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5 Steps to Becoming the Master Dealmaker

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5 Steps to Becoming the

MASTER DEALMAKER

Good evening, ladies and gentlemen. This is Lee Arnold and welcome to another installment of the CEO Fireside Chat.

We have some quick announcements to begin with. Our franchise disclosure document was finally filed with the FTC and approved. So this is the first CEO Fireside Chat that I have had the great fortune, blessing, and opportunity to let you know COGO Capital is now a legal franchise and we can start selling franchises in most markets around the country. We have prospective candidates flying up on March 19th and 20th to inquire about a Chicago facility. We also have another group interested in opening a COGO facility in Salt Lake City, Utah. Jerry Straks has been helping us with our San Francisco

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.

operations for COGO and we are currently looking for an operator in Orlando. So, a lot of things going on right now. We also have a hedge fund flying out probably in the next couple weeks. From that we are working to secure a $100,000,000 credit facility for our five year product. Some of you were around when we introduced the five year product a few years ago. We did a $4,000,000 test on it and literally sold $4,000,000 worth of loans in just a matter of days.

So a lot of really cool and exciting things going on here at the company and of course, with that, you may be thinking, “Well what does that mean for me?” You are going to see us getting very, very aggressive as a company as it relates to your loans, our willingness to fund your loans, the way that we structure those loans, and the loan programs that we are able to make available to you. From a consumption standpoint, we will be thinking of new loan opportunities that we can create and present, so as an investor you can go out and buy and hold more real estate and do more deals, more often. You may have already heard about our commercial branch. We have closed a couple million dollars' worth of loans on our commercial division. We just got a new term sheet find on a $26,000,000 in Maui, Hawaii that we are going to be working on. So our commercial division is going well and we are just going to continue to roll out new and creative loan programs, as well as, educational programs for you.

You are going to see us getting very, very aggressive as a company as it relates to your loans, our willingness to fund your loans, the way that we structure those loans, and the loan programs that we are able to make available to you. From a consumption standpoint, we will be thinking of new loan opportunities that we can create and present, so as an investor you can go out and buy and hold more real estate and do more deals, more often.

The other thing that this means for those of you that are involved in our Broker Certification Training, is that you can now offer borrowers more loan options and now broker these loans to us and make one, two or three percent in loan origination on each loan you bring us. These new loan products can create for you a six figure a year income opportunity without having to buy and sell real estate. As a side note, if you have not yet registered for the Broker Certification training and you would like to get more information about it or talk to one of our business development consultants, you can call the office now, 800-341-9918 and we can help you get enrolled. As you know, we only allow 100 people per Broker Certification Training and last count I heard we were at about 76 and we are still several months away. That means we only have 24 seats left for the Broker Certification Training. We'll have one in May in Atlanta, one in Denver in August, and one in Las Vegas in December. So there are only three opportunities, and we will be only certifying 300 people this year. If you want to be one of those 300 people, I highly suggest you get yourself to one of these because we are going to need help moving these large pools of capital into the marketplace. It is a very, very exciting time, not only for our company, but also for what is going on in the marketplace. We're going to be talking about that tonight and about how you can get access to more capital, more often and really where you should be focusing on the types of properties that you should be investing in.

Step One

Today we're going to cover the five steps to becoming the master dealmaker. The first step is to get your financial house in order. You do this by first changing your mindset. You have to know the difference between assets and liabilities. Many people don't understand what a true asset is. It's a generator of revenue versus a liability, which will drain your bottom line. We also have to shift your dollars. We have to stop spending money on non-revenue generating items, such as your personal residence and automobiles. Your home isn't an asset unless it generates revenue or provides cash flow. Here is my question for you, is your personal home an asset or a liability? Prior to you seeing that slide you would have said my primary residence is an asset. Here is how you can define the difference. An asset will feed you and a liability will eat you. Does your home, your primary residence produce an income for you or do you have to feed it each and every month to be allowed to stay there? Many of you right now are realizing that your primary residence is not an asset after all and is, in fact, a liability because you have to keep paying to live there. The question then becomes how do I make my home and asset? You have to figure out a way to get your home to generate income greater than your monthly payment. You can do that through sub leasing space, bringing in a tenant, or creating rooms for rent. I have client down in San Diego, who has been a single woman for 30 years and she makes a lot of money by renting rooms to college students. She gets $500 per room in a four bedroom house and is making an extra $1,500 a month just renting rooms. Certainly she has perfected it and you need to be aware of the liability of bringing the wrong people into your home, but the point is, make your home an asset.

Some of you may own your home free and clear and think, well yeah, that makes it an asset. No, it doesn't because you never own your home free and clear. If you think you do, I would encourage you to stop paying your property taxes and see what happens. You are always at risk of losing your home if you don't feed it. If you own your home free and clear, the way to turn it into an asset is to go down to your local bank, get an equity line of credit against your home. Let's say you own a home free and clear that's worth $200,000 and you can get a line of credit against it easily for $.50

on the dollar or $100,000 at five percent. That $100,000 loan is going to cost you $5,000 a year. Now you take that $100,000 and you go out and you generate a 15 percent annualized rate of return, which is $15,000. You pay off the loan amount off $5,000 a year and you have now netted $10,000 net positive on top of the borrowed funds. That is one easy way to turn your primary residence into an asset.

Also, to put your house in financial order, I want you to invest. Rather than remodel your kitchen or buy a new car, I want you to put money in places that will generate money and give you a return. And stop sacrificing. Instead of figuring out what to sacrifice to save $100, figure out how to make more money.

One of the easiest things you can do is develop an income stream outside of real estate or your other current source of income. I see too many people quit their job because they want to focus on real estate investing full time. They don't realize that it takes a long time to get paid when you are investing in real estate. Certainly, you can wholesale, which means you find a deal and a buyer and put the whole transaction together and make $5,000. But even then, from the time that you engage in the transaction to the time that you actually cash a check, you can be waiting two weeks, four weeks, or even eight weeks. I have seen some people who have been waiting six months and still haven't cashed a check. My biggest problem with all these groups putting on seminars or T.V. shows and claiming that you can get rich in real estate is that although it's great when you can make $25,000 at any given time, there is nothing wrong with making $500, 25 times a month. That is still $12,500. The reason we put together the Broker Certification Training is so you could produce an income in line with your current income. With the Broker Certification Training, the average payout on a loan as a certified broker is anywhere from $1,000 to $6,000. How many of those kinds of loans do you have to do at any given time to make a living? I am a big proponent of you becoming a Certified Broker because we certainly need the capital deployment. I am sitting on several million dollars right now that I cannot deploy because I don't have the loans. So if you're a certified broker and you have not sent us any deals that we are currently processing, shame on you. You need to get to work and for those of you that haven't come to the Broker Certification Training, you need to make sure that you are in Atlanta in May.

