So just do it and then track everything. One of the most important ways successful people stave off slumps is by establishing success markers or key performance indicators (KPIs). When you track your marketing letters versus calls versus offers versus closings, you can spot and reverse a negative progression before it picks up speed. Here are some of mine. I track all calls coming in and going out of my office and how long and who was on them. I track our marketing dollars and compare them to the direct returns coming into our office. I track my letters, calls, and offers at any given time. Without tracking these numbers, you are running your business blind, which is very risky.

#5: Get Help

Everyone needs someone to help them to get to their desired destination. You need somebody who will raise the game where he or she believes you can and will achieve better results. You need someone who will inspire you to be great, motivate you when you are feel doubtful, and scream at you when you're lazy. You need someone to watch you play your game from the side lines and tell you where you went wrong and where you went right.

Richard Branson of Virgin Records said this. *“Many people think that an entrepreneur is someone who operates alone, overcoming challenges and bringing his idea to market through sheer force of personality. This is completely inaccurate. Few entrepreneurs -- scratch that: almost no one -- ever achieved anything worthwhile without help. To be successful in business, you need to connect and collaborate and delegate.”*

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I think we're up to 44 full-time employees, that's full-time on-the-clock employees including our construction crew. We are now reaching out to a handful of you to help us increase and expand our reach even further.

I hire and work with incredibly, amazingly talented people who can do things that I am incapable of doing, but these people need a nucleus, which is me. That's what I want you to be in your market. I want you to start establishing and developing that footprint and that infrastructure now. I can guide you, encourage you, mentor you, instruct you, and then you can pass those same traits and characteristics off on to the people that you bring into your sphere. So I train you, you train them, they train the next person. It's quite the ripple effect, don't you think?

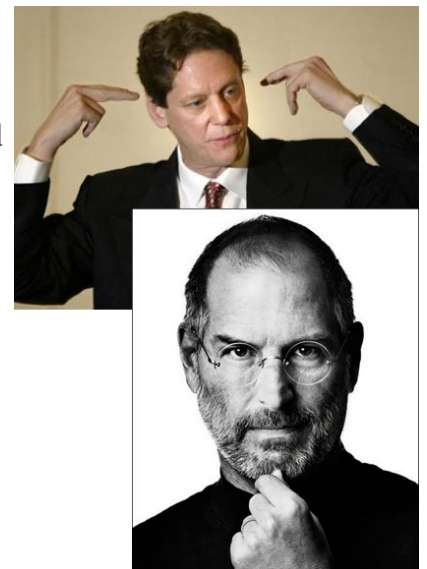
Famous Entrepreneurs Who Got By With a Little Help from Their Friends

Benjamin Graham mentored Warren Buffett. When the world's most successful investor was at Columbia University, he met the renowned American economist and professional investor Benjamin Graham. Graham mentored the young Warren Buffett and thus, one of the most fruitful mentor-mentee partnerships was born. The depth of knowledge possessed by Benjamin Graham left the young Warren with the right concepts and an understanding of how investment systems operate. The pupil, in this case, used that knowledge to become one of the richest people in the world.



Dr. Ed Roberts mentored Bill Gates. Dr. Ed Roberts created the Altair 8800, one of the first microcomputers, which sparked the microcomputer revolution. Bill Gates and his Microsoft co-founder Paul Allen worked for Ed Roberts and were inspired by him to create a company of their own, namely Microsoft (Micro for microcomputer and Soft for software).

Robert Friedland mentored Steve Jobs. When Steve Jobs accidentally walked into Robert Friedland's room to sell his typewriter, he sparked a bond of friendship that would last long enough to affect a serious change in Steve Jobs' attitude and working methods. According to the founder of Apple, "He turned me on to a different level of consciousness". Friedland helped him express his brilliant ideas openly and without hesitation. Thus underlining the importance of a mentor in someone's life.



If they needed help, don't you think you do too?