We need to increase your revenue. Real estate investing can be an effective way to increase your revenue and achieve great wealth. Look for properties that are or will be profitable either by flipping or renting them.

You also need to understand the difference between spending money on an expense and investing it in an asset that will generate income.

Helping you achieve your financial goals

Finally, you need to know when and how to save. You should put money away in a 401(k) or a self-directed IRA. My personal income goes into self-directed IRA's so that I can invest in private money mortgages. That way it is always earning a higher and stronger rate of return. For those of you that are employed, I would hope that you are participating in your company's 401(k) plan and maximizing your contribution. That is the easiest, no brainer money because it is pre-tax dollars going into the 401(k). If you have been under an employer and you participated in the 401(k), you have now left, you need to roll that into a self-directed IRA where those monies can be used for down payments for fix-up and repair. You need to start developing and building an account that is post-tax contribution.

I will give you a great example. I am closing on this house in the next couple of weeks. I bought it November 1st. I picked it up for $73,000. I put $500 down out of my self-directed IRA. I then over-financed it, so my purchase price was $73,000 and I got a loan for $83,000. I am going to show you how to do that tonight. That covered most of my closing cost and fix-up cost. I did have to dip into my IRA a little more and my total IRA investment ended up being about $10,000. That property sells on March 21st, with my net profit being about $30,000 in less than five months. So when you look at a $10,000 investment out of my self-directed IRA with a $30,000 profit that is a 300 percent return all tax free, but the fact that I did it in less than 12 months means my actual annualized return is over 600 percent. That is the kind of loan, the kind of deals I want you doing. I want to make sure that when you hit 59.5, if you haven't yet, that you have a retirement outside of social security. If you are over 59.5 and you have not created these structures, you need to get on the phone with one of my business development consultants so we can help model and structure one for you. We are not a financial advisory firm, so everything that we will be telling you is our opinion, but there are better and smarter things that you can be doing to maximize your own wealth to ensure that you have got enough money to last your lifetime. That is what we want to help you develop and construct.

Step Two:

Once we have got our financial house in order, the next thing we need to do is we need to better understand our market and where is it that we are playing? I want you looking at active listings, or homes that are currently for sale. These listings matter because they are your competition for buyers. Now on the house that I just sold it was the most expensive listing in the area. That is counter to every other seminar you have been to where they say, buy low, sell low. I don't believe that is the case. When I was evaluating my competition, I noticed that all of the people that had bought homes within about a ten block radius had done subpar renovation. They put in the cheapest carpet, the cheapest flooring, the cheapest kitchen. It cost me several thousand dollars more, but I put in a much higher grade carpet and much nicer flooring. I did some glass backsplash in the kitchen and installed beautiful countertops. I also refinished the bathrooms. I had the entire home wrapped in vinyl siding with new gutters, down spouts, and soffit and fascia. I put up a fence and really made this house look great and it sold it in 45 days. I staged it, I put nice furnishings into the property so it showed well and it staged appropriately. It was the highest priced listing and it sold faster than all of my competition. You have to know who you are competing against.

You may have heard me tell the story before about when I met my wife. When I first met Jaclyn, I was competing with four other guys who were part of the speaker's crew. We were going to this club and these four guys, for whatever reason, had all forgotten their IDs. They said, "Lee, we are going to go back to the hotel, get our driver's licenses and we'll call you to find out where you are." I said, "Certainly." They left and I promptly turned my phone off because I believe that it's not difficult to be the best looking guy in the room if you're the only guy in the room. However, that is not the case in real estate because you are always going to have competition in the market. Do you know what your competition is? Do you know what other investors are doing in those markets and is it better or worse than what you intend to do.

We also want to be looking at pending listings. These are formally active listings that are under contract. They are not yet a comparable sale, but they will tell us what the market has an appetite for. People always ask me, "What do I need to do to the property? What color paint do I need to use? What kind of carpet should I put in there? How much work do I really need to do to the kitchen?" And my response is always the same, "What did you see when you went to the Parade of Homes?" And they say, "Parade of Homes?" That has actually become a foreign term over the last five years because we have seen so little new construction coming online that most home builder associations stopped doing these. You will see more of them coming out. We have seen an 11.74 percent increase in new construction this year over the last, at least as we are coming into the end of the first quarter. With that you are going to see more new construction and more Parades of Homes. You need to make sure that you go to these to see what builders are using for new construction. Are they using stone? Are they using tile? There is this new thing that is actual tile, but it looks like hardwood. It's beautiful, it's durable, and it's long-lasting. On the other hand if hardwood is scraped or scuffed, you have to replace an entire section, but when it's tile you simply router out the single tile and you drop a new one in and put mortar around it and it looks like nothing ever happened. So this is a trend that we are seeing now coming into 2014. We're also seeing less granite and more Corian and an emphasis on appliances. We are seeing a lot more Wolf stoves and Wolf stainless steel refrigerators. We are also seeing high end backsplashes and stone and glass.

Helping you achieve your financial goals

You need to take note of this because who doesn't want to live in a new home? The answer is everybody wants to live in a new home, so when we're out there buying and selling houses we need to make sure that we are doing renovation repair that is in line or better than new construction because that is what everybody is seeing in the *Better Homes and Gardens* magazine. That is the type of home that they envision their family living in and that is the home they are going to want to buy.

The other thing that I do is I always buy below the FHA maximum. So when you are looking to retail and sell a house to a retail end user buyer, you should stay under the FHA maximum. It's different for every market. In Southern California last I checked it was like $680,000 or $720,000 for the FHA cap. In parts of the mid-west it's more like $220,000. I have even seen in some markets in the Southeast as low as $180,000. You need to make sure that you are buying houses that, after full renovation, the sales price won't exceed the FHA cap. Why? Because FHA still represents 85 percent of the home sales transactions that are going on. For those of you that are bringing us opportunities on these jumbo homes, do you realize that you are relegating yourself to a marketplace that's only 15 percent of the entire buying pool?

You don't have to be a genius and you don't have to be lucky, you just have to look at the trend and then buy and sell according to it. The trends are what you are seeing with your active listings and your pending listings, as well as, your sold listings. Related to sold listings, the things that I am going to spend the most time focusing on are the ones that sold in the shortest period of time. What amenities, what niceties were in that home that made it sell so quickly. I can assure you that on the property I just sold, my competitors are going to be analyzing both my interior rehab and construction, as well as my marketing to see how I was able to get top dollar in that market in such a short period of time.

The other thing that I would look at is properties that have been on the market for a very, very, very long time and haven't sold. What is it about them? Is it a certain street? Is it a certain elementary school or high school? Is it a liquor store that is kitty corner to the property? What is it that is keeping that thing from selling? Also look at off market, withdrawn and cancelled, as well as, expired listings. Do you know your market? This is one of the reasons I am strong advocate about being a licensed agent in the area that you are going to be conducting and transacting commerce, as it relates to real estate. I have been a licensed real estate broker for over 11 years and I will continue to be because I need to have that immediate market data available to me. Many of you have been to a seminar that says the worst thing you can do is get your real estate license. I am not in that camp. I think one of the best things you can do. If your intentions are to make your career real estate based or real estate related, whether it is notes, buying, fixing and selling properties, or brokering deals, you need to have the tools that are related to real estate 100 percent of the time. If that is where you are headed, I would highly encourage you to utilize your time to go get your license.

The other reason that being licensed is important is that as we lend more money, we're looking for people we can do more business with. I was just down in California with Jerry Straks, I started working with Jerry about three years ago. He hired me as his own private consultant and since then he has become a realtor, has received his real estate broker license, and now his lending license. He is doing loans for us in San Francisco through COGO. So anything I do in the Bay area I refer it through Jerry. I was out there with Jerry two weeks ago walking through a property that we were about to foreclose on. He put together a nice package for me with all of the pertinent information, the comps, and the details. He would have never been able to do that without his license and I would never have called him. As our company continues to grow and expand at a rapid pace, we are going to need more competent, well trained, certified brokers in various markets, as well as, licensed real estate agents. As you obtain these designations, please let us know because we are building a database of contacts that we can work with.

One of our trainers, Michelle Gunn, was out in Philadelphia this week working with one of our new clients. It was interesting because on Friday I have a call with one of our large investors out of Southern California, he has invested about $30,000,000 with our company. He is in the process of foreclosing on a 162 unit apartment building in Pittsburgh. So Michelle sent me a text and she said, "Hey Lee, I am out here in Pittsburgh." I said, "You are?" I said, "Well please do a drive by on this property and let me know if the client that you are out there working with would be interested in partnering with this investor and actually co-owning this 162 apartment building?" She responded back, "He is very excited." That's the kind of access you have when we have a very close relationship with you. We know you, you know us. But more than anything, we know that you know what you are doing and we're going to refer you out not only for our own use, but to our other partners that are doing loans through us and with us.

As we are examining comparable properties, I want you to take notice of the age of the property, the size of the property and the lot, how many bedrooms and bathrooms, the condition, and the location of the property. Is it in an already established neighborhood? What is the absorption rate of the available inventory? Is there any equity available in the property, which is going to make it easier for us to negotiate an offer? Something else that I would highly recommend is to find newer foreclosure properties. Yes, you are going to pay a little bit more for them, but they are going to be easier to fix up and faster to sell. Your margins may be thinner, but you are going to make them more quickly. In turn, you are going to make more money. The reason for this is the 2010 Frank Dodd development and the new disclosure, RESPA, and underwriting rules. Things are a lot more stringent now than they used to be. So if you can find buildings that are newer construction versus stuff that was built in the early 1900's, you are going to have a much easier time selling it to a buyer that can qualify for conventional financing. The reason you can't move what you have now is that it doesn't qualify for conventional financing. Knowing that, if your intention is to retail and sell to an end user buyer, you need to be pursuing product you know will qualify for conventional financing.

Also, when doing your market analysis, get your own assessment. Drive by the property, get a broker's price opinion, and utilize the MLS and Zillow. Know what the tax assessed value of this property is. Really do your due diligence. The other thing that I would encourage for those of you that aren't doing it now, is invest in your own market. Yes, I know there is an article out this morning in USA Today related to the top ten markets. Well, I believe that the best market for you to be buying and fixing and selling in is within a 25 mile radius of your own house and many of you are thinking, "Well Lee, you don't know where I live. I am in Southern California and everything is $500,000 or higher and I don't have the money to touch that inventory." The reality is you can. The hotter the market, the easier it is to get financing because loans tend to follow hot markets. Lenders know that if they have to foreclose on a property in a hot market, they can get the money back more quickly. Many of you are doing just the opposite. You are thinking, well I don't have any money. My credit is shot I won't qualify for a $500,000 loan, so I am going to go on the internet and I am going to start searching for stuff in the mid-west that I can pick up for $10,000. That is all well and good, but a lot of lenders don't want to invest in a loan for $10,000 in the mid-west because if they have to foreclose based on comps and days on market, there is a very good chance that they are going to end up sitting on that property for months or years. Lenders are looking for consistency of income and value in the event of default so that they can recover their loan. A lot of the things that you think you should be doing are often directly the opposite of what you should be doing. I want you to consider that.

Step Three

Develop Your Investment Criteria 03

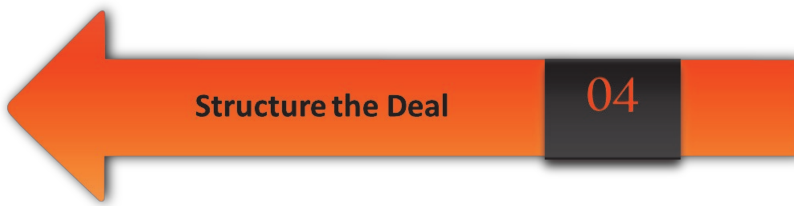
So much relies on you finding the right deal. First, you need to understand that the pre-foreclosure strategy is not dead. It doesn't take a market bubble to be in foreclosure. In 2005, according to Congress we had a healthy market, yet we were still seeing three percent foreclosure rates across the country. What most people don't realize is that in the pending doom where the sky was falling and everybody and their mom was losing a home to foreclosure, the foreclosure rate only ever spiked at seven percent, a four percent increase, however, it was 125 percent increase over what a normal market is, hence the market pandemonium and chaos. The pre-foreclosure strategy is always a stable opportunity to find great deals. In fact, I was just looking at the list I just got with all the new foreclosures that are coming online and it looks like just this week alone I have 45 new properties in Spokane County, which is a demographic of about 450,000 people. In just one week, 45 new foreclosures are coming online.

How we locate pre-foreclosures is through the Notice of Default (NOD) in a non-judicial state, which is what an NOD is. This listing allows us to pursue short sales, as well as, equity deals. In a judicial foreclosure state, the foreclosure process goes through a judge, through what is known as a Lis Pendens or Latin meaning "lien pending," which initiates the foreclosure action and eventually those properties are sold at a Sheriff's Sale. Do you know what the process of Sheriff's Sales are in your market? In a lot of markets you have got to have a minimal down, sometimes ten percent, sometimes a flat rate of $10,000 and then the remaining funds within 30 days. Those are deals that COGO Capital could be funding for you all day every day. If you are not tracking Sheriff's Sales and Lis Pendens sales in your marketplace, you are really missing out on a huge opportunity, as it relates to the foreclosure sale. That leads us to probate, people passing away or estate sales, divorce sales, or sales influenced by bankruptcy. Are you creating relationships with bankruptcy attorneys in your market that are handling either foreclosure, estate sale, or bankruptcy? There is a huge opportunity there. You can just go to the yellow pages or google bankruptcy attorneys in your market and identify who are the top players based on their page ranking within google and then take them to lunch. It's really not that difficult.