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So, who should be helping you?

- Someone with experience developing a business—starting a business, operations, experience with acquiring funding, dealt with legalities of having a business, launch, growth, exit strategies, etc.
- Someone that responsibly represents YOUR desired target market that can give you feedback and credibility along the way.
- Someone who can give you tons of exposure right out of the gate, with opportunities to acquire great deals and interest from other investors.
- Someone not related to your business but well-grounded and “wise” in other areas of life. During stressful periods, this person will help give you perspective, make objective decisions and support your desire to have balance in your life.
- Someone who fills in the gaps of your experience such as marketing, media, legal, promotional, and finance.
- Someone that has actually launched or worked with a company that has achieved your desired revenue goals in a similar industry. They have demonstrated success in your market.

My goals and Why They Should Matter to You

My first goal for this year is that I will do a minimum of 50 deals. Now, that's just me personally buying, fixing, and selling houses. Twenty-five wholesale deals, 25 rehabs. It is my belief that I can't teach you, show you and tell you what to do if I'm not willing to do it myself. More importantly, I am hoping you're willing to do it with me. Which brings me to my second goal. I want to take 50 people and help and shepherd them to achieve their real estate investment goals. As I mentioned, we're calling it the Filthy Rich 50. I am looking for people who are done settling for what's probable and want to forge ahead into new, more profitable territories. I'm looking for people who are looking for a group that has bigger expectations that will push them into better outcomes. And finally, I'm looking for people who will listen to others who have experience and have made more than they have, as well as people who are willing to share their experience and knowledge with others.

Last week, I was down in Atlanta working with Sam Gerber. I flew in on Sunday and was with Sam all day Monday where we looked at 30 houses. We got up, started at 7:00 a.m. on Tuesday and looked at another 15 houses for the auction that started at 10 o'clock. We were at the auction from 10:00 to about 1:30. After we grabbed some lunch, I raced to the airport and flew over to Wilmington, North Carolina to attend a Mastermind with some of the top industry experts in the business. You know many of the names, you get as many e-mails from them as you from me. There was about 18 people—the top marketers and real estate trainers in the country—all assembled together in one room. For two solid days, we shared ideas, formulas, and KPIs with each other. We are normally competitors, however, for those two days, we were collaborators and mentors to each other. I came away from that meeting more motivated than I have been in a very long time. There's so much potential and so much opportunity out there.

You can do this too. You will study and learn with me in my own backyard where you will see and

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do exactly what I do when I cold-call on leads, go to the foreclosure auction, negotiate with buyers and sellers, and rehab properties. Now, for those of you that have already come up to Coeur d'Alene and you have spent the three days with me as part of the Lee's Inner Circle group, the only other thing you guys need to do is go get your real estate license and hang it with Keller Williams.

The Filthy Rich 50 requirements are that you come and be part of Lee's Inner Circle and get your license with Keller Williams. At the Lee's Inner Circle, we're going to cover lead generation and follow up, list source training, networking, driving for dollars, working with agents and bird dogs, and the Rule of 56. We also have a live real estate auction experience with the possibility of buying a property and the opportunity to partner with me on local real estate deals. You will visit Secured Investment Corp's main office and meet the staff. You'll also experience making tough phone calls for the call party training where we will also cover the big rock calendaring activity.

Calvin Keys said of the experience, *"The openness and intimate setting, the partnership, fellowship and the desire to see all of us succeed in our business is truly a blessing. Thank you!!!"*

This is a piece of property that we bought for \$135,000. Here's the deed we just bought at the auction with one of Lee's Inner Circle groups. We put \$15,000 into this house and sold it for \$214,900. Net net profit was about \$25,000.