What are the four types of income producing types of real estate? We have offices, retail, industrial or lease or fix and flip residential, which would be inclusive of apartment buildings. There are many other less common types as well, such as hotels, mini-storage, parking lots, and senior care housing. The key criteria in any of these investments is that they need to be income producing.

Many of you asked if we loan on new development. The answer is, if the project is shovel ready, meaning the plans have been permitted, it's entitled, and it's ready, then perhaps we can lend on it. That means that from the time that funding hit, you can literally and legally stick a shovel in the ground and start developing it. We do not fund raw land simply because the entitlement, planning, and getting your plans approved and stamped by the building commissioner can take months or years in some markets. Here is the downside of development. If it is a raw piece of dirt and we are going to develop it into a 50 unit apartment building, we can't start renting it out until you have 50 apartments developed. This is why we like to be involved in the planning process. Why build a 50 unit apartment complex, as opposed to building five ten-plexes or ten five plexes? We put the first unit in at the front of the lot and we start renting that one out the minute it is completed and then we start building unit two, unit three, unit four, unit five and we develop that ground out in stages so that we don't have to wait until the entire development is done before we can start maximizing and generating income.

Step Four



Now that we have developed our investment criteria, the next thing we need to do is structure the deal. We first do this by formulating and delivering the offer. Then we negotiate with a seller, get the offer accepted, and then we determine the best exit strategy? What is your exit strategy? Could there be more than one? Maybe you want to wholesale this deal first and then fall back to a rehabbing/ retailing it as a plan B and even keep it as a rental for plan C. These are some of the key questions you need to answer and be ready for. For those of you that read the *Seven Habits of Highly Successful Managers*, the rule is to begin with the end in mind. Anytime that you submit a loan application to us or you call

my company for consulting, my first question is always going to be, “What do you want to do with it? What is your end strategy?” If I don’t know how you want to exit the deal, it is very difficult for me to instruct you on how to enter the deal. Knowing the exit strategy also helps us determine how we will go about formulating and delivering the offer, how we negotiate the offer with the seller, and ultimately, how we get the offer accepted. In real estate you make money when you buy, but you realize your investment when you sell. That means you don’t get paid buying real estate, you only get paid when you either utilize the real estate for its proposed use and you begin to generate and realize an income from that or when you sell the property. Only then do you really get paid. If we don’t structure it properly going in, there is very little chance that we are going to get paid going out. We have to know what the exit strategy is.

Step Five

As it relates to structuring the deal, the last piece of this is finding the financing. One of my favorite financing options is, of course, seller financing. I would prefer that the current owner just agree to finance all of the purchase price. Let me ask you this question, “If you have a nice little three bedroom, two bath, built in 2002, relatively new construction and you know that the place is worth $100,000 easy, would you be willing to pay to full retail price for it? The majority of people would say, “Lee, there is no way I am going to pay full price for a piece of real estate.” My response to you is that I ***would*** pay full price for a piece of real estate like that, but only if I could get the seller to carry financing on $100,000 house with zero money down, monthly payments, and an interest of zero percent. So in a 30 year loan, every dollar of my monthly payment would actually go to buy down the principal. If that were the case, would you pay full price for a piece of real estate now? If understand the fi-

nancing play as it relates to real property, you would say, "Absolutely! Because I know that I can turn around and resell that $100,000 house for $100,000 where I will carry financing. I am going to require $10,000 down from the buyer, so I just put $10,000 in my pocket." Remember I didn't put any money down on the $100,000 loan, so I have a seller who is carrying a $100,000 loan at zero percent interest. I am reselling the property for $100,000 and I am getting $10,000, which means I am refinancing and I am carrying a mortgage for $90,000 at eight percent.

Let's look at the numbers. I am just going to use simple interest to make this easy. If you take $100,000 loan and divide it by 360, which is the number of months in 30 years, my payment to the seller would be $277. If I take a $90,000 loan at eight percent interest, interest only would be $600. I am paying out $277 a month and I am receiving $600 a month, which means I am cash flowing $323 a month on a house that I paid retail for. You can't be so one-sided in your approach to what is or is not a good deal because often times, the right financing terms can make a moderate or mediocre deal be a phenomenal deal. Inevitably, there is always a certain segment of the listening audience that says, "Lee, that is an impossible scenario because no seller in their right mind is going to take 100 percent finance loan with no money down at zero percent interest. Nobody would ever do that." I will make you a deal. You go out and find 100 out-of-state, motivated sellers that own the property free and clear and you make 100 offers based on that term and you come back and tell me that I am a liar. Here is what you will find, if you make 100 offers to the right segment, the right demographic, the right list, you **will** get a deal. It may not be at zero percent with zero down, but even if it's five percent down at two percent interest, is that still not a phenomenal purchase? Absolutely. The terms of the financing package can make a mediocre or sub-par deal a phenomenal deal, if you do it the right way.

We can also take the property subject to, subject to means we are taking over the property subject to the underlying lien. So wholesaling subject to, is to take over the loan, then wholesale the deal to another investor who will also take over the loan. We could also do this through a lease option. We could buy the house subject to and then sell it on a lease option to a tenant or buyer. We could also do a subject to deal as a rental property, so you hold onto the property as a long term rental. For example, when you take over a property subject to, you might tell the owner that you will receive the loan out in his name, within ten years you get cash flow and increase in equity while the loan is in someone else's name. Not a bad deal, right? There is also equity sharing, you will share equity with the investor who gave you the cash to secure the deal. An example could be an investor gives you 35 percent down for the down payment. COGO Capital gives you 65 percent. In exchange for the down you agree to give the investor part of the monthly cash flow and/or profits from the deal. There is also using collateral. If you are purchasing a property that has great equity and is priced below value and you own property that is free and clear, you can use the second property as collateral for your down.