This is Ken and Terry McGhee who are Lee's Inner Circle clients and in the process of getting their real estate license. *"Small group and all the personal attention I could ask for. Such a willingness from the heart to help each one of us. Felt very blessed to find our way here. Loved all the incidental pearls of money making/saving strategies. Truly enjoyed meeting such quality people. Looking forward to the future for the first time in quite a while."*



At Lee's Inner Circle we also have a buying and selling strategies workshop, the deal structuring training, the property research strategies and tools training, a property tour, and then we show you how to write a three-tiered offer. You also get tips on closing the deal and see a previously rehabbed property.

I am not some fly by night investor. I am not somebody who is just coming up with Filthy Rich 50 and then next year it's going to be on to something else. I am making sizeable capital investments into this side of the business, and we're going to be doing this for a really long time. It is well worth your time, energy, and effort to get on board. I'd love to see each and every one of you with a full-time crew driving trucks like these around working and rehabbing your own properties in your own market. We do this by expanding your infrastructure, growing your business, looking at your upside from a more sophisticated vantage point, and getting you the six and seven figure salary you deserve. This will put you into the accredited status very quickly.

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Donna Demkowski said *“I enjoyed every bit of the time spent with Lee Arnold, you, Gary and the rest of the staff. I learned a lot, and am in the process of implementing it. Today I purchased a large white board, 1000 first class stamps, a black and white laser printer, 1,000 bright colored envelopes and as I sit here, separating yellow pad sheets to start sending out yellow letters. My new business cards should be coming in by Thursday... I really enjoyed the whole process. Making the phone calls, going to the properties prior to auction, going to the auction, going to the properties that are in the process of rehab, and the homes that are complete. I can see myself doing all of this and making quite large sums of money.”*

Mary Ann Kara-Jozwick said, *“I found the 3 day training to be exceptional- getting into the nitty gritty items that many courses don't cover. I'm on information overload at the end of the 3rd day! I look forward to implementing the rule of 56 ASAP! I have several friends that are looking closely at what I will be doing with this education. I feel more at ease knowing that this process is not as complicated as so many make it out to be.”*

We just funded a loan for Marianne and her husband Peter. Last I heard Mary Ann was working on her license too because she owns a nail salon and has a lot of interaction with clients on a daily basis.

Here are some extra bonuses for being in the Lee's Inner Circle.

- 6 Teleconference Calls with Me (Personally)
- 3 Day Funding Tour
- Lifetime Gold and Silver Calls
- Access to ALL products and resources (except for the Broker Certification Program)
- Inner Circle Calls
- Personal Loan Officer Who Has Your Back

You may be wondering, “Lee, what does this cost?” It doesn't matter what it costs. You should do everything you can to afford it because once you've been through the training, I'm going to do everything I can to get you all the money you need to buy all the properties that you want. **We will offer you 100 percent financing for approved residential deals including purchase price, closing costs, and rehab funds.**

On top of that, you have my 500 percent profit commitment. This is how this works. I'm committed to helping you make a \$100,000 in your first year. All I ask is that you adhere to the rule of 56 for 52 weeks. That means 25 pieces of mail dropped, 25 phone calls made, two networking events attended, and four offers written each week. If you do that for 52 weeks and you don't make \$100,000 in your first year, I will take the amount that you did make, subtract it from the hundred thousand dollar guarantee and write you a check for the difference. I will also continue to coach you and hold your hand until you have made at least \$100,000 dollars in profit.

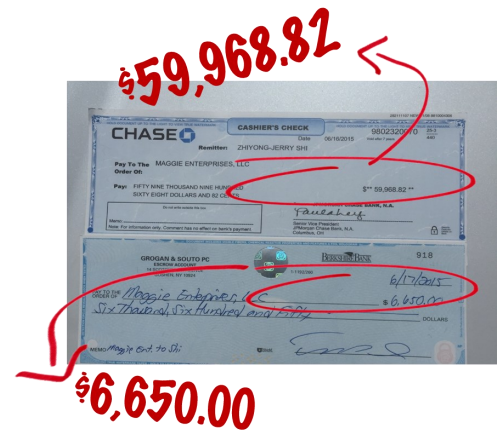
Chuck Burnhagen used to play in the NFL and is now the chief architect to the Green Bay Packers. Chuck is a great guy and doing some very cool things. He has a big development project going up in Belize, an \$18 million construction deal. He said *“The auction prep was invaluable to me. I found that the preparation was just as important as it was for me in football. Tools used in this prep told me*

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how important MyFirstAm is in finding loan balances.”