Helping you achieve your financial goals

I have to tell you, I have yet to find a broke real estate investor who is not regularly dropping leads or dropping mail, regularly managing their marketing component and their messaging and regularly making outbound calls and writing offers. What I can very easily show you is a wanna-be investor who is dead broke, who refuses to drop mail, who refuses to pick up the phone, who refuses to run a Craigslist ad, who has absolutely zero leads in their pipeline, and has no offers written or submitted. This is where the rubber meets the road for a lot of you because this is where you start squirming in your chair. This is where you begin to feel uncomfortable because you think that I might be talking to you. If you feel like I am talking to you, then I have bad news, I am talking to you. If you have not picked up the phone and dialed a lead this month or even this year, if you have not purchased a list and dropped a piece of mail, if you have not attended a foreclosure sale where you actually went down and bid on a piece of property, if you have not called on a For Sale by Owner ad, if you have not ran a Craigslist ad that says, “I am an investor looking to pay cash for real estate,” then I can assure you that right now you are struggling to make ends meet financially. I have yet to find anybody who is a competent aggressive marketer that is struggling financially. If I were to fly out to your town and sit down in your office next to you right now, the first thing I am going to ask you is, “Show me how you make your telephone ring. How are you developing leads for your business?” For those of you who are part of our consulting programs and a member of our inner circle, you are already incorporating the Rule of 56. For those of you that aren’t, I am going to give you a $50,000 freebie here. The Rule of 56 is really quite simple. We are going to send 25 pieces of mail a week, make 25 outbound phone calls a week, we are going to write four offers per week, and attend or visit two networking opportunities every week. That means we are going to join a local REA club and a local title organization. If there is a seminar company coming through town we are going to go to that seminar, but you are going to do two of those a week. I have yet to find anyone that’s a member of our inner circle who has adhered to the rule of 56, who has not done a deal within their first three months. It just doesn’t happen because there is no possible way that if you are mailing to the right list and calling and talking to the right people that you aren’t going to have a successful deal get through. If you follow the rule of 56 religiously between now and the end of the year, you will make over $100,000 this year, guaranteed. That is a pretty cool guarantee isn’t it?

As you know, for several years I ran a full service real estate brokerage. I was the broker of record, it was located down in Salt Lake City, Utah and at one point I had 65 agents that worked and held their license with me. When I would interview new agents I would say, “Here is what I need you to do. You are going to drop 25 pieces of mail to the list that I give you. You are going to make 25 outbound phone calls to the people that I tell you to call. You are going to write four offers a week the way that I tell you to write these offers and you are going to attend two networking sessions each and every week. You do all that and you are going to make $100,000 this year.” And then I would ask, “Do you believe me?” And they would say, “Yeah, absolutely I believe you.” Then I would give them a choice, “You can either come into my office and I will give you a cubicle you can work out of, I will teach you everything you need to do, I will give you the list and you can do that whole thing on your dime and I guarantee you will make six figures this year or if you would rather, I will pay you $10 an hour, that is $400 a week, but at least get a paycheck every other week. What would you rather have?” Of course you are all thinking, “Oh Lee, they would be silly and stupid not to just come in and work for free and do what you tell them to do. That is a tremendous opportunity.” Sad to say that most people said, “You know, I would really rather you just paid me the $10 an hour because I am really at the end of my rope, I am struggling financially and I really need the $10 an hour more than I need the six figures.” They would come and work for me and what do you suppose I had them doing for the first twelve weeks that they worked for me? They dropped 25 pieces of mail, made 25 outbound calls, and wrote four offers, but instead of doing it for themselves they were doing it for me and making me super rich. I gave them the opportunity to do it for themselves, but they chose to do it for me.

How is this pertinent to you? I basically just told you the foundational elements of our Inner Circle Program, which many people spend $50,000 to learn. Right now, you could just go out and put it into action. Just follow the system: Twenty-five pieces of mail, 25 phone calls, four offers, and two networking sessions each and every week. If you can commit to that, then I am giving you a six figure a year guarantee. It’s important for me that you be successful and yes, me telling and sharing this with you is obviously self-serving because we would like to be your preferred and only lender. I want to lend you every dollar that you need to acquire every piece of real estate you are going to find with the information and the knowledge that we are sharing with you. All I ask is that when you utilize the information that we teach you that you give us the opportunity to help you structure and fund your loan.

Finally, as it relates to finding the financing and other options as a seller carry back. If a seller owns the property free and clear, the seller can carry the note for the buyer. Example, a buyer wants to purchase the house, but doesn’t have the down to qualify. The seller may offer to hold the note in the second position of the amount needed. For instance, the house is being sold $100,000 and the buyer qualifies for $65,000 with COGO Capital. The owner may carry back a $35,000 second mortgage and the buyer then makes payments to the seller and lender until they can refinance the property. What I would encourage in that situation is get the seller to carry back a $50,000 second so that you get a total of $115,000 worth of financing and you actually leave closing with cash.

Quick Review

Before I go into the new financing terms as it relates to COGO Capital, let’s review the five steps.

Helping you achieve your financial goals

Step One: Get your financial house in order. If you have un-utilized, un-deployed 401(k) dollars, you need to get it into a place where it can be deployed and utilized for your investment business. If you have properties that are owned free and clear, you need to submit a loan application to COGO and let us give you cash against those properties so that you have money to go out and invest with. If you are sitting on a primary residence that you own free and clear or have significant or substantial equity, you need to contact your local community bank here in the next day or two and begin the application process for a line of credit. Forget about your own personal credit score. If you own your property free and clear, it is not a question of whether or not you can get a loan, it is simply a question of the LTV that you will get the loan. If you have $100,000 property and your credit is garbage, you are probably not going to qualify for a $50,000 loan, but you might be able to get a $25,000 loan. Also, as it relates to operating capital there are two sources that I encourage you to go and check out. One is www.prosper.com and the other one is www.lendingclub.com. These are both unsecured lending sources. You will simply fill out the application online and literally within the next 30 minutes you will be approved. You will know exactly how much you can borrow and the interest rate at which you will borrow it. It's important that you have access to working capital. If you need $10,000 for fix and repair, you need to know where to go to get it.

Step Two: You need to start researching your market and become familiar with what is going on in your own market. How many houses are for sale? How much inventory? What is the absorption rate of that inventory? What is the number of months of available supply because available supply, as that shrinks, you are going to start seeing more and more construction which makes the acquisition of raw land a much more suitable investment. In fact, you should have been buying raw land a year and a half ago because absorption rates are going down across the country. Inventory levels are dropping and now you are seeing a lot more new construction because there is not enough available inventory to fulfill the new incoming demand. If you were out buying raw land a year and a half ago and you spent the last 12 or 18 months working on entitlements and permits, getting it zoned for the right amount of saturation per acre. You now could be selling properties to builders and making a killing. Understanding and knowing your marketplace is never a bad investment of time.

Step Three: You need to develop your investment criteria. I don't know your personal situation and I don't know you individually. I hope to meet you at one of our upcoming funding tours or certainly at one of our Broker Certification Trainings. So, let me make a blanket statement for you, if I can. If you are sitting on less than $25,000 in available capital from anywhere and I am talking credit cards, home equity, loans from mom and dad, grandma and grandpa, or monies you have inherited, your cash reserves are too low. You are running very close to the end of the line and it is to the point of danger and you know that. I am not teaching you or telling you anything you don't know. You need to begin working and developing on getting your cash reserves up and the fastest, easiest, and safest way for you to do that is through wholesaling. With wholesaling, you don't buy real estate. Everything that I am going to talk to you about pricing and loan terms does not apply to you because when you wholesale you rarely, if ever, buy the property. You simply sell the contract through an assignment of $5,000 or in some cases, even a $20,000 assignment. There is no limit to the amount of money that you can make through an assignment. The other option is you can do a transactional loan. If you have got a deal under contract for $100,000 and you have it ready to sell to a new investor for $120,000, we will give you the transactional funding on the $100,000 side and we will fund your new investor for $120,000. So your $20,000 paycheck could literally come from the loan closings of the loan that we do. If you are a certified broker with our company you could broker the loan to us and in addition to your $20,000 fee, you could charge the person you're selling the property to a five point fee for brokering the loan and now you are going to make another $5,600 in loan broker fees. You just made $26,000 on one deal. You want to maximize the number of available opportunities to get paid in every single transaction that you do, you can magnify those income streams through being a certified broker or being a licensed realtor. You could get paid commission when you buy it, when you sell it and if you are working with a retailer, someone who is going to go in and fix that property up and retail it, you could be the listing agent on the retail side as well. There are at least five different ways that you can get paid on one simple wholesaling transaction.

So let me ask you, "Could you come up with $25,000 in 24 hours? Could you come up with $25,000 in 14 days or even 30 days? If you are going to incorporate anything that I have trained you on today, you are going to need access to that money. What you cannot do is wait around until suddenly you need the money. You cannot steal in slow motion and the best deals require the fastest action. I will say that again and I want you to write it down, the best deals require the fastest action and what I see a lot of investors do and this is unfortunate, is they wait until the opportunity is in front of them to start getting their financial house in order. For those of you that said, "Lee, I absolutely could put that together, but it would take me 30 days," then you have 30 days starting right now. Whatever you were going to do to get that money available in a liquid from, meaning it was available for deployment and available for use, you need to start putting it together now. Next question, are you currently sitting on $100,000 or more that you could pull the trigger on a fantastic deal in a very, very short period of time? If you said no, I am in any way judging or putting you down because those you who know my story, 18 years ago my credit cards were maxed out, I was on the verge of bankruptcy and I was making $3.90 an hour working at a grocery store putting myself through community college. So I get it, I have been there. But because I have been there and I have been here, I know how to get you from where you are to where you need to be and one of the things that you have to do, is you have to start building your access to capital now.

Many of you have been on the Private Money Exchange webinar where I give you the ad, "For

Sale, fixer upper, seller will carry short term private money loan" and I have challenged every audience that I have ever talked to, to run this ad. To my knowledge, very few have actually run the ad. What that ad is, is it is a ready-made, built in buyers list of people who have cash that could pull the trigger on any deal you bring them in a very, very short period of time. You have to start doing the things that I tell you to do so that you can get yourself out of the rat race that you are in. Nobody likes the rat race. The people with the most money are the ones who are spending the most time on marketing, networking, and writing offers on deals. What is unfortunate is those who don't have any money look at the people who have money and say, "You're lucky." I can tell you this right now, the ten percent who could easily write a check for $100,000 right now, about ten percent of those ten percent, which is one percent, inherited their money. The other 99 percent made their money through sweat, blood and tears. You might say they are a doctor. You need to keep in mind that they spent 12 years in regular school and another 16 years in school post-secondary. They were 40 years old before they got their first job as a doctor and they worked their tails off. Rich people earned every dollar, at least most of them. You can begrudge the rich or you can be the rich. I was having this conversation with somebody the other day and I asked, "Do you want to be rich?" And they said, "No." I said, "Why not?" They said, "Because I think rich people are jerks." I said, "Why don't you become a rich person and then just change everybody's opinion of rich people and you be the nice rich person?" But I can tell you why rich people are jerks, predominantly they are tired of other people snubbing their nose at them thinking that they were born with a silver spoon in their mouth or that they were entitled. No, they are rich because they worked their tails off and some of you are thinking, "Well Lee, I am not rich and I work my tail off." Are you doing the things that America says you should do to get wealthy or are you doing the things that rich people tell you to do to get wealthy because I have to tell you, going to school and getting a good job and making $60,000 a year, putting money into your 401(k), is a very safe existence. But I will tell you, you are going to be hard pressed to get wealthy doing that. You see, getting wealthy requires taking big risks.

Many of you may not know this, but I am an ordained minister. I have a non-profit called He Is the Solution ministries. You can check it out at www.heisthesolution.com if you are not offended by messages of a religious content, certainly go to the website, fill out the form and we will send you an email every week with something inspiring and uplifting and then every Sunday morning I preach an hour long sermon on some chapter in the Bible. This Sunday I was talking about wealth and as it related to the creation of wealth. The point that was being made as we were studying various different books, Matthew, Malachi, Ecclesiastes, is that even in Bible time the people that we read about are the ones who took the greatest risk. I am going to encourage many of you here to get out of your own way. You need to stop being a conservative Nancy or a conservative Bob. You have to understand that with big risk comes big reward. I was having this same conversation with a family member at a birthday party for my son Harrison on Friday. They asked me, "How do you know which opportunities are real and which opportunities are a scam?" You learn that by research. You learn that by calling and talking to people. You learn that by asking questions, "Hey, is this person good for it?" If any of you are curious about whether or not we lend money, I would be happy to give you a list of people that have borrowed money from us. If you are curious about if our Inner Circle works or if people have made money by participating in our $50,000 consulting programs or $150,000 consulting programs with me, I will send you a list of names and you can call them. We don't hold anything back, but you certainly need to do your research. It was a smart question, how do we know what is real and what is a joke? It is a smart question, but you need to eventually get past the question and take an action and get involved with something. Get involved with an organization that cares about your success, as much as they care about their own success. Our success is based 100 percent on your future success. I can tell you this, I can't afford to pay multi-millionaires thousands upon thousands of dollars to go out and train you when all you spent is $25,000 or $50,000. I know that is a lot of money and I don't want to make it sound like it isn't. But for the amount of money that I intend to help you make, $50,000 is just a drop in the bucket. I have to get a return on that investment by making sure that you borrow millions of dollars from us between now and the next 10, 20 years. Then you come back and through the Circle of Wealth and help other people that are coming into the channels that are looking to get rich. They have a dream, but they don't have the cash or the access to capital and you can now help those people through our system to achieve financial freedom. That is why it works. Your success is my future success and I need you to understand that I want you to be successful.

But for the amount of money that I intend to help you make, $50,000 is just a drop in the bucket. I have to get a return on that investment by making sure that you borrow millions of dollars from us between now and the next 10, 20 years. Then you come back and through the Circle of Wealth and help other people that are coming into the channels that are looking to get rich. They have a dream, but they don't have the cash or the access to capital and you can now help those people through our system to achieve financial freedom.

How Does COGO Capital Work?