Many of you know Dave Bianco. He said *“In 2014 I became a member of Lee Arnold’s Inner Circle Program. As a result, I recently completed my first successful real estate wholesale deal here in Orange County. I did this by following the instructions and processes laid out in Lee’s program. By using the “Rule of 56”, I was able to locate a motivated, out-of-state property owner and negotiate a contract to purchase his property for \$35,000 cash. My exit strategy for this property was to wholesale it to another investor, and Lee showed me the steps on how to market the property and find investor buyers. My email and phone started buzzing immediately, and I ended up with eight to 10 interested buyers for the property. I finally sold the property for \$66,500, or \$31,500 more than I paid for it. My net profit after all costs was \$29,000. In addition, per Lee’s advice, I negotiated in the sale contract the real estate listing rights for the property once it was fixed and ready to sell. Based on the estimated ARV, I stand to make another \$4,500 to \$7,500. One thing I learned is that the process works, and I will continue to do it over and over again. Thank you, Lee.”*

Dave made \$29,000 on his first deal. Would that deal have been possible if he wouldn't have joined the program? Probably not. Here is a deal Dave picked up from our training using the yellow letter. He purchased this house \$35,000, did nothing to it, wholesaled it 60 days later to an all cash buyer, and netted over \$30,000 in cash. Not too shabby. We also partnered on a house with Dave. On the left-hand side you can see what the property looked like before on the outside and the inside. On the right-hand side you can see what it looked like after we got done with it. After all said and done, Dave and I split \$20,000.



This is Rick and Don and this is a deal they did shortly after leaving Lee’s Inner Circle. They made \$112,417.42 on their first deal! They said *“We have had a Fantastic past 3-week period. The Broker Training was great, and The Inner Circle time even better. Much time has been spent following the advice from the team... We have 3 new projects we are focusing on, each of which will have purchase offers on them by end of week. More good things to follow.”*



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If you're ready to start and have similar successful outcome, here is our gift of clarity for you. I want you to grab a free 30 minute consultation by calling 800-341-9918 and asking to speak with a Business Consultant. On this consultation, you'll share your answers to today's questions and your goals for this year.

Let us help you buy and profit from 10 investment properties in the next 12 months. Don't worry about the money. I'm not interested in your money. I'm interested in your story and your desire to do this. There are no requirements to do anything today other than letting us know if you, first, want to be involved in this Filthy Rich 50 group and secondly, what's motivating you to be involved and what you're going to do to make it happen.

Now is the time to hone your entrepreneurial skills and be profitable and productive. We look forward to helping you do just that! God bless you and happy investing.

The Circle of Wealth

After years of teaching and mentoring around the nation, I found that education doesn't mean a lick, if the person being taught doesn't have the capital to put their knowledge into genuine action.

So, I took the challenge and created a place, Private Money Exchange, where real estate investors could go for unlimited funds for their non-owner occupied investments.

While the progression seemed natural, we were missing one, very large and essential piece of the pie. The marketplace was teeming with people who had the funds, who aspired to make higher returns on their invested dollar, but lacked the desire to get involved in real estate at the ground level.