Well, it's pretty simple. Let's start at the top and we'll move around to the right. A real estate investor identifies a great real estate deal in a good equity position. The real estate investor puts the deal under contract and fills out an easy one page application, which you can view at www.cogocapital.com. COGO Capital then reviews the application and contacts the real estate investor for additional information. COGO capital researches, re-

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views and assembles all the due diligence items, which includes title insurance and a third party appraisal. Secured Investment Corp provides the loan package to a select lender's network. One of the lenders who likes the parameters agrees to lend on the deal. Secured Investment Corp. then works with the select lender to wire funds to an outside escrow agent who prepares closing documents which are sent to a closing agent. Loan is closed and Secured Investment Corp sets up serving payments. Borrower makes monthly interest payments into the serving company who then pays the lender. Borrower pays off the loan and the lender and the borrower do it all over again. It is a constant cycle.

We have also put together what we call our high yield fund. Our high yield fund is for our accredited investors only, but through that high yield fund we can fund your loan internally. Within the high yield fund, when we write the note on your loan, we then sell it to a private investor who has a self-directed IRA account and is looking to earn an 8 - 12 percent return on their investment. Secured Investment Corp, the parent company that oversees the Lee Arnold System of Real Estate Investment, which is the company that is training you here tonight and COGO Capital, which is the funding arm, is the manager of the high yield fund. So everything we do is internal as it relates to the loan that we are funding for you and who we sell it to.

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For those of you that said writing a check for $100,000 would not be a problem for you, you should go to www.securedinvestmentcorp.com and click on the loan opportunities and you can comb and look through the inventory that is available. Notes that you can purchase are available for acquisition now. It will tell you the note rate and the amount of time left on the note. We write paper from six to 24 months. Those of you with money can simply go and look at those loans that we have already funded on behalf of our borrowers.

Now, one of the questions that we have been asked over the years that we have been lending money is why we lend predominately at five points and 15 percent interest. Part of the reason is we need to make sure we know that you can perform. But we now want to reward our more astute borrowers, who have never missed a payment and are doing volume, as well as the borrowers with good to great credit. We created a program where we can attract and keep our volume operators. We're calling it the COGO Advantage. We pride ourselves on giving ***all*** real estate investors access to the capital necessary to build up their real estate portfolios and investment careers. That is why we lend on the assets and not a person's past credit history.

But what if you have good to great credit, don't you deserve a reward?

The COGO Advantage gives everyone access to cheaper money. Although we don't punish you for having an awful or mediocre credit score, we now reward you for having great credit. It's called the COGO Advantage and it's providing borrowers with great credit scores and awesome reputational capital access to cheaper money.
This is the first time this has ever been introduced or published. You are seeing it for the first time.

We have gone to four tier pricing.

The Credit Score Based Tiered Model

A credit score of 720 or higher will put the borrower in tier one. A credit score of 680 to 719, will put the borrower in tier two. A credit score of 620 to 679 will put the borrower in tier three and a credit score of 619 or less will put the borrower into tier four. Before you get all upset because you know you have got credit below 619, there is good news for you. You have probably heard me teach on the subject of reputational capital frequently. Here is how it works. Tier based pricing based on credit score, each tier has an assigned rate and point percentage. Your credit score will dictate whether you need to supply us with verifiable asset statements. If you fall into the first top two tiers, you're reputational capital speaks for itself and we go off of what is called a stated or bank financial. It's stated information. If you fall in the bottom two, we will still need three months of verifiable bank statements. Credit is pulled on all tiers, except for the final tier, if you

TIER LEVELS	FICO	RATE	POINTS	ASSETS
TIER I	720+	12.0%	2.0%	STATED
TIER II	680 - 719	13.0%	3.0%	STATED
TIER III	620-679	14.0%	4.0%	VERIFIED
TIER IV	< 620	15.0%	5.0%	VERIFIED

want us to. We are still an asset based lender so you do not have to have your credit pulled. If you don't want your loan based on your credit score, we won't pull credit and you will fall into the fourth tier until you can prove your worthiness through closed and performing loans with COGO Capital. If you don't want your credit pulled because you know it's just not going to give you better pricing anyway. Your first loan with us will be at 5 and 15 and you will be in tier four. However, when you have paid off two loans with COGO Capital, you will move up one tier. Once you have paid off four loans with COGO Capital you will move two tiers. And once you have done and paid off ten loans with COGO Capital, you will move into the top tier where you will remain, which means money will only ever cost you two points in loan origination and 12 percent interest. For my certified brokers, this pricing applies to your clients as well. This is going to put a lot more money in our broker's pocket because we are essentially saying we are going to charge 75 percent less for the cost of money and you guys can then mark it up accordingly as you choose. We do provide broker protection, those of you that are graduates and certified brokers, we will protect you meaning we will not lend money directly to your client if they came to us through you. They cannot circumvent you and get cheaper pricing from us directly, if they came to us through you the first time they will need to come through you to us every time. You do have broker protection here with us.

Now some of you may have this objection, "Lee, I have like four loans with you, but none of them have paid off yet. I want to borrow more money, but I want the cheaper rates." Good news for you. If you have two performing loans you will move up a half of a tier. If you have four performing loans, you will move up one tier and if you have ten performing loans you will move up two tiers and there will be an assemblage of these. If you have paid off two loans and you have four performing loans, you just moved up two tiers, which is going to put you into that premium pricing. So at 720 you are already in tier one. If you are in tier four from a pricing standpoint based on credit score, you can move up to a tier one based on performance. Ultimately, what we are looking for from each and every one of you is performance and volume. That is what we are after.

The Reputation-Based Tiered Model

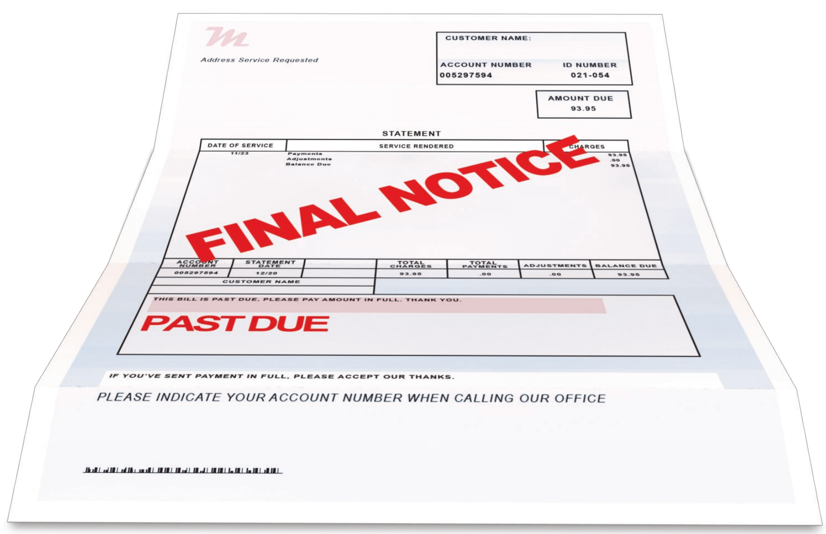
So the tiered pricing based on reputational capital works like this. A borrower that has paid off previous loans can receive credit up to a level of three tiers. For two loans paid off, the borrower will