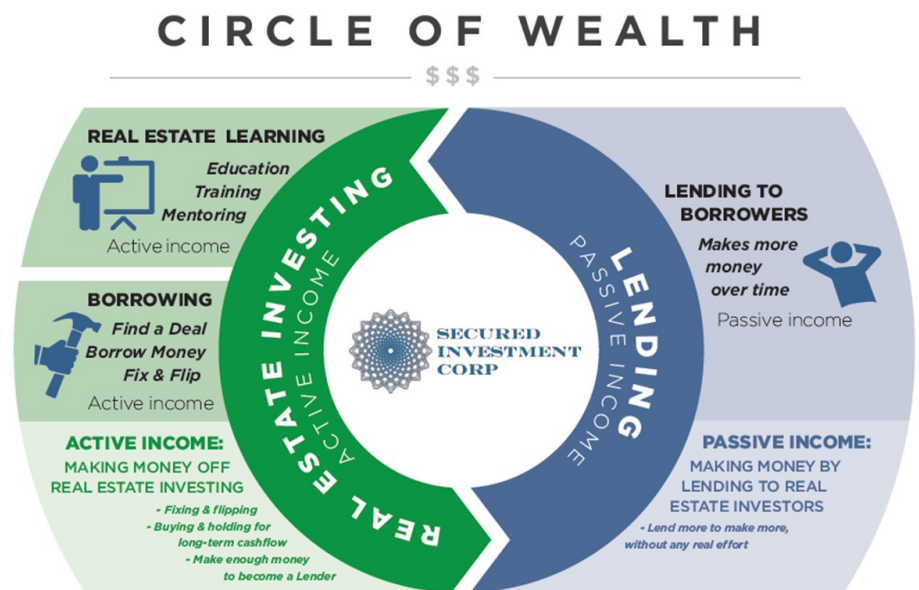
In light of this opportunity, we created Secured Investment Corp, which gave people a medium to lend on first trust deeds (real estate), and make higher returns than they were currently seeing in their stock market, bank CDs, or bond investments.

As we combined all these facets—training, funding, and the means to lend on real property—we began to notice a progressing trend of growth and success with the clients involved.

Through this model, what we call “The Circle of Wealth,” we also noticed that people who entered in at the training level and borrowed funds for their real estate investments, eventually became lenders in their own right. They then helped others obtain the capital needed to grow their real estate portfolios.

This allowed everyone, on every side, to win!

It is our goal that everyone can enjoy some level of success in The Circle of Wealth, and inevitably lap it several times over!



We hope you're one of them!



Who Is Lee Arnold?

Like most self-made millionaires, I began at the bottom of the financial food-chain. My humble beginnings started as a bag boy at a local grocery chain in Spokane, Washington working for \$3.90 per hour. My first “aha moment” happened while I was aspiring to a management role at the store and was reading the life-changing book, “Rich Dad, Poor Dad” by Robert Kiyosaki. Suddenly my management aspirations looked very small, but my future possibilities became extremely big.

My second “aha moment” happened while I

was sitting in a philosophy 101 course in college. My attention span was divided between the slow ticking of the clock and my professor’s long winded discussion on the economy. While the minutes ticked by, he let it slip that he was making only \$45k a year. That information and the knowledge I gained from Kiyosaki’s book, made me realize I was on the wrong path to success and needed to make some very important changes fast. So, from those experiences and an influential nudge from an incredibly persuasive late-night commercial, I went into real

estate.

I began the way many people do—in the educational and training space. Like many, I went to real estate seminar after seminar and bought course after course. Through long years of trial and error, I built up a very profitable, million-dollar real estate business from the ground up. I’m proof-positive that the training system can and does work! Because of this, I decided to help others by teaching them how to translate workbook education and real estate theory into the real world of real estate investment.

SMARTER INVESTING: Experience & Discipline

It is because of investors like you, that we are able to promote *The Circle of Wealth* and help individuals, of any background, familial, or income status to receive the training, the funding, and the return on their invested capital that they need to be truly successful. It is our goal to make those who aren’t, “Millionaires,” and for those who are, “Philanthropists.” We are grateful to provide a platform where investors not only earn the returns they seek, but also finish each day with the intense satisfaction that their investment allows someone else’s dream to be manifested.

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