DEFAULTED COGO LOANS	RATE	POINTS	TIER LEVEL
DEFAULTED COGO LOANS > 0	15.0%	5.0%	TIER IV
TOTAL PAID OFF COGO LOANS	**TIER CREDIT**		
2 PAID OFF COGO LOANS	+ 1 TIER		
4 PAID OFF COGO LOANS	+ 2 TIERS		
10 PAID OFF COGO LOANS	+ 3 TIERS		
TOTAL PERFORMING COGO LOANS	**TIER CREDIT**		
2 PERFORMING COGO LOANS	+ 0.5 TIER		
4 PERFORMING COGO LOANS	+ 1 TIER		
10 PERFORMING COGO LOANS	+ 2 TIERS		
LOAN TERMS	**TIER CREDIT**		
6 MONTHS	- 0 TIER		
12 MONTHS	- 0.5 TIER		
18 MONTHS	- 1 TIER		
24 MONTHS	- 1.5 TIER		

move up one tier. For four loans paid off, the borrower will move up two tiers and four ten loans paid off, the borrower will move up three tiers and the more you borrow and pay off, the more affordable your net loan becomes. This also works for the number of performing loans that you may have. If the borrower has performing loans through COGO Capital, he or she will receive a half point tier increase for two performing loans. For four performing loans, the borrower will receive a one tier increase and for ten or more performing loans, the borrower will receive a two tier increase to get premium pricing.

Now What Happens If You Default?

If any loans are in default the borrower automatically moves back to tier four. It does not matter the credit score, nor the number of other loans closed through COGO Capital. Remember this is a rewards based system and it is based on good credit or good behavior. A defaulted loan severely damages your reputational capital with COGO Capital and our select lenders and it will immediately put you back to ground zero.



Let me explain this. As I was introducing this pricing model to our underwriters, processers, loan officers, and funders, I asked them question, “Do you, in any way think that this is going to alter your ability to sell loans for a profit?” Heather, the director of our funding department, said, “Lee, if you are offering seven percent or eight percent to an investor on a loan where the borrowers got a 720 score, it is a good safe loan for them or, if you are selling a loan at seven percent interest to an investor for somebody that has successfully borrowed and paid off ten loans already, that is a good safe loan for them.” What we are doing is we are transferring your good name and good behavior and we are using that to sell your loan to our investors. That is why it's a win, win, win of everybody because our lenders want more good loans.

What is required to get a good loan? It is required to have a good investment opportunity. So if you have not yet signed up for one of our Funding Tours, you need to ASAP. At these events you can participate in the Hedge Fund Round Table. You will see and walk through amazing deals that attract funding every time. You will get the A to Z real estate investor plan that puts money in your pocket. You will find out how to be the lender and participate in this booming market without buying or selling properties. You will learn how to package ugly homes into funding winners. You will understand how to beef up a buyer and seller list for quick turn-around and much, much more. As I said, I have been where you have been. I have been broke. I have had my credit cards maxed out. I have been on the verge of bankruptcy. I have been penniless wondering how in the world will I make the next mortgage payment. I have been there and I now know how to get you out of there, but you have to get out of your own way first. If you have been hesitating to get to the Funding Tour, you need to knock it off and just get there. For those of you that are doing very well financially, I will be presenting at the Funding Tour opportunities where you can be investing with us and earning up to double digit returns. I can't guarantee or promise that, but I can show you how many of our other clients are. Now the Hedge Fund Round Table is one of the most successful things that we do at each event. People love this. They rave about this opportunity because we ship down 4000 pounds of files that we have either funded or passed over in the last several years here at our company. We break you up into groups of eight to ten and we will give each group $2,000,000 to $15,000,000 in "play money." You choose the amount that your group wants to be responsible for deployment and then we will give you a big stack of folders that you will then be required to comb through and identify the winners to determine which properties you as a group want to fund. The winning group will be the group that deploys the most capital at the highest rate of return to the highest yield with the lowest risk. Essentially, what we are going to do is we are going to teach you how to do what we do here at our company every single day. This one exercise helps you be more attractive to more funds that will allow you to go out and do bigger and better things.

If you need to register for the funding tour and you have not yet, I need you to go to www.endless-wealth.com and secure your last and final spot.

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.

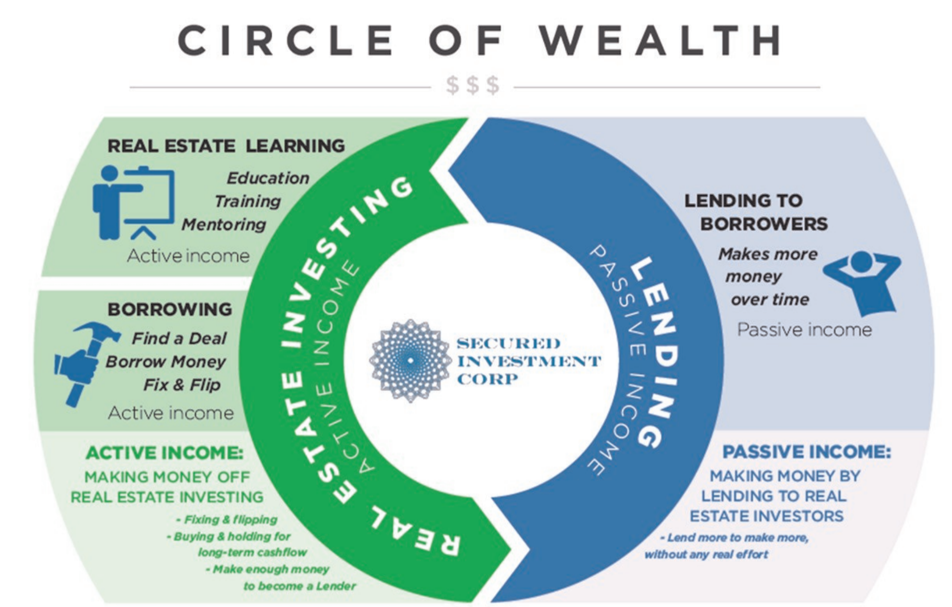
While the progression seemed natural, we were missing one, very large and essential piece of the pie. The marketplace was teeming with people who had the funds, who aspired to make higher returns on their invested dollar, but lacked the desire to get involved in real estate at the ground level.

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 infomercial, 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.

THE Lee Arnold SYSTEM OF REAL ESTATE INVESTING

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